

**OSSEO CITY COUNCIL  
REGULAR MEETING MINUTES  
November 28, 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, November 28, 2022.

2. ROLL CALL

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

Members absent: Councilmember Alicia Vickerman.

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: Karen Ruzicka, City Resident; Frank Ruzicka, City Resident; Don Seitz, City Resident; Nancy Seitz, 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 Stelmach, to remove item 10D from the Agenda. The motion carried 4-0.**

**A motion was made by Hultstrom, seconded by Stelmach, to accept the Agenda as amended. The motion carried 4-0.**

5. CONSENT AGENDA

- A. Approve November 7 Work Session Minutes
- B. Receive November 14 EDA Minutes
- C. Approve November 14 Council Minutes
- D. Receive October Fire Activity Report
- E. Receive October Hockey Association Gambling Report
- F. Receive Resignation of Fire Department Lieutenant 14 Troy Stalcar
- G. Approve Internal Posting for Fire Department Lieutenant 14 Position

**A motion was made by Johnson, seconded by Hultstrom, to approve the Consent Agenda. The motion carried 4-0.**

6. MATTERS FROM THE FLOOR – None.

7. SPECIAL BUSINESS

A. ACCEPT DONATIONS

Grams stated the City has received the following donations:

Donor	Amount/Item	Designated Fund
Harold E. Johnson	\$1,500	Beautification

Staff recommended the Council accept the donations.

**A motion was made by Stelmach, seconded by Hultstrom, to adopt Resolution No. 2022-63, accepting donations from Harold E. Johnson. The motion carried 4-0.**

8. PUBLIC HEARINGS

A. TIF 2-4 SPENDING PLAN PUBLIC HEARING – Rebecca Kurtz, Ehlers

Rebecca Kurtz, Ehlers & Associates, stated in October 2000, the EDA and City of Osseo established TIF District No. 2-4 to assist with the removal of a contaminated auto salvage yard and to provide space to expand the commercial area of the downtown. Redevelopment offers resulted in the development of office, warehouse and retail projects, including the Cotten's NAPA Auto Parts project.

Ms. Kurtz explained the district had multiple obligations including pay-as-you-go notes and general obligation bonds. In February 2022, the General Obligation TIF Refunding Bonds, Series 2011A were paid in full with increment. The only current obligation is the pay-as-you-go note for the NAPA project with an outstanding balance of approximately \$162,995. Debt service is paid from the tax increment generated from the two parcels that are part of the NAPA redevelopment. The district will terminate in 2028, and it is projected that the note will not be paid in full. As a pay-as-you-go note, the EDA and City are not responsible for any unpaid balance.

Ms. Kurtz reported at the end of the year, the district will have unobligated tax increment of approximately \$470,000. The City may consider approving a spending plan to transfer this increment to a separate fund and use the increment prior to December 2025 for projects that meet the Temporary Transfer Authority and the City's Spending Plan. If the funds are not spent by December 2025, they will transfer back to TIF 2-4 and must be spent as redevelopment tax increment.

Stelmach asked what would happen if the funds were not spent. Ms. Kurtz reported if the funds were not spent by 2028, the funds would be given to the County and the funds would be redistributed to the taxing jurisdictions. She reported the EDA would be discussing what parcels would be removed from the TIF district in December.

Johnson questioned if the Council had to take action prior to the end of December. Ms. Kurtz stated this was the case. She explained the advantage of putting this money into a

spending plan would be that the dollars would be available for new construction or for the rehab of buildings in Osseo.

Johnson inquired if a portion of the spending plan could be used for the 2023 budget for tax revenue. Ms. Kurtz indicated a portion of the spend plan cannot be used as next year's tax revenue. She explained if a transfer of \$470,000 was made, this would be placed in a separate fund that would have to be spent per the spending plan for construction or on the rehab of buildings. She reported if the EDA approves the removal of parcels from TIF District 2-4 this revenue would come to the City in 2023.

Johnson questioned why this pay-as-you-go note for the NAPA property had not been paid off. Ms. Kurtz discussed the various factors as to why this occurred.

Johnson asked how the funds within the spending plan could be distributed. Ms. Kurtz reported this would be negotiated and evaluated when a project was in place. She explained law requires the funds to be placed in a separate fund and this would have to occur by December 31, 2022.

Stelmach inquired if the EDA or the Council would have authority over the spending plan. Ms. Kurtz stated the Council would have authority over the spending plan but anticipated there would be discussions with the EDA as well.

Johnson asked if the Resolution should be amended to remove EDA and replace this with City Council. City Attorney Tietjen explained she did not draft this Resolution, nor did she serve as the City's bond counsel. She recommended the Resolution be approved contingent upon an amendment inserting the City Council instead of the EDA.

Hultstrom questioned if the Council had to hold a public hearing at this meeting. Grams reported this was the case.

**A motion was made by Hultstrom, seconded by Stelmach, to open the Public Hearing at 7:21 p.m. The motion carried 4-0.**

Mayor Poppe asked for comments from the public, there were none.

**A motion was made by Hultstrom, seconded by Stelmach, to close the Public Hearing at 7:22 p.m. The motion carried 4-0.**

**A motion was made by Hultstrom, seconded by Stelmach, to adopt Resolution No. 2022-64, approving a Spending Plan for TIF District No. 2-4, which will allow the City to use the \$470,000 under the terms of the Spending Plan and Temporary Transfer Authority, contingent upon an amendment referencing the City Council instead of the EDA.**

Grams asked if the \$470,000 in TIF funds could be invested while the City waits for a future project. Ms. Kurtz reported these funds could be invested in order to earn interest.

**The motion carried 3-1 (Johnson opposed).**

9. OLD BUSINESS – None

10. NEW BUSINESS

A. VARIANCE APPLICATION FOR 305 1<sup>ST</sup> STREET NE

Amerman stated 305 1st Street NE is located in the R-1 One-Family and Two-Family Residential District of the City, several blocks east of the Central Business District. According to Hennepin County records this property was built in 1941. At issue is the distance between the existing garage and the northern boundary of the property, which is 1' 6". At the time the home and garage were built Osseo had not yet adopted current setback requirements, which did not occur until the 1990's. This code established setbacks for each of the city's zoning districts. Any homes, garages, accessory structures, or other buildings which already existed at that time, but would no longer be allowed, were immediately considered 'legal non-conforming'.

Amerman explained the applicants would now like to expand their garage, as illustrated in the included building plans. However, §153.150 (B) (5) states that "no non-conforming structure or use shall be enlarged, increased, or extended to occupy a greater area than was occupied when the use became non-conforming. . .". This prevents the applicants from expanding the garage as it currently exists. While the applicants acknowledge they could technically build an accessory structure such as a shed, the applicants argue that given the setback requirements (five feet from the side/rear yards, 25 feet from the front, and no less than five feet from the principal structure) it simply isn't feasible, and therefore a variance is needed. Staff commented further on the request and noted the Planning Commission recommended approval.

Johnson reported there were a lot of properties in Osseo that were violation of setbacks. He noted he purchased one and after having it surveyed, he learned his overhang was over the property line. He explained this was something that the City has to live with given its age and how ordinances have changed over time.

**A motion was made by Johnson, seconded by Stelmach, to adopt Resolution No. 2022-65, approving the Variance request for a private garage addition with a one-foot rear yard setback at 305 1<sup>st</sup> Street NE. The motion carried 4-0.**

B. DISCUSS ENHANCED IDS FOR SOLICITORS

Police Chief Mikkelson stated currently, solicitors come into the police department, fill out an application, complete a criminal background history check, and then an ID is issued. At the Public Safety Committee meeting in March of 2022, a discussion was had about changing the solicitor-issued permit to include a City-issued identification with a picture of the solicitor. This was discussed, and the Public Safety Committee recommended bringing this item to the Council. He explained that Staff investigated the current setup for City identifications and found that this would be inadequate in terms of time, money, and safety for the Police Department Office Manager. The conclusion was that software, a camera, and wiring connecting the camera to the office manager's computer was needed. The camera would be mounted in the entryway of the Police Department, and the office manager would be able to stay in the office while taking the picture. After the picture and the information is entered into the ID, the officer manager

can give it to the solicitor through the glass window. Staff estimated the City was completing 15 to 20 solicitor IDs each year.

Stelmach asked how many calls the Police Department received each year with complaints about solicitors. Police Chief Mikkelsen stated the department received six to twelve calls each year. He noted this was greatly dependent upon the weather and if the City has been hit by a storm.

Stelmach explained he supported the proposed purchases for safety and efficiency purposes. He suggested the expense be covered by the City's contingency fund versus from the Police Department budget.

Hultstrom agreed this was a more than necessary purchase.

**A motion was made by Hultstrom, seconded by Stelmach, to approve the necessary changes in software and hardware for the Police Department to create a Solicitor ID with pictures.**

Johnson asked if the City could require the badge to be displayed.

Poppe reported this may require an ordinance amendment. Police Chief Mikkelsen stated he would review the solicitor's application process noting he could make it a requirement to have the badge displayed by solicitors.

**The motion carried 4-0.**

C. APPROVE UTILITY RATES FOR 2023

Grams commented the Council considered information regarding the utility funds at the November 7, 2022, work session. The Council directed Staff to freeze the water and sanitary sewer rates for 2023, which would allow Staff and Ehlers to conduct a utility rate study in early 2023 to set new rates beginning in quarter two of 2023. He reported the two proposed Resolutions rescind previously approved Resolutions setting water and sanitary sewer rates, and freeze the water and sewer rates for 2023.

**A motion was made by Hultstrom, seconded by Stelmach, to adopt Resolution No. 2022-66, rescinding Resolution 2021-66 and freezing water utility rates for 2023. The motion carried 4-0.**

**A motion was made by Hultstrom, seconded by Stelmach, to adopt Resolution No. 2022-67, rescinding Resolution 2021-67 and freezing sanitary sewer utility rates for 2023. The motion carried 4-0.**

D. CLOSED SESSION – CITY ADMINISTRATOR PERFORMANCE EVALUATION

This item was removed from the agenda.

E. APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

Johnson expressed concern with the hourly rates being charged by Abdo.

**A motion was made by Johnson, seconded by Stelmach, to approve the Accounts Payable as presented. The motion carried 4-0.**

11. ADMINISTRATOR REPORT – None

12. COUNCIL AND ATTORNEY REPORTS

Hultstrom thanked Firefighter Stalcar for his service to the community.

Johnson explained he voted against the TIF Spending Plan because he believed the matter should have gone before the EDA prior to the City Council taking action.

Stelmach thanked everyone who shopped local on Small Business Saturday in the City of Osseo. He stated the event was a tremendous success this year.

13. ANNOUNCEMENTS

Poppe invited all Osseo residents to attend the Osseo Minidazzle, which would be held on Friday, December 2 from 6:00 p.m. to 8:00 p.m.

Poppe stated Lunch with Santa would be held on Saturday, December 3 at 12:00 p.m. at the Osseo Community Center.

Poppe encouraged residents to participate in the Red Cross Blood Drive, which would be held on Wednesday, November 30 from 1:00 p.m. to 7:00 p.m. at the Community Center Room A.

Poppe encouraged residents to drop off a new, unwrapped toy for the Toys for Tots Drive at the Osseo Police Department from November 14 through December 14.

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

Poppe reported the Osseo Police Department was offering new winter coats to kids or teens in need through the Coats for Kids program. Those in need were encouraged to call the Osseo Police Department for more information.

14. ADJOURNMENT

**A motion was made by Hultstrom, seconded by Johnson, to adjourn the City Council meeting at 8:06 p.m. The motion carried 4-0.**

Respectfully submitted,  
Heidi Guenther  
*Minute Maker Secretarial*