Owatonna City Council Minutes
January 6, 2026

On Tuesday, January 6, 2026 at 7:00 p.m., City Council President Raney called the regular session of Owatonna City Council to order in the Chambers of the Charles S. Crandall Center. Present were Council Members Voss, Svenby, Dotson, Burbank, Boeke, and Raney; Mayor Jessop; City Attorney Walbran; Community Development Director Klecker; Police Chief Mundale; Police Captain DuChene; Police Captain Sorenson; Human Resources Director Boss; Public Works Director Murphy; Communication Manager Sheely; IT Specialist Inz; Assistant; City Administrator Thamert; City Administrator Tuma; and Administrative Coordinator Clawson. Council Member McCann was unable to attend. House Representative Tom Sexton was also present.

Following roll call, Council Member Burbank led the Pledge of Allegiance. 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 TIF District 22-1 & Use of Tax Increment Financing - Ascend South

Community Development Director Klecker commented that staff has been working with Redline Development Group on the second phase of the riverfront redevelopment project, Ascend South. The developer has requested the use of tax increment financing to assist with the project. The project will include 21,107 square feet of commercial space and 57 apartments with underground parking. There are also a number of public improvements that will be completed with this project, including widening Vine Street, adding a trail connection between Oak Ave and the river, reconstructing what is now Walnut Avenue (to be renamed Ted G Ringhofer Lane) from Vine to Bridge, adding a sidewalk and more public parking along this street, replacing street lighting, burying overhead lines along the river, replacing a trail segment along the river and adding a public drinking fountain along the trail.

The length of the TIF district is up to 26 years. The total present-day value of the TIF going to the developer for this project is $2,726,000. Of this amount, $100,000 will come back to the City for purchase of the city property and over $880,000 in public improvements will be completed as part of the project. In addition to that, the city will also be collecting 5% of the TIF, or $288,016 over the life of the TIF district, to be reimbursed for administration costs. The interfund loan is for the $288,016 in administration costs and the $100,000 for the property because these are costs paid upfront by the City.

At 7:05 p.m., Council President opened the public hearing for comments on the establishment of Tax Increment Financing District 22-1 and the use of TIF increment financing for the Ascend South Project. With no comments heard, at 7:06 p.m., Council Member Svenby made a motion to close the public hearing, Council Member Dotson seconded the motion, all members present voted aye in approval.

Resolution 01-26: Establish TIF District 22-1, Use of Tax Increment Financing and Development Agreement - Ascend South

Community Development Director Klecker requested approval of Resolution 01-26 to establish TIF District 22-1 and allow use of TIF funds and a Development Agreement for the Ascend South Project. The TIF Agreement will delay tax collection, but the improvement will be made, and future taxes will be received. Council Member Voss made a motion for approval, Council Member Burbank seconded the motion, and all members voted aye in approval.

Resolution 02-26 - Sell Property - Oak Street N - Redline Development Group, LLC

Community Development Director Klecker commented that when TIF was requested for this project, staff insisted that many public improvements be included in this project. Improvements to the City parking lot next to Firestone were discussed as part of this project but when designs were drafted approximately half of the parking spaces were lost. The slope of the lot is too great to meet today's requirements for public parking spaces.

Conversations then moved to making this lot part of the project and maximizing the number of public parking spaces along Ted G Ringhofer Lane all the way to Bridge Street. This switch increases the size of the project and made the numbers work for all the public improvements. Since the City just added about 40 new public parking spaces in the Vine Street parking lot across the street from this project with a lighted crosswalk, staff felt it was a more efficient use of limited downtown space. The agreed upon price for the lot is $100,000. The city will collect $100,000 of the TIF dollars over the first 10 years of the district to get reimbursed for the cost of the lot. This payment plan is spelled out in the Development Agreement. Council Member Boeke made a motion to approve Resolution 02-29 authorizing sale of this property, Council Member Svenby seconded the motion, all members voted aye in approval.

2026 ORGANIZATIONAL MEETING

Change three 2026 Council Meeting Dates

City Administrator Tuma requested dates of three 2026 City Council Meetings be changed as they conflict with other events. Each of these meetings will be changed to Wednesday, the next day:

February 3rd, 2026 Precinct Caucuses, Council Meeting will change to February 4th
August 4th, 2026 National Night Out, Council Meeting will be held on August 5th
November 13th, 2026 General Election, Council Meeting will be held on November 4th

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

Council Member's 2026 Representation on City Boards/Commissions/Committees

City Administrator Busse commented that during the Study Session, Council Members discussed what boards, commissions and/or committees each represent. Assignments will be the same as last year with exception that Council Member McCann will replace Council Member Raney on the Dog Hearing Panel. 2026 assignments are:

Economic Development Authority (EDA) – Dave Burbank, Dan Boeke and Doug Voss
Housing & Redevelopment Authority (HRA) – Nate Dotson
Owatonna Area Business Development Center (The Center) - Brent Svenby and Dan Boeke

Joint Powers Board (911 Board) - Dave Burbank and Nate Dotson
Joint County/City Transportation Committee – Kevin Raney and Doug Voss
Joint City/OPU Committee – Dan Boeke and Nate Dotson
Joint City/Couty/School/OPU Task Force – Kevin Raney and Doug Voss
Dog Hearing Panel - Dan Boeke, Doug Voss, Don McCann and Brent Svenby
Executive Committee Kevin Raney, Doug Voss and Dan Boeke
Facilities Steering Committee – Dan Boeke, Doug Voss and Don McCann
Council Member Svenby made a motion for approval, Council Member Burbank seconded the motion, all members voted aye in approval.

Designate Newspaper for 2026 Official City Business

City Administrator Tuma commented Section 4.7 of the City Charter requires that each year during the first regular council meeting, "Council designates a newspaper of general circulation in the city as the official paper for the publication of all matters required by law". All public notices are to be published in a qualified newspaper that is likely to give notice in the affected area or to the persons to whom the notice is directed. The Owatonna Peoples Press provides local news coverage within the city and staff recommend they continue as the city's legal publication.

Council Member Boeke commented that there are two local papers, the Owatonna Peoples Press and the Steele County Times. The Steele County Times reaches more residents, and the Owatonna Peoples Press is published more times each week. City Administrator Tuma commented that she will review the selection process and provide information in the City Limits.

Resolution 03-26: Designate 2026 Depositories and Authorize Signatories

Assistant City Administrator Thamert commented that the Office of the State Auditor recommends that the City annually designate depositories for the upcoming year and formally appoint individuals authorized to disperse funds. Financial Institutions and/or brokers, designated as
depositories during 2026 are:

- Community Bank Owatonna
- Keen Bank
- Old National Bank
- Profinium, Inc.
- United Prairie
- US Bank
- Wells Fargo Bank
- West Bank
- Municipal Money Market Fund (LMC 4M Fund)
- RBC Wealth Management
- Stifel
- Wells Fargo Advisors

Orders or checks of the City of Owatonna drawn on said Financial Institutions in whatever form shall be signed by one of the following officers:

Matthew T. Jessop, Mayor, Jenna M. Tuma, City Administrator or Emily Thamert, Assistant City Administrator

These financial institutions are authorized and directed to honor and pay any orders or checks so drawn and signed as above set forth, whether or not such checks be payable to the order of one of the foregoing persons, either in his individual or in his official capacity, or deposited to his individual credit, whether or not such signatures are followed by the title or office of the person signing.

These financial institutions are authorized and directed to honor transfer of funds through wire, ACH, and electronic funds transfer from one of the above officers or from Sandra Bera, Accounting Specialist or Daniel Jean, Accounting Analyst in the Finance Department. The City Administrator or Assistant City Administrator are also authorized to approve any claims needing to be paid in between regularly scheduled council meetings providing these are all submitted for council approval at their next regularly scheduled meeting. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, all members present voted aye in approval.

Resolution 04-26: Designate 2026 Responsible Authority for Data Practices

City Administrator Tuma requested approval of Resolution 04-26 to designate the City's 2026 Responsible Authority to administer the requirements for government data with the City. Typically, the chief administrative official serves in this capacity. Council Member Dotson made a motion approving Resolution 04-26 reappointing City Administrator Tuma as the 2026 Responsible Authority for Data Practices. Council Member Dotson made a motion for approval, Council Member Svenby seconded the motion, all members present voted aye in approval.

Appoint 2026 Weed Inspector

City Administrator Tuma commented that the duties of the Weed Inspector have been fulfilled by Fire Chief, Ed Hoffman. This has worked well and offers a good point of contact for residents with concerns regarding weeds and nuisance vegetation. Council Member Burbank made a motion to approve reappointment of Chief Hoffman as the 2026 Weed Inspector, Council Member Voss seconded the motion, all members present voted aye for approval.

CONSENT AGENDA ITEMS

Minutes – Council Meeting – December 16, 2025
Airport Commission - December 18, 2025
Finance Report- Checks Over $20,000 are detailed out individually

Amount	Vendor - Description
$ 202,675.74	Bosch Automotive Service Solutions – TIF 3-14 Pay Go Note
23,670.72	Cemstone Concrete Material LLC – TIF 3-11 Pay Go Note
20,183.15	Central Farm Service - Trans 89 Super Unleaded Gas, Trans Non-Bio #1 Dyed Diesel & Def - Bulk
331,170.52	Costco Wholesale Corporation - TIF 3-12 Pay Go Note
82,371.15	Daikin Applied Americas Inc - TIF 3-13 Pay Go Note
48,291.74	Equity Growth - TIF 12-1 Pay Go Note

21,822.45	Fareway Stores Inc - TIF4-1 Pay Go Note
223,263.49	Festal Place, LLC - TIF 3-15 Pay Go Note
42,463.31	KAB Properties - TIF 3-16 Pay Go Note
82,575.85	Killmer Electric LS - Panel Replacement & MBR and STB Outdoor Horn Strobe
115,210.00	League of Mn Cities Ins Trust Workers' Compensation 4/1/2025-4/1/2026 Installment #4
27,793.13	Mound Owatonna LLC TIF 15-1 Pay Go Note
201,704.40	Near North Title Group Property Purchase - 228 Pearl St E
32,526.62	Owatonna Area Chamber of Commerce - October 2025 Lodging Tax
86,489.13	Owatonna Hospitality I, LLC TIF 10-2 Pay Go Note
27,584.79	Owatonna Pearl TIF 10-1 Pay Go Note
28,000.83	Pro-Pet LLC - TIF 3-10 Pay Go Note
893,919.19	Rice Lake Construction Group WWTP Expansion Project
22,609.32	South Pointe II LLC – TIF 8-2 Pay Go Note
32,045.97	South Pointe Owatonna - TIF 8-1 Pay Go Note
151,230.88	Southeast Service Cooperative December 2025 Medica Health Insurance
24,587.90	Steve James Excavating Inc - Catch Basin Repairs - Lincoln & 11th Ave, State & North, 16th St & 10th Ave SW, Repair Sanitary Sewer @ 525 E Main St, & Snow Hauling
26,779.36	Us Bank Purchasing Card Payment
338,136.53	Wencl Construction Inc - 2025 Street & Utility Project and Services at 315 Lemond Rd
20,289.24	Winter Services LLC Treated Salt - Rail & Delivery
256,024.74	Other Expenditures
$3,363,420.15	Subtotal
107,348.71	HRA Housing Assistance Payments
$3,470,768.86	Total Expenditures Presented for Approval

Event Permit - Memorial Day Parade - Early Edition Rotary - May 25, 2026
Exempt Permit - Owatonna Area Chamber of Commerce - Raffle - February 15, 2026
Renew Agreement for Economic Development - OACC & Tourism

The EDA has partnered with the Owatonna Area Chamber of Commerce and Tourism (OACCT) for economic development activities for many years. The agreement includes numerous economic development activities, including facilitating Owatonna Partners for Economic Development meetings. The agreement is for 3 years, 2026–2028, at $30,000 per year. This is the same agreement and amount as in previous years. The EDA approved renewing this agreement during their last meeting

Renew Main Street Program Agreement - OACC and Tourism

The EDA has partnered with the Owatonna Area Chamber of Commerce to fund the MainStreet Program. The program went to a full-time MainStreet Director 3 years ago, which has led to a more active program with many more events. At that time, the agreement was amended to its current form with the EDA participating $50,000 towards the program. This proposed agreement is the same as the previous agreement with no language changes and is a 3-year agreement, 2026-2028. The EDA approved renewing this agreement at its last meeting.

Renew EDA Loan Administration Agreement - Owatonna Area Business Development

The EDA has had an agreement with the OABDC for many years to administer the EDA loans. This includes the Tier 1 and Tier 2 loans as well as the EDA's Downtown Forgivable Loan Program. In return, the EDA contributes $20,000 to the OABDC Annual Budget. This agreement is for 3 years, 2026-2028, and is the same language and amount as in the previous agreement.

Legislative Services Agreement - Lockridge, Grindal & Nauen PLLP

In 2024, the City Council tasked staff with exploring what a Community Center could be in Owatonna, based on consistent public feedback expressing a desire for such a facility. To facilitate this, a Community Center Task Force was created in the summer of 2024, comprising individuals with diverse interests, backgrounds, and ages. This group focused on learning from other communities by touring several existing centers. They studied best practices and gathered valuable lessons. After their research, the team returned to assess what the Owatonna community would want in a center.

The final scope for the proposed community center was then validated through a scientific poll conducted by Morris and Leatherman. This poll confirmed the community's desire for a center, willingness to support it financially, and interest in utilizing Local Option Sales Tax, which residents would have the opportunity to vote on. To hold a vote on the local sales tax, the State Legislature must approve this request/bill. To explore and maximize this option, LGN will provide lobbying services for this project. Lockridge Grindal Nauen's government relations professionals have over three decades of experience representing 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. With significant experience representing and working with local governments, Ms. Lenczewski and Ms. Hassel work with communities of all sizes to position them for success at the Capitol. LGN has a sizable 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 a fee of $40,000, this cost was anticipated and included in the 2026 Budget.

Amend Payroll Consulting Project - Abdo Financial Services

An agreement to engage Abdo to complete a comprehensive assessment of all core finance processes was approved by City Council on July 15, 2025. The Abdo team consists of public finance experts with extensive years of service. The scope of these assessments will include process evaluations and identification of processing challenges and efficiency improvements. The project outcomes will include identification of best practice process improvements, training and documentation of those enhanced processes and expert support for the team.

Abdo is proposing to expand/modify the approved Payroll Consulting Agreement for additional in-person interviews needed and review of historical payroll reporting at a cost of $6,200.

Council Member Boeke made a motion to approve these Consent Agenda Items; Council Member Dotson seconded the motion. Council Member Svenby requested the fee for the lobbyist e conditional upon approval of Resolution 10-26, Use of Local Option Sales Tax to construct a community center. Council Member Voss commented the Finance Report is now a Consent Agenda Item so the Recap of expenditures over $20,000 will not be read during the City Council Meetings but is included with check disbursement details in the Council Meeting Packet. With no additional comments, all members present voted to approve these Consent Agenda Items.

Second Reading Proposed Ordinance 25-14 VACA-25-1 Vacate Portion of Walnut Ave, Vine St W, and a Public Alley

Community Development Director presented the second reading of Ordinance 25-14. A petition was received from Redline Development with request to vacate a portion of Walnut Avenue, a portion of an Alley, and a Portion of Vine Street W in order to redevelop this area and reconstruct a new street to be named Ringhofer Lane NW. Council approved the first reading of this proposed ordinance during their last meeting on December 16, 2025 and there have been no changes since.

Council Member Boeke made a motion for approval; Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Boeke, Burbank and Raney, no nays, Council Member McCann was absent, the motion carried. This will be known as Ordinance 1680 to be effective upon publication.

Second Reading Proposed Ordinance 25-15 VACA-25-2 Vacate Portion of a Blanket Sanitary Sewer Easement

Community Development Director presented the first reading of Ordinance 25-15. A petition was received from Redline Development to vacate a blanket sanitary sewer easement located on the property within STAMO Addition. There is no longer a need for this blanket easement as all of the sanitary sewer lines will be located within Ringhofer Lane NW right-of-way. No changes are proposed to the sanitary sewer mains with this project, and all will be located within public right-of-way. Council approved the first reading of this proposed ordinance during their last meeting on December 16, 2025 and there have been no changes since. Council Member Burbank made a motion for approval; Council Member Dotson seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Boeke, Burbank and Raney, no nays, Council Member McCann was absent, the motion carried. This will be known as Ordinance 1681 to be effective upon publication.

Resolution 05-26 Order Feasibility Report - 2026 Street & Utility Project

Public Works Director Murphy commented the proposed 2026 Street & Utility Project involves work on the following two streets:

- Cardinal Drive SE
- Ivy Street

The project involves various levels of reconstruction, including water, sanitary and storm sewer, curb and pavement replacement. The project will be paid for by a combination of assessments, sanitary sewer funds, stormwater funds, OPU funds and the general fund. Resolution 05-26 authorizes staff to prepare a Feasibility Report for the proposed 2026 Street & Utility Project. Council Member Voss made a motion for approval; Council Member Svenby seconded the motion, and all members present voted aye in approval.

Resolution 06-26: Order Feasibility Report - Broadway Reconstruction

Public Works Director Murphy commented the Broadway Reconstruction Project is listed on the 5-year and 50-year CIP. During the downtown tour, OPU showed the need to replace the gas equipment from the structures on Broadway Street, there are also several panel replacements needed so staff request a Feasibility Report be prepared for current consideration. The proposed work will be on Broadway Street West from Oak Avenue North to Park Square with various levels of reconstruction, including water, sanitary and storm sewer, curb and pavement replacement. The project will be paid for by a combination of assessments, sanitary sewer funds, stormwater funds, OPU funds and the general fund. The water main and storm sewer services were installed in the 1890's.

Council Member Voss commented that this infrastructure has worked well for 130+ years. Council Member Boeke asked if this project would be similar to the North Cedar Streetscape Project with full-service updates. Council Member Raney asked if the project should include the east end of West Park Square. Murphy commented that there has been some consideration to change this 1-way street connecting to Main Street during the county's Main Street Project. Council Member Raney asked if the infrastructure under Broadway Street farther east is newer than this street section to the west of Central Park. Director Murphy commented he is unsure of this full segment, some sections have been improved so staff will look to OPU to see how much of the water main they plan to replace during this project. Council Member Boeke asked if the improvement would be traffic friendly. Director Murphy commented alternative drive patterns are being reviewed with consideration including mid-block crossings and bump-outs. Council Member Boeke made a motion to approve Resolution 06-26 and order this Feasibility Report, Council Member Burbank seconded the motion, and all members present voted aye in approval.

Resolution 07-26: Declare Costs — 2025 Street & Utility Project

Public Works Director Murphy presented Resolution 07-26 declaring the costs of the 2025 Street and Utility Project. Linn Drive and Oakdale Street SW were reconstructed as part of this project which was subject to assessments. A Preliminary Assessment Hearing was held on February 18, 2025 and on April 15, 2025, the city entered into a contract with Wencl Construction, Inc to complete the project at a contracted cost of $1,809,858.40. The project is complete, and the final amount has been paid to the contractor.

The final cost of this project, including Change Orders, Quantity Changes, and the addition of Engineering and Administrative Costs was $2,187,378.69 and will be paid for with a combination of City Funds, OPU Reimbursements, and Special Assessments. City staff will prepare a Proposed Assessment Roll naming the affected property owners and the amount to be specially assessed to their property. The proposed assessment amount is $234,916.24. which is 10.7% of the total project.

Council Member Dotson commented the amount of money garnered as assessments is minimal compared to processing time and cost. We need to find a way to not process assessments within the improvement projects. Council Member Voss added there were several large parcels within this project, and the homeowners were concerned about the amount of their proposed assessment. Public Works Director Murphy commented we don’t get to interpret the assessment, we go by the city’s Assessment Policy. Council President Raney commented he agreed with Council Member Dotson, the last time the city’s cap on the per foot assessment rate was adjusted was in 2014, current rate is $52 per front footage of the parcel. We would have to increase the General Budget to cover the full amount of the improvement projects if no assessments were made. City Attorney Walbran commented that his office was contacted by one of the property owners living on Lynn Circle with an objection to the proposed assessment on their property, he has been working with staff on the assessment calculation. Council Member Burbank then made a motion to approve Resolution 07-26, Council Member Boeke seconded the motion, all members present voted aye for approval.

Resolution 08-26: Set Public Hearing Date — 2025 Street & Utility Project Proposed Assessments

Public Works Director Murphy requested approval of Resolution 08-26 to set date of a public hearing to consider comments on the proposed assessments of the 2025 Street & Utility Project. The proposed hearing date is Wednesday, February 4, 2026. This is the next step in the process of approving costs for assessments as outlined in the Special Assessment Guide based on Minnesota State Statute 429.061, Subd 1. Staff will mail notice to the affected properties and provide public notice as required by State Statute. The proposed assessment amount is $234,916.24. Council Member Dotson made a motion for approval, Council Member Svenby seconded the motion, all members present voted aye in approval.

Resolution 09-26: Final Plat - STAMO Addition

Community Development Director Klecker presented Resolution 09-26 City Administrator for approval of the Final Plat of the STAMS Addition. Since approval of the Preliminary Plat, there have been a couple of minor changes. The street name on the westerly street formerly known as Walnut Avenue has been changed to Ted G Ringhofer Lane NW. The address of the project has also been changed to 130 Oak Avenue North. The Planning Commission does recommend approval of the Final Plat as presented. Council Member Voss made a motion for approval, Council Member Svenby seconded the motion, all members present voted aye in approval.

<u>Resolution 10-26: Use of Local Sales Tax - Construct Community Center</u>

City Administrator Tuma requested approval of Resolution 10-26 authorizing request to the Minnesota Legislature for a local sales tax of 0.5 cent. If the Legislature approves and enacts the special law to authorize this local sales tax, the City will place a ballot question about the community center project on the General Election ballot for local voter approval. This process will take place within two years of receiving legislative approval.

Owatonna continues to develop as a regional destination, attracting people who want to visit, work and live in a growing community with amenities to serve its residents and visitors. Community members have expressed a strong desire for a new community center for several decades. The City has engaged residents and community partners in exploring options that reflect the community's needs and priorities. This project will yield benefits for residents and businesses in Owatonna and the surrounding region, meeting the current and future needs of this growing regional center.

The project's funding, generated by a local sales tax, will distribute the project's cost more broadly to the facility's users, including those who serve the region, such as non-City residents who visit, work, and shop in Owatonna. The community center is estimated to cost approximately $75 million to construct. Based on a 2025 analysis from the University of Minnesota Extension Center for Community Vitality of resident and non-resident sales tax contributions in 2022, a local sales tax of 0.5 cent would generate at least $1.99 million in new, incremental tax proceeds annually. Minn. Stat. §297A.99 authorizes the imposition of a general sales tax if permitted by special law of the Minnesota Legislature Minn. Stat. § 297A.99 requires the City to pass a resolution authorizing such a local sales tax and to obtain Legislative approval of a referendum for local voters before enacting the local tax. A scientific poll conducted by the Morris and Leatherman Company between November 17and 25, 2025, confirmed 75% interest in a community center and a strong desire for the use of a local sales tax to fund its construction. The next step in the process is to seek approval from the Minnesota Legislature to levy a 0.5 cent local sales tax to help fund a new community center.

This is just one step in a long process, nothing has been authorized to build. This will just submit request to state legislature for approval to place a question on the next election ballot for the public to vote on. If state legislature does not authorize this, we will submit a similar request next year. Tonight, there was an agreement on the Consent Agenda for a fee of $40,000 for a lobbyist, this fee was included in the current budget.

Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion. Council Member Voss commented there are a lot of steps required to get a question on a ballot for a public vote. Council Member Dotson commented that the state legislature holds tight on local sales taxes options, there haven't been any approved for several years. Council Member Svenby commented that if this were approved, Council will have to make some decisions on the term of the local sales tax, it could run for up to 25 years, how would the building be paid for and how would operating costs be covered. Council President Raney commented that there has been a three-year moratorium on legislation authorizing local option sales tax options. The moratorium will expire in June and we are not sure what current legislature plans to do, they don't meet until February and anticipate many cities might file new requests, so we have contracted lobbyist services. With no additional comments, all members voted aye for approval of Resolution 10-26.

Resolution 11-26: Purchase Property - 1352 South Cedar Avenue

Community Development Director Klecker presented Resolution 11-26 authorizing purchase of property at 1352 South Cedar Avenue. The City has been pursuing the realignment of Barney Street as part of a redevelopment project with the EDA. The plan is to realign Barney Street to connect with Barney Street west of Oak Avenue to Park Street east of Cedar Avenue. This is the second phase of redevelopment efforts to redevelop the old Hardees and Budget Mart properties west of Oak Avenue. The City previously purchased the former Marco building along South Oak Avenue. This proposed property purchase is for the Kreco Car Wash directly behind the Marco building along South Cedar Avenue. The owner of the property has signed a Purchase Agreement to sell the property to the City for $110,000. The Purchase Agreement allows the seller to remove equipment that had been installed since he purchased the building. If approved, the closing would happen before the end of February. The EDA recommends approval of this purchase, $110,000 will be paid from the EDA Land Fund which is intended for redevelopment projects. This fund is separate from the General Fund and does not impact the General Levy amount. Council Member Boeke made a motion to approve Resolution 11-26, Council Member Svenby seconded the motion. Council Member Boeke asked if purchased, will the city maintain as a car wash or will it be closed, Klecker confirmed this car wash would be shut down. Council President Randy commented this has been discussed many times over the years and will be nice to connect these segments of Barney Street. With no additional comments, all members present voted aye for approval.

Resolution 12-26: Accept MnDOT Grant Agreement - Update Airport Zoning Ordinance

Community Development Director Klecker requested approval of Resolution 12-26 authorizing the acceptance of the MnDOT Grant Agreement to update the Airport Zoning Ordinance. The Letter of Agreement with the airport consultant, SEH, Inc., to assist with this project was approved at the October 7th City Council meeting subject to receiving this MnDOT grant funding participation. The existing Airport Zoning Ordinance was approved in 1998. An updated Zoning Ordinance is needed to protect future development as shown on the approved Airport Layout Plan (ALP). This will allow the City to stay in compliance with MN State Statutes and remain eligible for State Funding.

The MnDOT Grant offer is $23,170 representing 70% of project costs. The anticipated local 30% cost is $9,930.00 which is below the amount included in the approved 2026 CIP. Council Member Burbank made a motion for approval, Council Member Svenby seconded the motion, all members present voted aye for approval.

Human Resources Director Boss recommended implementation of a best practice to align the effective date of wage changes to the City's payroll periods. In 2024, City Council approved 2025-

2027 compensation for Union and Non-Union employees, which included Jan 1 wage rate changes. To ensure payroll accuracy and administrative efficiency, the City recommends implementing these new wages at the beginning of a payroll period rather than mid-period. This approach was advised by Abdo as a best practice to reduce errors and maintain clarity for employees.

- Wages for 2026 will begin on December 28, 2025 (start of the payroll period).
- Wages for 2027 will begin on December 27, 2026 (start of the payroll period).
- This adjustment does not alter the negotiated wage amounts; it only specifies the effective date for implementation. This adjustment will increase overall wage expenditure by approximately $10,000.

Council Member Boeke made a motion to approve the alignment of the effective date of wage changes with the dates of the city's payroll periods for non-union employees, Council Member Svenby seconded the motion, all members present, voted aye in approval.

HR Director Boss advised separate resolutions are required with each labor union to authorize these contract changes to align the wage changes and payroll periods:

Resolution 13-26: MOU - MN Public Employees Association - Patrol Officers

Council Member Boeke made a motion to approved Resolution 13-26 approving the Memorandum of Understanding between the City of Owatonna and the Minnesota Public Employees Association – Police Officers. Council Member Burbank seconded the motion, all members present voted aye in approval.

Resolution 14-26: MOU - Minnesota Public Employees Association – Sergeants

Council Member Svenby made a motion to approve Resolution 14-26 approving the Memorandum of Understanding between the City of Owatonna and the Minnesota Public Employees Association – Sergeants. Council Member Dotson seconded the motion, all members present voted aye in approval.

Resolution 15-26: MOU - International Union of Operating Engineers, Local No. 70

Council Member Svenby made a motion to approve Resolution 15-26 approving the Memorandum of Understanding between the City of Owatonna and International Union of Operating Engineers, Local No. 70. Council Member Dotson seconded the motion, all members present voted aye in approval.

Resolution 16-26: MOU - International Assoc of Fire Fighters, Local Union No. 1920

Council Member Svenby made a motion to approve Resolution 16-26 approving the Memorandum of Understanding between the City of Owatonna and International Association of Fire Fighters, Local Union No. 1920. Council Member Dotson seconded the motion, all members present voted aye in approval.

Land Development Agreement - STAMO Addition

Community Development Klecker requested approval of the Land Development Agreement for the STAMO Addition with 130 Oak Avenue North, LLC. The Land Development Agreement lays out the roles and responsibilities of the developer and the City in completing the necessary public improvements for the project. This agreement requires the developer to construct all the public improvements, including streets, sidewalks, trails, and utilities. The developer is required to provide a 1% engineering fee, a subdivision bond, and a warranty bond at the time of substantial completion. The agreement requires the City to maintain the lower underground stormwater system in perpetuity. Since the system will take a small portion of private storm water for this development, the developer will be paying an annual fee of $1,500 in exchange for their portion of maintenance costs. This fee does not replace the Stormwater Utility Fee that will be included in their monthly utility bills. The upper system is all private and will be maintained by the developer. Council Member Boeke made a motion to approve this agreement, Council Member Dotson seconded the motion, and all members present voted aye in approval.

Amendment #1 & Mutual Agreement to Cancel Airport Commercial Use Hangar Land Leases

Community Development Director Klecker presented Amendment One to the Airport Commercial Use Land Lease Agreement with NavFleet Holdings and Fountain Aviation, LLC and the Mutual Agreement to Cancel the Airport Commercial Use Hangar Land Lease with John Klatt Airshows, Inc, and NavFlet Holdings, LLC. Accelerated Aviation has been operating a commercial flight school at the airport since February of 2020. In 2021, the company named NavFleet Holdings entered into a five-year Sublease with John Klatt Airshows (JKAI) for the use of the Hangar on airport Lot #27. A thirty-year Commercial Land Lease was then also entered into with NavFleet Holdings with an effective date of January 2, 2026.

In October of this year, the city, JKAI, and NavFleet amended the five-year Sublease to include commercial repair and maintenance of based and transient aircraft (Amendment One to Sublease). At this time the city, JKAI, NavFleet, and Fountain Aviation also amended the Sublease assigning the NavFleet Sublease to Fountain Aviation with the consent of the parties (Amendment Two to Sublease). This requires Fountain Aviation to comply with the terms of the Lease, Sublease, and Amendments. All three business entities (Accelerated, NavFleet, and Fountain) are controlled by the same owners.

The Sublease between and among the city, JKAI, NavFleet, and Fountain expires on January 2, 2026. Because the previously approved new thirty-year lease with NavFleet effective on January 2, 2026, was executed before the October 2025 amendments were entered into, this Amendment One to the new thirty-year Commercial Use Land Lease includes the terms allowing for the added commercial service of repair and maintenance of based and transient aircraft and adjusts the insurance requirements as required.

To accomplish this process, the following actions are required:

1. Approve Amendment One to Airport Commercial Use Hangar Land Lease – City, NavFleet Holdings, and Fountain Aviation
2. Approve Mutual Agreement to Cancel Airport Commercial Use Hangar Land Lease – This allows the parties (City, Klatt, NavFleet, and Fountain) to mutually agree that the original 2008 Lease with John Klatt Airshows (JKAI) is to be cancelled effective on January 2, 2026. The new thirty-year lease with NavFleet can then become effective on this date.

The City Attorney has reviewed and prepared the required documents. Amendment One does not change the agreed upon rent under the previously approved thirty- year agreement that is to take effect on January 2, 2026. The current annual Land Lease Rental Amount due is at $3,460. The annual rental rate per square foot thereafter is adjusted utilizing a CPI escalator calculation. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, all members present voted aye in approval.

Professional Service Agreements - Police and Fire Facilities – ICS

City Administrator Tuma requested approval of an amended ICS agreement for professional services which includes the design of two proposed facilities, one as a Police facility and another as a Fire facility. As well as the bidding process and construction oversight for both of these projects. Owatonna is growing, and the demand for public safety is increasing. As our community changes, our dedication to keeping the community safe remains strong. Owatonna’s police and fire department facilities have served our community well but are aging and no longer meet the needs of our first responders and the essential services they provide.

Over the past three years, the city has been reviewing and planning for its Police and Fire facilities. This process included conducting detailed assessments of existing facilities and touring public safety establishments in other cities, and evaluating various options regarding project scope and projected costs for investments in Police and Fire. The staff gave the Council updates over five study sessions during the process.

In April of 2024, the Facilities Steering Committee and City Council reviewed initial information on city-owned facilities' conditions (including Police and Fire facilities). It was recommended that a Police and Fire Task Force be assembled at that time to perform the following tasks:

- Further identify facility and programmatic deficiencies at the existing Fire and Police facilities
- Identify the scope of improvements (renovation or new) required to provide facilities that serve Owatonna's citizens now and in the future.

The city has evaluated several options to address the needs of the Police and Fire facilities. This includes renovating existing facilities, building new facilities for each department or creating a new shared facility for the police and fire departments.

In 2025, the Task Force visited more than six police and fire facilities in the metro area, gathering valuable lessons to design the best police and fire stations for Owatonna, ensuring that they will serve the community for many decades to come. Several locations were evaluated to determine the most suitable sites. Some were privately owned, while others were owned by the city. Ultimately, the decision resulted in two separate facilities to be built on city-owned properties: the Fire Station will remain in the downtown area to ensure optimal response times, and the Police Station will be located at the West Hills campus.

ICS and Rapp Strategies have been leading the city through this multi-year process. This agreement formalizes the decision to build separate fire and police facilities, in lieu of the original scope of a combined public safety center housing both the fire and police departments. This agreement adjusts and extends the current contract for design efforts (Schematic Design through Construction Documents) to include Bidding, Construction, and Commissioning of the new separate Police and Fire facilities. These agreements will bring us to the full completion of the projects.

Compensation:

Phase II — Design(Schematic Design SD) — Construction Documents (CD)

- $2,946,315 - Original contract amount - Program Management & Design (Dec2024)
- $1,353,425 - Additional Fees - Program Management & Design (Two (2) separate facilities (Police & Fire) SD-CD Phases

Phase III

- $238,850 — Bidding & Construction Administration
- $1,014,000 — Construction Management Fee
- $126,750 - Code required commissioning
- $2,737,900 — Construction site services and Reimbursables

Total Fees $8,417,240

These professional services are included in the overall project budget of $61 million to be covered by bonding. If these projects do not go further, no additional fees will be incurred other than those for services performed. Chris Ziemer, Project Development Director at ICS and other ICS representatives are in the audience to answer any questions. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members present voted aye in approval. Council President Raney comment that one resident constituent reached out to Council Members Voss, Boeke and himself with questions about these facilities and all council members did respond to the questions, and encouraged others to directly contact Council Member if they have questions about these proposed facilities.

<u>Master Service and Purchase Agreement (MSPA) - Law Enforcement Technology Package - Axon Enterprises</u>

Police Chief Mundale and Captains Duchene and Sorenson approached the dais to request requisition of the the Axon Enterprises Law Enforcement Technology Package through Minnesota Cooperative Purchasing. This is consistent with Chapter 20 of the City of Owatonna Policy and Procedures Manual and Minn. State Stat. §471.345, subd.15.

Owatonna Police Department (OPD) launched its first body-worn camera (BWC) program in December 2019. The current hardware and operating platform has marked deficiencies and reached its usable lifespan. OPD staff have field tested and is recommending Axon Enterprises as our next generation of recording systems (body, in-car, interview room, and headset), conductive energy weapons & cartridges (i.e. Tasers), Virtual Reality (VR) training simulator, enhanced video clarity, improved officer safety, work process efficiencies, unlimited CJIS compliant cloud storage (evidence.com), case management, Draft One - AI generated report writing technology and language interpretation through the BWC. This is a 5-year contract with an annual subscription fee of $204,384.44. Council Member Burbank made a motion for approval, Council Member Voss seconded the motion.

Council Member Dotson commented prompts in the dictation process could cause some artificial intelligence concerns, a few days ago, he saw a clip on the internet of an officer doing dictation with the Princes and the Frog playing in the background when the officer was turned into a frog. Council Member Burbank asked if they could view a tazer demonstration and suggested Council Member Voss participate in the demonstration. Council Member Burbank asked if there has been any privacy issues with sending information to the data cloud. Chief Mundale responded there has not been any issues, we own the information and protect the data. CEGIS is a secure cloud and Axon also have ELVIS clearance so this will not be an issue with this software usage. Council Member Burbank asked if cameras could be hidden within glasses, Chief Mundale commented camera options continue to become smaller and better concealed. There will be an extra camera attached to the SWAT team helmets.

Council President Raney commented he spoke with several officers with the City of Duluth during the LMC Summer Conference during June. They have used this software for approximately ten years, they did not claim this to be a good system but a great system. The Axon technology package will offer additional safety for our officers.

Chief Mundale commented cameras will be mounted to the officer's vests, current body cams have fallen off and officers have been pleased with what they have seen during equipment displays and testing. Staff is looking forward to using this new technology and appreciate your support. Council Member Boeke commented a technology has been talked about during several study sessions and we have to acknowledge that we need to provide safety for our staff. Chief Mundale commented the department's original request estimated the annual fee at $275,000 and this has been adjusted to $204,384.44 each year during the term of this five-year contract. This is more than 1% of the city's 2026 levy increase. Council President Raney commented that when tasked with reducing the proposed 2026 levy, this is one item that all council members agreed would be not removed, everyone wanted to provide this technology for our officers. With no additional comments, all members present voted aye for approval.

2026 Non-benefited Employee Pay Structure

Human Resources Director Boss requested approval of the Non-benefited Employee Pay Structure effective January 1, 2026. All seasonal temporary and non-benefited part-time position pay rates have again been compiled into one comprehensive document:

* Adult Program Official *: $19.00 - $24.50
*Coordinator: $19.50 - $24.50
*Guest Services: $13.00 - $15.00
*Guest Services Lead: $16.00 - $18.00
*Head Lifeguard: $16.50 - $18.50
*Intern: $16.00 - $24.00
*Library Page: $12.00 - $14.00
*Library Substitute: $18.00 - $20.00
*Lifeguard: $14.50 - $16.50
*Lifeguard Training Instructor: $19.50 - $24.50

*Park, Golf & Facilities Maintenance: $15.00 - $18.00
*Program Lead: $16.00 - $19.00
*Street Maintenance; $15.00 - $18.00
*Water Safety Instructor: $16.50 - $19.00
*Youth Program Official: $15.00 - $20.00
Fire
Paid on Call Firefighter - Trainee $14.11
Paid on Call Firefighter - Probationary $16.93
Paid on Call Firefighter $19.73
Paid on Call Resident Firefighter $23.35
*Weed/Nusiance Inspector: $16.00 - $24.00
Judges
Election Judge $13.00
Head Election Judge $14.00

Seasonal/Temporary Employee Wage Increase Procedures:

1) The starred (*)positions include a range of wage over steps. Staff will move up a step effective January 1 after every consecutive year/season of service in that role with the city until reaching the maximum rate for the position.
2) Youth Program Soccer Officials who provide proof of certification will receive an additional $3 per hour.

Pay Range

Council Member Dotson made a motion to approve this Non-Benefited Employee Pay Structure, Council Member Svenby seconded the motion, and all members present voted for approval.

Personnel Policy Revisions and Additions

Human Resources Director Boss requestion approval of four changes and one addition to the City's Personnel Policy Manual. Changes include:
Requesting revisions to the following sections:

- Chapter 3.4 – Pre-Employment Physical and Drug Examinations
  Revised to remove the requirement for pre-employment physicals for all positions. Physical examinations will now only be required for positions as determined necessary by the City.
- Chapter 5.3 – Breaks
  Updated break time provisions to align with the new requirements under Minnesota state law.
- Chapter 8.7 – Medical Leave of Absence Without Pay
  Clarified language regarding the storage of medical documentation.
- Chapter 20.4 – Petty Cash Policy and Procedures
  Updated the list of designated staff authorized to approve purchases of $5,000 or less.

The section to be added to the policy is:

- Chapter 8.8 – Minnesota Paid Leave
  Added a new policy to comply with Minnesota's recently enacted paid leave legislation

Council Member Dotson made a motion to approve these updates, Council Member Voss seconded the motion, all members present voted aye for approval.

PUBLIC COMMENTS

Sarah Sanchez, 211 Riverside Avenue, expressed a Happy New Year to everyone and then thanked the Council for all they do. I have heard from a few constituents/residents who saw additional payments to ICS for the safety buildings, $1.3 million, and they are not sure what the additional payment was for. Things get heated when decisions are made and it appears things might not be looked into. People want more transparency; they want to work together, to be a part of it so we can come together as a town. As we look toward another building, a community center, farther in the future, a lot more folks would welcome these types of projects if more businesses were able to put into these projects. Could local businesses contribute towards building these buildings, so it isn't all on the residents? We need to work in partnership with capitalism, so we don't have to raise more taxes. Let them do what they do, and work together so it isn't such a burden to residents and maybe that would also attract more residents to Owatonna.

Carl Wieman, 524 Glendale Street – I live on Glendale Street and just heard of a presentation put out several months, possibly a year ago that was not sent to anybody locally. Nobody living on Glendale Street knew about the proposed Police Station on the West Hills Campus. In that 81 presentation, it says the building for the police station will be over 23 million dollars. That doesn't include the land, so it is going to be expensive. The report also mentions the staff house, the house on the corner so is the city also going to buy that house? When you look at the area and all the sledding, they were out there today in the cold, it has been used a lot this year with all the snow. There are other places in town that I have mentioned before that I believe would be better locations. Behind the tennis center, it is a bigger area, it is flat and would be easier to access. Traffic leaving that area would be onto Florence which connects Bridge Street and will allow emergency vehicles to control the traffic lights. Often the entrance onto State Avenue is tough to do, there are stop signs which might be backed up with several cars. Just a few days another city owned location was brought to my attention, Leo Rudoph Park. That is over 60 acres, and a police station could be built just behind the dead-end street. Traffic from that site would also connect to Bridge Street at the traffic lights that they could control. I like the city to make improvements, but this is getting to be too much. On January 30th the city is promoting a cardboard sled race down the snow hill, will this be the last year for this activity?

Melissa Zimmerman, 2525 Stoney Creek Drive commented she wanted to put a few facts on the public record. To date, more than 200 written comments, that we are aware of, have been submitted to the East Side Corridor Environmental Assessment Worksheet, totaling approximately 1,500 pages of concerns and impacts. Based on the project's own data, 371 homes are impacted by traffic noise, with 82 homes substantially impacted. Of those, 57 homes are located in the North Country neighborhood, an area with a substantial population of residents with disabilities and significant medical conditions that are exacerbated by traffic noise. The impacts to residents were characterized as affecting only "a dozen or two dozen" people. For clarity, even the smallest documented figure, 57 homes, exceeds that characterization. However, the number itself is not the legal issue.

The project anticipates noise increases of up to 25 decibels. A 5-decibel increase alone impairs normal conversation. These impacts are not trivial. Under state and federal law, significant harms may not be imposed on a specific population, even a small one, for the benefit of others. These are known as disproportionate impacts and fall under Environmental Justice requirements.
This project places right-of-way of high-speed roadway as close as 17 feet from existing homes. That is not an abstract policy question, it is a daily safety and health issue for residents who already live there. I'm asking that these facts be acknowledged as part of the official record.

MAYOR AND COUNCIL COMMENTS:

Council Member Dotson said he wanted to make a comment in regard to a local option sales tax. He asked House Representative Sexton to push to remove the legislative approval requirement to allow a public vote on a local option sales tax. Then we wouldn't have to approve paying a lobbyist to persuade legislators to allow this question to go to a public vote. By removing that hurdle, the city would save money. The public has to approve use of a local option sales tax, the city has taxing authority unless the state decides we can't have it. Council President Raney and Council Member Burbank agreed with Council Member Dotson's statement.

Mayor Jessop thanked Captain Mundale for hosting a Recognition Ceremony during tonight's Study Session. Receiving Life Saving Awards were Officer Julia Hansen, Nurse Candace Roush, Officer Kyle Martin, and Officer Alan Callahan. A Traffic Safety-Hat Trick award was given to Sergeant Valerie Satr and Commendation awarded to Detective Travis Ardolf. The highlight of the ceremony was K-9 Officer Vegas was officially retired from service; he took his place front and center during this meeting. Following this Recognition Ceremony, a reception was held in the Owatonna Arts Center.

City Administrator Tuma expressed thanks thanked these officers and nurse for their services.

Council President Raney thanked staff and council for their condolences expressed following the recent death of his 93-year-old father-in-law, he impacted a lot of lives and will be missed.

At 8:28 p.m., Council Member Boeke made a motion to adjourn, Council Member Burbank seconded the motion, all members presented voted approval and the meeting was closed.

Respectfully submitted,

Jeanette Clawson, Administrative Coordinator