Owatonna City Council Minutes
April 15, 2025

On Tuesday, April 15, 2025, at 7:00 p.m., Council President Raney called the regular session of the Owatonna City Council to order in the Chambers of the Charles S. Crandall Center. Present were Council Members Voss, Burbank, Boeke, McCann, Dotson, Svenby and Raney; City Attorney Walbran; Public Works Director Murphy; Community Development Director Klecker; Finance Director Burns; Human Resource Director Thamert; Communications Manager Sheely; Facilities Manager Louks; Assistant City Administrator Tuma, IT Technology Specialist Inz; City Administrator Busse, and Administrative Coordinator Clawson. Mayor Jessop was unable to attend.

Following the roll call, Council Member McCann made a motion to approve the agenda as presented, Council Member Svenby seconded the motion, all members voted aye in approval.

Public Hearing - Modify Development District No. 3, Establish Tax Increment Financing District 3-18 and Use of Tax Increment Funds

Council President Raney advised there will be a public hearing for comments regarding the Modification to Development District No. 3, Establish Tax Increment Financing (TIF) District 3-18 and Use of TIF. Community Development Director Klecker commented Sputtering Components is proposing a 12,460 square foot addition to their current facility on Alexander Drive in the Industrial Park. The addition will consist of 7,000 square feet of office space and 5,460 square feet of manufacturing space. The addition will allow the company to add five engineers and ten additional production workers. The company is requesting tax increment finance to assist with the costs of their addition. The total TIF amount generated for this project is estimated at approximately $260,000 over a 9-year period.

At 7:02 pm, the public hearing was opened. With no comments heard, at 7:03 Council Member Boeke made a motion to close the public hearing. Council Member Dotson seconded the motion, and all members voted aye in approval.

Resolution 17-25 Modify DD 3, Establish TIF 3-18 and Use of TIF

Community Development Director Klecker requested approval of Resolution 17-25 approving the modification of Development District No. 3, approving the adoption of a modified Development Program therefore; establishing Tax Increment Financing District No. 3-18 (Sputtering Components) within Development District No. 3 as modified; approving the Tax Increment Financing Plan. Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

Development Agreement - Sputtering Components, Inc.

Community Development Director Klecker presented a Development Agreement with Sputtering Components, Inc. for approval Council Member Boeke made a motion for approval, Council Member McCann seconded the motion, all members voted aye for approval.

Consent Agenda Items

Council President Raney 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 – April 1, 2025
Fire Department Monthly Dashboard and Activity Report - March 2025
Building Inspection Monthly Report- March 2025
Event Permit - Farmer's Markets - Saturday Mornings in Central Park May through October 2025
Event Permit - Live Music at the Zamboni Event Center - May 10, 2025
Event Permit - Smokin' in Steele Blues & BBQ - May 30 and 31, 2025
Temporary Liquor Permit - Knights of Columbus - May 29 - 31, 2025
Event Permit - 2025 Downtown Thursday Events - June 5, July 3, August 7 and September 4, 2025
Event Permit - Ride for Hope - Wenger Corp & Owatonna Eagles - July 12, 2025
Event Permit - Steele County Public Health/Spero in Central Park - September 6, 2025
Ice Cream Vendor Permit - Fun on Wheels dba Kona Ice
Outdoor Public Fireworks Display - Steele County Agricultural Society - July 4, 2025
Tree Trimmer Permit - Middle River Tree Service - Pine Island MN
Stormwater Facility Maintenance Easement Agreement - Sputtering Components

Sputtering Components, Inc. facility at 375 Alexander Drive SW. The City requires that on-site stormwater management must be maintained by the property owner to meet the requirements of the MS4 permit held by the City. The property owner agrees to the terms and conditions as outlined in the attached agreement.

Proposal Stormwater Modeling Carriage Lane & Partridge Avenue - Barr Engineering Co.

An agreement for Barr Engineering Co. performs stormwater modeling and infrastructure evaluation for the Carriage Lane and Partridge Avenue area. In 2020, Barr performed Hydrologic and Hydraulic (H&H) modeling of the Partridge Ave Study Area and Carraige Lane Homes flooding issues. The City used the results of this study to construct a dry retention basin to the west of Partridge Avenue, to mitigate flood issues at this private development. This model update and analysis is necessary to evaluate existing and proposed conditions and necessary pond modifications related to the future land use changes from an approximate 10-lot affordable housing development. This will ensure downstream homes remain unaffected as much as feasible, while meeting current stormwater requirements. Total cost of these services will be $19,400.00.

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

Parking lot lease for public parking spaces on West Main Street. The City began this lease for parking spaces from Brian and Susan Stendel when they purchased the former jail property. There are 24 parking spaces in the lot which is signed for public parking and is 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 is a 12-month lease to end April 30, 2026. Payment will be the same rate as last year, $23.00 per stall per month. This lease is for 12 months for a total of $6,624 which will be paid by the EDA.

Renew License Agreement - Blue Jay Transit USFM LLC dba Bird

License Agreement for electronic scooters. The City has a current license agreement with Blue Jay Transit USFM LLC dba Bird which can be extended to December 31, 2025 upon renewal. They plan to have 100 scooters available within Owatonna, the same amount as last year. The City will receive a License Fee of $3,000 based on 100 scooters. This is a private business and therefore there are no expenses for the City.

Renewal Airport Land Lease - Federated Mutual Insurance Company Sign

The City entered into an Airport Land Lease agreement with Federated Mutual Insurance Company in September. 2005. The agreement allowed for the installation of an advertising sign located on the airport property. The Lessee has submitted notice of intent to exercise the option to renew the Lease for an additional twenty (20) year term. The Lessee agrees to abide by all terms and conditions of the original Lease except to the extent as modified by the renewal agreement. The rental fee provided for in the agreement represents a total of $3,600.00 of annual rental revenue. The rent shall adjust annually at a rate of 2.5% for the term of the agreement.

Renew Lease Agreement - Rice/Steele County 9-1-1 Center

The Rice/Steele 911 Center will be moving the primary dispatch center to Rice County (former LEC building) sometime in the spring of 2026. They have requested a lease extension until such time as the space is ready for occupancy. The lease terms remain the same except for the following:

- Lease term is extended on a month-to-month basis. They will provide a 60-day written notice of their intended move-out date.
- Steele County has been removed as a landlord
- Includes an option for the dispatch center to use the current dispatch floor area as a back-up site at no charge.

Rent is $19.00 per square foot. The leased space is 3,136 square feet for a total annual installment of $59,584

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

Finance Report

Council Member Voss recapped payments made for amounts greater than $20,000 during this period.

$ 23,383.92 Central Farm Service - fleet fuel

36,726.00 Dakota Supply Group - (200)sanitary sewer lids

115,212.00	League of MN Cities Ins Trust - Quarterly Workers Comp premium - April -June 2025
103,770.03	Macqueen Equipment Co - refurbish ladder truck #9704 - fire department $103,324.37 - miscellaneous supplies - $445.66
22,175.00	Paape Companies Inc - West Hills continuum conversion
174,979.03	Other Expenditures
$476,245.98	Total Expenditures Presented for Approval

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

Second/Final Reading Proposed Ordinance 25-05: Chapter 120 Charitable Gambling, Section 120.07 Premises Permits Limitations

City Administrator Busse requested approval of Proposed Ordinance 25-05 to increase the number of charitable gambling premises permits from five per organization to eight in licensed liquor establishments. Council approved the first reading of this proposed ordinance during the April 1, 2025 Meeting and there have been no changes since. Council Member Dotson made a motion for approval; Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Burbank, Boeke, McCann, Svenby, Voss, Dotson, and Raney; No Nays; the motion carried. This will be known as Ordinance 1672 to be effective upon publication.

Second/Final Reading Proposed Ordinance 25-06: Adopt S-8 Supplement to the 2015 Ordinance Code

City Attorney Walbran presented Proposed Ordinance 25-06 for approval. This ordinance will adopt Supplement 8 to the 2015 City Code of Ordinances completed by American Legal Publication. Supp-8 includes 22 ordinances approved since adoption of Supp-7 in October 2023; the last ordinance included is Ordinance #1666, passed December 2, 2024. Council approved the first reading of this proposed ordinance during the April 1, 2025 Meeting and there have been no changes since. Council Member Voss made a motion for approval; Council Member Burbank seconded the motion. With a roll call vote, voting aye were Council Members Burbank, Boeke, McCann, Svenby, Voss, Dotson, and Raney; No Nays; the motion carried. This will be known as Ordinance 1673 to be effective upon publication.

First Reading Proposed Ordinance 25-07: RZ-10 a PUD Request - 631 Cedar Avenue N - CRK Properties

Community Development Director Klecker presented the first reading of Proposed Ordinance 25-07, a zoning change at 631 Cedar Avenue North. Christine Rotthoff of CRK Properties LLC requested a change in the zoning of this property from I-1 Light Industrial District to PUD, Planned Unit Development. The purpose of this change is the continued operation of a multi-use facility, including office spaces, contractor spaces and an educational facility. Choice Technical Academy Space wishes to relocate into space previously occupied by Steele County Community Corrections; the property be rezoned in order to accommodate this new user. The school currently has 51 students enrolled and 15 staff members. The Planning Commission held a public hearing on this request, RZ-10, during their meeting on April 9, 2025 and recommend approval with these conditions:

1) All building codes shall be met at all times.
2) All exterior signs require a sign permit.
3) All drop-offs will need to occur in private parking stalls unless it is a school bus and permitted by State Statute.
4) The properties shall be combined into one lot in order to remove all property lines from inside the building prior to any new tenants occupying the space.
5) All future uses shall be in compliance with the current underlying zoning district or an amendment to the PUD is required.

Council Member McCann made a motion for approval; Council Member Boeke seconded the motion. With a roll call vote, voting aye were Council Members Burbank, Boeke, McCann, Svenby, Voss, Dotson, and Raney; No Nays; the motion carried. The second/final reading of this proposed ordinance will be heard during the next Council Meeting.

Resolution 18-25 Changes to Parking on Main Street by Court Avenue

Community Development Director Klecker requested approval of Resolution 18-25 authorizing changes in the parking spaces within the 100 block of Main Street East. City Engineer Murphy shared request received with County Engineer Sponholz; the Engineering Department recommends the removal of two parking spaces on the westbound parking lane, east of the Court Ave crosswalk, the easternmost parking space on the eastbound parking lane, west of Court Ave and loading zone spaces and allocating the westbound parking space just west of the Court Ave crosswalk as an accessible space. The City will incur minor expenses; the Street Department will update signage and amend the striping within the area. The Planning Commission, who serves as the Downtown Parking Committee, recommend approval. Council Member Boeke made a motion for approval; Council Member Voss seconded the motion; all members voted aye for approval.

Resolution 19-25: Accept Bids & Award Contract Project #25001 Street & Utility

Public Works Director Murphy presented Resolution 19-25 to accept the bids and award the contract for the 2025 Street & Utility Project. Seven bids were received on April 9, 2025 for this project. The lowest responsible bidder was Wencl Construction, Inc. with bid $1,809,858.40; this bid was 16.7% under the Engineer’s Estimate. Project will be financed through a combination of City Funds, OPU reimbursements, and Special Assessments. 39 property owners will be affected. Council Member Boeke made a motion for approval; Council Member Burbank seconded the motion; all members voted aye for approval.

2025-2027 Strategic Plan

City Administrator Busse requested approval of the City's 2025-2027 Strategic Plan. Council met with the leadership team for annual Strategic Planning sessions in February and March. Through a facilitated discussion, they evaluated current strategic planning needs and identified top priorities. This plan identifies five strategic priorities with outcomes, goals and strategies for each. The plan will take shape through its outcomes, strategies and goals:

- Outcomes refer to the desired result that will be achieved. These aspirational declarations represent positive change and define the realization of the City's Purpose and Values.
- Strategies will be realized through deliberate planning and actions. They are flexible and adapt and adjust to changing and evolving conditions.
- Goals are designed to include specific action items that can be tracked and measured. These cross over every department in the organization.

The five Strategic Priorities identified are:

1) Our Public Amenities
2) Economic Prosperity
3) Financial Security
4) A Premier Employer
5) Our Neighbors

The Council reviewed this proposed plan during their Study Session prior to the last Council Meeting on April 1, 2025. Council Member Voss made a motion for approval; Council Member McMann seconded the motion; all members voted aye in approval. Council President Raney thanked the Department Directors for meeting with the Council and Mayor to prepare the Strategic Plan and all staff for supporting it.

City Administrator Search Process

Human Resources Director Thamert presented a proposal for the search process for a City Administrator. City Administrator Kris M. Busse will be retiring effective August 7, 2025. In accordance with City Charter, the city council shall appoint a city administrator. Council President Raney requested the city's Human Resources team develop a proposed search process with August 11th as the target start date. Council Member Dotson made a motion for approval; Council Member McCann seconded the motion; all members voted aye for approval.

Accept Bid - Overhead Garage Door Replacements

Facilities Manager Louks presented bids received for the replacement of ten overhead garage doors. The doors were evaluated in 2023; the overall condition of these doors was marked as failing and poor. Two bids were received, the low bid of $48,675 was received from Overhead Door Company of Olmsted County. Council Member Dotson made a motion for approval; Council Member Svenby seconded the motion; all members voted aye for approval.

WWTF Expansion Change Order #20 - Rice Lake Construction Group

Public Works Director Murphy requested approval of Change Order #20 received from Rice Lake Construction Group for the Wastewater Treatment Facility Expansion Project. Work Change Directives (WCDs) are created to address construction issues, design clarifications, and interdisciplinary coordination, or errors and/or omissions. Change Order #20 consists of two WCDs:

- 137 - Replace 24” Air Piping between Process Building and Aeration Basins
  This included a 24” pipe at a substantial cost.
- 139 - Biogas Area Changes

The total budget impact of Change Order #20 is $586,291.62; the revised total contract cost is $58,171,019.53 which is a 4.40% increase from original contract. Murphy commented that the project is progressing well and staff is confident will meet the October construction deadline and finalize next January. Council Member Boeke made a motion to approve the change order, Council Member Dotson seconded the motion, all members voted aye for approval.

2025 CIPPS Project Change Order #1 – Hydro-Klean

Public Works Director Murphy requested approval of Change Order #1 received from Hydro-Klean for the 2025 CIPPS Project. The bid approved during the March 18, 2025 Council Meeting was $176,697.46 (36%) under the Engineer’s Estimate. An additional 5,342 linear feet of lining was identified and Hydro-Klean agreed to add the work for an increase in Mobilization of $5,279.46 and Pre-Cleaning, Television and Lining would be performed at the per unit contracted cost. The change order total is $177,879.48, bringing the project cost to $490,670.82. Council Member Voss made a motion for approval and Council Member Burbank seconded the motion. Council Member Boeke thanked staff for preparation of the project and Council President Raney added that bids received last year were too high, so no project was done, now this year’s bids were lower than expected allowing completion of a larger project than originally planned. With no additional comments, all members voted aye for approval.

Agreement - Frontage Road & Heritage Place Lift Station Electrical Panels - Integrated Process Solutions, Inc.

Public Works Director Murphy requested approval of an agreement with Integrated Process Solutions, Inc (IPS) to provide professional services for the Frontage Road & Heritage Place Lift Station Electrical Panels which are at the end of their service life and require control panel replacement and electrical system updates to implement SCADA systems throughout the collections system and WWTF. SCADA integration will allow for more efficient management of the collections system. The City has been working with IPS and AE2S for the replacement of electrical panels for multiple lift stations over the past year. When the City initially received proposals, IPS had the lowest cost and highest score. Staff has been satisfied with the work completed thus far.

Proceeding with IPS for additional control panel replacements will allow for consistency between lift station control panels. IPS has submitted a proposal to manufacture the lift station panels. The vendor held the price firm with minimal cost variation to the competitive proposal from May of last year. The cost for the Frontage Road Lift Station is $69,944 and the Heritage Place is $73,944 for a total cost of $143,888. Council Member Dotson made a motion for approval, Council Member Svenby seconded the motion; all members voted aye in approval.

Proposal for Geotechnical Engineering Services on 18th St SE Reconstruct – Terracon Consultants, Inc.

Public Works Director Murphy requested approval of the 18th St SE Geotechnical Engineering Services Agreement with Terracon Consultants, Inc to perform subsurface exploration, laboratory testing, geotechnical consulting and reporting services on the 18th St SE Reconstruct Project. Terracon will provide geotechnical consulting services as outlined in the agreement to make soil preparation and pavement design recommendations for the 18th St SE Reconstruction project. Recommendations provide City staff and the design team with necessary information to engineer the longest possible life expectancy of infrastructure and roadways included within the project. The total cost of services in the agreement is $26,500. Council Member Dotson made a motion for approval, Council Member Boeke seconded the motion; all members voted aye in approval.

STAFF COMMENTS

Community Development Director Klecker commented that staff provided information during the Relator's Group last week. They shared a map displaying current lot availability, there are about 80 lots available to build (platted but no utilities in place for construction), 108 vacant lots that have been purchased by neighboring property and not actively being marketed for sale. Historically, we are low on number of lots available. When we had the recession, we had a lot of lots available but now we wished there were more lots available, or that some of the platted lots would be made available. To address some of the existing lots, we approved a grading plan allowance, this $2,500 incentive program will offset fees incurred for the grading permit. We want to push this out for the builders to promote. Last year, during a work session we discussed options to place infrastructure for new developers which included the City financing for a 5-year period to allow developers to consider more residential development. We are currently working with a developer and hope we can provide some tools to get them over the hurdle and offset some costs. The city owns land off Partridge Avenue which was purchased for a storm pond but there are some residential lots around it which could be developed. Looking to see if the price point could be adjusted to $250,000 for a new home. We previously haven't pursued this as an option to encourage residential development, so we are working with several partners.

Council Member Boeke asked how the cost of lot in Owatonna compared to surrounding cities?

Klecker responded that the infrastructure costs are similar but land costs more if it is closer to the metro area. Land costs are rising and availability for residential development is limited. Property owners surrounding the city may not be interested in selling to the city or they have a price set which we haven't agreed to. We hope there are some spots where we can agree which will enhance development potential.

PUBLIC COMMENTS

Melissa Zimmerman, 2525 Stony Creek Drive commented that when she was in high school she did a lot of math problems and now she has been trying to solve a lot of problems again. She commented that the City has allowed the County to give more power to the rural people in the proposed East Side Corridor Project. Our neighborhood will continue to fight to protect our homes, your actions will decide how long we will be fighting.

Matt Sennott, 2519 Stoney Creek Drive asked Council to stop representing those who have not voted for them. Steele County removed federal funds from the proposed East Side Corridor Project and plans for a noise barrier wall which would have protected 150 homes within the city were removed. The County Engineer said if it was up to him, there would be no noise mitigation at all. Several weeks ago, plans were almost finalized but then the county moved federal funding to another project. Hold your partner Steele County accountable and get this project done the right way

Gary Jones, 995 Ridge Road, commented that he has participated in two Council Study Sessions with the City's Park & Rec Director and other staff members participating. A lot of good things were changed in the proposed Deer Management Plan, and I want to say thank you. However, the changes needed are not complete, Mineral Springs should not allow hunters when it is dark. Currently, the plan allows hunters to be out 30 minutes prior to sunrise and 30 minutes past sunset when it is too dark for eyes to adjust. It would be OK if you are in Leo Rudolph where there are no trees but in Mineral Springs Park, there are a lot of trees, and it is dark. He requested the allowed hunting time start half an hour later and end half an hour earlier, to start at sunrise and end at sunset.

Kurt Welker, 245 East Lane thanked council for the Lot Incentive Program with subsidy payment towards infrastructure costs. This week he finalized construction plans for one new single-family home and has plans pending for three more. The Incentive Program is working and hopefully it will be offered in future years; we currently have five more lots available. We have spent money on these lots and hope that someone will want to use them for their new build. One of the priorities in the city's Strategic Plan is to seek housing solutions; please share the Strategic Plan to help achieve this goal.

MAYOR AND COUNCIL COMMENTS:

Council President Raney thanked everyone for attending the meeting. At 7:53 p.m., Council Member Dotson made a motion to adjourn, Council Member Raney seconded the motion and with no objection, the meeting ended.
Respectfully submitted, Jeanette Clawson, Administrative Coordinator