

Owatonna City Council Minutes

Council President Schultz called the regular session of the Owatonna City Council to order on Tuesday, November 1, 2022, at 7:00 p.m. in Council Chambers at City Hall. Present were Council Members Burbank, Boeke, Raney, Voss, Dotson, Svenby and Schultz; Mayor Kuntz; Assistant City Engineer Murphy; Fire Chief Hoffman; Park & Rec Director Tuma; City Attorney Walbran; City Administrator Busse, and Administrative Specialist Clawson.

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 Svenby seconded the motion, all members present voted aye for approval. Council President Schultz explained the process to hold a public hearing during this meeting followed with consideration of a resolution after the hearing. He advised as tonight's public hearing will be a continuation of the public hearing opened on October 4, 2022, for comments on the Proposed Assessments for the North Cedar Avenue Streetscape Project, he will recuse himself as he owns property within the project area. Council Vice-President Raney took over the meeting and asked City Administrator for comments on the project.

City Administrator Busse commented it has been a long-term goal of the City to revitalize the downtown area. The project has added amenities and better ADA access to the downtown area which will enhance downtown shopping and entertainment venues.

Interim Public Works Director Sean Murphy commented City staff and consultants reevaluated all proposed assessments and new notices were sent. The proposed assessments are for street and sidewalk improvements and not the additional amenities. Assessments are roughly 5% of the total project cost which was \$5.6 million. Staff is recommending costs for the additional water line be deferred until services are connected, there are 20 properties with proposed deferred assessments shown on the Assessment Roll.

Public Hearing - Proposed Assessments – North Cedar Avenue Project

At 7:05 p.m., the public hearing was reconvened for comments. Greg Olson, owner of a building in the 100 block of North Cedar Avenue commented that better communication was needed during the project. Property owners were told during initial meetings their maximum assessment would be \$52/foot and were not aware there would be additional costs for water improvements. There should be some accountability and now taxpayers are bearing the additional costs. If a business owner makes an agreement, that is what it should be.

Interim Public Works Director Sean Murphy explained the additional water service was not initially known and, as the project progressed, staff determined it would be best to plumb the additional water line needed for fire safety to each building so they will have opportunity to connect and not require disrupting the street surface. Staff recommends assessments for the additional water service be deferred until connected service. Many property owners advised their insurance company may now require they provide fire protection within their buildings; staff believes most will request service connection within the next few years.

Dan Kubista, owner of Wanger Lunch at 222 N Cedar Avenue commented he also has questions about the communication process and the deferral option for the additional water

services. Some plumbing was done privately and paid for which should have been included in the project cost.

Interim Public Works Director Sean Murphy commented staff will do everything they can to assist in requesting reimbursement.

Council Member Dotson commented he maintains property owners be billed the amounts shown on their Preliminary Assessment Notices. There was ample time for opportunity to explain what additional charges could be billed and this did not happen so no additional costs should be passed on to them. Council Member Voss commented the additional water service stubs were needed so the street won't be dug up every six months when property owners upgrade utilities in their buildings. Council Member Burbank commented he agrees with Council Member Dotson and wants to keep it simple. Council Member Svenby asked if costs of the vault expense incurred on two properties would also be given an option of deferment.

Interim Public Works Director Sean Murphy commented there were separate agreements made regarding the two vaults and these additional costs are included in their proposed assessments.

Council Member Boeke commented he thinks it was wise for the city to include the water line for fire suppression systems; however, the cost is now a lien on the properties and a current expense for all taxpayers.

Greg Olson commented he is upset this was done without consulting the property owners. He may need to increase his rent amount and wants some accountability for why this happened. Council Member Raney commented communications should have been better during the project construction period.

Resolution 81-22 – Adopt Proposed Assessments – North Cedar Avenue Project

Interim Public Works Director Sean Murphy presented Resolution 81-22 to adopt the proposed assessments. He commented the current Proposed Assessments are not higher than the Preliminary Assessment unless there is an agreement with the property owner. Council Member Voss made a motion for approval, Council Member Burbank seconded the motion. Council Member Boeke commented he would approve if every property owner agreed. Vice President Raney reminded everyone the public hearing is closed and conversation is now between Council Members. Council Member Boeke commented he will vote nay because he is uncertain of the communication of the Proposed Assessment amounts. Council Member Dotson also commented he will vote nay because he has lingering concerns that property owners have incurred costs which they were not aware of.

City Administrator introduced Becky Guenther, ISG Consultant who explained they contacted all property owners with an agreement what the cost would be to bring the water service to within five feet of their building. She explained the building owner owns the line from the water main to their building so cost of the line from the water main to their building is their cost. The connection cost was not known at the time of contact but was given to the property owners when known. If there was an existing fire service, they were not charged as the project did not include an upgrade of service.

With no additional comments, vote taken and approved with four ayes and two nay votes.

Resolution 89-22 – Authorize Deferred Assessments – North Cedar Avenue Project

Interim Public Works Director Sean Murphy presented Resolution 89-22 with recommendation Council defer assessment for the cost of the water service for fire suppression. Council Member Voss made a motion for approval and Council Member Burbank seconded the motion. Council Member Boeke commented he will vote nay; he thinks it was a good decision by the City to add the additional water line but does not agree with the process which will now affect all taxpayers. Vote was taken and approved with five aye and one nay vote cast.

Council President Schultz returned to his seat to direct the meeting.

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 18, 2022

- Minutes - Library Board Meeting - October 18, 2022

- Minutes - HRA Board Meeting - October 24, 2022

- Utility Disconnection Letter of Understanding at 2342 Haddonstone Lane with current property owners Glen and Betty Roethler

Council Member Dotson 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 Vice Chairman Raney recapped payments made more than \$20,000 for this period. Bills presented for payment total \$995,172.28. Council Member Svenby made a motion to approve payment of these bills, Council Member Voss seconded the motion. Council Member Boeke asked which project the \$13,000 payment to American Testing was for, Interim Public Works Director Sean Murphy advised this was for the WWTP Project. All members voted aye for approval.

Ordinance 22-12: Extend Franchise Agreement – Xcel Energy

City Administrator Busse requested approval of the first reading of Proposed Ordinance 22-12 to extend the Xcel Energy Franchise Agreement. The current agreement was previously extended to expire December 31, 2022. City Attorney Walbran advised additional time required to prepare a new franchise agreement. Extending the current agreement will allow continuation of franchise fees. Council Member Raney made a motion for approval, Council Member Dotson seconded the motion. With a roll call vote, voting aye were Dotson, Burbank, Boeke, Raney, Svenby, Voss and Schultz; the motion carried. The second reading of this proposed ordinance will be heard during the next Council Meeting on November 15, 2022.

Resolution 88-22 Appoint Election Judges – 2022 General Election

Administrative Specialist Clawson requested approval of Resolution 88-22 appointing judges to serve on Election Day for the 2022 General Election. This resolution also authorizes assignment

of Election Judge substitutes if needed. Anticipating a good voter turnout so each site staffed with seven to eight judges during the day. Council Member Svenby made a motion to approve Resolution 88-22, Council Member Boeke seconded the motion, all members voted aye in approval.

Change Order #1 – WWTP Facility Expansion Project

Interim Public Works Director Sean Murphy explained this is a price escalation change which was anticipated with the tactic used in the bidding process for this project. Jennifer Svenes, VP of Nero Engineering, the city's consultant for this project was present to explain that during the design of the WWTF Improvements and Expansion project, Nero and the City conducted a pre-selection process for the membrane bioreactors (MBR). This process entailed developing specifications and drawings for requesting proposals from MBR manufacturers. Suez was the selected membrane manufacturer based on the evaluation criteria scoring. The "price" evaluation was conducted by adjusting the submitted price to a future bid date of April 2022. Suez held their bid price for one year (until April 26, 2022) and thus their adjustment was zero in the proposed bid. Their price was adjusted based upon construction indexes to a future price in April 2022 and the actual bid opening occurred on April 21, 2022, with contracts executed on May 4, 2022. The purchase order was submitted to Suez from Rice Lake, when advised their 12-month price hold had been exceeded. The Suez agreement allowed for them to submit price adjustments if a purchase order had not been submitted within the year timeframe. Nero Engineering staff has scrutinized and reviewed the product cost in detail and found their request reasonable and fair, this is part of the \$12 million cost contingency anticipated when bids were received. They would have been preferred if Suez would have been upfront with the prenegotiated pricing prior to bid approval this April but find this isn't an unfair price increase. She added the change order should be corrected to the amount of \$252,500 to include a 1% bond markup for Rice Lake. Council Member Boeke commented he was disappointed with the timing of the cost adjustment and Council Member Raney agreed. Council Member Raney made a motion to approve this Change Order #1 for \$252,500, Council Member Burbank seconded the motion, all members voted aye in approval.

Extended Obstruction Permit - Mohs Contracting at Vine Street

Assistant City Engineer Murphy presented request from Mohs Contracting to obtain an Extended Obstruction Permit for a street closure to take place on Vine Street while roof demolition is completed on the old Jerry's Supper Club Building. The closure is anticipated to take place Monday through Friday during workday hours with the anticipated completion date being December 7th. Council Member Dotson made a motion for approval, Council Member Burbank, seconded the motion, all members voted aye for approval.

Limited Use Agreement – 111 Vine Street – Equity Growth Owatonna, LLC

Assistant City Engineer Murphy requested approval of a Limited Use Agreement for Equity Growth, Owatonna, LLC for use of a portion of City right-of-way at 111 Vine. This involves construction of a non-typical sidewalk forming a ramp, and a railing for protecting the elevated

sidewalk. Continuous access by the City-to-City right-of-way is required. Any modifications or improvements to the non-typical sidewalk must be approved in writing by the City and will be at the sole cost of Growth Equity Owatonna, LLC. Maintenance and repairs to the subject property will be completed by Growth Equity Owatonna, LLC throughout the duration of this agreement. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

Change Order #1 - 2022 Street & Utility Project

Assistant City Engineer Murphy requested approval Change Order #1 for the 2022 Street and Utility Project. The change Order #1 includes the addition of: 4" C900 PVC Watermain, 4" Gate Valve & Box, Removal of Steam Main, 12" PVC Storm Sewer and 2" Insulation. This change order will increase the contract amount by \$22,360.85, most of this project costs will be paid by Owatonna Public Utilities. Council Member Dotson made a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

Staff Updates

Jenna Tuma, Park and Rec Director commented staff has been active participating in community focused activities. Recent activities include distributing treats in Central Park during the Downtown Trick or Treat event on Saturday, organizing an Adaptive Halloween Dance, and hosting the final Brooktree Listening Session. Brooktree Golf Course will close this week on Thursday, the golf season was good and there have been several high school cross-country races held there this fall. Staff participated in the Prairie Burn on October 10th at the Leo Rudolph Nature Reserve, completed an overlay on Lemond Road, replaced deck boards on the bridge in Darts Park; closed 35 outdoor restrooms for the season and working with OPU to upgrade City Hall to LED lighting. Council Member Boeke commented it was good to see staff assist with painting the steeple at Fire Hall.

Fire Chief Hoffman commented staff is completing annual training for OSHA requirements and working to identify all rental properties for Code Enforcement compliance for property inspections as they establish a 4-year cycle for business properties. A letter will be sent to all business owners advising what to expect when an inspection is completed. He will be assisting Kristen Sailer, Steele County Emergency Manager present the Steele County Emergency Management Plan at an upcoming regional meeting. This is the second year of the four-year Emergency Management Plan approved last year which will be reviewed for comments.

Assistant City Engineer Murphy commented modification of the Rose/Grove Roundabout began yesterday and should be done within two weeks. The inner circle will be raised to deter drivers from driving through the roundabout. A letter was received from the Canadian Pacific Railroad on Friday confirming they have reverted to the original plan for the roundabout at Bixby Road and 18th St SE. The railroad proposed a design modification which required a change in location and would have add \$1.5 to \$2 million to this project, he thanked the county and school for their assistance in reverting the railroad to original plan.

Public Comments

Andrew Cowell, President at Profinium, 1080 W Frontage Rd thanked council for taking on the task of answering constituent's concerns. During the last 18 months, he has been working with architects and engineers to plan a new bank facility within Owatonna and was just recently advised a stormwater holding pond is required. Previously he had been told this was not a requirement and plans prepared; this change will add approximately \$90,000 to their project costs. Last week, he met with city staff and they have worked out an agreement; this is another example how communication between city staff and constituents need to be improved.

Mike Jensen, President at Tri-M Graphics, 625 E Main Street invited everyone to attend the annual Tri-M Graphics Holiday Open House on Saturday, November 12th from 9am to 3 pm. They will unveil their 2023 Calendar and host a Farmers Market in their parking lot. There be activities for kids and the also rented the JC Park Pavilion to offer horse and wagon rides.

City Administrator Busse read a letter received from Gary Jones and Judy Thon Jones in which they expressed safety concerns about the city's deer management in Manthey Park and Mineral Springs Park. They believe people are using the parks and adjacent homeowners are in potential danger and believe both parks are too small to support the archery per DNR Guidelines. They request both parks be removed from the city's deer management program.

Council/Administration Comments and General Information

Council Member Dotson said he was contacted with concerns regarding cross guards and speeding traffic near the elementary schools. He asked everyone to be mindful of students walking and attentive to crossing guards assisting the students.

Council Member Raney reminded everyone that next Tuesday, November 8th is Election Day for the 2022 General Election. He encouraged everyone to exercise their right and responsibility to vote for those you want to represent you.

Council Member Voss asked everyone to be careful when driving on Elm Avenue. The 4-way stop signs at the intersections of Elm/Pearl and Elm/Vine have been changed to 2-way stop signs so traffic not stopping on Elm. Also, Elm Avenue has extra traffic because of the traffic detour during the roundabout project at the Grove/Rose intersection during the next two weeks.

Council President Schultz thanked everyone for attending and encouraged everyone to participate in our Democracy and vote next Tuesday.

Adjournment: At 8:06 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