

Owatonna City Council Minutes

Council President Schultz called the regular session of the Owatonna City Council to order on Tuesday, October 18, 2022, at 7:00 p.m. in Council Chambers at City Hall. Present were Council Members Burbank, Boeke, Raney, Voss, and Schultz; Mayor Kuntz; Community Development Director Klecker; Assistant City Engineer Murphy; City Attorney Walbran; City Administrator Busse, and Administrative Specialist Clawson. Council Members Dotson and Svenby were unable to attend.

Agenda

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting. Council Member Boeke made a motion to approve the agenda as presented, Council Member Voss seconded the motion, all members present voted aye for approval. Council President Schultz explained the process for the three public hearings planned during this meeting with consideration of a resolution after each hearing.

Public Hearing - Proposed Assessments – OPU Delinquent Accounts

Toni Van Esch, Supervisor of Customer Service at Owatonna Public Utilities (OPU) requested assessments against three properties with delinquent utility accounts. OPU's collection efforts have not resulted in payments and approved assessments would bring these utility accounts current. At 7:03 pm, the public hearing was opened for comments. With no comments heard, at 7:04 pm, Council Member Raney made a motion to close the public hearing, Council Member Boeke seconded the motion, all members present voted aye for approval.

Resolution 84-22 – Adopt Proposed Assessments – Delinquent OPU Accounts

Council Member Boeke made a motion to approve Resolution 84-22 to adopt three Proposed Assessments totaling \$8,049.95 with term of repayment for one year for balances less than \$1,000 and three years for accounts greater than \$1,000 at an annual interest rate of 3.0%. Council Member Svenby seconded the motion, all members present voted aye for approval.

Public Hearing – Outstanding Mowing and Nuisance Compliance Costs

City Administrator Busse presented the proposed Assessment Roll of properties owing for outstanding mowing and nuisance compliance costs totaling \$3,296.73 and recommended the \$207.01 proposed assessment on 1420 Cedar be forgiven; the property was sold since the date of service and the current owner should not be held responsible for this outstanding fee. At 7:06 pm, a public hearing was opened for comments.

David Currell, 3088 Northridge Lane commented he was not able to mow his property and the grass had gotten long during a brief period last summer. He is upset the mowing left his lawn butchered, he had to rake and bag the clippings and the cost of service is excessive at \$186.50. Council Member Raney asked if he contacted the contract provider. Council Member Burbank added he should have contacted a supervisor at Wolfe and Sons to review the mowing when this was done.

City Administrator Busse commented letters were received from two property owners for consideration during this hearing:

- 1) Elisabeth and Ryan Zimmerman, owners of 455 Fairview Street wrote this is a rental property and their property manager failed to properly maintain the property and did not timely forward the notice of non-compliance violation to them so request the \$75.00 Administrative Fee be removed from their proposed assessment.
- 2) Elaine Dornquast, 1017 Rose Street E wrote her grandson began mowing her yard but wasn't able to finish the task. She thought requested mowing service would be delayed if corrective action was in process and also upset the amount of her proposed assessment is \$185.00.

City Administrator Busse confirmed the process of compliance violation notifications and service requests were completed as required by state statute and city ordinances. With no additional comments at 7:14 pm, Council Member Raney made a motion to close the public hearing, Council Member Voss seconded the motion, all members present voted aye in approval.

Council Member Boeke asked if the properties with non-compliance issues were reported by neighboring properties. Council Member Raney commented the inspector does a good job and asked if inspection reports include pictures of the violations incurred. City Administrator confirmed yes, pictures are in file and many violations are reported by anonymous callers.

Resolution 85-22 – Adopt Proposed Assessments – Outstanding Mowing and Nuisance Compliance Costs

Council Member Burbank made a motion to approve Resolution 85-22 adopting the Proposed Assessments for outstanding mowing and nuisance compliance costs totaling \$2,889.72, the balance owed on 1420 N Cedar will be removed, assessments would be collected over one year with an annual interest rate of 3.0%. Council Member Boeke seconded the motion, all members voted aye in approval.

Public Hearing – Reaffirm Modification Dev District 3 and Establish TIF District 3-16

Community Development Director Klecker explained the notice of the public hearing held for Tax Increment Financing (TIF) District 3-16 on May 17, 2022, was not published by the Owatonna Peoples Press. Ed Tschida, Advance Resources for Development, the City's TIF Consultant, and Mark Walbran, City Attorney advised a new hearing to be held and then Council adopt a resolution to reaffirm their previous decision. This hearing was planned for October 4, 2022 but the request for notice publication was not timely processed. Publication for tonight's hearing on this matter has been confirmed as timely published on October 6, 2022.

At 7:18 pm, a public hearing was opened for public comment. With no comments heard, at 7:19 pm, Council Member Raney made a motion to close the public hearing, Council Member Burbank seconded the motion, all members present voted aye in approval.

Council Member Raney asked how publication of this hearing notice was missed two times. Klecker commented new staff at the newspaper office missed the timing requirement and fortunately the KAMP Automation project was not negatively impacted and time available to correct. Council President Schultz commented it is unfortunate this happened and fortunate that

time was available; usually the length of time allowed to complete these agreements is very tight, so it is especially important publication requests are timely processed.

Resolution 86-22 – Reaffirm Modification Dev District 3 and Establish TIF District 3-16

Council Member Boeke made a motion to approve Resolution 86-22 to reaffirm the modification of Development District 3 and to establish Tax Increment Finance (TIF) District 3-16 for the KAMP Automation project.

Proclamation – Red Ribbon Week

Mayor Kuntz proclaimed the week of October 23-31, 2022 as Red Ribbon Week. The 2022 Owatonna Red Ribbon Community Kick-Off Event will be held on Tuesday, October 25th from 5:00—6:30 pm at the Owatonna Middle School. Red Ribbon Week is a national campaign offering citizens the opportunity to demonstrate their commitment to drug-free lifestyles. The National 2022 Red Ribbon Week Campaign Theme, “Celebrate Life, Live Drug Free” promotes family and individual responsibilities for living health, drug-free lifestyles, without illegal drugs or the illegal use of drugs.

Consent Agenda

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 4, 2022

Building & Inspection Reports - September 2022

Exempt Permit - Turkey Bingo - Owatonna Fire Relief Association - November 12th
at the Eagles

Event Permit - Trunk or Treat at Trinity Lutheran Church - October 26, 2022

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

Finance Report

Council Member Raney recapped payments made more than \$20,000 for this period. Bills presented for payment total \$2,203,884.68. Council Member Burbank made a motion to approve payment of these bills, Council Member Voss seconded the motion, and all members present voted aye for approval.

Business Subsidy Agreement - KAMP Automation

Community Development Director Klecker requested the City enter into a business subsidy agreement with KAMP Automation directly due to how their project is structured. The property and real property improvements and therefore the development agreement are technically held by KAB Properties LLC. The City needs an agreement with KAMP Automation directly due to the job creation requirements; the ownership LLC will not be creating the jobs, nor be the entity responsible for the job creation. This agreement ties the project together with all of the legal entities involved so the outcome remains the same. Council Member Boeke made a motion to approve the Business Subsidy Agreement with KAMP Automation; Council Member Burbank seconded the motion; all members present voted aye in approval.

Resolution 87-22 Development Agreement - KAB Properties, LLC

Community Development Director Klecker requested approval of Resolution 87-22 approving the Development Agreement with KAB Properties, LLC. This LLC is the real property ownership LLC of the KAMP Automation project; the LLC will be the entity paying the property taxes and receiving the TIF benefits for this project. The agreement lays out the roles and responsibilities of all parties subject to the agreement. KAB Properties LLC will receive a maximum of \$1,362,891 over the 9-year period as part of the Pay as You Go TIF Note. The developer is responsible for constructing a roughly 43,000 square foot building and creating twenty new jobs with this project paying at least \$17.50/ hour in addition to relocating their twenty-five existing jobs to Owatonna. The developer will be purchasing approximately 4.45 acres from the EDA for \$155,073.60. This land purchase cost will be paid back to the EDA in an even distribution over the 9-year life of the TIF with 3.5% interest. The agreement will be amended to show all dates reflect the revised purchase agreement of a February 1, 2023 closing on the property. Council Member Raney made a motion to approve Resolution 87-22, Council Member Burbank seconded the motion, all members present voted aye in approval.

Obstruction Permit - Mohs Contracting at Vine Street & N Cedar Avenue

Assistant City Engineer Murphy presented request from Mohs Contracting to obtain an extended Obstruction Permit on the corner of Vine Street and Cedar Avenue North. They need this permit for a dumpster to remain in the City Right of Way during the project at the former Jerry's Supper Club Building. Permits for obstructions located within the City Right of Way are valid for 2 weeks upon issuance with a 2-week extension period, this project is anticipated to be done mid-April 2023. The proposed location of the obstruction has been identified as the least obstructive to pedestrian traffic and as the most direct route out of the building. Three parking spaces will be used along the south side of the building on Vine Street. The permit holder acknowledges that the area around the obstruction must be maintained, and that snow removal is their responsibility. An estimated fee of \$625 will be received; an initial fee of \$50 for the first two-week period and \$50 for each two-week period after until the obstruction has been removed. Council Member Voss made a motion to approve these license applications, Council Member Boeke seconded the motion, all members present voted aye in approval.

Staff Updates

Community Development Director Klecker commented the on-going service agreement with Langer Aviation at the airport was ended this month at request of Langer Aviation. For the first time ever, the city will provide all services offered at the airport. Two new part-time staff members, Rick Bothun and Jim Garbers, have been added to help provide these services. Jason Ringhofer began this week as a fulltime Building Inspector. We are in the process of hiring an Administrative Technician and we want to thank Sandy Rickerl for assisting in our office during this time of transition. Sandy retired a few years ago and we are fortunate she is helping until new staff members are placed.

Assistant City Engineer Murphy commented public works staff members continue working to close out the 2022 street improvement projects with follow-up on a punch list items.

Recalculation of the Proposed Assessments for the N Cedar Avenue Project will be mailed tomorrow. The Street & Utility Project is complete, they are currently paving on Lynn Avenue, the CIP Project is 75% complete and progress is being made on the WWTP Project. Staff is beginning design on several 2023 projects. Our Street Maintenance Manager, Scott Overland will be retiring at the end of the month, so we are in process of hiring for his position.

Public Comments

There were no comments heard.

Council/Administration Comments and General Information

Mayor Kuntz read a thank you note received from the City of Kissimmee FL; three OPU utility linemen traveled to Florida to assist with cleanup from Hurricane Ian. The Owatonna OPU crew members there for 7-10 days assisting restore power and services. The League of Minnesota Cities is offering an essay contest for 4,5,& 6th graders; information is available on the city's website about the "Mayor for a Day" Essay Contest.

Council Member Raney thanked the utility crew traveling to Florida to assist with the hurricane damage and then invited everyone to attend future Council Study Sessions to learn more about how city government works.

Council President Schultz commented it was cold during the ribbon cutting ceremony for the N Cedar Avenue Project last week and many missed this event; Mayor Kuntz cut the ribbon and this project is almost completely done.

Adjournment: At 7:40 p.m., Council Member Raney made a motion to adjourn, Council Member Boeke seconded the motion, all members present voted aye in approval.

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist