

Owatonna City Council Minutes

December 3, 2024

On Tuesday, December 3, 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 Dotson, Svenby, Voss, Burbank, Boeke, Raney and Schultz; Mayor Kuntz, Public Works Director Murphy; Finance Director Burns; Assistant City Administrator Tuma, IT Technician Specialist Enz; City Attorney Walbran; City Administrator Busse; and Administrative Coordinator Clawson.

The National Anthem was sung by a quartet of Owatonna High School seniors: Isabella Schultz, Ellery Blacker, Maddy Reese and Izzy Muir. Council President Schultz thanked the girls for singing and then welcomed everyone to the meeting. Council Member Dotson made a motion to approve the agenda as presented, Council Member Raney 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 – November 19, 2024

- OPU Commission Meetings - October 22 and November 4, 2024

- Exempt Permit - Bingo - March 29, 2025 - Ducks Unlimited Steele County

- Liability Coverage Waiver League of Minnesota Cities Insurance Trust (LMCIT)

Each year when the city renews its property and liability insurance policy with the League of Minnesota Cities Insurance Trust (LMCIT), it must decide on whether or not to waive the statutory tort liability limits to the extent of the coverage purchased. Currently Minnesota Statute limits a city's tort liability to a maximum of \$500,000 per claimant and \$1.5 million per occurrence. The limits apply whether the claim is against the city, against an individual officer or employee, or against both. These limits only apply to claims in which the statutory tort limits apply. The LMCIT gives cities options for structuring their liability coverage. If the city does not waive the statutory tort limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limit applies. If the city waives the statutory tort limits, a single claimant could potentially recover up to \$2.0 million. It is in the best interest of the city not to waive the statutory tort liability limits.

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

Finance Report

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

\$ 20,674.89	Hawkins - chemicals
96,025.00	JJD Companies LLC
	- demo 139 Peral St E - \$33,825.00
	- demo 1370 Cherry St - \$29,850.00
	- demo 506 Maple Dr - \$23,700.00
	- demo Dartt's park building - \$8,650.00
28,761.15	Owatonna Area Chamber of Commerce - Sept 2024 Lodging Tax
253,189.31	Owatonna Fire Relief Assn - 2024 fire state aid/supp fire state aid
21,808.30	Owatonna Heating & Cooling Inc - Brooktree registers/duct work/cleanup/replacement
27,048.00	Polydyne Inc - chemicals
140,422.66	Southeast Service Cooperative - Nov 2024 Health Ins Premiums
156,321.22	Truck Center Companies LLC - 2025 Western Star biosolids vehicle - WWTP department
21,104.54	US Bank - Organization monthly credit card -Sept/Oct 2024
95,358.01	Wencl Construction - 24001 Street & Utility pay est #5 - final
<u>263,352.35</u>	Other Expenditures
\$1,124,065.43	Subtotal
<u>109,787.22</u>	HRA Housing Assistance Payments
\$1,233,852.65	Total Expenditures Presented for Approval

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

Second/Final Reading Ordinance 24-7: Chapter 122, Cannabis Regulation

City Attorney Walbran requested approval of Proposed Ordinance 24-7 with a Summary Publication, to add Section 122, Cannabis Regulation to the 2015 City Code of Ordinances. This ordinance will implement the provisions of Minnesota Statutes, Chapter 342, which authorizes the City Council to regulate cannabis businesses within the legal boundaries of the City.

The first reading of this proposed ordinance was approved during the last City Council Meeting on November 19, 2024. Several editing changes have been made to the Proposed Ordinance since the last reading. A summary of these changes includes:

1. Page 3, Subsection 12 "Public Place" has been expanded to include other public properties including Brooktree Golf Course.
2. Page 5, Section 122.03, Subsection 1 restated the delegation by the City to the County to register cannabis businesses and conduct compliance checks of said

businesses. No Substantiative changes.

3. Page 6, Section 122.04 restated the "buffer" requirements and added new subsection "d)" providing that a licensed cannabis business would not be required to move if a facility relocated inside the buffer zone.
4. Page 7, a correction was made to the proper zoning districts to be B-2 and B-3 for retail cannabis businesses. No substantiative change.
5. Page 12, Section 5 (c) requirement of insurance coverage for temporary cannabis event. No substantiative change.

Also, the state cannabis statute includes a provision that makes the seller of cannabis who makes an illegal sale to another person who, in turn, causes injury or death to a third person liable for all damages sustained caused by the intoxicated person. However, the statute did not include any requirement that cannabis business owner carry liability insurance and staff has decided that it was in the public interest to provide that the cannabis business licensee take out liability insurance.

Council Member Dotson requested clarification if the City's Ordinance would be more restrictive than the State Statue. City Attorney Walbran confirmed, yes, the city will require the cannabis business licensee take out liability insurance; Steele County is also in process of adopting cannabis regulation with plans to include requirement of liability insurance. Council Member Voss made a motion to approve Proposed Ordinance 24-7, Council Member Svenby seconded the motion. With a roll call vote, voting aye were Council Members Boeke, Raney, Svenby, Voss, Dotson, Burbank and Schultz, No Nays, the motion carried. This will be known as Ordinance 1666 to become effective upon date of publication, December 7, 2024.

Resolution 121-24: Delegate Cannabis Business Registration & Compliance Checks - Steele County

City Attorney Walbran presented Resolution 121-24 delegating the City's authority to register cannabis and hemp businesses and to conduct compliance checks of the same within the legal boundaries of the City.

In 2023 the Legislature adopted Minn. Stat. Ch. 342 which legalized adult-use recreational cannabis. That Statute included a provision granting a City the authority to delegate its registration authority and compliance check authority to the County. The City and County have agreed that the City will delegate such authority to the County and the County will undertake to register a cannabis retailer and conduct the required compliance checks. Under Minn. Stat. § 342.13 the County has registration authority and may limit the registrations to no more than the minimum required under Minn. Stat. § 342.13. The City and the County agree to limit the licenses to the statutory limit of 1 license per every 12,500 residents which currently would permit 3 such licenses in Steele County.

The applicant would apply for and receive a license from the state which is required to be registered locally. This resolution delegates authorization to Steele County for license granted within the City of Owatonna. Council Member Dotson commented he anticipates there may need to be future discussion to consider increasing the number of cannabis and hemp businesses within Steele County to more than three as allowed per this resolution. Council Member Raney made a motion for approval, Council Member Svenby seconded the motion, all members voted aye to approve.

WWTF Expansion Change Order #17 - Rice Lake Construction Group

Public Works Director Murphy requested approval of Change Order #17 for the Wastewater Treatment Facility Expansion Project received from Rice Lake Construction Group. Work Change Directives (WCDs) are created to address construction issues, design clarifications, and interdisciplinary coordination, or errors and/or omissions. Change Order 17 consists of these nine 9 WCDs:

- 106 - Replace Corroded Piping & Hardware in Digester 2
- 107 - Add Dryer Vent per RFI 190
- 108 - Scanning and Select Demolition
- 109 - Change Admin Curtain Wall System
- 110 - STB Plumbing Modifications
- 111 - DTC Transformer Relocation
- 112 - Admin Building Electrical Changes
- 113 - Air Content Deviation
- 114 - EWR - NPW Check Valve

The total budget impact of Change Order 17 is an increase of \$83,648.58 for a revised total contract cost of \$57,392,249.04. Adjustments to the original contract have increased total cost by only 3%; 2/3 of the changes were for required design changes and opportunities to capitalize on needed renovations. Council Member Svenby made a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

Amendment #3 - Professional Services Agreement Staff Augmentation - WHKS & Co.

Public Works Director Murphy requested approval of Amendment 3 to the WHKS Proposal for Staff Augmentation Services. WHKS has provided staff augmentation services to assist with engineering projects and training since November 15, 2022. Services include design oversight, design direction, establishing design schedules, assessing staff's design skills and needs, and State/Federal Aid Project compliance assistance. Staff and WHKS typically meet via Microsoft Teams for check-ins. Additional services were required for construction administration and inspection services for the Vine Street Parking Lot Project. Billed hourly, this amendment will not exceed \$25,000 without additional authorization. The total contract amount to date, including amendments 1, 2 and 3, is \$110,000.

Council Member Voss asked if the need for these services will decrease with addition of staff and completion of projects. Murphy responded yes, the new Assistant City Engineer beginning within a few weeks will reduce the contract services needed. Council Member Raney made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

Purchase Asphalt Miller - Asphalt Zipper

Public Works Director Murphy requested approval to purchase a 2025 Asphalt Milling Machine from Asphalt Zipper. The city's current 2015 Asphalt Zipper Milling Machine is scheduled to be replaced in 2026. The acquisition of this equipment one year ahead of the planned replacement has been identified as advantageous by the Street Maintenance Manager. The new equipment meets new emission requirements, and the manufacturer is offering a promotion for no payment until 2026. Purchasing the new milling machine now will result in cost savings of \$34,600 by avoiding a 10% cost increase and we will receive an \$8,000 municipality credit. The purchase price of the 2025 Miller is \$266,340 and the trade value of our 2015 equipment is \$45,000; staff intend to place it on an auction site with a reserve of the trade value.

Council Member Raney asked if purchased, would the new machine be available for projects next year? Murphy responded, yes, they could deliver within 2-3 months from the order date. Council Member Boeke made a motion for approval, Council Member Dotson seconded the motion, all members voted aye in approval.

Agreement - Snow and Ice Removal Service at LEC - From the Ground UP

Assistant City Administrator Tuma requested Council approve agreement with From the Ground Up, for above ground winter snow and ice removal at the Law Enforcement Center (LEC). The Owatonna Police Department has shared the LEC with the Steele County Sheriff's Office for several years. The Sheriff's Office is going to move to the county's Detention/Administration facility and the city purchased the county's share of the LEC. As a shared facility, the county managed the grounds and facility for both agencies with costs of services shared. Now the City has full ownership of the site and will be responsible for snow and ice removal for its 7-day/24-hour operation. This agreement includes pushing and stacking the snow, and the City's Streets Department will coordinate the hauling, saving considerable expense. Council Member Raney made a motion for approval, Council Member Voss seconded the motion, and all members voted aye for approval.

Legislative Services - Lockridge, Grindal & Nauen PLLP

Assistant City Administrator Tuma requested approval to enter into an agreement with Lockridge, Grindal, & Nauen PLLP (LGN) for Minnesota Legislative Services as the city develops plans for future city facilities. To explore and maximize all funding options, LGN will provide lobbying services related to tax, capital investment, and state policy issues for

the City of Owatonna. LGN's government relations professionals represent clients of all types and sizes at the Minnesota State Capitol. LGN partners with a wide range of non-profit, government and business clients to elevate their impact in Minnesota by cultivating broader influence and understanding among public officials and decision-makers. LGN has a sizeable team, with broad-based political affiliations, and has developed a vast network of long-term, personal connections with leaders at all levels of government. This is a one-year agreement with an agreement fee of \$40,000. Council Member Dotson made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

STAFF COMMENTS

Finance Director Burns commented she has now been on staff for eight weeks. Finance staff are working to finalize the 2025 Budget and beginning to prepare for the 2024 Audit next spring.

Public Works Director Murphy commented that most construction projects are wrapping up for the season. The WWTF Project is on track with plans to be in the new Administration Building next month. The season's first snowfall was just a few days ago, he asked everyone to please be mindful to stay back from the plows and trucks, they frequently back up when clearing snow as they work to make it safe for everyone.

PUBLIC COMMENTS

Melissa Zimmerman, 2525 Stony Creek Drive thanked the city for the temporary ice rink at Countryview Park at 855 Countryview Lane NE. Kids are already out enjoying it and hopefully, some play equipment will also be added to this park area. The study prepared by WSB for the proposed East-Side Corridor Project has many discrepancies which create misleading information. The document is filled with deception and the city should not be OK with that, she requested the proposed route be moved 800' to the east to avoid any misrepresentation.

Gary Jones, 995 Ridge Road, commented that the number of disc golfers in Mineral Springs Park has decreased and the number of bow hunters has increased. This park should be excluded from the city's Deer Management Program as no deer were taken during the last two seasons. Disc golfers could continue use of the park area, last year, many disc golfers utilized the park into the month of January and this year, many have already stopped coming. Presence by the disc golf players has helped keep this park safe and should be encouraged.

Seth Muir, 2551 Mossy Creek Drive stepped off 18 feet in front of the podium and commented that the distance between the proposed route for the east-side corridor and existing homes will be less than this distance. The anticipated proposed route will come within 17 feet of current homes with an allowable traffic speed up to 55 miles per hour. The route was chosen in 1999 and allowed a 150-foot easement between homes and the

proposed roadway but several homes have since been built in this buffer space. If the road is built as proposed, property values will decrease which doesn't align with Owatonna's goals for growth and sustainability. Project cost will add 2-3 million dollars to construct a sound barrier wall. The city should be wary of the information received from WSB, their reports haven't always been accurate and have waived from state requirements.

COUNCIL COMMENTS:

Council Member Voss commented staff at Community Pathways is always very friendly and helpful. He has been clearing a family member's home and thankful for the option to take items which others will be able to use.

Mayor Kuntz The Lighted Holiday Parade is this Friday beginning at 6:00 pm in the downtown area. There is currently an opening on the Park Board, applications can be submitted on the city's website by this Friday evening, December 6th.

City Administrator Busse commented the city will host a reception celebrating and thanking outgoing City Elected Officials Mayor Thomas A. Kuntz and City Council President Greg Schultz in the Owatonna Arts Center on Tuesday, December 17th beginning at 4:30 pm.

Council President Schultz thanked everyone for attending tonight's meeting.

At 7:40 p.m., Council Member Raney made a motion to adjourn, Council Member Dotson seconded the motion, and the meeting ended.

Respectfully submitted,

Jeanette Clawson, Administrative Coordinator