

Owatonna City Council Minutes

September 2, 2025

On Tuesday, September 2, 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, Dotson, Burbank, McCann, Svenby and Raney; Mayor Jessop; City Attorney Walbran; Public Works Director Murphy; Community Development Director Klecker; Finance Director Burns; Fire Chief Hoffman; IT Specialist Enz; Communications Manager Sheely; Assistant City Administrator/Human Resources Director Thamert; City Administrator Tuma; and Administrative Coordinator Clawson. Council Member Boeke was unable to attend.

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

Public Hearing – Establish Development District #22 and Adopt Development Program for Development District #22

Community Development Director Klecker commented tonight's public hearing is continuation of the hearing from the previous council meeting to consider establishing a district defined as the area within city limits for development options. The City Council approved a financing program to incent developers to develop single-family housing. For this program, the city would finance an amount equivalent to the cost of hard surfacing of the streets, curb and gutter and sidewalks of a development for up to five years. Staff are currently working with a developer on such a program. In working with legal counsel, the best way to provide the financing is through a loan agreement. To provide a loan for housing development, the City must establish a development district for the city where a public hearing is required.

At 7:04 p.m., a Public Hearing opened for comments. With no comments heard, at 7:05 p.m., Council Member Voss made a motion to close the public hearing. Council Member Burbank seconded the motion. All members present voted aye in approval.

Resolution 44-25 – Establish Development District #22 and Adopt Development Program for Development District #22

Community Development Director Klecker requested Council approve Resolution 44-25 establishing Development District 22 and adopting the Development Program for Development District #22. Council Member Voss made a motion for approval; Council Member Burbank seconded the motion. All members present voted aye in approval.

Owatonna Residential Housing Development Incentive Program

Community Development Director Klecker explained the incentive program provides for a loan in the amount equivalent to the costs of hard surfacing for streets, curb and gutters and sidewalks for up to 5 years. The program requires the loan be paid back within 5 years with interest. A loan agreement must be approved for each development that plans to participate

in the program. The maximum loan amount is \$20,000 with payback to begin when the lot is developed. A statement will be added to the program, that the program will be provided the city has funds sufficient to do so. Council Member Svenby made a motion for approval with the addition of this statement; Council Member Burbank seconded the motion. All members present voted aye in approval.

Public Hearing - 5-Year Street Reconstruction and Overlay Plan with Intent to Issue Bonds

Finance Director Burns commented annually the city prepares a five-year capital improvement plan. Included as part of this plan are streets which the city intends to reconstruct. There are various financing options available, and she welcomed Todd Hagen, Senior Municipal Advisor at Ehlers to help answer questions.

Mr. Ehlers explained the City is asked to adopt a five-year street reconstruction plan with the plan to issue street reconstruction bonds permissible by Minnesota State Statutes. The maximum amount bonds issued has been set at \$1,800,000. Favorable bids were received on this year's projects after calling this public hearing. The amount of the debt issue includes project costs not paid by utility funds (i.e. water, sewer) plus contingency funds, engineering costs, and financing costs. I plan to be back during the October 7th Council Meeting for the next step in the city's bonding process. There will be a debt service levy related to the bonds that will be issued to finance the projects included in the street reconstruction plan. This levy will be in place over the 10-year life of the bonds

At 7:08 p.m., a public hearing was opened comments. With no comments heard, at 7:09 p.m., Council Member Voss made a motion to close the public hearing. Council Member Dotson seconded the motion; all members present voted aye in approval.

Resolution 51-25 5-Year Street Reconstruction Plan and Authorize Issuance of General Obligation Bonds

Finance Director Burns requested approval of Resolution 51-25. Council Member McCann made a motion for approval; Council Member Voss seconded the motion, and all members present voted aye in approval.

Mayor Jessop

Mayor Jessop stated he had no items at this time.

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 – August 19, 2025

HRA Minutes - August 25, 2025

Planning Commission Minutes - August 26, 2025

Weed/Nuisance Inspection Report - August 27, 2025

Exempt Permit - Raffle - Owatonna Exchange Club - December 11, 2025

Exempt Permit - Steele County Humane Society - Raffle - September 20, 2025
Council Member Boeke made a motion to approve these Consent Agenda items; Council Member Voss seconded the motion, and all members present voted aye approving all items.

Finance Report

Council Member Voss recapped payments for amounts greater than \$20,000 this period:

\$ 202,675.73	Bosch Automotive - economic development TIF (year 4 out of 9)
23,670.71	Cemstone - PayGo Note #1 - TIF 3-11 (pymt 5 of 9)
331,170.52	Costco - economic development TIF (year 4 out of 9)
22,031.11	Crysteel Truck Equipment
	- Flatbed unit #25426 - Park & Rec - \$19,001.00
	- Tommy gate-service body-27" unit #09428- Park & Rec - \$2,980.00
	- Bushing kit - \$50.11
82,371.15	Daikin Applied Americas - PayGo Note #1 - TIF 3-13 (year 4 out of 9)
48,291.74	Equity Growth-111 Vine Apt bldg - redevelopment TIF 12-1 (year 6 out of 26)
21,822.44	Fareway Stores - hospital redevelopment TIF (year 10 out of 26)
124,638.00	Integrated Process Solutions Inc - Autumn Hills & Cedardale lift station
42,463.31	KAB Properties - TIF 3-16 (year 2 out of 9)
229,408.13	Legence Subsidiary Holdings LLC
	- Public Safety Center - July 2025 - \$224,739.00
	- City Hall Generator - mileage - \$371.00
	- River Spring Water Park professional services \$93.63
	- Community Center - July 2025 - \$4,204.50
27,793.14	Mound Owatonna - Mound St Apt bldg redevelopment TIF (year 4 out of 9)
94,534.85	Nero Engineering - WWTF upgrade & expansion project - June 2025
33,405.37	Owatonna Area Chamber of Commerce - Lodging Tax June
81,355.63	Owatonna Hospitality - Marriott - redevelopment TIF (year 3 out of 26)
48,894.55	Owatonna Motor Company - 2025 Ford Explorer unit \$2523 - Stormwater
27,584.80	Owatonna Pearl - redevelopment TIF 10-1 (year 3 out of 23)
28,000.78	Pro-Pet economic development TIF (year 8 out of 9)
440,273.68	Rice Lake Construction Group - WWTP Expansion - pay est #38
28,802.50	Short Elliot Hendrickson - 18th St SE reconstruction services - July 2025
22,609.32	South Pointe II-18th St SW Apt bldg redevelopment TIF 8-2 (year 4 of 10)
32,045.96	South Pointe Owatonna-18th St SW Apt bldg redevelopment TIF 8-1 (year 8 out of 14)
153,070.12	Southeast Service Cooperative - Aug 2025 health ins premiums
80,314.10	Steve James Excavating Inc -
	- 10TH Ave/Ridge Road storm pipe repair - \$2,817.60
	- 2025 overlay prep project #25004 est #1 - \$54,946.50
	- 15TH Street NE - remove/replace two structures and storm pipe-\$22,550.00
27,494.30	US Bank - entire organization monthly credit card purchases - June/July 2025

<u>254,059.39</u>	Other Expenditure
\$2,254,721.94	Subtotal
<u>113,696.00</u>	HRA Housing Assistance Payment
\$2,622,477.33	Total Expenditures presented for approval

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

First Reading Proposed Ordinance 25-10 Salary Adjustment - Elected Officials

City Administrator Tuma requested approval of the first reading of Proposed Ordinance 25-10 to amend Code Section 32.001 of the 2015 Code of Ordinances for the City of Owatonna. This will authorize an increase in the salaries to be paid to the City's Elected Officials beginning January 2027. Salaries for the elected officials were last reviewed in September 2021 for change effective January 1, 2023. Ordinance 1577 approved April 3, 2018, requires quadrennial review of our city officials' salaries. The State requires any change to elected officials' salaries become effective for officials in office following the next General Election. Any changes would become effective with payments during January 2027 following the next General Election held in November 2026. Council Member Burbank made a motion for approval; Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Dotson, Burbank, McCann, Svenby Voss and Raney, with no nays, the motion carried. The second/final reading of this proposed ordinance will be held during the next City Council Meeting.

First Reading Proposed Ordinance 25-11 Update Code Section 113 Alcoholic Beverages - Hours for Sunday On-Sales

City Administrator Tuma requested approval of the first reading of Proposed Ordinance 25-11 to amend Code Section 113, Alcoholic Beverages for the hours liquor can be sold on Sundays. This ordinance, a housekeeping measure, was reviewed and recommended by City Attorney

Walbran. Amendments will be made to clarify two sections of the city's 2015 Code of Ordinances in Chapter 113 - Alcoholic Beverages: Section 113.052(D)(6) and Section 113.056(B)(1)(b).

Section 113.052 License Procedures (D) Special License for Sunday Sales will provide:

(6) A licensee holding a special license under this division (D) is authorized to sell alcoholic beverages for consumption on the premises in conjunction with the sale of food between the hours of 8:00 am on Sundays and 2:00 a.m. on Mondays.

Section 113.056 License Conditions (B) Hours of Sale will provide:

(1) No sale of intoxicating liquor for consumption on the licensed premises may be made:

(b) After 1:00 a.m. on Sunday, except as provided by 113.052(D) (6) of this chapter.

Council Member Dotson made a motion for approval; Council Member McCann seconded the motion. With a roll call vote, voting aye were Council Members Dotson, Burbank, McCann,

Svenby Voss and Raney, with no nays, the motion carried. The second/final reading of this proposed ordinance will be held during the next City Council Meeting.

Resolution 45-25 Final Plat – Mineral Springs Estates Addition

Community Development Director Klecker requested approval of Resolution 45-25 to approve the Final Plat of Mineral Springs Estates Addition. Stephen Wheeler, Prairie LaSalle Partners, and Chad Lange, Festal Farms are requesting final plat approval of Mineral Springs Estates, a 36 lot and 13 outlot residential development of 82.72 acres east of River Springs Waterpark. The property is being replatted into a master planned neighborhood with a multitude of housing types. The Planning Commission held a public hearing on this and recommended approval. He then introduced Stephen Wheeler of Prairie LaSalle .

Mr. Wheeler commented that city staff has done a tremendous job to address our concerns not only for this project but future development. Infrastructure will be placed which will create opportunities for future housing opportunities. Thank you for being patient with us, this initial plan will allow housing placed which is now in demand. Our plan is to begin the project as soon as possible for groundbreaking next spring. We plan to work with local contractors so this project will also improve the economic development of the city.

With no additional comments. Council Member Dotson made a motion for approval, Council Member Dotson seconded the motion, all members present voted aye in approval.

Resolution 46-25 Land Development Agreement -Mineral Springs Estates Addition - Mineral Springs Estates, LLC

Community Development Director Klecker requested approval of Resolution 46-25 to approve a Land Development Agreement for the first phase of the Mineral Springs Estates Addition. The city requires a Development Agreement on all development projects to ensure that all parties understand the roles, expectations, timelines and requirements for the project. The attached agreement lays out the roles and expectations. In short, the developer is required to install all the public infrastructure for the development, including the sewer, water, stormwater facilities, streets and sidewalks. Council Member Voss made a motion for approval, Council Member Svenby seconded the motion, and all members present voted aye for approval.

Resolution 47-25 Loan Agreement and Mortgage - Mineral Springs Estates Addition - Mineral Springs Estates, LLC

Community Development Director Klecker presented Resolution 47-25 to approve a Loan Agreement and Mortgage with Mineral Springs Estates, LLC. City Council approved a policy allowing the City to assist with housing development. The city will provide financing to any developer at a rate of 2% above the City's bond rate for the "topping" of streets. This would include pavement, curb & gutter, sidewalks, driveway aprons and final landscaping as well as any other associated improvements. The developer would be required to begin repayment to the city when a lot is sold to an external buyer; the entire loan would be paid in full after five years. The loan amount is \$704,724.30, which includes a 5% contingency. The developer will

be reimbursed for the actual costs of the project when the items are completed. The developer will repay the loan at a per-lot cost plus interest upon any sale to an entity not associated with the developer. Council Member Dotson made a motion for approval, Council Member Burbank seconded the motion, and all members present voted aye for approval.

Resolution 48-25: CUP-22 Accessory Warehouse - 3510 Park Drive NW

Community Development Director Klecker requested approval of Resolution 48-25 approving CUP-22. This was a request received from John Schulte of Jones Haugh & Smith and Robert Seykora of Rocon Inc. on behalf of Larry Schultz of LSO Farms to construct an accessory warehouse at 3510 Park Drive NW. The accessory warehouse is proposed to be 11,520 square feet will be set west of their current facility to provide cold storage. The Planning Commission held a public hearing on this request during their meeting on August 26th and recommend approval. Council Member Dotson made a motion for approval, Council Member Burbank seconded the motion, and all members present voted aye for approval.

Resolution 49-25 Culligan Addition Preliminary & Final Plat

Community Development Director Klecker requested approval of Resolution 49-25 approving the Preliminary and Final Plat of the Culligan Addition. John Schulte V, Jones, Haugh, and Smith, on behalf of Culligan Ultrapure Real Estate Inc., a request for preliminary and final plat of Culligan Addition, a 1.08± acre tract of commercial land. The applicant is requesting the plan to combine their lots from multiple plats into one platted lot in order to construct an accessory building for storage. Council Member Svenby made a motion for approval, Council Member Burbank seconded the motion, and all members present voted aye for approval.

Resolution 50-25 Transfer Duties of the Local Board of Appeal and Equalization to Steele County

City Administrator Tuma presented Resolution 50-25 to adopt an Open Book Meetings Format for property assessment appeals and formally setting aside the Local Board of Appeal and Equalization by permanently transferring duties to Steele County. The Council could choose to adopt this assignment of duties for a fixed period of no less than three years. Doing so will then require additional formal action at that time to renew the assignment. Transfer duties can be reversed at any time using the same timeline provided for the initial transfer. This transfer of duties will eliminate the step of the city holding an annual Local Board of Appeal and Equalization Meeting and all other duties for property valuation remain the same done by Steele County. Council Member Burbank made a motion for approval, Council Member McCann seconded the motion, and all members present voted aye for approval. Council President Raney commented that Owatonna was the last city within Steele County to transfer these tasks to the county.

STAFF REPORT

Fire Chief Ed Hoffman commented that the estimate of the initial damage assessment for the windstorm on July 28, 2025, was \$200,000; however, damage was extensive, and Steele County submitted a report showing a total of \$920,000.00 damages. The City of Owatonna is \$736,050 of that amount. Waiting for response to our request submitted to the Governor's Office for 75% reimbursement of these costs. Tree debris hauled to the former Cemstone site, approximately 1,778 square yards, stacked 30' high will be chipped and hauled away.

There have been several staffing changes at the Fire Hall. Three new paid-on-call firefighters began in January are now completing their training. Mitch Terpstra, a previously paid-on-call firefighter, was recently promoted to a full-time Equipment Operator. Jacob Dashiell just began in the new position of Assistant Fire Chief.

PUBLIC COMMENTS

Richard Amott, 104 E University St requested assistance to resolve matter with the US Post Office. He received a notice advising his mailbox would be moved across the road. He would like the mailbox to remain on his side of the street to allow his children to get their mail.

Gary Jones, 995 Ridge Road distributed information displaying the progression of light meter readings taken last week in Mineral Springs Park. With dense tree cover in Mineral Springs Park, darkness progresses quickly after sunset and hours for the deer hunt be changed to sunrise to sunset and not half hour before sunrise or half hour after sunset as allowed by the DNR. The progression of darkness at the Leo Rudolph Matire Reserve is much slower with fewer trees.

MAYOR AND COUNCIL COMMENTS:

Council Member Dotson commented that school started today for some kids...keep a watch out for those going to and from school.

Council Vice President Voss thanked Community Development Director Klecker and Community Development Manager Kruschke for their work over the last three years for the items approved tonight,

Mayor Jessop echoed Council Member Dotson, school begins this week, watch out for kids walking to and from school.

City Administrator Tuma commented that today she received a thank you note from BridgeWater at Owatonna. There was a mechanical fire at the facility, and the residents and staff members appreciated the timely response by the Owatonna Fire Department. She reminded everyone of the Downtown Thursday Event this week and of the Park & Rec Department's Tree Giveaway & Planting event planned for this Friday. Properties located in an Environmental Justice area with the city are eligible to receive a tree, 33 reservations have been received.

Council President Raney commented that several years ago, Council received comment from Community Development that the city needed apartments. Now, we hear we need single-family housing, hopefully, items approved tonight are the first step for that.

At 7:51 p.m., Council Member Dotson made a motion for adjournment, Council Member Svenby seconded the motion, and all members present voted approval.

Respectfully submitted, Jeanette Clawson, Administrative Coordinator