



AGENDA – REGULAR MEETING
6:30 p.m., July 10, 2017

Economic Development Authority

- 1. ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES**
 - A. June 12, 2017
- 4. MATTERS FROM THE FLOOR**
- 5. PUBLIC HEARING**
- 6. ACCOUNTS PAYABLE**
- 7. OLD BUSINESS**
 - A. Discuss 2017 Osseo Spring Opener Expenses
- 8. NEW BUSINESS**
 - A. Review 2017 YTD EDA Budget
- 9. REPORTS OR COMMENTS: Executive Director, President, Members**
- 10. ADJOURNMENT**

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
June 12, 2017**

1. ROLL CALL

President Todd Woods called the regular meeting of the Osseo Economic Development Authority to order at 6:00 p.m., Monday, June 12, 2017.

Members present: Juliana Hultstrom, Harold E. Johnson, Dan LaRouche, Duane Poppe, Mark Schulz, Larry Stelmach, and Todd Woods.

Members absent: None.

Staff present: Executive Director Riley Grams, City Planner Nancy Abts, and City Attorney Mary Tietjen.

Others present: Brian Bourassa and Jim Gromberg.

2. APPROVAL OF AGENDA

A motion was made by Stelmach, seconded by Johnson, to approve the Agenda as presented. The motion carried 7-0.

3. APPROVAL OF MINUTES – MAY 8, 2017

A motion was made by Johnson, seconded by Hultstrom, to approve the minutes of May 8, 2017, as presented. The motion carried 7-0.

4. MATTERS FROM THE FLOOR – None.

5. PUBLIC HEARINGS – None.

6. ACCOUNTS PAYABLE

Executive Director Riley Grams presented the EDA Accounts Payable listing.

A motion was made by Johnson, seconded by Hultstrom, to approve the Accounts Payable. The motion carried 7-0.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. PRESENTATION ON ECONOMIC DEVELOPMENT OPPORTUNITIES (WSB & Associates)

Grams stated Brian Bourassa and Jim Gromberg from WSB & Associates were at this meeting to provide information on potential funding for economic development.

Brian Bourassa introduced himself and thanked the EDA for its time. He reviewed a presentation on three potential redevelopment sites in Osseo. The first area was a block of buildings along Jefferson

Highway. The second area was the Celtic Crossing condominiums, and the last area was the properties on Central and 93rd Avenue.

Jim Gromberg discussed the values of the buildings within the Central Avenue and 93rd Avenue block and commented on the potential for this 1.5-acre redevelopment area.

Grams stated the EDA would have to consider the expense of each property along with how easy or difficult it would be to acquire each parcel. He anticipated it would be easy to acquire four out of the five parcels and the fifth may take some time (Osseo Vacuum).

LaRouche questioned if the Comp Plan supported high density residential for this area of the City. Mr. Gromberg described how a high-density residential development with retail would fit nicely on these parcels.

Johnson understood the property on 600 Central Avenue sold 4 to 6 years ago. He believed the City should have purchased the property at that time as the price has risen significantly. He stated the properties on this block were close to 100 years old.

Stelmach questioned if there was a market for high density residential with street level retail space. Mr. Gromberg indicated this varied greatly between communities. Mr. Bourassa explained it was his understanding it was easier to fill the residential than the retail. However, being in a walkable community like Osseo, this could be an easier sell.

Poppe commented on the correlation between retail and residential space and the reasons why Five Central Apartments did not have commercial space. Mr. Bourassa stated the EDA would have to further evaluate if a development with retail/residential could be supported. Mr. Gromberg believed Osseo had a vibrant downtown area. He described how the culture was changing and how people were migrating to more urban and walkable areas.

Schulz stated the population on this side of the City might be able to support more retail, even if this meant the City would have to invest in the redevelopment. He anticipated that underground parking would be a necessity. He encouraged the EDA members to act as visionaries and really consider how these parcels should be redeveloped.

Mr. Gromberg reviewed the funding sources and grants that would be available to the EDA to assist with future redevelopment. He stated one of the first steps would be to explore the properties environmentally.

Johnson asked if the market in Osseo would support additional rental units. Mr. Gromberg anticipated that an ownership, condominium style unit would be supported in the proposed redevelopment area. He explained this would be determined by a future developer.

Johnson stated he was impressed by the St. Paul Port Authority and its numerous capabilities.

Woods encouraged the EDA members to forward any further comments or questions they may have regarding economic development opportunities to staff.

B. DISCUSS PROPERTIES FOR SALE IN OSSEO

Grams explained this discussion on various properties for sale in Osseo dovetails nicely off the presentation from WSB. He stated the focus for properties for sale in Osseo should be directed in two sections: residential and commercial.

Residential

Currently, staff is aware of a few different residential homes for sale in Osseo. Some are located in residential areas, while one is located on Central Avenue in the commercial district (600 Central Avenue). The housing market in the Twin Cities is good right now. Homes all over the Metro area are selling very quickly, and in many cases for more than an asking price.

This includes homes for sale here in Osseo. Staff keeps close watch of residential property sales, and most homes are being sold quickly. There may be an opportunity to restart a scattered site housing program, with the EDA leading the charge. However, staff does not believe this is the right time to reinvest in that program. A scattered site housing program usually is better served during periods of slow housing sales, because the EDA is able to purchase the home cheaper, use some funds to bring the value up, and then re-sell the properties. Staff believes it is best to leave the homes alone during hot housing markets.

Commercial

According to Grams, we have several commercial locations in town ripe for redevelopment. One area that the EDA has recently discussed is the 600 block of Central Avenue. Currently, the single-family home located at 600 Central Avenue is the subject of a pending sale. Other properties on the block could possibly be purchased by the EDA. Those properties include 616 Central Avenue (JML Motors), 624 Central Avenue (owned by Chris Rains), and 632 Central Ave (undeveloped parcel owned by Wiley Properties). The EDA currently does not have the means to outright purchase all of the properties on that block. The Hennepin County Assessor uses an estimated Market Value to determine property taxes; the total estimated value for the properties mentioned is \$664,000. The EDA must seek funds to help assist in the purchase of those properties and demolish buildings (if necessary).

Grams requested feedback from the EDA on the potential redevelopment opportunities within the City.

Woods stated if the EDA were to do move forward on the Central/93rd Avenue properties, the distressed property might require quick action. He was in favor of staff drafting a Request For Information (RFI).

Schulz indicated the Council could consider allocating LGA funds to the EDA in order to build up a funding source for these acquisitions. He stated he was in favor of the EDA making plans for this redevelopment.

Hultstrom supported the EDA pursuing this redevelopment as well.

Stelmach believed the EDA had to take action now given the fact the corner property was for sale. However, at the same time, he wanted to see staff developing an RFI for the potential redevelopment of these parcels.

Johnson asked if it would be advisable to bring forward a cash offer for the corner lot.

Poppe stated this may be a good option for the EDA and believed it made sense long term to purchase this property. Grams thanked the EDA for its input and stated he would work to develop an RFI.

Johnson explained he was interested in the EDA pursuing the redevelopment of the Osseo Sports building, 332 Central Avenue.

9. REPORTS OR COMMENTS: Executive Director, President, Members

City Planner Nancy Abts reported there would be a business open house regarding TH 169 on Thursday, June 22, at the Champlin Ice Rink from 3:30 to 7:00 p.m. It was noted MnDOT was sponsoring the event.

Hultstrom stated she attended the WSB training on Thursday, May 18.

Stelmach congratulated the 2017 graduates from Osseo High School.

10. ADJOURNMENT

A motion was made by Stelmach, seconded by Johnson, to adjourn at 7:05 p.m. The motion carried 6-0.

Respectfully submitted,

Heidi Guenther
TimeSaver Off Site Secretarial, Inc.



City of Osseo Economic Development Authority Meeting Item

Accounts Payable Listing

7/10/17EDA

Check Name	Comments	Amount
BOND TRUST SERVICES CORP	TIF 2014B BONDS - INTEREST	\$8050.00
BOND TRUST SERVICES CORP	TIF 2014B BONDS - AGENT FEE	\$450.00
KENNEDY & GRAVEN, CHARTERED	MAY 2014 LEGAL SERVICES	\$149.06
SCENIC SIGN CORP	4 - DIRECTIONAL SIGNS	<u>\$352.00</u>
		\$9001.06

EDA MONTH END CASH BALANCE

FUND	DESCRIPTION	6/12/2017	DIRECTIONAL	ADJUSTMENTS		7/10/2017	PROPOSED	7/10/2017
		BALANCE	SIGNAGE REVENUE			BALANCE	EXPENSE	BALANCE
801	GENERAL	653,758.25	150.00	3,256.77	1	657,165.02	-501.06	656,663.96
806	TIF 2-5 REALIFE	205.75				205.75		205.75
817	TIF 2-4 BELL TOWER	276,897.15				276,897.15		276,897.15
819	TIF 2-6 CELTIC CROSSING	50,823.91		4,425.41	1	55,249.32		55,249.32
824	TIF 2-7 BARGER PROJECT	-727.43				-727.43		-727.43
825	TIF 2-8 LANCOR/LYNDES	-7,942.56				-7,942.56		-7,942.56
836	TIF 2-9 CENTRAL 5	-427,207.99				-427,207.99	-8,500.00	-435,707.99
		545,807.08	150.00	7,682.18		553,639.26	-9,001.06	544,638.20
1	INTEREST JAN - MAR		5,805.77					
	EHLERS OVERPAYMENT RETURN		2,000.00					
	KENNEDY GRAVEN - SPRING OPENER		-123.59	7,682.18				



City of Osseo Economic Development Authority Meeting Item

Agenda Item: Discuss 2017 Osseo Spring Opener Expenses

Meeting Date: July 10, 2017

Prepared by: Riley Grams, EDA Executive Director

Attachments: None

Policy Consideration:

Discuss the 2017 Osseo Spring Opener expenses.

Background:

The EDA had originally agreed to pay for 50% of the costs associated with the Osseo Spring Opener event. However, due to inclement weather, the event was canceled. EDA President Todd Woods and EDA Commissioner Larry Stelmach did a great job in getting the various costs for the event canceled without having to pay. However, only one charge stuck. The KSTP AM 1500 commercial did run on air leading up to the event, and when the event was canceled, we were able to get a partial refund of that specific cost.

The original cost was \$600 for the AM 1500 commercial. After cancellation, we were refunded \$325. This means, the City paid for the remaining \$275 out of the special event fund. To make the accounting easy, I am recommending that the EDA cover that \$275 by transferring those funds out of the EDA General Fund and into the City Special Event Fund.

Budget or Other Considerations:

The \$275 would come out of the EDA General Fund and be transferred into the City's Special Event Fund to cover that expense.

Options:

The Economic Development Authority may choose to:

1. Approve the transfer of \$275 to the City Special Event Fund;
2. Deny the transfer;
3. Table action on this item for more information.

Recommendation/Action Requested:

Staff recommends the Economic Development Authority choose option 1) Approve the transfer of \$275 to the City Special Event Fund.

Next Step:

Staff will work with EDA President Woods and EDA Commissioner Stelmach soon to begin planning the 2018 Osseo Spring Opener event.



City of Osseo Economic Development Authority Meeting Item

Agenda Item: Review 2017 YTD EDA Budget

Meeting Date: July 10, 2017

Prepared by: Riley Grams, EDA Executive Director

Attachments: YTD EDA Budget
EDAM Info on EDA

Policy Consideration:

Review the 2017 year-to-date EDA budget and begin thinking about the 2018 budget.

Background:

Budget season is upon us! Each July Staff reviews the year-to-date budget with both the EDA and the City Council. Attached is a budget spreadsheet showing 2015 and 2016 actuals, 2017 budgeted, and the year-to-date 2017 amounts.

Various invoices and bills come in at various times of the year, and because of this, some of the 2017 over/under amounts may look off. The two big items that the EDA has budgeted for (the \$45,000 transfer to the City for Staff reimbursement and the \$65,000 to the Gateway Sign project fund) have yet to be accomplished. Those transfers usually come towards the end of the year, and won't show up on this year-to-date budget. Everything else is in line with where we expect to be.

Additionally, since we have been discussing various property purchases, I had the Finance Staff run the numbers to determine how much the EDA really has to use for additional property purchases for redevelopment. If the 2017 budget plays out as we expect, the EDA would have approximately \$590,000 in its General Fund. That is realistically only enough to purchase a property, maybe two. We still anticipate transferring money to the City to cover the cost of Staff time. But at some point in the near future, the EDA will need to discuss how to continue operations.

I've attached some basic info regarding City levies for EDA activates (see highlighted section). The info is from the Economic Development Association of Minnesota's Economic Development Authority Handbook and explains how Cities can levy taxes to fund EDA operations. We don't need to get too in depth at this point in time, but I wanted to make the EDA aware that all the recent redevelopment activity the EDA has participated in has begun to tap our General Fund.

Beyond that, EDA members should start thinking about the 2018 budget. We have plenty of time to consider the 2018 budget, as our budgets should be approved in December.

City Goals Met By This Action:

Ensure the City's continued financial stability
Foster and promote economic growth development in the City

Recommendation/Action Requested:

Staff recommends the Economic Development Authority review and discuss the YTD 2017 budget, and discuss any future budgetary needs for 2018.

Next Step:

Staff will begin to develop a 2018 preliminary budget for the EDA to consider in the coming months.

City of Osseo Economic Development Authority (EDA)

Operating Budget

2018

							2018 Proposed Budget	
Account Number	Account Description	2015 Actual	2016 Actual	2017 Budget	YTD 6/30/2017	2017 (over)/under	Amount	Descr.
REVENUE								
801-33600	Rental Income	\$ 6,778		\$ -		\$ -		Rental property sold in 2015
801-36050	Property Revenue	\$ 17,217		\$ -		\$ -		
801-36210	Interest Earned on Investments	\$ 6,241	\$ 7,105	\$ 5,500		\$ 5,500		
801-36235	Miscellaneous	\$ -	\$ 1,060	\$ 1,000	\$ 150	\$ 850		Way signage
	Total Revenue	\$ 30,236	\$ 8,165	\$ 6,500	\$ 150	\$ 6,350	\$ -	
EXPENDITURES								
801-71000-106	Board Compensation	\$ 1,035	\$ 375	\$ 540		\$ 540		3 Board members
801-71000-125	FICA	\$ 79	\$ 29	\$ 42		\$ 42		
801-71000-211	Operating Supplies	\$ 2,006	\$ 2,060	\$ 500	\$ 49	\$ 451		Way Signage
801-71000-255	Dues/Memberships	\$ 1,069	\$ 1,464	\$ 1,500	\$ 1,069	\$ 431		NW Chamber(1069), MN EDA(395)
801-71000-260	Meetings/Travel/Seminars	\$ -	\$ 195	\$ 2,500	\$ 770	\$ 1,730		MN EDA winter conf, Ehlers
801-71000-304	Legal Services	\$ 3,633	\$ 2,211	\$ 3,000	\$ 1,534	\$ 1,466		12 mtgs @ 250
801-71000-307	Recording Services		\$ 977	\$ 1,500	\$ 729	\$ 771		Meeting recording (2%)
801-71000-310	Other Professional Services	\$ 10,618	\$ 12,956	\$ 9,000	\$ 5,843	\$ 3,157		Ehlers
801-71000-351	Printing/Publishing	\$ 505		\$ 500	\$ 194	\$ 306		Newsletter/Annual Disclosure
801-71000-355	Personnel/Recruitment	\$ 2,993				\$ -		
801-71000-375	Insurance	\$ -				\$ -		
801-71000-380	Electric Service	\$ 12				\$ -		Rental property sold in 2015
801-71000-390	Gas Service	\$ 117				\$ -		Rental property sold in 2015
801-71000-399	Property Taxes	\$ 6,754	\$ 201	\$ 210		\$ 210		
801-71000-720	Transfer to City General Fund (101)	\$ 68,970	\$ 35,000	\$ 45,000		\$ 45,000		Reimb. To City for staff time
	Other			\$ 65,000		\$ 65,000		Gateway Sign Contribution
	Other							Special Event costs (Spring Opener)
	Total Expenditures	\$ 97,789	\$ 55,467	\$ 129,292	\$ 10,188	\$ 119,104	\$ -	
Net Increase in Fund Balance		\$ (67,553)	\$ (47,303)	\$ (122,792)	\$ (10,038)	\$ (112,754)	\$ -	
Fund Balance, January 1		\$ 782,048	\$ 714,495	\$ 714,495	\$ 714,495	\$ 714,495	\$ 601,741	
Fund Balance, December 31		\$ 714,495	\$ 667,192	\$ 591,703	\$ 704,456	\$ 601,741	\$ 601,741	

Budget, Fiscal Year, Taxes, Audits and Reports

The fiscal year of the EDA must be the same as that of its governing City. It must annually submit its budget to the City in a time frame that matches the City's normal budget cycle. This budget must include a detailed written estimate of the amount of money that the EDA expects to need from the City during the next fiscal year.

There are many ways in which EDA's budgets are established. EDAs have the ability to receive funding from virtually any source, public and private, and including the general funds of the underlying City. In addition, EDAs utilize administrative fees from loan or grant agreements, guarantees or other credit enhancements or contributions from local businesses or organizations.

The most common practice is a direct general fund appropriation to the EDA out of the City general fund. The EDA is required to send its budget to the City Council with an estimate of funding requirements for the next fiscal year, and it is through this procedure that a City may give money from the City's general funds for the EDA to use. There is no limit to the amount of funding that can be provided to an EDA through this mechanism.

One of the fringe benefits of City general fund monies lies in the fact that their use may not be as restricted as monies from other funding sources. This enables an EDA to use them for virtually any economic development purpose, as long as appropriate findings are made and safeguards imposed to demonstrate the use will promote economic development in the City. Such uses include write downs, grants or loans, working-capital loans and the purchase of limited partnership interests. For example, an EDA received funding using dollars remaining in a City's bond fund after all bonds were retired, and used these dollars to capitalize a revolving loan fund.

In addition to the annual budget, the EDA must submit a detailed annual report to the City Council outlining its activities, receipts and expenditures during the preceding calendar year. The report may also include other matters and recommendations that the EDA deems advisable for the economic development of the City.

On an annual basis the financial statements of the EDA must be prepared, audited, filed and published or posted in the manner required for the financial statements of the City. The financial statements must permit a comparison and reconciliation with the City's accounts and financial reports. The report must be filed with the State Auditor by June 30th of each year. The auditor will review the report and may accept it or audit the books of the EDA for cause (Minn. Stat. § 469.100).

City Levy of Taxes for EDA Activities

The City may, at the request of the EDA, levy a tax in any year for the benefit of the EDA in an amount not more than 0.01813 percent of taxable market value. The amount levied must be paid by the City treasurer to the treasurer of the EDA, to be spent by the EDA. A City may increase its levy for economic development authority purposes under Minnesota Statutes 469.107, Subdivision 1 in the following way. The City Council must first pass a resolution stating the proposed amount of levy increase. The City must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the City. The hearing must be held two to

four weeks after the first publication. After the hearing, the City Council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the City's official newspaper or if none exists in a newspaper of general circulation in the City. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the City Clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the City in the last general election. The election must be held at a general or special election. Notice of the election must be given in the manner required by law. The notice must state the purpose and amount of the levy.

Levy of Taxes for HRA Activities

Subject to the approval by resolution of the governing body of the City, the EDA may levy a tax for HRA purposes upon all taxable property within that taxing district. The levy cannot not exceed an amount equal to 0.0185 percent of taxable market value, and must be spent for purposes authorized under the HRA statutes. These levies must be included in the EDAs annual budget.

Transfer of Authority

The City may by ordinance divide the economic development, housing and redevelopment powers granted under the EDA and HRA sections in Minnesota Statutes, Chapter 469 between the EDA and any other authority or commission established under statute or City charter for economic development, housing or redevelopment.

The City may, by resolution, transfer the control, authority and operation of any project or program located within the City from another governmental agency or subdivision that established the project or program to the EDA. The City may also require the EDA to accept control, authority and operation of the project or program. If a project or program is transferred to the EDA, it may exercise all of the powers that the governmental unit establishing the project or program could have exercised with respect to the project or program.

When a project or program is transferred to the EDA, the EDA must pledge in writing to perform the terms, conditions and covenants of the bond indenture or other agreements executed for the security of any bonds that were issued by the governmental subdivision that initiated the project or program. The EDA may exercise all of the powers necessary to perform the terms, conditions and contracts of any indenture or other agreements executed for the security of the bonds and will become obligated for the bonds when the project or program is transferred.

If the City transfers a housing project or a housing development project to the EDA, the City must transfer all housing development and management powers relating to that specific project or program.

Transfer of Personnel

The City may also by resolution place any employees of the HRA under the direction, supervision or control of the EDA. The transfer of employees does not affect the employee rights