



AGENDA – REGULAR MEETING
6:00 p.m., October 9, 2017

Economic Development Authority

- 1. ROLL CALL**
- 2. APPROVAL OF AGENDA**
- 3. APPROVAL OF MINUTES**
 - A. September 11, 2017
- 4. MATTERS FROM THE FLOOR**
- 5. PUBLIC HEARING**
- 6. ACCOUNTS PAYABLE**
- 7. OLD BUSINESS**
 - A. Approve Payment of Personal Property Taxes for 26 2nd Street NW
- 8. NEW BUSINESS**
 - A. Consider Development Opportunity in the Central Business District
- 9. REPORTS OR COMMENTS: Executive Director, President, Members**
- 10. ADJOURNMENT**

**OSSEO ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING MINUTES
September 11, 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, September 11, 2017.

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

Members absent: Dan LaRouche.

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

Others present: Brian Ross.

2. APPROVAL OF AGENDA

Johnson requested Accounts Payable be approved after New Business.

A motion was made by Stelmach, seconded by Schulz, to approve the Agenda as amended. The motion carried 6-0.

3. APPROVAL OF MINUTES – AUGUST 14, 2017

A motion was made by Hultstrom, seconded by Johnson, to approve the minutes of August 14, 2017, as presented. The motion carried 6-0.

4. MATTERS FROM THE FLOOR – None.

5. PUBLIC HEARINGS – None.

7. OLD BUSINESS – None.

8. NEW BUSINESS

A. PRESENTATION FROM BRIAN ROSS, GREAT PLAINS INSTITUTE

Executive Director Riley Grams stated Brian Ross is a Senior Program Director with the Great Plains Institute. He leads the Institute's work to accelerate the development of solar energy as a self-sustaining energy industry, managing technical and policy programs to help local governments, institutions, and businesses implement sustainable practices for renewable energy. Mr. Ross currently works in four Midwestern states to transform local government policies and regulatory standards to accommodate solar energy development. Previous to joining the Great Plains Institute, he was a Principal at CR Planning, facilitating local decision-

making and implementation efforts for sustainable development outcomes. He managed the Minneapolis Saint Paul Solar Cities Program and helped cities across the State incorporate sustainable energy practices into zoning and local programs through the Minnesota Solar Challenge program. Mr. Ross has also worked extensively in energy and utility regulation, serving as an expert witness in cost of service and rate design, energy efficiency and renewables, fuel cost reconciliations, and integrated resource planning.

Grams explained the Great Plains Institute works in the area of energy efficiency, energy infrastructure, fossil energy, International collaboration, transportation, renewable energy, and sustainable communities. It was noted Mr. Ross was on hand to give a presentation to the EDA on how they can assist in redevelopment.

Brian Ross, Great Plains Institute, provided a presentation on energy. He commented on the regional and local work completed by Great Plains, noting his company sponsored the GreenStep program. He described how energy markets were changing and how this could impact economic development. He then reviewed the Local Government Energy Planning Template Workbook with the EDA. He commented on local and community goals that could be set in order to reduce energy use, along with strategies that could be followed in order to reach these environmental goals. He provided further comment on what energy in a sustainable community looks like and discussed how clean energy jobs were on the rise.

Mr. Ross discussed the amount the City of Osseo spends on electricity each year and how rooftop solar energy could assist with this. He explained how the City could work to explore its solar energy resources. He reported the City was required to include solar planning within its Comprehensive Plan. Further discussion ensued regarding the benefits to local communities of solar and wind energies. Lastly, he encouraged the EDA to consider adding goals within the Comprehensive Plan that would assist the City in reaching its energy efficiency goals.

Woods explained Osseo's density could not grow out, but rather could only go up. Mr. Ross understood this to be the case and anticipated Osseo could address population growth through growing up. He stated Osseo could work to develop solar rooftop resources where it does not come into conflict with the City's density goals.

Stelmach asked how far solar technology had come in becoming more efficient. Mr. Ross stated the solar panels were now 25% efficient compared to past panels that were only 12% efficient. He explained the cost of solar technology was going down and the racking systems were improved.

Stelmach questioned how long solar panels would last. Mr. Ross reported solar panels had a 25-year life expectancy.

Stelmach inquired how many panels would have to be installed in order to receive a return on the investment. Mr. Ross estimated an economic payback would be received for a system that was at least 200 square feet in size.

Johnson thanked Mr. Ross for his presentation. He described the rooftop solar units that were being discussed by the City of Brooklyn Park for its municipal buildings.

Woods thanked Mr. Ross for his time this evening. Mr. Ross stated he was available to the EDA if they had any further comments or questions.

6. ACCOUNTS PAYABLE

Grams presented the EDA Accounts Payable listing.

Johnson requested further information on the former Lubbe Dental invoice for payment of 2015 property taxes. Teri Portinen provided the EDA with a detailed explanation on the personal property tax situation surrounding the Lubbe Dental property.

Johnson stated he supported the City paying the personal property taxes for this property.

Woods thanked staff for researching this item so diligently on behalf of the EDA.

A motion was made by Johnson, seconded by Poppe, to approve the Accounts Payable. The motion failed on a 3-3 vote (Hultstrom, Schulz, and Stelmach opposed).

Hultstrom asked if the City had any recourse with the County given the wording they elected to use in their billing. City Attorney Mary Tietjen stated the County had not changed its wording, and it was confusing. She explained a lot of work had been done behind the scenes on this matter and stated she was not prepared to offer the EDA a solution.

Schulz expressed frustration that staff was not on the same page on this issue. He stated he had strong feelings about the fact the City Attorney was not prepared to address this matter, which was completely not her fault. He believed the City Attorney should never be caught off guard.

A motion was made by Schulz, seconded by Stelmach, to approve the Accounts Payable, removing the Hennepin County property tax payment of \$6,510.74.

Johnson reviewed the timeline proposed by the County and noted a lien could be filed.

The motion carried 5-1 (Johnson opposed).

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

Stelmach thanked all of the residents that were able to attend Lions Roar festivities.

10. ADJOURNMENT

A motion was made by Schulz, seconded by Hultstrom, to adjourn at 7:19 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

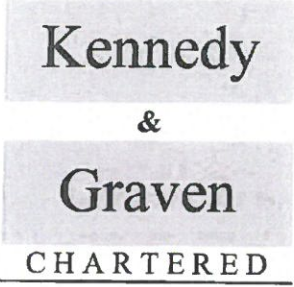
10/9/17EDA
2017
10

Check Name	Comments	Amount
HENN CO PROPERTY TAX	2015 PERSONAL PROPERTY TAX - LUBBE DENTAL	\$6,510.74
KENNEDY & GRAVEN, CHARTERED	AUG 2017 SERVICE	\$264.47
TIMESAVER OFF SITE	9/11/17 EDA MTG	\$173.00
WOODS, TODD	MONTICELLO MILEAGE-UNION SPEED/STYLE	\$27.07
		\$6,975.28

EDA MONTH END CASH BALANCE

		9/11/2017	DIRECTIONAL	ADJUSTMENTS	10/9/2017	PROPOSED	10/9/2017
FUND	DESCRIPTION	BALANCE	SIGNAGE REVENUE	(+/-)	BALANCE	EXPENSE	BALANCE
801	GENERAL	640,756.09		6,234.51	646,990.60	-6,975.28	640,015.32
806	TIF 2-5 REALIFE	2,856.45			2,856.45		2,856.45
817	TIF 2-4 BELL TOWER	276,350.90			276,350.90		276,350.90
819	TIF 2-6 CELTIC CROSSING	56,224.72			56,224.72		56,224.72
824	TIF 2-7 BARGER PROJECT	-727.43			-727.43		-727.43
825	TIF 2-8 LANCOR/LYNDES	-6,456.82			-6,456.82		-6,456.82
836	TIF 2-9 CENTRAL 5	-279,568.45			-279,568.45		-279,568.45
		689,435.46	0.00	6,234.51	695,669.97	-6,975.28	688,694.69
	VOID CK#7333		6,510.74				
	KENNEDY GRAVEN-HENN CO TAXES		-198.65				
	WSB - REDEVELOPMENT MAPPING		-77.58	6,234.51			

7A



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MEMORANDUM

To: Osseo Economic Development Authority
 Riley Grams, Executive Director

From: Mary Tietjen, city attorney *MDT*

Re: 26 Second Street NW, Osseo
 Former Lubbe Dental site/2015 Personal Property taxes

Date: September 29, 2017

This is a follow-up to the discussion item that was raised at the September 11, 2017 EDA meeting relating to the former Lubbe Dental site located at 26 Second Street NW, Osseo, MN. The discussion was related to a notice that the Osseo EDA received from Hennepin County in January 2017 regarding delinquent personal property taxes on the site. The notice relates to 2015 taxes with a billing date of December 31, 2016.

Personal property taxes are addressed in Minnesota Statutes section 272.01. The relevant sections are Minn. Stat. 272.01, subd. 2(a), (c):

Subd. 2. Exempt property used by private entity for profit.

(a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

...

(c) Taxes imposed by this subdivision are payable as in the case of personal property taxes and shall be assessed to the lessees or users of real or personal

property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Personal property taxes apply when either real property or personal property is being leased by the City/EDA to a private party. Under the statute, the EDA could have held Lubbe Dental responsible for the personal property tax because it was a private business leasing the property from the EDA for a profit and the taxes were to become a debt from the lessee to the city. (You will note that the statute says that personal property taxes do not become a lien against the property, such as special assessments would. Thus, the use of word "assessed" in the statute is somewhat confusing.) However, the Lubbe Dental Lease states that Tenant shall pay all "real estate taxes assessed on the premises" and that "Landlord shall prorate such real estate taxes on a monthly basis and invoice Tenant". Based on the contract language alone, it is somewhat unclear what is meant by "real estate taxes". It could have been intended to be very broad to include special assessments and personal property taxes; or, it could have been intended to mean only "actual" real estate taxes that become a lien on the property, such as special assessments.

In any case, though, based on the parties' conduct after the Lease went into effect, it appears to me that nobody interpreted "real estate taxes" to mean personal property taxes. Teri Portinen has told me that the EDA paid the personal property tax bill each year. Teri provided me with a summary document indicating that the EDA paid the personal property tax bill in 2012 (\$5,415.45), 2013 \$5,876.68), 2014 (\$6,067.54), and 2015 (\$5,817.01). The Lease was effective in 2005, but I am not aware of what payments were made before 2012.

Even though statutorily, I believe that the EDA could have held Lubbe Dental responsible for the personal property taxes, I think it will be difficult legally to go back and now hold them responsible given the history of the EDA making the payments. If the EDA attempted to do that, Lubbe Dental would have an argument that they relied on the EDA's payments and assumed that "real estate taxes" covered in the Lease did not include personal property taxes. For this reason, I would recommend that the EDA pay the bill.

cc: Teri Portinen, Finance Director



City of Osseo Economic Development Authority Meeting Item

Agenda Item: Consider Development Opportunity in the Central Business District

Meeting Date: October 9, 2017

Prepared by: Riley Grams, EDA Executive Director

Attachments: Property Information

Policy Consideration:

Consider a redevelopment opportunity in the Central Business District.

Background:

A property may soon be for sale after the owner passed away. The property is located at 25 2nd Street NW. This is a residential property located in the Central Business District. It presents an opportunity for the EDA or City to participate in the removal a nonconforming single-family residential use from a commercial district. If the EDA could acquire other surrounding properties, there might be a very nice development opportunity.

Staff's original thought was to replicate something similar to the Rochon development, in size and scale. As you can see below, the combined property size of the potentially available properties is almost twice as large as the Rochon development (labeled as X for size and value comparisons). Here is a list of the surrounding properties, with owner information, 2017 assessed values, property size, and some other comments from Staff:

ID	Address	Owner/Occupant	2017 Assessed Value	Size (sq ft)	Availability factors / other notes
X	28 2 nd Street NW	Rochon	\$825,000	11,383	Property was held by EDA for many years prior to redevelopment
A	216 1 st Ave NW	Wiley Properties	\$83,000	10,388	Currently provides parking for many employees in the area, according to OPD. A redevelopment of this area may have to consider providing parking for these users—perhaps a shared parking strategy, additional off-site lot, or other solution would be possible.

B	33 2 nd Street NW	Minnesota Meditation Center	\$146,000 (Sold for \$175 in 2017)	5,728	Recently purchased by Minnesota Meditation Center as a residence for their monks. The group has considered remodeling their current worship facility to accommodate living quarters for the monks as well. If this were to take place, the facility would need a Conditional Use Permit from the City. There would also be substantial remodeling work needed to bring the structure up to current occupancy codes.
C	25 2 nd Street NW	Estate of Robert Wiering	\$88,000	2,620	Nonconforming, substandard residential property in a commercial district. Ideal site for redevelopment, although very small.
D	17 2 nd Street NW	The Phone Guys	\$150,000	2,041	Property was purchased in May 2009 for \$145,000.



Rochon's assessed value at the start of 2016, for taxes payable in 2017, was \$25,000. (This valuation does not include the new building, because it was not finished at the beginning of 2016.) Based on this valuation, Rochon's 2017 taxes totaled just over \$800.

Rochon's assessed value for 2017, for taxes payable in 2018, is \$825,000. Rochon's 2018 taxes are estimated to be in the neighborhood of \$33,000.

Property B was recently purchased by the Minnesota Meditation Center, who current uses it for residential housing for their monks. The Minnesota Mediation Center has expressed some interest in remodeling their worship facility to include residences for their monks. Until that occurs, they have bought the former rental house at 33 2nd Street NW to use as a residence for their monks. The residential use is legally allowed to continue despite the change in ownership. However, it is a single-family home located in the middle of the downtown commercial area. Assuming the EDA would be able to purchase that property from the MN Mediation Center, there would be some necessary work done to the existing church building to allow for a residential use. For monks to live in the worship facility, the property would need a CUP and some substantial remodeling work to bring it up to current occupancy code.

Additionally, the Wiley Properties owned parking lot is available for redevelopment. According to the Osseo Police, a large number of area employees use that parking lot throughout the day. If the EDA or City were going to include that property, it would make sense to include some off-street parking for the general area. This would then potentially allow the EDA to sell the existing EDA parking lot (108 1st Ave NW) to Heinen Motorsports to allow for the expansion of that business (as proposed by Mr. Heinen). Staff also recommends including Property D into this plan, so that the redevelopment site encompasses an entire half block. We would most likely offer the Phone Guys business a space in any new development if possible.

Here are some ballpark numbers of what it might take to purchase all properties mentioned:

A	Wiley Parking lot	\$100,000
B	MN Mediation Center Residential home	\$185,000
C	Residential home	\$100,000
D	Small commercial building (Phone Guys)	\$160,000
TOTAL		\$545,000

Staff would also propose applying for available grant funds to help with site acquisition. The EDA would then either sell those properties as-is to a Developer, or clear the site and then sell. The goal would be to recoup as much of the site purchase price as possible.

Assuming a commercial structure is built similar to Rochon on this site, you could argue that the expected annual property taxes from such a development would be in the neighborhood of \$36,000, of which the City receives approximately one-third (roughly \$12,000).

City Goals Met By This Action:

Foster and promote economic development in the City

Recommendation/Action Requested:

Staff recommends the Economic Development Authority discuss the potential development opportunity and direct Staff accordingly. Should Staff pursue this opportunity?



Hennepin County Property Map

Date: 10/4/2017



PARCEL ID: 1311922140044

OWNER NAME: Wiley Enterprises Inc

PARCEL ADDRESS: 216 1st Ave N W, Osseo MN 55369

PARCEL AREA: 0.24 acres, 10,388 sq ft

A-T-B: Abstract

SALE PRICE: \$157,000

SALE DATA: 01/1997

SALE CODE: Excluded From Ratio Studies

ASSESSED 2016, PAYABLE 2017

PROPERTY TYPE: Vacant Land-Commercial

HOMESTEAD: Non-Homestead

MARKET VALUE: \$83,000

TAX TOTAL: \$2,874.02

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Vacant Land-commercial

HOMESTEAD: Non-homestead

MARKET VALUE: \$83,000

Comments:

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Hennepin County Property Map

Date: 10/4/2017



PARCEL ID: 1311922140043

OWNER NAME: Minnesota Meditation Center

PARCEL ADDRESS: 33 2nd St N W, Osseo MN 55369

PARCEL AREA: 0.13 acres, 5,728 sq ft

A-T-B: Abstract

SALE PRICE: \$175,000

SALE DATA: 03/2005

SALE CODE: Other – See Certificate Of
Real Estate Value (Crv)

ASSESSED 2016, PAYABLE 2017
PROPERTY TYPE: Residential
HOMESTEAD: Non-Homestead
MARKET VALUE: \$124,000
TAX TOTAL: \$2,680.12

ASSESSED 2017, PAYABLE 2018
PROPERTY TYPE: Residential
HOMESTEAD: Non-homestead
MARKET VALUE: \$146,000

Comments:

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Hennepin County Property Map

Date: 10/4/2017



PARCEL ID: 1311922140041

OWNER NAME: Robert E Wiering

PARCEL ADDRESS: 25 2nd St N W, Osseo MN 55369

PARCEL AREA: 0.06 acres, 2,620 sq ft

A-T-B: Abstract

SALE PRICE:

SALE DATA: 03/1995

SALE CODE: Excluded From Ratio Studies

ASSESSED 2016, PAYABLE 2017

PROPERTY TYPE: Residential

HOMESTEAD: Homestead

MARKET VALUE: \$78,000

TAX TOTAL: \$587.20

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Residential

HOMESTEAD: Homestead

MARKET VALUE: \$88,000

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Hennepin County Property Map

Date: 10/4/2017



PARCEL ID: 1311922140042

OWNER NAME: William C Mitchell

PARCEL ADDRESS: 17 2nd St N W, Osseo MN 55369

PARCEL AREA: 0.05 acres, 2,041 sq ft

A-T-B: Abstract

SALE PRICE: \$145,000

SALE DATA: 05/2009

SALE CODE: Excluded From Ratio Studies

ASSESSED 2016, PAYABLE 2017

PROPERTY TYPE: Commercial-Preferred

HOMESTEAD: Non-Homestead

MARKET VALUE: \$145,000

TAX TOTAL: \$4,651.08

ASSESSED 2017, PAYABLE 2018

PROPERTY TYPE: Commercial-preferred

HOMESTEAD: Non-homestead

MARKET VALUE: \$150,000

Comments:

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