

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
October 24, 2022**

1. CALL TO ORDER

Mayor Duane Poppe called the regular meeting of the Osseo City Council to order at 7:00 p.m. on Monday, October 24, 2022.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Larry Stelmach, Alicia Vickerman and Mayor Duane Poppe.

Staff present: City Administrator Riley Grams, Community Management Coordinator Joe Amerman, Police Chief Shane Mikkelson, Rebecca Kurtz, Ehlers & Associates; and City Attorney Mary Tietjen.

Others present: Teresa Aho, City Resident; Christina Hamermeiser, City Resident; Kathy Stelmach, City Resident; Kerstin Schulz, City Resident; Mary Brueske, Business Owner; Cheryl Wassing, Business Owner; Aleah Clements, City Resident.

3. PLEDGE OF ALLEGIANCE

Poppe led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

Poppe asked for additions or deletions to the Agenda.

A motion was made by Hultstrom, seconded by Vickerman, to accept the Agenda as presented. The motion carried 5-0.

5. CONSENT AGENDA

- A. Receive October 10 EDA Minutes
- B. Approve October 10 Council Minutes
- C. Receive September Fire Activity Report
- D. Receive September Fire Gambling Report
- E. Receive September American Legion Gambling Report
- F. Receive September Lions Club Gambling Report
- G. Approve Posting for Seasonal Rink Attendants
- H. Receive Third Quarter Donations Report

A motion was made by Vickerman, seconded by Johnson, to approve the Consent Agenda. The motion carried 5-0.

6. MATTERS FROM THE FLOOR – None

7. SPECIAL BUSINESS

A. APPROVE SPECIAL EVENT PERMIT FOR SMALL BUSINESS SATURDAY EVENT

Amerman requested the Council consider approving a Special Event Permit for the Small Business Saturday Event which would be held on Saturday, November 26 from 10:00 a.m. to 4:00 p.m. along Central Avenue between 2nd Street and 3rd Street. He described the plans for the event which would include a small street closure in order to create a fair/market atmosphere.

Vickerman stated she appreciated the fact that the business this request was being made by the business community. She requested further comment on what was being planned for the area of the street being closed.

Kerstin Schulz, Business owner, explained all businesses in town have been sent a notice and have been asked to be part of the prizes. In addition, advertising will be conducted for all businesses.

Stelmach appreciated the fact that the city was talking about this event now. He thanked all of the local business owners for working together to make this event happen.

Hultstrom reported Dean's Super Market was concerned about the closure of Central Avenue on Small Business Saturday and that this would adversely impact their business. She stated she had concerns then with moving this special event forward.

Ms. Schulz reported there were at least 10 businesses that were hoping to have this special event permit move forward for the community.

Stelmach explained there were 25 individual contacts that have requested the Small Business Saturday event move forward. He supported the Council moving forward with the special event permit because this was what the majority of the people in this area wanted (25 to 1). He reported he was sensitive to the one business that has raised a concern, but recommended the special event permit be approved.

Vickerman indicated she didn't want to close the roadway last year, but saw the value in being able to criss cross the street after attending the event. She appreciated all of the communication that has taken place with the local business owners this year. While she was sensitive to the opposition from the one business owner, she would be supporting the proposed special event permit.

Johnson explained he walked this block on Saturday and noted there were 21 parking spaces between 2nd and 3rd Street. He noted every one of the spaces was filled on Saturday and people were still able to cross the street safely at the intersections. He recommended the street closure not be approved because this would mean 21 parking spaces would be lost for Small Business Saturday and each of these spaces was critical.

Stelmach thanked Councilmember Johnson for being sensitive to the local business owners. However, he noted these were the same business owners that were requesting the special event permit be approved. He anticipated visitors would find a place to park

in order to be a part of Small Business Saturday. He reiterated that the Union Speed event had tremendous success this summer, and they were allowed to close the street.

Ms. Schulz reported she contacted all of the businesses along Central Avenue and none of them were concerned about not having the parking spaces available. She stated they all understood this would be part of the road closure request.

Vickerman stated if Ms. Schulz was telling her this would not hurt her business, she could not interpret this any other way. She proposed Dean's consider being a part of Small Business Saturday. Ms. Schulz noted Dean's has been a part of the event in the past, but has chosen not to be part of the event in recent years.

A motion was made by Stelmach, seconded by Vickerman, to approve a Special Event Permit for Small Business Saturday. The motion carried 4-1 (Johnson opposed).

8. PUBLIC HEARINGS

A. PUBLIC HEARING FOR THE MODIFICATION TO THE REDEVELOPMENT PLAN FOR DEVELOPMENT DISTRICT NO. 2 AND THE PROPOSED ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 2-11: HALL SWEENEY PROJECT AND RESOLUTION APPROVING PLANS

Rebecca Kurtz, Ehlers & Associates, stated for several years, the City of Osseo and the EDA has been working to redevelop five parcels in the 600 block of Central Avenue. In the fall of 2021, Staff began discussions with a development group including Sean Sweeney and Jeff Hall for the construction of approximately 143 units of rental housing. The proposed project would include a mix of market rate and affordable units.

Ms. Kurtz explained the development group has requested tax increment financing (TIF) to assist with the financing gap caused by the high land acquisition and demolition expenses and the expense related to providing some affordable units (reduced rental income). LHB has completed an inspection and determined that the site meets the requirements for a redevelopment TIF district. A redevelopment TIF district has a maximum term of 26 years of increment. The County has provided an estimated market value between \$190,000 and \$225,000 per unit.

Ms. Kurtz reported as required by TIF Law, the City and EDA have provided notice to the County Commissioner representing the area of the proposed district and provided drafts of the TIF Plan to the County and the School District. The EDA approved the TIF district at their October 10, 2022, meeting. In addition, the City has submitted a notice of public hearing for this meeting. Staff commented further on the proposed TIF district and recommended approval.

Johnson discussed the market rate for the units at 5 Central and stated the proposed Hall Sweeney units would be smaller than the 5 Central units. He explained he did not believe the numbers were reasonable. Ms. Kurtz commented on the paperwork that was provided by the developer to the County Assessor and explained she came up with a range of \$190,000 to \$225,000. She indicated she was not involved in the 5 Central project but understood they had received a reduction in their property value.

Johnson stated he was all for having this property redeveloped, but he indicated the numbers were not working to his satisfaction. Ms. Kurtz reported the \$3.6 million for the land was high and noted this number could come down. She indicated \$21 million was the maximum budget. She explained she would be coming forward with a recommendation for the amount of assistance based on the proforma, sources, and uses. She commented the intent was not to have the City acting as the primary financier. She indicated no one wanted this development to be set up to fail. She stated discussions would continue to assure the City is not providing too much assistance.

Vickerman asked how balanced or lopsided was the funding at this time. Ms. Kurtz reported the funding was not lopsided at this time. She explained the developer was not requesting the full \$21 million at this time, but rather was asking for closer to \$6 or \$7 million along with 18 or 20 years of increment. She indicated this was the high water market and would continue to be adjusted as the numbers from the developer come in.

Johnson indicated the Council was being asked to approve a TIF district this evening and none of the numbers were concrete. Ms. Kurtz stated this was the case noting the numbers would set a maximum.

Johnson questioned when Ehlers would have the final numbers. Ms. Kurtz reported she would have a development agreement finalized by the end of the year.

Vickerman requested further information on how buildings are determined to be blighted. Ms. Kurtz discussed how the determination was made by outside sources.

A motion was made by Stelmach, seconded by Hultstrom, to open the Public Hearing at 7:56 p.m. The motion carried 5-0.

There were no comments from the public.

A motion was made by Stelmach, seconded by Hultstrom, to close the Public Hearing at 7:57 p.m. The motion carried 5-0.

A motion was made by Stelmach, seconded by Vickerman, to adopt Resolution No. 2022-59, approving the modification to the development program for municipal development District No. 2 and establishing tax increment financing District No. 2-11" Hall Sweeney and approving the tax increment financing plan. The motion carried 5-0.

B. APPROVE DELINQUENT UTILITIES AND WASTE CERTIFICATION (Resolution)

Grams stated Osseo City Code Section 51.37(C) allows delinquent accounts for utilities to be assessed to property owners. It also states that the amount certified shall include late payment penalties and administrative charges, and the amount shall bear interest as determined by Council resolution. All property owners with delinquent amounts due to the City of Osseo, Republic Services (Randy's), and Walter's Refuse and Recycling, as of September 12, 2022, were notified by letter of the pending assessment by mail on September 29, 2022. The City accounts are for water, sanitary sewer, and storm sewer utility services. Republic Services and Walter's Refuse and Recycling accounts are for garbage, recycling, and yard waste disposal services provided to residential properties in Osseo. As part of the current agreement with waste haulers, the City assists in collection

of delinquent garbage costs by certifying delinquent garbage accounts as allowed by MS 443.015. If unpaid by November 28, 2022, the amount in the Certify column will be assessed to Hennepin County property taxes along with 13 months of interest at a rate of 5.00 percent. Assessments must be adopted by resolution to be placed on a property owner's property tax statement per MS 444.075 Subd 2a.

Stelmach asked how the delinquent numbers compared to previous years. Grams stated the 2022 number for delinquent utilities was lower than previous years but the waste haulers was higher due to the switch to Walters.

No public comments were made.

A motion was made by Hultstrom, seconded by Stelmach, to adopt Resolution No. 2022-60, certifying delinquent utility charges and waste removal charges against specified properties as presented in Exhibits A & B. The motion carried 5-0.

9. OLD BUSINESS – None

10. NEW BUSINESS

A. DECLARE SURPLUS PROPERTY

Police Chief Mikkelson stated the vehicles listed as surplus property were seized during DWI arrests. All have been certified by the City Attorney, and we have the titles. These vehicles will be sold at auction.

Stelmach indicated he supported the sale of the surplus vehicles.

Johnson asked where the vehicles were being stored. Police Chief Mikkelson reported the vehicles were being stored at Public Works.

Johnson questioned where the vehicles would be towed. Police Chief Mikkelson stated the vehicles would be towed to Hiller in Zimmerman, Minnesota.

A motion was made by Hultstrom, seconded by Stelmach, to adopt Resolution No. 2022-61, Declaring City Property as Surplus and Authorizing its Sale. The motion carried 5-0.

B. APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

A motion was made by Johnson, seconded by Vickerman, to approve the Accounts Payable as presented. The motion carried 5-0.

11. ADMINISTRATOR REPORT

Grams sent his condolences to Mayor Poppe and his family.

Amerman reported a website introducing the planning for the City's 150th Anniversary Celebration was now up and running.

Alyson Fauske, WSB, provided the Council with an update on the alleyway project.

12. COUNCIL AND ATTORNEY REPORTS

Johnson reported he spoke with the Lions at their last meeting regarding tying the 150th Anniversary Celebration into the Lions Roar and the group was receptive to this proposal. He indicated this event was still two years away but would take a great deal of planning.

Vickerman stated she was excited to visit the 150th Anniversary Celebration website.

Stelmach thanked the Council for the good discussion regarding the Special Use Permit for Small Business Saturday.

13. ANNOUNCEMENTS

Poppe stated the Candidate Forum would be held on Tuesday, October 25 at 6:30 p.m. at City Hall.

Poppe reported the Osseo Lions would be hosting a Boo Tour on Saturday, October 29 beginning at 11:00 a.m. along Central Avenue.

Poppe encouraged residents to participate in the Annual Winter Warm-Up Coat Drive for the Harbor Light Center which would be held from October 1 through November 30. Donations of new or gently used coats would be taken at the Police Department lobby.

Poppe explained hydrants would be flushed October 31 through November 3 by the Public Works Department.

Poppe encouraged residents to consider helping to hang lights along Central Avenue on Saturday, November 5 beginning at 9:00 a.m.

Poppe reported City Hall would be closed on Friday, November 11 in observance of Veterans Day.

14. ADJOURNMENT

A motion was made by Hultstrom, seconded by Johnson, to adjourn the City Council meeting at 8:19 p.m. The motion carried 5-0.

Respectfully submitted,
Heidi Guenther
Minute Maker Secretarial