

Owatonna City Council Minutes

The Owatonna City Council met in regular session on Tuesday, October 19, 2021 at 7:00 p.m. in Council Chambers at City Hall. Present were Council Members Schultz, Raney, Voss, Svenby, Boeke, and Burbank; Human Resource Director Thamert; Community Development Director Klecker; Civil Engineer Sorenson; Park & Rec Director Tuma; Police Officer Malepsy; It System Administrator O'Connor; Mayor Kuntz; City Attorney Walbran; City Administrator Busse and Administrative Specialist Clawson.

Agenda

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting, Council Member Svenby made a motion to approve the agenda as presented, Council Member Voss seconded the motion, all members present voted aye for approval.

Public Hearings

Council President Schultz advised three public hearings are planned during this Council Meeting and explained the process.

Public Hearing: Establish Development District No. 17 and Tax Increment Finance (TIF) No. 17-1 and use of TIF

Community Development Director Klecker advised the City received a Purchase Agreement for the former Bubba's Bar building at 224 North Cedar Avenue. Oscar and Tammy Mazariego propose to renovate this building for a wine lounge. Renovations would be completed in three phases with the main floor completed first for their business. The Purchase Agreement is contingent on Tax Increment Financing (TIF) being approved for this project. TIF would pay the City \$225,000 for the property which is what the City has invested into the property. Any remaining TIF would assist the purchaser with TIF eligible renovation costs. Up to \$101,157 would be available to the purchaser for TIF eligible expenses should enough increment be generated from the project. Consulting fees for the TIF financing will be paid by the EDA and administrative costs will be figured into the TIF plan for reimbursement through the life of the TIF District. This would be a Redevelopment TIF District which can last up to a maximum of 25 years. For use of TIF to reimburse the City for incurred expenses, Council must also adopt an inter-fund loan resolution.

At 7:09 p.m., Council President Schultz opened a public hearing for comments regarding the establishment of Development District No. 17 and Tax Increment Finance No. 17-1 and use of TIF for the property located at 224 N Cedar Avenue. With no comments heard, at 7:10 p.m., Council Member Raney made a motion to close the public hearing, Council Member Burbank seconded the motion, all members present voted aye in approval.

Resolution 100-21: Establish Development District No. 17.

Council Member Burbank made a motion to approve Resolution 100-21 establishing Development District No. 17, Council Member Raney seconded the motion, all members present voted aye in approval.

Resolution 101-21: Establish TIF District No. 17-1 and use of TIF.

Council Member Voss made a motion to approve Resolution 101-21 establishing Tax Increment Financing District No. 17-1 and use of Tax Increment Financing for this project. Council Member Boeke seconded the motion, all members present voted aye in approval. Council Member Dotson joined the meeting.

Resolution 102-21: Authorization of Interfund Loan for TIF District No. 17-1.

Council Member Raney made a motion to approve Resolution 102-21 authorizing an Interfund Loan for Tax Increment Financing District 17-1, Council member Raney seconded the motion, all members voted aye in approval.

Public Hearing: Proposed Assessments – Weed & Nuisance Compliance Fees.

City Administrator Busse advised the second public hearing is to receive comments on the Proposed Assessments for unpaid weed and nuisance expenditures incurred by the City. There are eight properties on the Proposed Assessment Roll. The Owatonna Fire Department enforced City Code regarding weeds, grasses, other harmful vegetation, and other services. A mowing service was used to bring non-compliant properties into compliance. The total amount proposed for assessment is \$3, 059.46; this is less than the Preliminary Amount, one property is now City owned and one payment was received from a property owner. Following the public hearing, Council will consider adoption of these Proposed Assessments.

At 7:13 p.m., Council President Schultz opened a public hearing for comments. With no comments heard, at 7:14 p.m., Council Member Raney made a motion to close the public hearing, Council Member Boeke seconded the motion, all members voted aye in approval.

Resolution 103-21: Adopt Proposed Assessments Weed & Nuisance Compliance Fees

Council Member Raney made a motion to approve Resolution 103-21 to adopt these proposed assessments with a term of repayment set at 1 year and an annual interest rate of 3%. Council Member Burbank seconded the motion, all members voted aye in approval.

Public Hearing: Proposed Assessments – W Bridge Street Project

Civil Engineer Sorenson explained the final hearing is to receive comments regarding the assessments proposed on the West Bridge Street Project. Eight properties are listed on the Assessment Roll for assessment totaling \$241,644.00. This amount is less than 1% of the project declared costs of \$3,459,954.09, the assessment was prepared per the City's Assessment Policy which allows assessment up to 50% of the declared project costs and cannot exceed \$52/foot front footage.

At 7:15 p.m., Council Member Schultz opened a public hearing for comments. With no comments heard, at 7:16 p.m., Council Member Raney made a motion to close the public hearing, Council Voss seconded the motion, all members voted aye in approval.

Resolution 104-21: Adopt Proposed Assessments – W Bridge Street Project

Council Member Svenby made a motion to approve Resolution 103-21 adopting the Proposed Assessments for the W Bridge Street Project with the Term of Repayment set at 10 years at an annual interest rate of 3%. Council Member Burbank seconded the motion, all members voted aye in approval.

LMC Recognition - Senator John R. Jasinski

Mayor Kuntz congratulated Senator John R. Jasinski for being recognized by the League of Minnesota Cities (LMC) as a 2021 Legislator of Distinction. LMC recognized 18 legislators this year including eleven House Members & seven Senate Members for their actions and leadership on a wide variety of legislative issues of importance to cities across the State of Minnesota. League staff and member city officials appreciate Senator Jasinski's accessibility and consultation with LMC on legislation impacting cities. Specifically, the League appreciated the legislation authored that changed the Open Meeting Law, so cities and their elected officials had the statutory support and authority to attend meetings while balancing the importance of government transparency and medical concerns unique to the COVID-19 Pandemic. The League also recognized his consistent accessibility to staff as well his input on legislation impacting local units of government. Senator Jasinski thanked Mayor Kuntz for this recognition and commented this was his fifth year in the Senate, he has served on the Leadership Committee during the last three. 2021 was interesting with COVID challenges and looking forward to an in-person 2022 Session. Next year will be a bonding year, they begin touring sites next week of pending projects. The 2020 Census results are back and working to complete redistricting in process, district lines will be completed by March 2024. District 24 will pick up 8,400 people but most of the Greater Mn Districts will lose 6,000-8,000 people. Highway 14 should open the first week of November allowing 4-lanes of traffic from Mankato to Rochester. Council Member Dotson thanked him for discussion on possibility of reallocating dollars for traffic control from a former sales tax project.

Recommend Appointment Ward 5 OPU Commissioner

Mayor Kuntz requested Council approve appointment of Douglas Zirngible to the Owatonna Public Utility Commission (OPU). OPU consists of five members with representation from each of the city's five wards, this will fill the current seat open representing Ward 5. Council Member Svenby made a motion to approve this appointment which fulfill the term to expire April 30, 2024. Council Member Voss seconded the motion, all members voted aye in approval.

Proclamation – Red Ribbon Week

Red Ribbon Week is a national campaign offering citizens the opportunity to demonstrate their commitment to drug-free lifestyles. Alcohol and other drug abuse in Owatonna and takes a terrible toll on families; it is imperative that visible, unified prevention education effort by schools, civic groups, and community members be continued to reduce the demand for alcohol and drugs. The 2021 Kick Off Event in Owatonna will be held on Tuesday October 26th from 5:00—7:30 at the Owatonna Middle School. Mayor Kuntz proclaimed October 23 - October 31, 2021 as Red

Ribbon Week and encouraged all citizens to participate in drug prevention education activities to show we are strongly committed to a drug-free society.

Consent Agenda

Council President Schultz explained council members review Consent Agenda items prior to the meeting for approval in one motion. Items on the Consent Agenda were:

- Minutes - Council Meeting – October 5, 2021.
- Minutes – West Hills Commission Meeting - October 5, 2021.
- Monthly Activity Report and Dashboard – Fire Department – September 2021.
- Monthly Building & Inspection Reports – September 2021.
- Event Permit – Trunk or Treat Event at Trinity Lutheran Church – October 27, 2021.
- Temporary Liquor Permit – Mineral Springs Brewery – November 18, 2021.
- Listing and Marketing Commission Agreement – Brindle Mountain Fire Apparatus to sell the 1989 Pierce Pumper, Unit #703.

Council Member Dotson made a motion to approve these Consent Agenda Items; Council Member Voss seconded the motion; all members voted aye for approval.

Finance Report

Council Vice President Raney recapped expenses for the period. Bills presented for payment totaled \$623,335.09. Council Member Dotson made a motion to approve payment of these bills, Council Member Boeke seconded the motion, all members voted aye for approval.

Proposed Ordinance 21-11 – Vacate a portion of Maple Leaf Lane NE and Easement

Vacation within Maple Creek Estates No. 2 – Final Reading

Community Development Director Klecker presented the second/final reading of Proposed Ordinance 21-11, a request by Craig Wahl and Schrom Construction to vacate a portion of the public right-of-way and utility easements within the Maple Creek Estates No. 2 Development. The existing house was previously platted in the right-of-way, they will vacate and shorten the cul-de-sac to place this home on a private lot and easements that are not needed are being vacated. The Planning Commission held a public hearing and recommend approval; City Council approved the first reading on September 7, 2021 and there have been no changes since. Council Member Voss made a motion to approve Proposed Ordinance 21-11, Council Member Boeke seconded the motion. With a roll call vote, voting aye were members: Dotson, Burbank, Boeke, Raney, Svenby, Voss and Schultz; no members voted nay; the motion carried. This will be known as Ordinance 1624 and be in full force and effect upon publication.

Resolution 105-21: Premises Permit for Lawful Gambling

City Administrator Busse requested approval of Resolution 105-21 approving application for a premises permit from Owatonna Youth Hockey to conduct lawful gambling (pull tabs) under a lease agreement with Foremost Brewing Cooperative at 131 W Broadway Street. They currently hold premise permits at Wing's Tavern & Grille, Sparetime Entertainment, Bridge Street Tavern and Don Juan's. They have surrendered the permit for Don Juan's and will operate at four sites within the City. Council Member Dotson made a motion to approve Resolution 105-21, Council Member Burbank seconded the motion, all members voted aye in approval.

Resolution 106-21: Final Plat – Maple Creek Estates No. 3

Community Development Director Klecker requested approval of Resolution 106-21 approving the Final Plat Maple Creek Estates No. 3. Schrom Construction requests Final Plat of Maple Creek Estates No 3. A seven-lot single family residential replat of a portion of Maple Creek Estates No. 2. A storm water pond, a requirement for this development, will be constructed on the west side of the development between the creek and the end of the cul-de-sac behind the future homes. The Developer will be responsible for all costs as will be laid out in a development agreement that will be approved by Council and the Developer in the future. The Planning Commission is recommending approval of this Final Plat. Council Member Dotson made a motion to approve Resolution 106-21, Council Member Boeke seconded the motion, all members voted aye for approval.

Resolution 107-21: Parking Restrictions – N Cedar Avenue and W Vine Street

Community Development Director Klecker presented Resolution 107-21 to designate parking in the 200-300 blocks of N Cedar Avenue and the 100 Block of W Vine Street as two-hour parking. Construction has been delayed on the 100 block on N Cedar until next Spring so current parking designations within the 100 block will remain until after the reconstruction project is complete. Council Member Boeke made a motion to approve Resolution 107-21, Council Member Dotson Seconded the motion, all members voted aye in approval.

Resolution 108-21: MnDOT Aeronautics Grant Agreement – Airport Hangar & Taxi-lane Project

Community Development Director Klecker requested approval of Resolution 108-21 authorizing the acceptance of the MnDOT Aeronautics Grant Agreement. Agreements with the Federal Aviation Administration (FAA) and MnDOT must be authorized to facilitate the federal 100% grant reimbursement for this project. This MnDOT agreement does not include a state share of funding participation but necessary to facilitate reimbursements under the FAA Grant Agreement approved by Council on September 7, 2021. Council Member Raney made a motion to approve Resolution 108-21, Council Member Voss seconded the motion, all members voted aye for approval.

Mutual Lease Cancellation Agreement – Airport Hangar – Allan Routh

Community Development Director Klecker requested approval of a Mutual Lease Cancellation Agreement with Allan Routh. This agreement cancels the agreement with Allan Routh for Airport Lot #20, Airport Subdivision No. 1 dated March 18, 2008. The hangar located on this lot is in the process of being sold and a new agreement has been negotiated with the buyer, Stuart Sybesma. Council Member Boeke made a motion to cancel this agreement, Council Member Burbank seconded the motion, all members voted aye for approval.

Non-Commercial Use Hangar Land Lease – Stuart Sybesma

Community Development Director Klecker requested approval of lease with Stuart Sybesma who has entered into a Purchase Agreement with Allan Routh, the existing owner of the hangar on

Airport Lot #20. The existing lease agreement with the current tenant provides that the City must approve any sale or assignment of the hangar located on the leased premises. The term of this agreement will be for twenty years. The land lease rental fee provided for in the agreement is \$1,088/year based on \$0.17/square foot of land lease. The rent payable under the lease will be adjusted throughout the twenty year term of the lease based on a Consumer Price Index (CPI) escalator. Council Member Boeke made a motion for approval, Council Member Dotson seconded the motion, all members voted aye to approve.

Contracted Services Agreement for Council Chamber Renovation Project – Wold Architects and Engineers

Parks & Recreation and Gov't Buildings Director Tuma requested approval of an agreement with Wold Architects and Engineers (Wold) to provide full Architectural and Engineering Consulting Services for the City Council Chambers improvements project. On May 5, 2021 Council approved the schematic design services proposed by Wold. The project team, led by the consultant, completed the initial phase of the project resulting in a final desired concept layout, feasibility, and cost estimates. The next phase of the project is the Design Development services. This phase provides mechanical, electrical, plumbing, structural and architectural details. The steps following this Design Development phase will round out the project and include completion of all construction documents as well as the preparation, distribution, review and awarding of bid/s and full construction services including post occupancy close-out. This project is utilizing a fixed fee of 7.5% for the construction work, 10% for technology and 6% based upon the cost of furniture. Wold is responsible for design and reimbursable expenses as listed in the agreement not to exceed \$6,000. The contracted services agreement is not to exceed \$121,100 unless significant changes need to be made on the project. Council Member Dotson commented he has received concerns about the high cost and hopes this is a high estimate. Council President Schultz agreed he believes this proposal was prepared on a worst case scenario and suggested the project be opened for bids from other companies. Council Members Burbank, Voss and Svenby also expressed concern about the high costs. Council Member Raney said he also agreed with comments and made a motion to table action to allow staff opportunity to explore other opportunities. Council Member Boeke agreed and seconded this motion, all members voted aye to table action on this agreement.

Letter of Intent – Bird Rides, Inc.

Community Development Director Klecker asked Council to authorize signature of a Letter of Intent with Bird Rides, Inc. for scooters available for public use within the City. This Letter of Intent will allow Bird Rides, Inc. to proceed with preparing to conduct business within Owatonna but does not permit this until an ordinance is adopted by Council and a license to operate is secured by the company. The scooters are battery operated and are accessible by a mobile app. The mobile app allows users to unlock and pay for the usage of the scooters. City Attorney Walbran is preparing these items for future Council consideration. Council Member Dotson made a motion to approve signing a Letter of Intent, Council Member Voss seconded the motion, all members voted aye for approval.

Authorize Purchase of Property – 1450 Cherry Street

Community Development Director Klecker requested authorization to purchase property at 1450 Cherry Street. The City has a signed Purchase Agreement with current property owner Shawn Measner contingent on Council approval. This is a 3.14 acre parcel, is directly west of Mineral Springs Park. The current owner would like to sell it for the purpose that this will become part of the park. The property extends past Cherry Street and Maple Creek and abuts the trail system. This property has been part of the plan to acquire and add to the park since at least 2005. The total amount paid would be \$129,700; a purchase price of \$124,851.40 and \$4,848.60 in unpaid taxes. There is also \$14,949.00 in deferred assessments that the City previously paid against the property would not be repaid to the City. The property currently has a house and a collapsed barn, the Fire Department might do a training burn of the buildings and City staff could remove the foundations which is estimated at \$15,000. A well on the property will be capped and the property used as open space and overflow parking for the immediate future. Council Member Raney questioned if any other agreements or contingencies are pending for acquisition of this property; Klecker advised this Purchase Agreement is the only pending agreement. Council Member Burbank questioned why there were delinquent tax payments and deferred assessments. Carol Bottke commented her son is the property owner and she helps him, but she incurred medical problems and payments missed. Klecker added several property owners requested deferred assessments in 1998 which Council approved when a street improvement project was done. Council Member Raney made a motion to approve purchase of this property, Council Member Boeke seconded the motion, all members voted aye in approval.

Staff Comments

Parks & Recreation and Gov't Buildings Director Tuma advised bathrooms in the parks will be closing this week for the season. Locations of 36 deer stands approved for Deer Management beginning October 24th can be viewed on the City's website. The Firehall CIP Project should be completed the first week of November. Staff is working with merchants to offer a Trick or Treat program on Saturday morning, October 30th in Central Park. Staff is currently hosting Listening Sessions for Brooktree Golf Course, there are three sessions offered next week and she encouraged anyone wanting to attend to preregister with the P&R Office. Open gym with Noon 3 on 3 Basketball began this week. The Ribbon Cutting Ceremony for the Lake Kohlmier Play area will be next week. Staff is working to complete the new storage shed in Darts Park, this will be on the left field on the east side of the park.

HR Director Thamert said she is preparing for Employee Open Enrollment and completing the interview process for Paid on Call Fire Fighters and Police Sergeant positions.

Civil Engineer Sorenson gave brief updates on the City's three street improvement projects: Bridge Street, the roundabout will be paved this week and then curb work, this project is on target for the November 8th completion date. Truman Avenue Project has concrete down between Main and Phelps. The intersection at Havana & Truman will be closed next week to connect the water/sewer system. N Cedar Avenue Streetscape Project is moving along and is also on target for the December 10th completion date. There is only one water/sanitary service left to install in the 200 block. Concrete will be poured in the 300 block when available, may bring ready mix from Austin, concrete companies statewide have incurred driver shortages, so it has been hard to get concrete. Next week the 100 block will closed so they can complete a sanitary by-pass. He also

reminded residents that garbage cans shouldn't be left on streets for street sweepers and snow removal equipment to swerve around. Garbage cans should be on the boulevards so we can clear the streets when scheduled.

Community Development Director Klecker advised closure of the 100 block of N Cedar Avenue scheduled for tomorrow was changed to Monday. 31 Single Family Residence Permits have been issued this year and another is ready. The Eastgate Apartments has the Final Inspection scheduled next week so tenants should be able to move in the first of the month. The bagel shop is open in downtown, and have heard many good reviews. Staff is working on 2022 projects and anticipating this will also be a good year.

Public Comments

John Havelka, 580 Woodcrest and member of the Owatonna Chamber of Commerce Public Policy Committee commented he appreciates information received from the City. Mayor Kuntz and City Administrator presented State of the City at a Rotary Meeting last spring and Community Development Director Klecker has attended several OCC Public Policy Committee Meetings, their last discussion involved the Proposed 2022 Budget. Speaking as a tax payer, he requests Council try to keep the City Budget at or below the growth capacity rate.

Council/Administration Comments and General Information

Council Member Dotson commented he rode the bike trail on Sunday and fall colors were fantastic.

Council Member Raney said he was in Old Town Bagels new shop on Thursday, it was full, and people were waiting in line, it has been good to see growth happening in the downtown area.

City Administrator Busse commented the next study session will be a review of 2022 Capital Improvement Projects, in preparation for the 2022 Strategic Planning Session, she will send out suggested dates so this can be scheduled and then reminded everyone the Ribbon Cutting at the Lake Kohlmier Play Area will be next Wednesday at 4:00 p.m..

Council President Schultz commented Owatonna is an amazing town. He is in the downtown area a lot and there has been a lot happening during the last few years which has been great to see.

Adjournment

At 8:27 p.m., Council Member Raney made a motion to adjourn, Council Member Burbank seconded the motion and all members voted aye in approval.

Dated: October 26, 2021.

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist