

**OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
April 11, 2016**

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, April 11, 2016.

2. ROLL CALL

Members present: Councilmembers Harold E. Johnson, Mark Schulz, Larry Stelmach, Anne Zelenak, and Mayor Duane Poppe.

Staff present: City Administrator Riley Grams, City Planner Nancy Abts, Police Chief Shane Mikkelsen, and City Attorney Mary Tietjen.

Others present: City Engineer Marcus Thomas, Rebecca Kurtz, Michael Olkives, Becky Weidenbach, Anthony Reed, Neil Lynch, Troy Rheavme, John P.W. Hall, Lois Parks, Francis Chouinard, Mark & Barb Busse, Ossian Or, Emily McMillin, Gary Faue, Verdell Schleif, Cindy Pomerleau, Tom Huston, Warren & Dorothy Jorenby, Darrell & Deanna Healy, Karen Langston, Cheryl & Robert Groven, Norman Bollinger, Johanna & Ethan Kitzman, Bruce Dahlheimer, Lila Hedlund, Patty McLean, Cathy Cheatham, Brittany Becker, Keith Brown, James Corbett, Rebecca Doran, Jeff Kolden, Jim Dooher, Lawrence Busch, Kerstin Schulz, Martin Haider, John P.W. Hall, John Witcpalek, Don Johnson, Marcia Bydlon, Bonnie Roeder, Luke Grindahl, Paul Clausen, Roberta & Tim Kitzman, David & Danielle Benson, Robb Olsen, Jason Emerick, and Gary Kelzenberg.

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 Stelmach, seconded by Schulz, to accept the Agenda as presented. The motion carried 5-0.

5. CONSENT AGENDA

- A. Approve Council Minutes of March 28
- B. Receive March Building Report
- C. Receive March Fire Report
- D. Receive March Police Report
- E. Approve Exempt Permit for Raffle at Osseo Legion for Fur, Fins & Feathers Club
- F. Approve Half Step Increase for Administrative Assistant Karen Broden
- G. Approve MCMA Conference Expense for City Administrator Riley Grams
- H. ~~Authorize Agreement with Hennepin County for New Election Equipment~~

City Administrator Riley Grams noted several changes to the March 28 City Council Minutes.

Johnson requested Item 5H be removed from the Consent Agenda and be moved to the April 25 City Council agenda for review and approval.

A motion was made by Johnson, seconded by Stelmach, to remove and table action on Item 5H from the Consent Agenda. The motion carried 5-0.

A motion was made by Schulz, seconded by Zelenak, to approve the Consent Agenda as amended. The motion carried 5-0.

6. MATTERS FROM THE FLOOR – None.

7. SPECIAL BUSINESS

A. ACCEPT DONATION TO BEAUTIFICATION FUND (Resolution)

Grams indicated Harold E. and Gayle Johnson have donated \$200 in memory of A. C. Carlson and Don Ingman to be placed in the Beautification/Flower Fund. Staff recommends the Council accept the donation.

A motion was made by Schulz, seconded by Zelenak, to adopt Resolution No. 2016-21 accepting a donation from the Harold E. and Gayle Johnson in the amount of \$200. The motion carried 5-0.

8. PUBLIC HEARINGS

A. 2016 STREET, UTILITY & ALLEY IMPROVEMENT PROJECT (Resolutions to Adopt Assessment and Award Project – Marcus Thomas, Bolton & Menk

Marcus Thomas, Bolton & Menk, reported the bid opening for the City of Osseo's 2016 Street, Utility and Alley Improvements was held on February 25, 2016. He reviewed the streets and alleyways within the project improvement area. It was noted the low bid was submitted by C&L Excavating of St. Joseph, MN, in the amount of \$1,003,940. At the March 14 meeting, the Council ordered the preparation of the final assessment roll based on the low bid results. The Council also ordered a public assessment hearing to be held on April 11. He reviewed the final assessment summary in detail with the Council.

Mr. Thomas stated in accordance with Minnesota Statute 429 a notice of the assessment hearing has been published in the official paper, and a notice and assessment statement has been mailed to every affected property owner. At the public hearing, property owners are given the opportunity to approach the Council regarding the proposed assessments. Written objections must be submitted no later than the date of the public hearing.

Mr. Thomas explained that following the close of the public hearing, staff recommends that the Council adopt two resolutions, one adopting assessments and another to award the bid to C&L Excavating. He reported construction contracts will then be prepared and upon full execution the project may proceed to construction.

Johnson asked when the public hearing notices were sent to homeowners. Mr. Thomas reported the notices were sent ten days prior to this meeting.

A motion was made by Stelmach, seconded by Johnson, to open the Public Hearing at 7:14 p.m. The motion carried 5-0.

Jim Dooher, 505 2nd Street NE, commented on how the project was being funded. He commented he was happy to pay his fair share in assessments, but questioned why the 2016 project was being assessed differently than last year's street improvement project. He believed that all street improvement projects should be viewed as a maintenance project.

Darrell Healy, 216 3rd Avenue NE, indicated he was told when he purchased his home in 1974 the City owned the alley through eminent domain. He feared how his neighbor would be able to afford her assessment given the fact she lost her husband two weeks ago.

Keith Brown, 100 4th Avenue NE, stated he was paying for his assessment on 4th Avenue and feared how he would be able to afford an alleyway assessment. He stated he would not be paying \$5,000 for this assessment given the fact he had no access to the alleyway. He reported only four families access the alleyway behind his home and he did not believe concrete was necessary. He stated he did not mind paying for the improvements on 4th but stated it would be difficult for him to pay over \$22,000 total in assessments for the streets and alleys surrounding his home. He encouraged the Council to speak with the homeowners on his street as he believed all would object to the alleyway improvements.

Bruce Dahlheimer, 609 6th Avenue NE, questioned how the City selected the alleyways in need of improvement. He believed his alley was in need of replacement before the ones being considered this evening.

James Corbett, 33 5th Avenue NE, stated his home was accessed by a driveway off of 1st Avenue. He questioned why the alley behind his home was being proposed for replacement. He did not believe it was necessary to concrete the alleyways.

Lawrence Busch, 325 Broadway St East, explained he spoke to the engineer regarding this project. He understood a tree in his front yard would have to be removed and asked if this tree would be replaced.

Norman Bollinger reported he has lived on the corner of 4th Avenue NE and 1st Street NE for the past 54 years. He indicated he just went through the project on 4th Avenue NE and was now being asked to pay for the improvements on 1st Street NE. He believed this was a hardship for an individual on a fixed income. He enjoys living in Osseo and has paid his fair share of taxes. He asked if there was any type of assessment relief available for residents that were being double assessed.

Bonnie Roeder, 133 6th Avenue NE, stated Bollinger was one of the four houses being charged almost \$7,800. She believed that the assessment amounts were extremely high for the work being done.

No further public input was offered.

A motion was made by Schulz, seconded by Stelmach, to close the Public Hearing at 7:31 p.m. The motion carried 5-0.

Johnson asked if some of the questions raised this evening could be addressed by staff. Grams requested Mr. Thomas respond.

Mr. Thomas thanked the public for their comments and questions. He described the differences between the 2016 and 2015 Street Improvement projects. He reported the work being done this year would last longer which made it more expensive per foot. He indicated the Council decided to replace the alleyways with concrete in 2013 as this material would last longer.

Stelmach requested further comment on the pavement condition index (PCI) and substructures for the streets within the 2016 improvement area. Mr. Thomas described how the City previously had its roadway conditions rated and noted this information was used to assist the Council in its capital improvement planning. He reported there were a lot of variables within each project and discussed the sanitary sewer lines that would be replaced in 2016 due to the fact they were undersized.

Grams requested further comment on the differences between a concrete and bituminous alleyway. Mr. Thomas explained that concrete was much more robust and assisted with proper stormwater drainage when compared to bituminous. He noted concrete held up much better against garbage trucks as well. He stated the longevity of concrete made it more suitable for alleyways.

Grams asked if the City received a good bid for the proposed project. Mr. Thomas believed the City had received a competitive bid price for the 2016 project. He indicated the City received seven bids for the project and the estimate was 25% higher than the low bid amount. He stated Osseo received very favorable bids and explained prices were beginning to creep higher now.

Schulz requested further information on how assessments could be deferred. City Attorney Mary Tietjen advised there was a law that allowed for property tax deferment in very special circumstances for seniors or disabled individuals. She encouraged individuals that may qualify for this deferment to contact City Hall.

Johnson requested the alley between 5th and 6th Avenues NE be reviewed and that the potholes be filled in 2016.

Zelenak asked how the City would address the discussed tree loss. Mr. Thomas explained the tree at 325 Broadway Street East would not have to be removed in order to replace the water or sewer lines. He stated the City would work with this individual in order to save the tree.

Zelenak questioned if there was any validity to the comment regarding the City having eminent domain over the alleyways. City Attorney Tietjen stated based on her research the City does not have any formal eminent domain rights but does have the legal rights to use and improve the alleyways. Mr. Thomas found no documentation of eminent domain and stated this term may have been confused with the term prescriptive easement.

Johnson inquired if the City could work with the homeowner that recently lost a spouse. Mr. Thomas reported the City would be willing to work with this individual. City Attorney Tietjen advised the City was aware of this situation and her office has been working with the individual.

Stelmach clarified for the record this individual would still be assessed for the improvements. City Attorney Tietjen stated this was the case.

A motion was made by Johnson, seconded by Zelenak, to adopt Resolution No. 2016-22 adopting Assessments for the 2016 Street, Utility and Alley Improvements. The motion carried 3-2 (Schulz and Stelmach opposed).

Stelmach thanked the members of the community that were present tonight and voiced their concerns. He explained he previously had his alleyway replaced and reported it was a positive experience.

A motion was made by Zelenak, seconded by Johnson, to adopt Resolution No. 2016-23 awarding the bid for the 2016 Street, Utility and Alley Improvements. The motion carried 4-1 (Schulz opposed).

9. OLD BUSINESS

A. APPROVE OSSEO DIGITAL BILLBOARD PROJECT AT 800 BROADWAY STREET EAST

Grams stated the City of Osseo is considering leasing City-owned property to OutFront Media to erect a state-of-the-art LED digital billboard located on the Osseo Public Works property. The original proposal, which had been previously considered and included a V shaped structure with two digital billboard faces, has been scrapped and modified into a smaller single face digital billboard sign. The City considered all comments and opinions from local residents and requested that OutFront Media adjust the structure to minimize all potential impacts on the neighboring residential area. This included widening the V shape so that the lit portion of the sign would not be viewable from residential homes.

Grams indicated OutFront Media considered the recommendation but ultimately determined the added costs of structural elements to widen the V design rendered the structure economic infeasible. OutFront Media has now proposed a smaller single face LED digital billboard to be located further north on the Public Works property in an area approximately near the southeast corner of the existing Public Works building. The City-owned Public Works parcel is zoned Public Institutional Zone (PI) which includes “commercial signage limited to billboards or any other governmental signage” as a permitted use. The sign structure itself will be approximately 486 feet away from the nearest home to the south, and 298 feet away from the nearest home to the north and would be constructed entirely on City-owned land that would be leased to OutFront Media. The sign face will be approximately 14 feet tall and 48 feet wide. The overall height of the sign from grade to the top is measured at 50 feet. The proposed sign will face southeast to capture traffic traveling northbound on Hwy 169. The new proposed location falls outside of the 100 foot buffer zone from the St. Paul’s Lutheran Church property. As such, the City is not required to obtain a donation of land from St. Paul’s Lutheran Church and any previous donation and/or encroachment agreements between the City and the Church are no longer needed.

Grams reported at the request of the City the proposed sign has been angled in a manner so that no portion of the lit LED face will be visible from the corner of 8th Avenue SE and 2nd Street SE, which is located to the south of the Public Works property in the residential area. This is in response to resident concerns of light infiltration from the proposed billboard. All light from the digital billboard will be projected out over the adjacent sound wall onto Hwy 169. There will be no light shown onto any adjacent

property. In fact, several existing light sources in residential areas would be brighter than any indirect light from the proposed billboard. This includes street lights and neighboring porch lights and/or flood lights. All light from the billboard will be directed out over the sound wall to Hwy 169 traffic. Additionally, the billboard will have the ability to dim the brightness of the light during evening hours and the City will work in conjunction with OutFront Media to find a suitable brightness during the nighttime hours in order to minimize impacts to residential areas.

Staff stated that this proposal is for a state-of-the-art LED digital billboard. When many people think of billboards, they envision the old static (or nonprogrammable) signs that have large flood lights affixed to the top of bottom which bathe the billboard sign in light during evening hours. That is not the case with this proposal.

Grams explained the City has also required that the metal structure, which includes the pole and top, bottom, and sides of the sign face, be encased in aesthetic brick or stone elements to help blend the sign into the background with the City having final approval. Additionally, OutFront Media has agreed to provide \$3,500 towards planting of large mature pine trees located along the Public Works property to the south. These trees should help hide not only the digital billboard structure itself, but also the fenced in property which holds equipment and piles of construction materials. The concept plan calls for 8-10 pine trees to be planted in a way to help minimize visual effects of the Public Works property and the billboard structure.

Grams stated the proposed lease between the City and OutFront Media calls for lease payments to be made to the City semi-annually. The initial term of the lease is for 15 years, with a mutual option of entering into subsequent 15 years terms with lease payment negotiated prior to each new term. The City would receive \$55,000 annually in years 1-5, \$57,500 annually in years 6-10, and \$60,000 annually in years 11-15. The total lease payment to City after the initial 15-year term is \$862,500. Additionally, the City will receive a minimum of 5 hours per month (2,250 eight-second spots) of enhanced dynamic display ads on the billboard at no cost to the City. This includes all design and formatting of each ad. The City may use these ads to promote the Osseo downtown business core, community events (such as the Farmers Market, Music & Movies in the Park, Vintage Car Show, Lions Roar, and Minidazzle events), or other applicable information such as City snow emergencies, Amber Alerts, severe weather warnings, and way finding to Osseo from Hwy 169. Any Osseo based business will be able to advertise on the billboard at one-third the cost of the current advertising and publishing rate through OutFront Media which includes design services as no additional cost.

All electrical power costs associated with the billboard will be paid for by OutFront Media. Additionally, all improved real estate taxes associated with the construction of the billboard structure will be paid for by OutFront Media each year (estimated to be between \$6,000-8,000 annually). If OutFront Media fails to complete construction within six months, it shall forfeit its \$10,000 deposit to the City and the lease shall be null and void.

Grams commented that during two neighborhood meetings several residents had concerns relating to property values and how they might be affected by the addition of a nearby digital billboard. Staff did reach out to Brad Prchal of the Hennepin County Assessor's Office to ask if a nearby billboard might affect neighboring property values. Via a phone conversation, Mr. Prchal noted that assessors are reactive based when setting property values. His office takes into account many factors when determining property values, most importantly recent home sales. Mr. Prchal did mention that the localized area surrounding the Osseo Public Works property already has depressed property values due

to the proximity to a major highway (Hwy 169), the adjacent sound wall, overhead high tension power lines (which run down Broadway Street East before crossing Hwy 169 into Brooklyn Park) and the adjacent municipal public works parcel. He was not aware of any credible data that suggests the addition of a digital billboard negatively affects local property values and was unable to point to any credible and useable data to suggest otherwise. Staff also spoke to the City of Maple Grove City Assessor, Tim Mitchell, by phone to ask the same question. Maple Grove has a similarly situated set of non-LED digital billboards located at 10402 73rd Ave N. There, two static billboards operated by Clear Channel sit 326 feet from the nearest residential property. Those residential homes have much higher property values and have no visual boundary or impediment between the billboard locations and the homes. Mr. Mitchell noted that his office does not lower the property values of those homes due to its proximity of not one but two static billboards. Staff also contacted Jen O'Connor, a local realtor with The MLS Online Realty, who is familiar with the Osseo area. Ms. O'Connor provided the City with a letter stating that "any negative effect on home values in the immediate area will be negligible, if any." She goes on to mention the adjacent noise and traffic associated with Hwy 169, the addition of a sound barrier wall, the public works facility, and overhead utility wires as more detrimental to home values than the addition of a digital billboard.

Grams indicated the addition of lease revenue to the City budget will have a positive effect for all Osseo residents and business owners. Using the most recent budget figures shows that the local tax capacity rate would increase from approximately 71% to approximately 73% without the additional lease revenue. Annual lease revenues of \$55,000 (and higher in subsequent years) represent 4.6% of the 2016 tax levy. This means that the City would have to raise the tax levy amount by 4.6% if we could not rely on the lease revenue. Data from Hennepin County shows that the average Osseo home is valued at \$165,000 in 2015. Without the billboard lease revenue, the average valued home in Osseo would see a property tax increase of approximately \$50 per year from the City. Homes with lower property values would see an increase of less than \$50, while homes with higher property values would see an increase of more than \$50 per year on City taxes.

Grams explained OutFront Media has also provided the City with letters from other metro area communities which have partnered with OutFront Media to construct various billboards. City of Eagan Police Chief James McDonald reports that his Police Department has received zero calls for service that mention the digital billboard located on Hwy 35E, west of Hwy 55. Likewise, City of Blaine Police Chief Christopher Olson reports no traffic complaints or concerns with two digital advertising signs located within their City. The City of Spring Lake Park recently partnered with OutFront Media to construct a digital billboard in 2015 on Hwy 65 north of 81st Avenue. Police Records Technician Lori Brahs queried all accidents for 2015 up to the present in the area of the digital billboard. A total of 13 accidents were reported, and none of the officer's reports included a mention of the digital billboard as being a distraction. City of Rogers Public Works Superintendent John Seifert also shared a letter of recommendation with the City of Osseo after working with OutFront Media for over 20 years and had recently switched their signs to digital advertising signs five years ago with no complaints from the community. Mr. Seifert would recommend working with OutFront Media as a source for outdoor advertising.

Staff recommended the Council take comments from the public and approve the Digital Billboard project and enter into a lease with OutFront Media.

David Benson, 724 2nd Street NE, stated he was against the billboard proposal and had all residents in attendance raise their hands that also opposed the project. He clarified the billboard would generate \$800,000 and not \$1.5 million as previously stated by Mr. Weber. He believed more Osseo residents would be impacted than just one. He thanked the City Council for its diligent financial efforts and believed that it was not necessary for the City to enter into this contract. He feared that his property value would be impacted if the billboard was installed. He understood the proposal before the City at this time was Phase I and questioned what Phase II would be.

John Hall, 808 3rd Street NE, stated he was a former Councilmember and Mayor for the City of Osseo. He appreciated the great points that were raised by staff. However, he would support paying \$50 more in taxes than to see this billboard installed. He asked if the City held a public hearing to rezone the City property to allow for billboards. He believed that Council's motion to table action on this item was out of order with Roberts Rules of Order. He discussed how agenda items were to technically be tabled and postponed per Roberts Rules of Order. He appreciated the fact that the sign had been redesigned and questioned why the City has only received one bid for the electronic billboard.

Anthony Reed, President of the Minnesota Billboard Group, discussed the unique situation that arises when cities place a billboard on their property. He indicated the funds paid to the City could be used to purchase police cars, fire expenses, or assist in reducing the City's levy. He understood the Council wanted to do what was best for its residents. He asked why this project was not put out for a request for proposal (RFP). He believed the City would receive a better deal if the matter were sent out through RFP versus working with only one exclusive party.

Danielle Benson, 724 2nd Street SE, was not interested in the City pursuing a digital billboard. She reviewed comments that have been voiced on the City's website regarding the proposed billboard. She did not believe the billboard would be used only for public announcements. She recommended the City not pursue a five story billboard which would beam out messages to passing traffic. She questioned if any of the Councilmembers would want to live within 500 feet of this structure. The billboard would be a visual nuisance and could distract drivers. She requested the Council reconsider who they were doing business with.

Cathy Cheatham, 208 7th Avenue SE, reviewed additional comments from the City website noting the billboard would be an eyesore and did not belong in the City of Osseo. She questioned why public notices were not sent to all Osseo residents.

Johanna Kitzman, 211 8th Avenue SE, reviewed more comments from the Osseo website noting residents wanted to keep Osseo the way it was. Another comment believed the billboard was a very bad idea. She feared that local businesses would not be able to afford to advertise on the billboard and that direct competitors would be on the billboard. She recommended the Council consider more than its bottom line and not move forward with the digital billboard. She hoped to keep the City small and quaint.

Neil Lynch, 325 4th Avenue NE, stated he was new to Osseo. He supported the billboard and understood the City was trying to find new ways to generate revenue without raising taxes. He stated he was generally distrustful of government; however, he could support this proposal. He believed small town values were not about the aesthetics or buildings, but rather small towns were about the people and the community. This was the reason he loved Osseo. It was his opinion the whole anti-billboard campaign was a lot of people

getting worked up by a small group of homeowners driven by the fear of falling property values.

Becky Doran, Premier Wine & Spirits, appreciated staff's thorough report. She encouraged the City to advertise for the businesses along Highway 81 and not just those along Central Avenue. She reminded the Council they were elected to represent the community.

Jason Emerick, 133 3rd Avenue SE, stated Osseo was a small town and had a small town feel. He reported he attended Osseo Elementary, Osseo Middle School, and Osseo High School. He explained he moved away for a time and was now back in the community. He reported he was against the billboard. He encouraged the Council to hear the voices of the public or bring this matter to a vote.

Becky Weidenbach, 32 3rd Avenue NE, understood there were lots of opinions regarding the digital billboard. She indicated she does not live near the proposed location of the billboard but believed it would be a benefit to the community. It was her hope the billboard would draw people into the City. She wanted to see free or reduced advertisement rates for local events and small businesses.

Ethan Kitzman, 211 8th Avenue SE, discussed how the billboard plans have changed. He opposed the billboard and feared how his property value would be impacted. He stated the City has not done its due diligence regarding this matter and recommended the Council hear the voice of the public on this matter.

Anthony Reed understood that billboards had a bad rap. He explained that most advertisement conducted on electronic billboards was from local businesses. He discussed the new pricing would allow for mom and pop shops to advertise on electronic signs. He did not believe an electronic billboard would diminish the small town feel of Osseo.

Danielle Benson discussed how the billboard would supposedly draw people to downtown Osseo. She had a hard time understanding how the traffic on Hwy 169 would reach downtown Osseo. Johnson reviewed how traffic could drive on County Road 30 and proceed west to Central Avenue.

Danielle Benson recommended the billboard be considered for a different location versus continuing to place items onto a location that was already an eyesore.

John Hall stated the public works property was not purchased for a sign, but rather was purchased for public works functions. He did not believe anything else was supposed to be located on this property. He did not believe an electronic billboard along Highway 169 would draw people into Osseo. He suggested the billboard be located along Highway 81. He stated this was an election year.

Martin Haider, 101 9th Avenue NE, feared the proposed billboard location would not properly serve the downtown business district. He recommended the Council consider the City's vision and not move forward with the electronic billboard.

Schulz noted he had received a number of comments from the public on both sides of this issue. He appreciated the perspectives that had been shared. He discussed why he ran for public office and stated Osseo's future had been bleak, property values were dropping, and City coffers were empty. He believed that he has served as a Councilmember who

has taken into consideration how to properly spend hard earned tax dollars. He found that residents were always conservative when it came to taxation. He reported he did not support the City's most recent budget and requested that revenues from a billboard project be removed as this project had not been approved. He explained the budget passed on a 3-2 vote. He indicated he has always been very engaged in the community and was curious to see how the Councilmembers that supported the budget would vote on this issue. He listed the recent developments the Council had approved that had provided an investment in the community. He discussed how he actively recruits business owners to locate their businesses within Osseo, as he and his wife have done. He commented on how Osseo businesses would not be able to afford to advertise on the electronic billboard. It was his opinion that local business owners could afford to advertise this way but may choose not to. He encouraged Osseo residents to buy locally in order to support the local economy. He believed it would be valuable to advertise community events that could draw new folks into the City. He explained the billboard was being placed on the public works property because the neighbors asked for this. He encouraged the residents of Osseo to consider how the City can compete with Maple Grove and Brooklyn Park. He stated he has spent hours addressing the concerns of the public regarding the billboard and reported he would not be turning his back on \$862,000 of revenue for the City. He expected the billboard would pass this evening due to the fact it was already approved by three members of the Council in the budget. He believed politics were difficult because people were always too concerned about doing the right thing to get reelected versus doing the right thing. He stated if the community no longer had faith in him to serve the overall needs of the public, than they should not vote for him. Until then, he explained he would continue to serve the public and would be offering his support for the digital billboard.

Johnson stated he did not trust any of the messages on the Osseo website given the fact those making the comments did not have to identify themselves. He indicated the comments may not have been received from Osseo residents. He stated he was the oldest member on the Council. He appreciated the large number of residents in attendance along with the comments that had been presented. He explained he moved to Osseo and started a business in 1958. He has rented four different business locations since that time. He discussed the history of the City Council since he moved to the community. He was pleased to see how involved the community was in City government. He reported the current City Council has worked to represent the entire community and not a single group. He believed the current financial standing of the City was due in part to the wise decision making of the current Council. He was proud of the fact the City was able to remain in the black in order to cover expenses for the coming year. He discussed the City's need to explore other revenues besides taxes, fees, and special assessments. He reported the Council was attempting to create a special revenue stream over the next 15 years. He stated he would have been against the original plan, but explained that with the proposed changes he would be supporting the electronic billboard moving forward.

Stelmach thanked the public for its attendance this evening. He stated he has spent a great deal of time researching this matter and discussing it with the public. He indicated he has tried to be a good listener throughout this process. He explained the Council had an obligation to the entire City. He commented prior to 2009 he was not engaged in City government. However, the discussions regarding the police department got him involved. He encouraged the public to stay engaged with the City officials. He discussed his findings from the research he conducted and discussed the numerous billboards he had visited in the metro area. He explained how his findings led him to believe the billboard would not further suppress property values given the fact the homes in the area were already adjacent to the highway and a noise wall. He reported police in other cities

have not found there to be an increase in accidents. He stated both the Council and staff have worked to address light infiltration concerns with OutFront Media. He understood to some the billboard did not feel right. However, he needed to consider the facts and stated he would be basing his decision on facts alone. He believed the revenues generated from the billboard would be helping every resident in Osseo. Because of this, and the research he completed on electronic billboards, he would be supporting the request.

Zelenak thanked all of the residents for coming out tonight. She appreciated the comments and concerns raised. She discussed the research she had conducted. She stated if anyone else had requested to place a billboard on their residential property the City would be forced to deny the matter because the billboard went against the City's zoning regulations and vision to keep the City clean, safe, and livable. She indicated that regardless of how the Public Works property was zoned, it was located within a residential neighborhood. She explained how the Public Works property was conveniently zoned to allow signs. It did not sit well with her that the rules did not apply to the City. She understood the properties around the sign were already adversely impacted by the highway and sound wall. She did not believe the City should further impact these property values by installing an electronic billboard. While she took the City's budget and tax levy very seriously, she did not support the billboard even though it would lead to a cost saving of \$5 per month for homeowners. She understood that if the billboard was not approved there would be a hole in the current budget, which she supported. She encouraged the Council to consider where this money would be coming from and if it was the right thing for the Osseo. She did not want to see any property values adversely impacted. She stated after a great deal of thought, she believed the electronic billboard was not the right opportunity for the City. She believed a bad precedent would be set if the Council approved the billboard showing that the rules don't apply to the City. She thanked the public again for turning out and being involved in this process.

Poppe appreciated the input this evening. He stated he has also spent a lot of time evaluating this item in order to create a solution that impacts the neighboring properties in the least possible way. He understood the resident's frustration and believed the Council was good at listening to what the public had to say. He explained the Council's goal has been to dig the City out of the ditch it was in. He believed the ship had been righted and the City was moving in a positive direction. He reported the Council has continued to pursue new revenue streams given the challenges the City faces. He indicated each of the Councilmembers takes this decision very seriously. He was pleased with how the project had been redesigned based on feedback received. He stated he would be supporting the electronic billboard based on the final designs.

A motion was made by Schulz, seconded by Johnson, to approve the digital billboard project and enter into a lease with OutFront Media. The motion carried 4-1 (Zelenak opposed).

10. NEW BUSINESS

A. CONFIRM EDA ACTIONS OF APRIL 11, 2016

Grams discussed the actions of the EDA. He noted the EDA approved accounts payable and discussed the appointment of a new member to the EDA (the vote was tied 3-3).

A motion was made by Schulz, seconded by Stelmach, to confirm the EDA actions of April 11, 2016. The motion carried 5-0.

B. APPROVE APPOINTMENT TO EDA BOARD (Resolution)

Grams stated in March EDA Commissioner Anne Zelenak submitted her letter of resignation to the EDA Board. This vacancy was posted on social media, the City website, and in the Osseo Maple Grove Press. The term for this vacancy will end December 31, 2018.

Grams indicated one resident and one business member have submitted letters of interest to fill the vacancy: Michael Olkives (resident) and Rebecca Doran (business owner). The EDA Bylaws state that at least two members of the Board shall be Councilmembers. Vacancies shall be filled by appointment made by the Mayor and approved by the City Council. The Board shall review the applications and make a recommendation to the Council for appointment. It was noted the EDA discussed this matter this evening and had a 3-3 split vote on the recommendation. Grams recommended the Council consider both applicants and make a recommendation to fill the EDA vacancy.

Rebecca Doran, 316 County Road 81, explained she has been a business owner in Osseo for the past 18 years. She said she was very active in Osseo and was passionate about this community. She stated she recently received a PUD approval from the City for her business. She indicated she was approached by Councilmember Zelenak about serving on the EDA. While she was not originally interested, after further consideration she looked forward to the opportunity. She understood the City needed to operate in the black and was committed to serving the City.

Michael Olkives, 624 2nd Street NE, believed he and Becky both shared a passion for the community. He understood the Council had to make some really tough decisions on behalf of the City. He respected that and knew this was not easy. He thought the opportunity to serve on the EDA would be positive. He wanted to see the City continue to move forward in the right direction.

Johnson believed both candidates were very qualified. He noted Michael Olkives could serve the City in another capacity while Rebecca could only serve on the EDA. For this reason, he recommended Rebecca Doran serve on the EDA.

Schulz stated he knew Michael Olkives quite well and understood both candidates would serve the community well. He supported Michael Olkives being appointed to the EDA and encouraged Ms. Doran to stay involved in the community.

Zelenak was in favor of having Ms. Doran appointed to the EDA stating she would be a great representative for women in business and for businesses along Highway 81.

Stelmach explained he has known both candidates for years and believed both would be a great asset to the community. However, after having conversations with each of the candidates, he supported Mr. Olkives being appointed to the EDA.

Poppe stated he would be sticking with his previous recommendation of Ms. Doran.

A motion was made by Zelenak, seconded by Johnson, to adopt Resolution No. 2016-24 appointing Rebecca Doran to the Economic Development Authority to fill the unexpired term ending December 31, 2018. The motion carried 5-0.

C. CALL FOR HEARING FOR 2016 STREET IMPROVEMENT BONDS
(Resolution) – Rebecca Kurtz, Ehlers & Associates

Rebecca Kurtz, Ehlers & Associates, requested the Council call for the sale of 2016 Street Improvement Bonds. She proposed to have the bonds sold on May 23. She explained these bonds would assist with financing the 2016 Street, Utility and Alley Improvement Project. It was noted the term for the bonds would be 15 years. She recommended the issue be rated by Standard & Poor's. She reported the project was relying on assessments and City utility funds.

Stelmach asked what would happen if a large number of residents were to prepay their assessments. Ms. Kurtz explained the size of the bond would not be able to be changed. She reported historically the City has not seen a high number of prepayments for assessments. She stated if a large number of prepayments did occur these monies could be put into the debt service fund and could be used to call the bonds on the call date or in advance.

Johnson questioned why the City was requesting \$1,325,000 when the cost of the project was slightly over \$1 million. Ms. Kurtz commented the project cost \$1,254,925, plus the underwriting fee of 1.2% and the bond cost of issuance.

A motion was made by Johnson, seconded by Zelenak, to adopt Resolution No. 2016-25 Providing for the Sale of \$1,325,000 General Obligation Improvement Bonds, Series 2016A. The motion carried 4-1 (Schulz opposed).

D. CALL FOR HEARING FOR REFUNDING OF 2009A CENTRAL AVENUE
BONDS (Resolution) – Rebecca Kurtz, Ehlers & Associates

Rebecca Kurtz, Ehlers & Associates, requested the Council call for the refunding of \$3,415,000 in general obligation improvement bonds. She indicated these bonds would do an advanced refund of the \$5.3 million G.O. bonds that were issued for the Central Avenue project in 2009. She stated the bonds would continue to be paid through special assessments but noted the refunding would reduce the interest rate and would save an estimated \$407,000, or \$52,000 annually. As part of the refunding, staff was proposing to do an issuer contribution of cash of \$227,815 which was a combination of money from the garbage fund which could be used to pay down debt.

Johnson asked if the \$3,415,000 included the deductions that would be paid by the City. Mr. Kurtz reported this was the case.

Further discussion ensued regarding the changes that would be coming to PERA.

A motion was made by Schulz, seconded by Johnson, to adopt Resolution No. 2016-26 Providing for the Sale of \$3,415,000 General Obligation Improvement Refunding Bonds, Series 2016B. The motion carried 5-0.

E. APPROVE ELIMINATION OF PARCELS FROM TAX INCREMENT
FINANCING DISTRICT 2-6/CELTIC CROSSING (Resolution) - Rebecca
Kurtz, Ehlers & Associates

Rebecca Kurtz, Ehlers & Associates, stated in 2002 the Osseo EDA and Council established TIF District 2-6 to assist with the redevelopment of a portion of the downtown. As part of the proposed redevelopment the EDA entered into an agreement

with MEER LLC to complete a multi-family housing project. A portion of the MEER project was completed, and the EDA has since amended the original agreement and issued a pay-as-you-go note to the developer. There have not been additional obligations issued in the district.

Ms. Kurtz explained Minnesota Statutes require that any expenditures to be reimbursed with tax increment be spent within the first five years after certification of the district. That time period has passed, so the EDA is not able to enter into new agreements for the district.

Ms. Kurtz reported during this time there has been an increase in market value on many of the parcels not related to the MEER development. Since the EDA and City have very limited options to use the increment, the City may consider removing these parcels from the TIF district so the full value can be added to the general tax base.

Ms. Kurtz indicated since the net tax capacity of these parcels has increased, the City can remove the parcels by resolution and is not required to hold a public hearing. If this is completed by June 30, 2016, the City will see the increase on the Pay 2017 tax roll. The result of this action would be that only the parcels associated with the obligation to MEER would remain in the TIF district.

Ms. Kurtz stated if the City chooses not to remove the parcels from the district, it will continue to collect increment on these parcels, and it is likely that the increment would need to be returned to the County for redistribution at the time the district is decertified. Staff recommended the Council adopt a resolution eliminating parcels from TIF District 2-6.

Johnson saw more value under the properties listed on the chart that were frozen. Ms. Kurtz reviewed the property values in further detail with the Council. She noted the list of values came from the County.

Johnson believed the parcels within the list needed further evaluation. Poppe explained the Wiley parcel was combined with another parcel, and that was why it was not showing up on the list

A motion was made by Schulz, seconded by Johnson, to adopt Resolution No. 2016-27 approving the Elimination of Parcels from Tax Increment District 2-6 within Municipal Development District No. 2 on the City of Osseo. The motion carried 5-0.

F. APPROVE CITY COUNCIL EMERGENCY RESPONSE COMMUNICATION PROCEDURE

Police Chief Shane Mikkelsen explained during the last fire emergency in the City there were some questions about the procedure on how Councilmembers could respond to an emergency. This was discussed at the last work session of the City Council. Staff requested the Council approve a new Emergency Response Communication Procedure as this will give staff the necessary tools to do their jobs effectively and efficiently.

A motion was made by Schulz, seconded by Zelenak, to approve the Emergency Response Communication Procedure Plan. The motion carried 5-0.

Zelenak thanked Police Chief Mikkelsen for drafting this document on behalf of the City.

G. APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

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

11. ADMINISTRATOR REPORT – None.

12. COUNCIL AND ATTORNEY REPORTS

Stelmach thanked all of the people for attending and tuning into this evening's meeting. He appreciated the feedback.

Johnson noted a Senior Forum would be held on Wednesday, April 13, at the Brooklyn Park Community Center from 8:30 a.m. to noon. He noted this event was free and open to all seniors.

Schulz thanked everyone who took the time to weigh in on the topics discussed this evening. He indicated the Council made decisions this evening that would make the City more money.

Poppe appreciated all the members of the public that attended the meeting tonight as well. He believed this assisted the Council in better governing the City.

Poppe stated the Open Book Meeting for Assessments would be held on April 19 from 5:00 p.m. to 6:30 p.m. at City Hall.

Poppe reported the Step To It Challenge would begin on May 1.

Poppe indicated the City Clean Up Day would be held on May 7 from 8:00 a.m. to noon at the Public Works building.

Poppe noted the City-wide garage sales would be held from May 12 through May 15.

Poppe commented the Vintage Car Show would be held on May 14 from 10:00 a.m. to 3:00 p.m. It was noted a craft show would be held in Boerboom Park.

13. ADJOURNMENT

A motion was made by Schulz, seconded by Johnson, to adjourn the City Council meeting at 10:10 p.m. The motion carried 5-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.