

Owatonna City Council Minutes
October 15, 2024

On Tuesday, October 15, 2024, at 7:00 p.m., Council President Schultz called the regular session of the Owatonna City Council to order in the Chambers of the Charles S. Crandall Center. Present were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney and Schultz; Mayor Kuntz, Public Works Director Murphy; Community Development Director Klecker; Fire Chief Hoffman; Finance Director Burns; IT Technician Specialist Enz; City Attorney Walbran; City Administrator Busse; Assistant City Administrator Tuma and Administrative Coordinator Clawson.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting and advise Item 2.5.4 includes two documents with American Engineering Testing for the Vine Street Parking Lot, but only one was listed on the agenda when posted. The agenda has been changed to show both documents: Geotechnical Services Agreement and Contract Change Order #1. Council Member Svenby made a motion to approve the agenda with this change, Council Member Burbank seconded the motion, all members voted aye in approval.

Recommendations for Appointments: Owatonna Public Utilities Ba West Hills Commission and Human Rights Commission

Mayor Kuntz advised the application process with phone interviews was completed to fill an opening on the Owatonna Public Utilities Commission representing the Third Ward. He made recommendation that Sharon McClane be appointed to fulfill the remainder of the current term to expire April 30, 2027 when she would be eligible for reappointment to a new five-year term. Council Member Boeke made a motion for approval, Council Member Voss seconded the motion, all members voted aye for approval. Sharon Mc Clane was present to receive the Oath of Office administered by Mayor Kuntz.

Public Hearing – Establish Development District 20, Tax Increment Financing (TIF) No. 20-1, Approve the TIF Plan and the Interfund Loan and Development Agreement – 811 E School Street

Council President advised there will be a public hearing for comments regarding the redevelopment of property at 811 E School Street, Modern Aire Apartments. Community Development Director Klecker advised Stadheim Properties of Owatonna, LLC is proposing to redevelop this site into a 73= unit apartment building with 19 tuck under garages. The project would include 53 market rate apartments and 20 affordable apartments. The developer is requesting the use of tax increment financing to assist with the costs of redeveloping the site and keeping 20 units affordable for the duration of

the TIF district. The city also assisted the project in acquiring a workforce housing grant through the State. Included in the resolution is approval for an interfund loan and the development agreement. The city would not be contributing anything to the project upfront. Like always, it would be a "pay as you go" TIF where we would reimburse the developer property taxes that have been paid on the new project. The total TIF amount is \$4,769,624 with a present-day value of \$2,424,075. The TIF district will be up to 26 years. The city has incurred some consulting costs that will be reimbursed through the TIF.

At 7:06 pm, the public hearing was opened. With no comments heard, at 7:07 Council Member Raney made a motion to close the public hearing. Council Member Dotson seconded the motion, and all members present voted aye in approval.

Resolution 107-24: Establish Development District 20, Tax Increment Financing (TIF) No. 20-1, Approve the TIF Plan and the Interfund Loan and Development Agreement – 811 E School Street

Council Member Boeke made a motion to approve Resolution 107-24 establishing DD District #2, TIF No. 20-1, approving the TIF Plan, Interfund loan and Development Agreement. Council Member Dotson seconded the motion, all members voted aye in approval.

Public Hearing – Proposed Assessments - Unpaid Costs for Nuisance Compliance

Fire Chief Hoffman advised The Owatonna Fire Department enforces the city codes for mowing weeds and grass, other harmful vegetation, and other services by using a mowing service to bring noncompliant properties into compliance. This Assessment Roll currently includes nine parcels with a total of proposed assessment of \$1,640.15. The recommended term of repayment was set at one (1) year at an interest rate of six (6.0) percent per annum. These assessments will reimburse the city for costs of weed and nuisance enforcement. The City's share of these costs will be \$0.

At 7:09 p.m., the public hearing opens. With no comments heard, at 7:10 p.m. Council Member Raney made a motion to close the public hearing. Council Member Svenby seconded the motion, and all members present voted aye in approval.

Resolution 108-24: Adopt Assessments - Unpaid Costs for Nuisance Compliance

Council Member Dotson made a motion to approve Resolution 108-24 adopting the proposed assessments with an annual interest rate of six (6.0) % and term of payment

set at one year. Council Member Voss seconded the motion, all members voted aye in approval.

Consent Agenda Items

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

- Minutes – Council Meeting – October 1, 2024

- Human Rights Commission Meeting – September 10, 2024

- Planning Commission Minutes – October 8, 2024

- Building Inspections Monthly Report- September 2024

- Weed/Nuisance Inspection Report – October 8, 2024

- Event Permit – Bethel Church Turkey Trot – November 28, 2024

- Temporary Liquor Permit – Owatonna Arts Center Fall Wine Tasting – November 14, 2024

- Temporary Liquor Permit – Night at Kibble Equipment – MSB – November 21, 2024

- Extension of Liquor License Premises – Eagles #1791- new patio area

- One-year Agreement – Facility Generator Maintenance – Cummins Sales & Service

 - The City has eight backup generators at key government buildings;

 - Airport

 - City Hall

 - Fire Hall

 - Law Enforcement Center

 - Library

 - Mechanic shop

 - Waste Water Treatment Plan (WWTP) (2 units)

 - The Facilities Department is responsible for managing each unit's annual inspections and service to ensure they are ready for use in case of a power outage.

 - This is a one-year agreement to provide service for these specific sites when a five-year agreement will be proposed to consolidate all sites into a single five-year agreement. This annual preventative maintenance agreement provides inspections twice yearly: for full service in the fall and inspection in the spring.

- Three-year agreement – Kitchen Hood Cleaning and Fire Suppression Service – Summit Fire Protection

 - The City has four commercial kitchen hood systems in City-owned facilities;

 - Art Center Kitchen

 - Brooktree Clubhouse

 - Social Commons

 - Wee Pals (service provided)

The State of Minnesota requires cleaning once a year and fire suppression inspection twice yearly. To ensure this work is completed as required by the State, the Facilities Department will coordinate the service and charge the tenants the expenses.

Preventative Maintenance Agreements – HVAC Boilers – Davis Mechanical

The City has twenty HVAC boilers within city-owned facilities.

- Animal Shelter (1)
- Art Center (2)
- City Hall (6)
- Fire Hall (2)
- Library (4)
- Merrill Hall (2)
- River Springs Water Park (2)
- Tennis Center (1)

This preventative maintenance includes inspecting the burners, belts, bearings and heating components. The three-year agreements include a 3% annual price increase.

Geotechnical Services Agreement and Contract Change Order #1 – Vine Street

Parking Lot – American Engineering Testing

Additional services for geotechnical exploration and engineering review were necessary to evaluate the feasibility of constructing the stormwater infiltration basin at the Vine Street parking lot. The scope of the service included geotechnical exploration to evaluate soils beyond the limits originally explored near the proposed infiltration structure, which was completed in 2023. In addition to the exploration and evaluation, infiltration testing was required to measure the infiltration rates to ensure the stormwater infiltration system meets applicable requirements. The cost of the additional geotechnical exploration is \$4,890 and the infiltration testing is \$2,910.75 for a total agreement amount of \$7,800.75.

Renew Parking Lot Lease – W Main Street – Brian and Susan Stendel

This lot has 24 parking spaces and is signed for public parking and usually full every day. The city would be responsible for clearing snow in the parking lot. The property owner is responsible for clearing snow on the rest of the private property. This lease agreement would end April 20, 2025. The terms of the lease call for the same rate as last year of \$23.00 per stall per month, a total of \$3,312 paid by the EDA.

Council Member Boeke made a motion to approve these Consent Agenda items, Council Member Burbank seconded the motion and all members voted aye in approval.

Finance Report

Council Vice President Raney recapped payments made for amounts greater than \$20,000 during this period.

\$ 73,078.74 Crane Creek Asphalt - asphalt
46,756.54 Owatonna Motor Company - 2024 Ford Ranger - park maint - u# 24433
188,608.00 Towmaster - Western Star Tandem Plow build - u# 25225
271,872.16 Other Expenditures
580,315.44 Subtotal
106,505.48 HRA Housing Assistance Payments
\$686,820.92 Total Expenditures presented for approval

Council Member Voss made a motion to approve payment of all bills presented, Council Member Boeke seconded the motion, all members voted aye for approval.

Resolution 109-24 Preliminary and Final Plat of Aire Apartments Addition

Community Development Director Klecker advised Darrin Stadheim, Stadheim Properties of Owatonna, LLC, has requested preliminary and final plat approval of Aire Apartments Addition, a two lot and one out lot plat. The plat will replat property at 605 Hillcrest as well as the to be demolished Aire Apartments. Previously during this meeting, a public hearing was held to consider this as a TIF project and this next resolution, Resolution 110-24, is to approve a Conditional Use Permit for this project. The lots are currently occupied by businesses and vacant buildings as they prepare for this project. The Planning Commission held a public hearing regarding this request and neighbors expressed concerns there have been subwater issues in this area. A city drainage project was previously completed an engineer drainage project and there will be a stormwater pond on this property. Another concern was access to the site, there is no access off Bixby or School St at the intersection, so all access is off Hillcrest.

Council Member Voss commented he attended the Planning Commission Meeting and also owns property in this area. The previous city project has improved drainage in this area and he believes will be good for the area.

Council Member Boake made a motion to approve Resolution 109-24 as recommended by the Planning Commission. This recommendation includes these conditions:

1. That said plat is in accordance with and conformity to the plans and regulations established by the City for a comprehensive plan for the development of the City.
2. That said plat be and the same hereby is approved with the following conditions:

- a) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
 - b) A shared parking, access, and maintenance agreement shall be recorded with the plat.
 - c) A public drainage easement shall be added to the plat to cover the overland flow from offsite so the City can ensure any future modification or grading is reviewed and approved
3. That the Clerk cause a certified copy of this resolution to be filed in the office of the County Recorder of Steele County, Minnesota, and to be given to the applicants of said plat.

Council Member Dotson seconded the motion, all members voted aye in approval,

Resolution 110-24 Conditional Use Permit 17 – Modern Aire Apartments

Community Development Director Klecker requested approval of Resolution 110-24 for authorization of CUP #17. A conditional use permit is required because the height of the proposed structure is four floors. If constructed three stories high, a conditional use permit would not be required but there would be additional setbacks needed. The Planning Commission is recommending this CUP be approved with these conditions:

- a) All exterior signage shall meet all provisions of the sign ordinance and shall apply for and receive sign permits.
- b) Prior to issuance of the building permit, the City and Owatonna Public Utilities shall approve all grading, drainage, and utility plans.
- c) A joint parking, access, and maintenance agreement will be required to be recorded along with the plat.
- d) A total of four trees shall be provided along Hillcrest Avenue north of the access point to meet code requirements.

Council Member Boeke made a motion for approval, Council Member Svenby seconded the motion, all members voted aye in approval.

Resolution 111-24 2050 Comprehensive Plan - IMAGINE OWATONNA

Community Development Director Klecker commented that over the last 18 months, Stantec, our consultant, has been working to create a comprehensive plan for the city. There has been extensive community engagement including twelve open houses, events at the high school and Downtown Thursday events. Several surveys were sent and results compiled as the prepared this plan. The plan combines several existing plans into one document, He thanked everyone in the community and the Planning Commission for all their input during this process. Phil Carlson, Associate at Stantec was introduced and commented the downtown area is the heart of this community. They received a lot of comments about the city's economic development, parks and trails, transportation, and housing. Your residents want the right kind, price and location of available housing. This is a textbook plan, prepared by engaging the community. Council Member Voss

made a motion to approve Resolution 111-24 adopting the 205 Comprehensive Plan, Council Member Voss seconded the motion, all members voted aye in approval. Council Member Boeke commented he appreciates all the citizen input received and participation in the open house events to which Klecker commented that the work hasn't really started, there will be a lot of work to do.

Change Order #16 – Waste Water Treatment Facility Project – Rice Lake Construction Group

Public Works Director Murphy requested approval of Change Order #16 for the Waste Water Treatment Facility Expansion Project. This change order consists of eleven WCDs Work Change Directives. WCDs are created to address construction issues, design clarifications, and interdisciplinary coordination, or errors and/or omissions:

94 - Additional Eyewashes for the Membrane Bio Reactor Chem Room

95 - Fiber Loom Revision

96 - Fire Alarm Submittal Comments

97 - Additional Exterior Doors

98 - Weld Plates over Secondary Digester Roller Box Openings

99 - Caulk existing construction joints in the Secondary Digester

100 - Additional Sidewalks

102 - Fine Screen Building and Main Lift Station Waste Drains

103 - Hydronic Pump Control Changes

104 - Additional Interior Admin Doors

105 - Main Lift Station Fiberglass Door

The cost of this change order will increase the contract amount by \$202,203.73 for a revised total of \$57,308,600.46. The project is just a little more than halfway complete and cost adjustments have totaled 2.8% over the original contract. One percent of this amount was caused by price escalations. The contractor and project engineer, Nero have made purchases at ideal times to keep costs down; usually a project this size and design process incurs change orders within 5% of the original contract. The project is also on track for timely completion. Council Member Raney made a motion to approve Change Order #16, Council Member Voss seconded the motion, all members voted aye in approval.

STAFF COMMENTS

Fire Chief Hoffman commented October is Fire Prevention Month and they have been busy at the Firehall. He encouraged everyone to check their home fire alarms, most fire alarms have a 10-year life span and replacement if not properly working. He has been working with Human Resources to fill the position of Assistant Fire Chief/Fire Marshall. Also, in the process of an internal promotion to Fire Commander, the fourth commander within the department. He thanked Park and Rec staff for assisting at the

annual open burn at the Leo Rudolph Nature Reserve, last night. He then thanked the Owatonna Exchange Club for hosting the annual Firefighter Recognition/Firefighter of the Year Banquet last week at which Ben Staska was recognized as the 2024 Firefighter of the Year. This is the second year the Owatonna Public School has offered a course for firefighters, there are close to 20 students participating this year.

Community Development Director Klecker commented that the construction season has started to wind down but has been continuing with recent warmer weather. Year-to-date valuation of construction permits is \$82 million, there have been eight new single-family home permits. Another home permit is ready and there are several more in review. This year's numbers are lower than last year; this is similar to what other cities have also seen. Many projects are in process: West Lake Meadows (apartments behind Kohl's); the Ascend project; West Bank; Steele County Humane Society; Steele County Correctional Office; MSB Brewery; Steele County Admin Office; Marthaler Honda; and Scooters.

Public Works Director Murphy commented he recently attended a follow-up meeting to the Neighborhood Meeting on N 24th Avenue regarding speeding traffic with Police Captain Mundale, and Council Members Voss and Svenby. Continues progress on the WWTF Expansion Project. Paving started in the 2024 Street & Utility Project so this project will be done soon. All underground infrastructure is in place for the Vine Street Parking Lot Project, now working through the removal of the old pavement and hopefully new concrete poured next week.

Assistant City Administrator Tuma commented the position vacated by the Facility Manager in July will be filled on November 4th by the new manager. Interviews are in process for a new Park and Rec Director. Summer is ending and outdoor water was turned off today in most parks.

PUBLIC COMMENTS

Melissa Zimmerman, 2525 Stony Creek Drive, commented that noise pollution can increase stress levels and health concerns. Her family is very vulnerable and the impact of locating the east-side corridor close to their home could impact them with severe and life threatening conditions. She requested the council continue conversations to select an alternative route which will protect current residents,

Gary Jones, 995 Ridge Road, commented he e-mailed a draft of the deer management plan used by Ramsey County and other cities in the metro area. Their plan is similar to Owatonna's plan but differs with two separate hunting seasons and a three-week separation period; Owatonna offers two seasons over 56 continuous days. He believes the city would eliminate a lot of liability by reducing the length of hunting season. Council Member Schultz acknowledged receipt of his e-mail for consideration in preparing the 2025 Deer Management Program.

Kurt Welker, 2045 Deer Trail Lane NE commented his company purchased lots remaining in the Shore Heights Development and have incurred costs to replace a lost drainage plan. He has plans ready to go for several homes but hasn't requested building permits because he's not sure if he will recover these additional costs retroactively. Planning and Zoning and Engineering need to work together to achieve their goals to place more homes in Owatonna.

COUNCIL COMMENTS:

Council Member Voss thanked everyone for attending the follow-up meeting for the 24th Avenue Neighborhood Meeting,

Council Member Dotson commented the city is working on plans to resolve the drainage plan issue that Mr. Welker mentioned and hopefully will be ready to share soon.

Council Member Raney commented Election Day is 21 days away and Early Voting is now available. The Candidate Forums held each Monday can be viewed on Owatonna Live and provide candidate information and their responses to questions which will help voters decide who they want to vote for.

Council Member Svenby thanked staff and community members for their input to the 2050 Comprehensive Plan. This plan will help direct the city over the next 20 years.

City Administrator Busse introduced Emily Burns as the new Finance Director. Emily began in her position last week and the staff is looking forward to working with her.

At 7:52 p.m., Council Member Voss made a motion to adjourn, Council Member Dotson seconded the motion, and the meeting ended.

Respectfully submitted,
Jeanette Clawson, Administrative Coordinator