

PLEASE NOTE: At 5:30 p.m. Council will meet with Jared Hendricks, Marketing/Energy Conservation Officer at Owatonna Public Utilities in a Study Session in Council Chambers, City Hall at 540 West Hills Circle with the topic of discussion, Solar Primer. If time allows, there will be a general discussion on sales tax.



OWATONNA CITY COUNCIL MEETING

Tuesday, January 17, 2023 at 7:00 PM

Council Chambers, City Hall at 540 West Hills Circle

**Roll Call: Council Members Raney, Svenby, Voss,
Dotson, Burbank, Boeke & Schultz**

1. INTRODUCTORY ACTIONS: Call to Order; Roll Call and Pledge of Allegiance

1.1. Council Agenda

1.2. Public Hearing - Establish Development District 19 and TIF District 19-1

1.2.1. Resolution 6-23: Establish Development District No. 19

1.2.2. Resolution 7-23: Establish TIF 19-1

1.2.3. Resolution 8-23: Authorize Interfund Loan - TIF 19-1

1.3. Public Hearing - Amend Proposed Assessment Roll - 2018 Downtown Parking Lot and Alley Project

1.3.1. Resolution 9-23: Amend Proposed Assessment Roll - 2018 Downtown Parking Lot and Alley Project

1.4. Public Hearing - Proposed Assessment - Delinquent OPU Accounts

1.4.1. Resolution 10-23: Adopt Assessments - OPU Delinquent Accounts

1.5. Mayor Kuntz

2. CONSENT AGENDA ITEMS

2.1. Minutes – Council Meeting – January 3, 2023

2.2. Board/Commission Minutes

2.2.1. Planning Commission Minutes - December 13, 2022

2.2.2. Library Board Meeting - December 20, 2022

2.2.3. Human Rights Commission Meeting - December 13, 2022

2.2.4. EDA Minutes - December 14, 2022

2.3. Department Reports:

2.3.1. Fire - Monthly Dashboard and Activity Report - December 2022

2.3.2. Monthly Building Inspection Reports - December 2022

2.3.3. Police Monthly Activity Reports - October, November and December 2022

2.3.4. Police - 4th Quarter 2022 Service Analysis Report

2.4. Licenses/Permits

2.4.1. Event Permit - Bob Fest - Saturday, February 18, 2023 - Foremost Brewing Cooperative

2.5. Miscellaneous

2.5.1. T-Hangar Lease Agreements: Adam Ailabounia and Chris Plasek

2.5.2. Restatement - Cafeteria Plan Document

3. ACTION ITEMS

3.1. Finance Report

3.2. Ordinances

3.2.1. Second/Final Reading Proposed Ordinance 23-01: Electric Franchise Agreement - Northern States Power

3.2.2. Second/Final Reading Proposed Ordinance 23-02: Electric Franchise Fees - Northern States Power

3.2.3. First Reading Proposed Ordinance 23-03: Establish Chapter 121 - Sale of Cannabinoid Products

3.2.4. First Reading Proposed Ordinance 23-04: Amend Chapter 35, Fees & Charges for Sale of Cannabinoid Products

3.3. Resolutions:

3.3.1. Resolution 11-23: Accept Land Transfer - 6' Strip in 300 Block N Cedar Avenue

3.3.2. Resolution 12-23: Conditional Use Permit-3 Jersey Mike's Drive Thru

3.3.3. Resolution 13-23: Minnesota Public Facilities Authority (PFA) \$35,000,000 Note Agreement - WWTP Project

3.3.4. Resolution 14-23: Approve Agency Agreement with MnDOT for Federal Participation in Construction

3.3.5. Res 15-23: Approve Report & Set Public Hearing Date - 2023 Havana Road Project

3.4. Miscellaneous

3.4.1. WWTP Facility Expansion Change Order #2

3.4.2. Purchase 2023 Elgin Pelican Street Sweeper

3.4.3. Kaplan's Trail Connection Construction Contract with P&R Construction

4. STAFF REPORTS

5. PUBLIC COMMENTS: (Please limit comments - 2 minutes and items not on the agenda.)

6. COUNCIL COMMENT AND GENERAL INFORMATION

7. ADJOURN



Community Development Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Troy Klecker, Director
SUBJECT: Public Hearing - Establish Development District 19 and TIF District 19-1

Purpose:

City Council to hold public hearing and adopt resolution approving Development District No. 19 and Tax Increment District 19-1 and the use of tax increment financing for property north of West Vine Street and west of North Oak Avenue. There is also a resolution approving an interfund loan for the project.

Background:

Redline Development is proposing to redevelop property along the Straight River north of West Vine Street and west of North Oak Avenue. The proposed project includes the expansion of Mineral Springs Brewery, 20,000 square feet of commercial space, a new bank building and 70 luxury apartments. Tax Increment Financing is being requested to assist with the costs of the project including reimbursing the City for property that is being contributed to the project. This would be a redevelopment TIF district which can last up to a maximum of 25 years. The total TIF amount is \$7,065,451 for this project with a present day value of \$3,267,514.

Budget Impact:

The City will be reimbursed \$500,000 through tax increment financing for property the City is contributing to the redevelopment project.

Staff Recommendation:

Staff recommends approval of these 3 resolutions approving the development district, approving TIF for this project and approving an interfund loan for the project.

Attachments:

1. 2023-01-17 PH Notice DD 19 & TIF 19-1 - Riverfront Project
2. DD Plan 19 - 12.19.22 draft
3. TIF Plan 19-1 - 12.19.22 draft

**NOTICE OF PUBLIC HEARING ON
DEVELOPMENT DISTRICT NO. 19
AND
TAX INCREMENT FINANCING DISTRICT NO. 19-1**

TO WHOM IT MAY CONCERN:

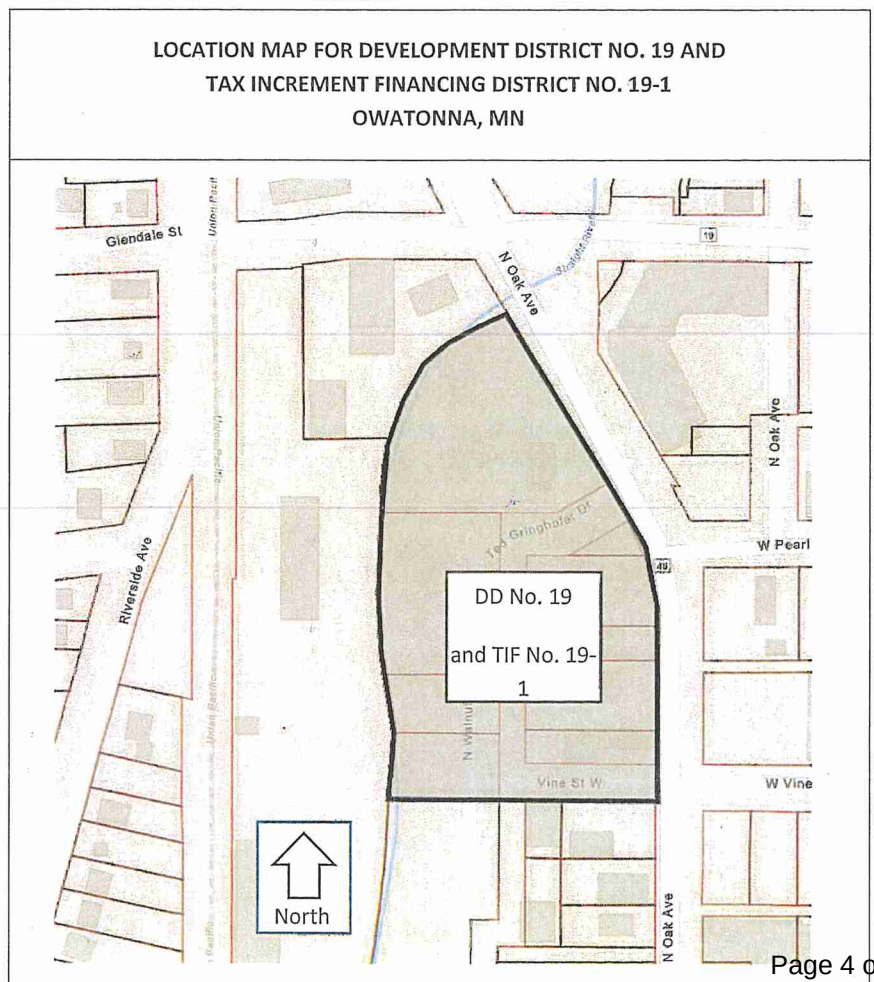
Notice is hereby given that the City Council of the City of Owatonna, Minnesota, will meet in the City Council Chamber at 540 West Hills Circle, Owatonna, Minnesota, at 7:00 p.m. on Tuesday, January 17, 2023, to consider adoption of a Development District Plan and Tax Increment Financing District Plan pursuant to Minnesota Statutes, Chapter 469.

A map showing the location of the proposed Development District and Tax Increment Financing District accompanies this notice. Such persons as desire to be heard with reference to the proposed development district and tax increment financing district plans will be heard at this meeting. Copies of the proposed plans are on file in the office of the City Clerk and available for public examination. Written or oral statements will be considered.

Dated: This 6th day of December 2022.

BY ORDER OF THE OWATONNA CITY COUNCIL

By: Kris M Busse
Kris M. Busse, City Administrator/City Clerk



**DEVELOPMENT DISTRICT NO. 19
(Straight River Redevelopment Project)**

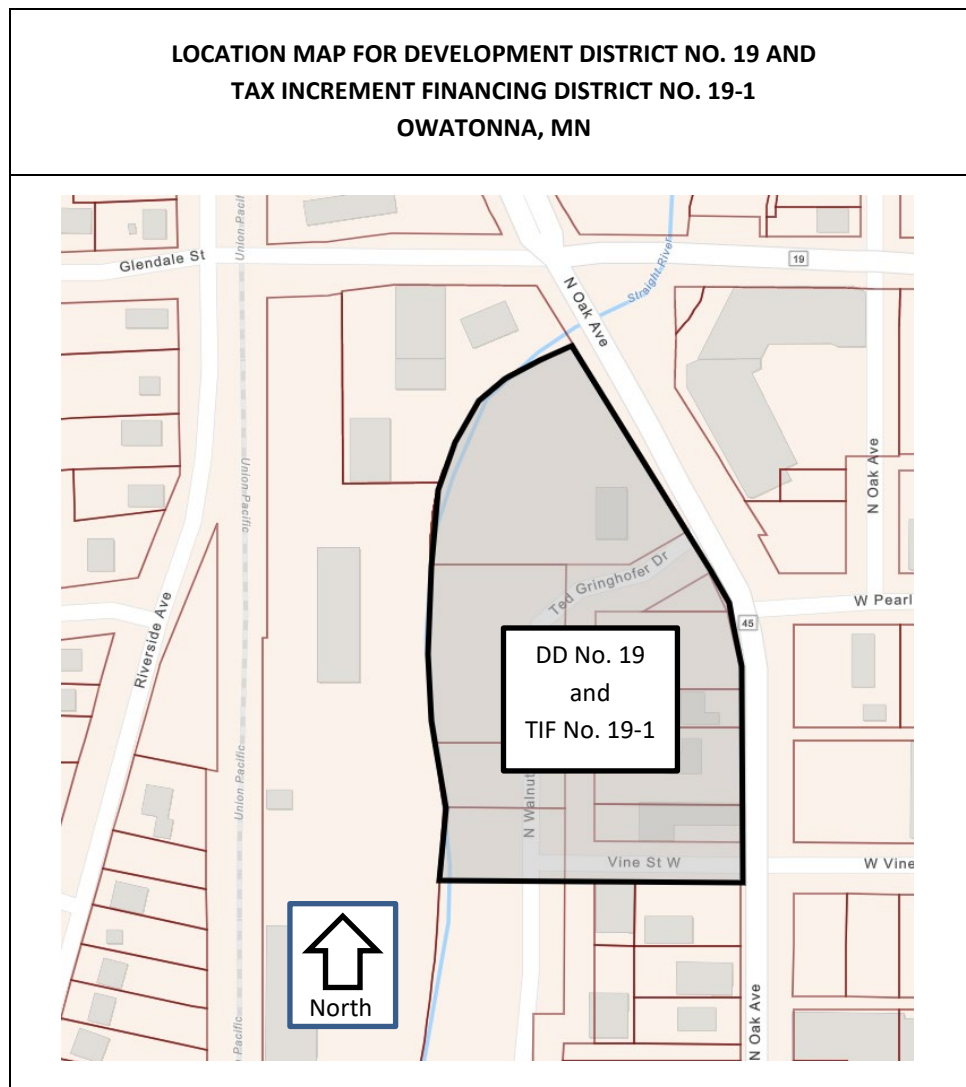
Adopted: January 17, 2023



INTRODUCTION

BACKGROUND

The City of Owatonna proposes creating a development district and a tax increment financing district, which enables redevelopment of private and public property located at 202 and 208 Vine Street W, 216 and 224 Oak Avenue N, 221 Walnut N, and 320 Hoffman Drive, along with adjacent publicly owned parcels that don't have an assigned address but are identified as 17-203-0003, 17-203-0002, and a portion of 17-203-0001 as a mixed-use building containing both commercial and residential uses, and a second stand-alone commercial building. The City will provide financial assistance to the developer to finance eligible redevelopment costs. The location of Development District No. 19 and Tax Increment Financing District No. 19-1 appear below.



DEFINITIONS

The following capitalized terms used and not otherwise defined herein shall have the following meanings:

“City” means the City of Owatonna, a political subdivision of the State of Minnesota.

“Development” means the parcel of property upon which identified activities will occur as described in this Plan.

“Development District” means an area within the corporate limits of the City, which has been so designated and separately numbered by the governing body.

“Development Program” means the statement of objectives of the City for improvement of Development District No. 19 which contains a statement as to the public facilities to be constructed within the District, the open space to be created, the environmental controls to be applied, the proposed reuse of private property, and the proposed operations of the District after the capital improvements within the District have been completed.

“Plan” means the Owatonna Development District No. 19 Plan prepared pursuant to the provisions of Minnesota Statutes, Chapter 469, which provides an outline for the development or redevelopment of the area and is sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses; and (2) to indicate general land uses and general standards of development.

“Tax Increment Financing District No. 19-1” means a contiguous geographic area within Development District No. 19 delineated in the tax increment financing plan, as provided by Minnesota Statutes, Section 469.175, Subdivision 1, for the purpose of financing redevelopment in the City through the use of tax increment generated from the captured net tax capacity in the tax increment financing district.

PURPOSE OF DEVELOPMENT DISTRICT

Development District No. 19 is established pursuant to Minnesota Statutes, Sections, 469.124 to 469.133, in order to give the City authority to carry out activities that promote and maintain the health, safety and welfare of the citizens and enable commercial redevelopment of private property, thus preserving and enhancing the local tax base.

Establishment of Development District No. 19 provides the City the opportunity to finance Development District improvements by means of tax increment financing, assessments or other financing sources. Prior to commitment of any City financial assistance for Development District activities, the City will require evidence of the need, as well, as a sound financial plan showing economic feasibility.

SUMMARY

Adoption of this Plan improves the quality of life in the community by redeveloping substandard, unused property, enhancing the local tax base and providing additional employment opportunities.

DEVELOPMENT DISTRICT NO. 19: DEVELOPMENT PROGRAM

BASIS FOR PROPOSING PROJECT

Owatonna's planning process has identified needs and opportunities within the Development District for property redevelopment. Establishment of the Development District meets community needs that have been identified through a detailed planning process including recommendations of City staff, City Planning Commission and Economic Development Authority.

PROJECT ELIGIBILITY

The Development District Act, Minnesota Statutes, Section 469.124 to 469.133, requires that areas proposed for development district designation must be found to be located in areas of the community that are “already built up”. For the following reasons, the proposed Development District qualifies:

1. The vicinity of the Development District is urban. Existing land uses in the vicinity include, office/service and commercial properties. Zoning in the vicinity corresponds to the land use pattern.
2. City sanitary sewer, storm sewer and water lines service the Development District.
3. Existing City streets service the Development District.
4. The City's comprehensive plan designates the Development District appropriate for commercial development, including mix-use with residential.

CITY POWERS WITHIN THE DEVELOPMENT DISTRICT

Within the Development District, the City may:

1. Adopt a Development Program consistent with which the City may acquire, construct, reconstruct, improve, alter, extend, operate, maintain, or promote developments aimed at improving the physical facilities, quality of life, and quality of transportation.
2. Acquire land or easements through negotiation or through powers of eminent domain.
3. Acquire property for the Development District.
4. Negotiate the sale or lease of property for private development if the development is consistent with the Development Program for this Development District.

Activities proposed within this Development District will assist property redevelopment; thus, accomplishing the goals of removing substandard and vacant buildings, creating employment, enhancing the tax base of the municipality and improving the general economy of the area.

DEVELOPMENT DISTRICT BOUNDARY

The map on page 1 outlines the boundaries of Development District No. 19. The Development District encompasses publicly and privately owned property located at 202 and 208 Vine Street W, 216 and 224 Oak Avenue N, 221 Walnut N, and 320 Hoffman Drive, along with adjacent publicly owned parcels that don't have an assigned address but are identified as 17-203-0003, 17-203-0002, and a portion of 17-203-0001. The also includes a portion of street right-of-way that will be vacated as part of the project.

DEVELOPMENT PROPOSAL

The Development District is established to assist private development in its efforts to redevelop private and public property with a mixed-use building containing both commercial and residential uses and a commercial building. A combination of public and private financing consisting of pay-as-you-go tax increment financing assistance, lender financing and developer equity will fund property redevelopment. The project encompasses ten (10) parcels totaling approximately 174,121 square feet and right of way for a portion of Walnut Avenue North and Ted Ringhoffer Dr. W that is approximately 21,476 square feet. The development site consists of ten parcels that are zoned B-3 Central Business District, which permits commercial and residential uses, and the aforementioned street right of way. Tax increment generated by property redevelopment may be used to finance the cost of correcting conditions that allow designation of a redevelopment tax increment financing district under Minnesota Statutes, Section 469.174 and the allocated administrative expenses of the City. Financing of specific activities using tax increment revenues will occur following project review and City approval.

DEVELOPMENT DISTRICT OBJECTIVES

The City determines that it is necessary, desirable and in the public interest to establish, designate, redevelop and administer the Development District in the City pursuant to the provisions of Minnesota Statutes, Sections 469.124 to 469.133. The undertaking of development activities and the construction of certain public and private improvements in the Development District is unlikely without public involvement; therefore public participation is necessary to the development of the Development District. The City further determines that the entire cost of a Development District, including administrative expenses of the City may be undertaken through tax increment financing, as well as, other appropriate sources. Any public or private activity when funded by the City shall demonstrate the need for such financing and how said financing is going to be repaid if it is a loan. In the case of a grant or tax increment financing, the benefits to the community, such as provision of affordable housing, increased tax base or removal of blighting conditions, shall be demonstrated.

The City seeks to achieve the following objectives through this Plan:

1. Promote and secure the prompt development of property in the Development District in a manner consistent with the City's zoning ordinance, with the City's planning commission, and with minimal adverse impact on the environment.

2. Promote and secure redevelopment of vacant and/or substandard properties within the City; thereby, creating economic opportunities and job growth, improving living standards and protecting the health, safety and welfare of community residents.
3. Secure the increase of property subject to taxation by the City, Independent School District No. 761, Steele County and any other taxing jurisdictions to enable better these entities to pay for required public improvements and governmental services and programs.
4. Provide funds for the payment of the public development cost of the Development District.
5. Provide maximum opportunity, consistent with the needs of the City for development by private enterprise.
6. Establish an orderly transition between the Development District and surrounding areas.
7. Create effective buffers, screens, and/or transitions between residential and non-residential uses to minimize the potential blighting effects of divergent land uses.
8. Achieve a high level of design and landscaping quality to enhance the physical environment.

PROJECT ACTIVITIES

The City envisions the development of the Development District in accordance with the Comprehensive Plan for the City, the zoning and subdivision ordinances, this Plan and such development proposals as may be submitted, provided individual proposals conform to the above plans and regulations.

Minnesota Statutes, Section 469.124 to 469.133, authorizes the City a broad array of powers to undertake a Development District. The City will perform all Development District activities pursuant to the statute and in doing so anticipates that the following activities may be undertaken:

1. Acquisition. The City may acquire property for the development of public projects or public improvements. The City may acquire property for the development of private projects. Land acquisition will be completed within the requirements of the Uniform Acquisition and Relocation Act.
2. Site preparation. Properties acquired by the City may be prepared for development, which may include street, curb, gutter, bituminous, flood prevention improvements, subsoil correction, and the establishment of greenways, walkways, and common access corridors.
3. Incentives for private development. The City may provide financial incentives for the development and/or expansion of developments.

4. Public improvements. The City may construct public facilities such as streets, traffic signals, sanitary sewer, storm drainage improvements, including the separation of storm and sanitary sewers, waterlines, parking and such other facilities, as it deems necessary and desirable for the implementation of the Development District.
5. Maintenance. Maintenance of improvements undertaken by the City may include the improvement of public lighting, streetscaping, parking, signs, traffic control devices, and pedestrian improvements.

CONFORMANCE WITH PLAN FOR THE CITY

The City believes that the establishment and implementation of Development District No. 19 meets the intent of City plans, policies and ordinances by maintaining the quality of existing development, and improving the quality of life through orderly planned improvements. Financing for development activities may be made available through tax increment revenues generated within Tax Increment District No. 19-1. The proposed activities and expenditures of funds conform to allowable activities delineated and approved for the tax increment district.

PROCEDURE FOR MAKING MODIFICATIONS IN AN APPROVED DEVELOPMENT DISTRICT

The Development District Plan may be modified, and adopted by the governing body of the City of Owatonna, Minnesota, pursuant to the applicable provisions of Minnesota Statutes, Sections 469.124 to 469.133, inclusive.

OPEN SPACE TO BE CREATED

The Development District activities in the Development District will not result in the creation of open space.

PROPOSED REUSE OF PROPERTY

Currently, property within the Development District is publicly and privately owned. Following approval of this Plan and related development documents, the property will be transferred to private ownership and redeveloped with a mixed-use building (commercial and residential) and a separate commercial building.

ENVIRONMENTAL CONTROLS

The environmental controls applied in connection with the execution of this Development Program shall consist of the applicable ordinances of the City and the applicable provisions of Minnesota Statutes.

MAINTENANCE AND OPERATION OF PUBLIC IMPROVEMENTS AND ADMINISTRATION OF THE DEVELOPMENT DISTRICT

Upon completion of the Development District's activities, the public improvements shall be owned and maintained by the City.

Pursuant to Minnesota Statutes, Section 469.131, the City designates the City Administrator to administer the ongoing activities of the Development District.

REQUIRED DOCUMENTS

The City will review developers' proposals to determine conformance with this Plan and applicable rules, regulations laws, and ordinances. To facilitate this effort, the following documents shall be submitted for approval: site plan, construction, mechanical and electrical system drawings, landscaping plan, grading and storm drainage plans, utility network and site correction plans, lighting system plan, signage system plan, and any other drawings or narrative deemed necessary by the developer and/or City to demonstrate the conformance of the development with the design standards.

DEVELOPER'S OBLIGATIONS

Development of properties in the Development District will use the following general guidelines:

1. Development of the Development District in accordance with this Plan.
2. Commencement and completion of the buildings and improvements in the Development District within a reasonable period as determined by the City.
3. Not to discriminate based on race, color, sex, creed, or national origin on the lease or occupancy of the Development.
4. All public and private utility services such as water, sewer, gas, electric, and telephone, serving parcels of land under this Plan shall be placed underground except where physical conditions would prohibit such placement of utilities.

PROJECT FINANCING

Assisting a project the size and scope of the Development may require the City to use of tax increment financing. Minnesota Statutes, Chapter 469, authorizes tax increment financing for development activities when a project created pursuant to Chapter 469 exists. Development District financing will be important to the overall Development District success. It is the City's intent to use tax increment financing to leverage private investment thus improving the likelihood that the Development is undertaken and subsequently operated in a successful manner.

**TAX INCREMENT FINANCING DISTRICT NO. 19-1
(Straight River Redevelopment Project)**

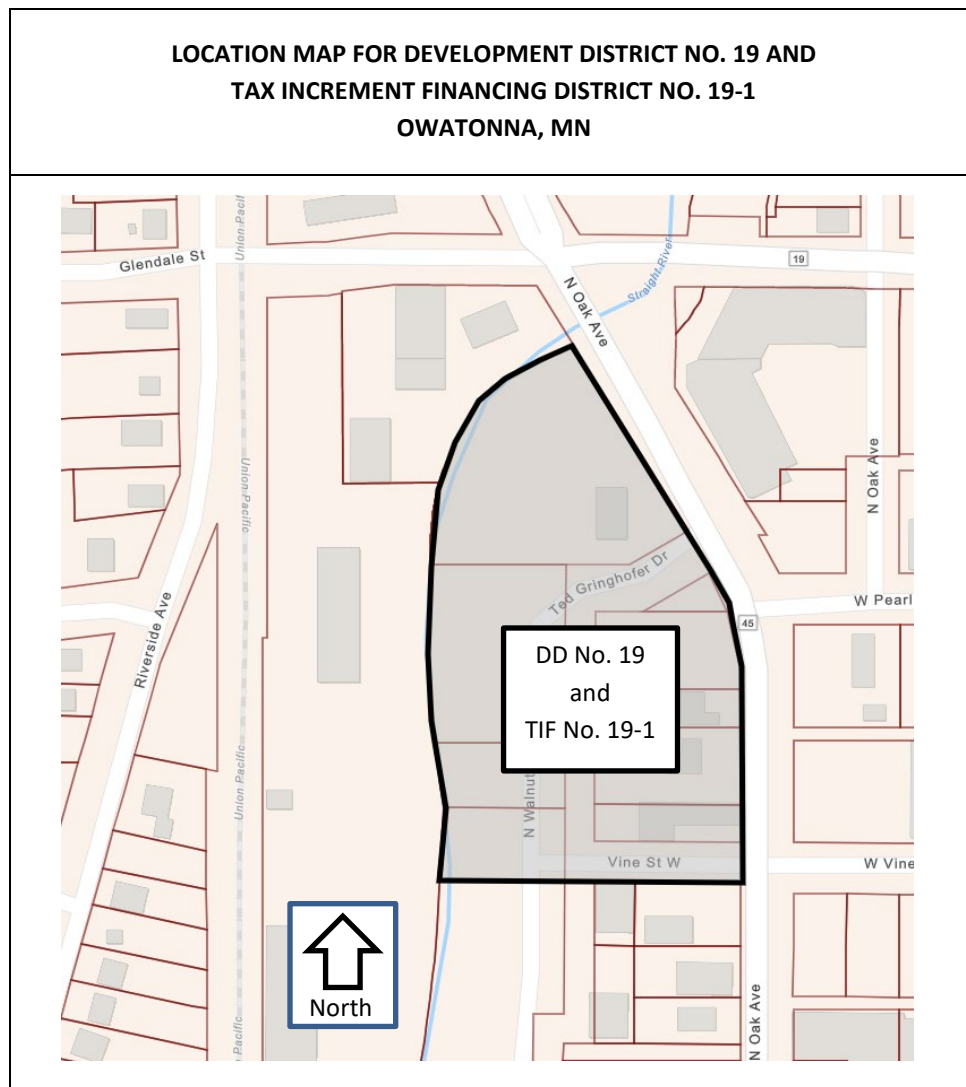
Adopted: January 17, 2023



INTRODUCTION

BACKGROUND

The City of Owatonna proposes creating a development district and a tax increment financing district, which enables redevelopment of private and public property located at 202 and 208 Vine Street W, 216 and 224 Oak Avenue N, 221 Walnut N, and 320 Hoffman Drive, along with adjacent publicly owned parcels that don't have an assigned address but are identified as 17-203-0003, 17-203-0002, and a portion of 17-203-0001 as a mixed-use building containing both commercial and residential uses, and a second stand-alone commercial building. The City will provide financial assistance to the developer to finance eligible redevelopment costs. The location of Development District No. 19 and Tax Increment Financing District No. 19-1 appear below.



DEFINITIONS

The following capitalized terms used and not otherwise defined herein shall have the following meanings:

“Bonds” means any bonds or other obligations as defined in Minnesota Statutes, section 469.174, subdivision 3.

“City” means the City of Owatonna, a political subdivision of the State of Minnesota.

“City Council” means the Owatonna City Council.

“County” means Steele County, State of Minnesota.

“Development” means the construction of a mixed-use building containing approximately 29,194-ft.² of commercial space and 70 apartment units with 62 underground parking spaces, and construction of a 7,000-ft.² commercial building within the Development District.

“Development District” means a specific area within the corporate limits of a municipality that has been so designated and separately numbered by the governing body. Development District” also means Development District No. 19 established January 17, 2023 by resolution of the City Council.

“Project” is a development district as defined in, section 469.125, subdivision 9.

“Redevelopment District” means a type of tax increment financing district consisting of a project, or portions of a project, within which the City finds by resolution that the following conditions, reasonable distributed throughout the District, exist: Parcels consisting of 70 percent of the area of the District are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

“Tax Increment Financing Plan” or “Plan” means the plan for Tax Increment Financing District No. 19-1 prepared pursuant to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, which provides a statement of objectives, the development program, a list of development activities, project timing, budget estimates, estimated impact on affected taxing jurisdictions, identification of studies or analysis used to determine need for financing and identification of parcels to be included in the District.

“Tax Increment Financing District No. 19-1” or “District” means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by Minnesota Statutes, section 469.175, subdivision 1, for the purpose of financing redevelopment, housing or economic development in municipalities through the use of tax increment generated from the captured net tax capacity in the tax increment financing district.

DISTRICT DURATION AND PURPOSE OF TAX INCREMENT FINANCING PLAN

Minnesota Statutes, Chapter 469 authorizes the City Council to establish the District and to use tax increment financing as a funding source, to pay eligible Project expenses. Under Chapter 469, a tax increment district has to be established as a housing district, a redevelopment district, a renewal and renovation district, a soils condition district or an economic development district. Because this area qualifies as a redevelopment district, pursuant to Minnesota Statutes, section 469.174, subdivision 10(a)(1), it will have duration of not greater twenty-five years from the date of receipt by the City of the first tax increment.

It is the City's intention to support the redevelopment of vacant, substandard and underdeveloped properties to facilitate community redevelopment, job creation and tax base enhancement.

TAX INCREMENT FINANCING PLAN

RELATIONSHIP OF TAX INCREMENT DISTRICT TO PROJECT AREA

Development District No. 19 was formed in order to promote development of certain property, secure additional commercial and residential development opportunities, increase property subject to taxation, provide improvements to development properties, and designate methods for the financing of activities in the Development District. Development District law authorizes the use of tax increment funds to pay for these Project activities and improvements.

When using tax increment funds, it is required to establish a tax increment financing district according to Minnesota Statutes, sections 469.174 to 469.1794, inclusive. Approval of this Plan results in the formation of Tax Increment Financing District No. 19-1, which has the identified purpose of financing development activities authorized by the creation of Development District No. 19.

DEVELOPMENT PROPOSAL

The City has received a request to establish the District, which would provide tax increment financing assistance in conjunction with the proposed redevelopment of 202 and 208 Vine Street W, 216 and 224 Oak Avenue N, 221 Walnut N, and 320 Hoffman Drive, along with adjacent publicly owned parcels that don't have an assigned address but are identified as 17-203-0003, 17-203-0002, and a portion of 17-203-0001. The development site consists of nine parcels and a portion of a 10th parcel that is zoned B-3 Central Business District, which permits commercial and multifamily housing. The property will be re-platted prior to redevelopment. To facilitate redevelopment of structurally substandard buildings, the City has decided to participate in a project that redevelops the property with both commercial and multifamily residential uses. The Block 300 Owatonna LLC proposal is to acquire property from the City and private property owners and redevelop the parcels with a mixed-use building containing a 9,000 square foot brewery, 20,194 square feet of commercial space, 70 apartment units (40 1BR, 30 2BR) and 62 underground parking stalls, along with a second stand-alone 7,000 square foot bank building. Total square footage of the mixed-use building is 81,093-ft.² and

square footage of the bank building is 7,000-ft.². The county assessor's office has estimated the post redevelopment value of the property at \$14,419,246.

A combination of public and private financing consisting of pay-as-you-go tax increment financing assistance, lender debt and developer equity will fund property redevelopment. Financing of specific activities using tax increment revenues will occur following project review and City approval. The City will require the developer to enter into a Development Agreement that specifies development terms.

Tax increment generated by property redevelopment may be used to finance the cost of correcting conditions that allow designation of a redevelopment tax increment financing district under Minnesota Statutes, Section 469.174 and the allocated administrative expenses of the City.

PARCEL LOCATED IN TAX INCREMENT DISTRICT

The map on page 1 outlines the boundaries Tax Increment Financing District No. 19-1. Real property in the District is described as follows:

Parcel ID	Legal Description (Abbreviated)	Address
17-109-0207	Lots 4 and 5, Block 2, Abbotts	208 Oak Avenue N, Owatonna, MN
17-109-0210	BLK 2 BEG NE COR L3 S48' W11R N48' E11R TO BEG ABBOTTS	202 Vine Street W, Owatonna, MN
17-109-0211	BLK 2 THE E90' OF LOT 6 ABBOTTS ADDN	216 Oak Avenue N, Owatonna, MN
17-109-0212	BLOCK 2 LOTS 6 & 7 EX E90' OF SAID LOTS ABBOTT'S ADDN	221 Walnut Ave. N, Owatonna, MN
17-109-0213	BLK 2 LOT 8 & THE E 90' OF LOT 7 ABBOTTS	224 Oak Avenue N, Owatonna, MN
17-109-0214	BLK 2 25' X 90' OF LOT 9 ABBOTTS ADDITION	Unassigned
17-137-0101	BLOCK 1 LOTS 1 & 2 AUDITOR'S PLAT #1	320 Hoffman Dr. N, Owatonna, MN
17-203-0001	BLK 2 PART OF LOTS 2 & 3 ABBOTS ADDITION	Unassigned (Walnut Ave. N)
17-203-0002	BLK 2 PART OF LOTS 2 & 3 ABBOTS ADDN	Unassigned
17-203-0003	PARKING LOT BETWEEN OAK STREET AND RIVER	Unassigned (Walnut Ave. N)

FINDINGS

Before a municipality approves a tax increment financing plan, the statutory findings of Minnesota Statutes, section 469.175, subdivision 3, must be made and the reasons for those findings must be set forth in writing along with supporting facts for each determination. The findings and supporting facts for the District are as follows:

1. FINDING. That the proposed tax increment financing district is a redevelopment district.

SUPPORTING FACTS. Minnesota Statutes, Chapter 469, provides for five types of districts – a redevelopment district, renewal and renovation district, soils condition district, housing district, and economic development district – each serving a well-defined need and having different qualifying standards. Tax Increment Financing District No. 19 -1 is established as a “Redevelopment District”. Minnesota Statutes, section 469.174,

subdivision 10(a)(1), defines “Redevelopment District”. This definition is also set forth on page 2 of this Plan. In order to qualify as a “Redevelopment District” the property must meet the following requirements:

A. Parcels consisting of 70 percent of the area of the District must be occupied by buildings, streets, or other improvements. The District consists of ten parcels, eight of which are 100 percent occupied by buildings, streets, or other improvements; thus exceeding the statutory requirement of 70 percent.

B. More than 50 percent of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. The District contains five buildings not including outbuildings. The City has conducted a survey and inspection of the building located within the District. More than 50 percent of the buildings have been found to be substandard to a degree requiring substantial renovation or clearance; thus exceeding the statutory requirement of 50 percent. The City has examined the buildings according to the requirements of Minnesota Statutes, section 469.174, subdivision 10(c) and has retained written documentation thereof.

2. FINDING. That, in the opinion of the City:

A. The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and

B. The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Plan.

SUPPORTING FACTS. *In the opinion of the City, the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.* This finding is supported by the fact that the District is comprised of property in an area of the City that is in need of redevelopment. This property contains five buildings, three of which are substandard. Other site issues include soil remediation and infrastructure upgrades. Remedying this situation requires substantial investment in site preparation to make redevelopment feasible. Without tax increment financing assistance, it would not be possible to redevelop this property.

Furthermore, the City has determined that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the Plan. The City supports this finding because the extraordinary redevelopment costs cannot be borne by private development and still deliver a financially viable project; therefore, impeding private redevelopment efforts. The City recognizes the impediments to redevelop in the absence of public assistance, and therefore agrees that tax increment assistance is reasonably necessary for the redevelopment to proceed. Based on this analysis, the City reasonably determines that no other development of any kind is anticipated in this area without substantially similar assistance being provided to the redevelopment project. Accordingly, the increased market value anticipated without tax increment assistance is \$0.

A comparative analysis of the estimated market values both with and without establishment of the District and the use of tax increments has been performed. If all proposed development that is to be assisted with tax increments occurs in the District, the total increased market value would be up to \$12,892,646. The present value of tax increments from the District is estimated to be \$3,267,514. It is the City's finding that no development with a market value of greater than \$1,526,600 would occur without tax increment assistance in the reasonably foreseeable future. This finding is based upon general past experience wherein the extraordinary costs of redevelopment hamper and discourage public/private redevelopment efforts. The City believes this project qualifies for tax increment financing and is prepared to commit this resource to the project.

3. FINDING. That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

SUPPORTING FACTS. The tax increment financing plan conforms to the general plan of the City for the following reasons:

A. The City supports the Development because it will eliminate blight, create employment opportunities, strengthen the tax base and promote the health, safety and welfare of the community through planned development within the District.

B. The project conforms to the City's comprehensive plan and zoning ordinance.

4. FINDING. That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

SUPPORTING FACTS. As a result of adopting the Development District No. 19 development program, the City approved a blueprint for development and redevelopment within the community. The Development District plan encourages cooperation with private enterprise. Information contained in the development program along with other City plans and reports has been used in the preparation of this Plan. Based upon the objective of cooperation and upon the guidance provided by City plans and ordinances, the City has determined Project costs that will be paid for by tax increment revenues. As the Financial Plan, on pages 8 through 13 of this Plan, demonstrates the City intends to concentrate the use of tax increment revenue on those improvements that would not reasonably be expected to occur solely through private action. Private enterprise will be responsible for the vast majority of the expenses and activities normally associated with land development.

DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 19

Minnesota Statutes, section 469.175, subdivision 1(2) requires "A statement as to the property, within the project, if any, that the authority intends to acquire...". The development program for Development District No. 19 is delineated in a report entitled "Development District No. 19" adopted January 17, 2023, copies of which are on file in the City Administrator's office. By this reference, said Development Program is incorporated as part Plan.

TAX INCREMENT DISTRICT DEVELOPMENT PLAN

Activities to be financed, in whole or in part, because of the implementation of the District include:

1. The City owns several of the parcels that are part of the project, including three (17-203-0003, 17-203-0002, and a portion of 17-203-0001) that have been used for parking and street right of way, and one parcel (17-109-0211) that is a vacant commercial building. This area will be replatted and a portion of an existing street will be vacated as part of the project. For the parking and roadway parcels, the City found that there was adequate parking nearby and identified the opportunity to see the land redeveloped consist with community goals and plans. For the vacant commercial building, the City anticipated transferring the property to a private owner for redevelopment, with the expectation that the City would be reimbursed for the acquisition. The current project provides transfer of ownership of the four City-owned parcels to a private party for \$500,000. The purchase price will be an upfront contribution to the developer to be reimbursed via tax increments from the proposed development.

2. The City will advance or loan money from the City's general fund or any other fund from which such advances may be legally made, to finance the City's redevelopment costs of the Project pursuant to Minnesota Statutes, section 469.178, subdivision 7.

3. The development proposal consists of demolition and site preparation of the existing buildings and construction of a mixed-use building (commercial and residential) and a commercial building. The developer will carry out various redevelopment activities, including property acquisition/relocation, demolition, soil remediation, and street improvements to facilitate the proposed redevelopment project. The developer has requested tax increment assistance to fund eligible redevelopment costs.

4. The City will execute a pay-as-you-go, tax increment, revenue note that will reimburse the Developer for the redevelopment costs of the District subject to the limitations of Minnesota Statutes, section 469.176, subdivision 4j.

The above activities and improvements are within the boundaries of Tax Increment Financing District No. 19-1. For the purposes of budgeting in this Plan, the redevelopment project will begin in 2023. The redevelopment project will be substantially completed by January 31, 2025. The City requires execution of a development agreement with the developer following approval of the Plan and before beginning project activities.

CONFORMANCE WITH PLAN FOR THE CITY

The City Council believes that creation and implementation of the District meets the intent of the plan for the City, by maintaining the quality of existing development, and improving the quality of life through orderly planned improvements.

PROCEDURE MODIFYING AN APPROVED TAX INCREMENT DISTRICT PLAN

The City Council may modify the Tax Increment District Plan pursuant to provisions of Minnesota Statutes, section 469.175, subdivision 4.

RELOCATION

As part of acquisition, the developer is undertaking relocation efforts and will comply with the Uniform Relocation Act and any person or business affected shall be treated according to those laws, rules and regulations.

PROPERTY ACQUISITION AND DISPOSITION

The City acquired the vacant commercial building at 216 Oak Avenue N from Centro Campesino, Inc. in August of 2021 following established Economic Development Authority/City procedures for property acquisition. The City has owned 17-203-0003, 17-203-0002, and 17-203-0001 (a portion of which is included in the project), for many years and it has been used for parking and street right of way. The city is negotiating a real property purchase agreement for these properties with the developer.

NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Minnesota Statutes, section 469.177, subdivision 4 requires that the request for certification of original tax capacity be accompanied by a listing of properties within the tax increment district for which building permits have been issued in the 18 months preceding approval of the tax increment financing plan. The City has searched its records and determined that no building permits have been issued for the property in the District in the 18 months immediately preceding approval of the Plan. Based on information provided by Steele County, the most recent tax capacity is 22,536.

METHOD OF FINANCE

The City Council elects to use Tax Increment Financing pursuant to Minnesota Statutes, Chapter 469, to finance all or part of the costs of the Project. By electing this method of financing, the City Council is not precluding the use of other methods provided by State law.

FINANCIAL PLAN

ESTIMATE OF PUBLIC COST

The following is an estimate of public cost, including cost of District indebtedness, source of revenue, most recent tax capacity and estimate of captured tax capacity.

1. Uses of Funds. Uses of funds within the Project area consist of property acquisition, site improvements and District administration. The estimated cost for undertaking these activities is:

A. Property Acquisition (public)	\$500,000
B. Property Acquisition (private)	\$1,335,000
C. Street Improvements	\$300,000
D. Demolition	\$300,000
E. Site Improvements	\$482,514
F. Soil Remediation	\$100,000
G. Relocation Costs	\$250,000
H. Interest	\$3,621,301
I. Administration	\$176,636
TOTAL USES OF FUNDS	<u>\$7,065,451</u>

Source of Funds. An estimated \$2,767,514 in the form of a pay-as-you-go, tax increment revenue note will reimburse eligible project expenses to the Developer. An estimated \$500,000 interfund loan will repay City redevelopment costs. Based upon current information, tax increment in the following amount will become available to repay the Total Uses of Funds:

A. Tax increments	\$7,065,451
TOTAL SOURCE OF FUNDS	<u>\$7,065,451</u>

The above represents an estimate of the cost of the Project activities, including administrative expenses, and the sources of revenue to finance or otherwise pay public costs. The City reserves the right to amend individual line items insofar as total estimated tax increment expenditures are not increased. If such an increase is proposed, the City shall seek a public hearing on the increase pursuant to Minnesota Statutes, section 469.175, subdivision 4.

ESTIMATE OF MARKET VALUE AND TAX INCREMENT

Table 1, on page 9, shows the assumptions and calculations used to determine taxes and tax increment.

FINANCING ASSUMPTIONS

Tax increment will be used to finance activities in the Project area. The following information and assumptions were used to calculate financing costs for the activities in the Project area.

1. Demolition/site preparation and construction of the new buildings will begin in 2023. All project activities are anticipated to be substantially completed by January 31, 2025.

2. Financing of the Project activities will be undertaken in 2023.

ESTIMATE OF VALUE AND TAX INCREMENT FOR RIVERFRONT REDEVELOPMENT CONCEPT								
Local Tax Rate = 138.076% (Owatonna, Payable 2023)								
Split Property Classification: Commercial and Residential								
Completion by January 31, 2025								
Estimated Completion Market Value: \$14,419,246								
YEAR TAXES PAYABLE	BASE TAX CAPACITY	PROJECT'S TAX CAPACITY	CAPTURED TAX CAPACITY	PROJECT'S ANNUAL TIF	LESS OSA FEE OF 0.250%	ADJUSTED TAX INCREMENT	LESS ADMIN. OF 2.5%	NET ANNUAL TIF
2023	22,536	0	0	0	0	0	0	0
2024	22,536	0	0	0	0	0	0	0
2025	22,536	219,839	197,304	272,429	681	271,748	6,794	264,954
Through								
2050	22,536	219,839	197,304	272,429	681	271,748	6,794	264,954
TOTALS				\$7,083,159	\$17,708	\$7,065,451	\$176,636	\$6,888,815
Present value of annual tax increment discounted at 5.5% equals							\$3,267,514	

3. Pursuant to Minnesota Statutes, section 469.176, subdivision 1b.(3) the City is basing the District duration on the requirements for statutory decertification of a tax increment financing district. Receipt of the first tax increment occurs in 2025 payable from the 2024 tax levy. Increment may be collected for twenty-six years (2025 through 2050) should it be required to repay redevelopment costs and District administrative expenses approved in this Plan. It is the City's intention to decertify the District upon repayment of project costs. The estimated increments for the District appear on Table 1.

4. The 2023 local tax rate of 138.076% and 2023 tax values were used to calculate the estimate of increment in this Plan. A portion of the project's tax classification is "commercial" and a portion of the project's tax classification is "residential". The classification rate for this commercial property for taxes payable in 2023 is 1.5% on the first \$150,000 of market value and 2.0% on market value in excess of \$150,000. The classification rate for for residential property for taxes payable in 2023 is 1.25%.

5. Increment revenues will be used to finance capital and administrative costs resulting from the Project activities. Tax increments generated by the District will be used to finance eligible Project costs approved in this Plan. The City elects to use 100% of the available tax increment over the total life of the District to finance activities in the District.

6. The City may claim up to 10% of the annual increment for administrative expenses. Owatonna's policy is to collect for actual administrative expenses only. In this instance, due to the size of the project increment, this Plan budget assumes retaining 2.5% of the increment for administrative purposes.

7. The City may use annual tax increments in 2025 through 2050 to service Project costs. "Project costs" means all expenditures of the City or reimbursement of eligible developer costs for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District, including interest thereon. Project costs also include all administrative expenses as defined in Minnesota Statutes, section 469.174, subdivision 14. The column labeled "Adjusted Tax Increment" in Table 1 provides the estimated increment

expected to be generated by improvements in the District. This information demonstrates that the City could finance the estimated project costs of \$3,267,514, interest of \$3,621,301 and administrative costs of \$176,636. The first increment would be available to the City in 2025 and may continue through 2050.

SOURCES OF REVENUE

The proposed source of revenue to be used to finance public costs associated with the development project in the District is tax increment generated because of the taxation of the land and improvements in the District. Tax increment financing refers to a funding technique that uses increases in assessed valuation and the property taxes attributed to new development to finance, or assist in the financing of development costs. The improvements resulting from development of the property by private business within the District will generate an anticipated annual tax increment in 2025 through 2050 based on a full assessment. The District's tax increment will be generated from the Development.

LIMITATION ON USE OF TAX INCREMENT; REDEVELOPMENT DISTRICTS

Pursuant to Minnesota Statutes, section 469.176, subdivision 4j, "At least 90 percent of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under section 469.174. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary to development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the authority, including the cost of preparation of the development action response plan, may be included in the qualifying costs."

TIF BUSINESS SUBSIDY

The project is exempted from the provisions of the Minnesota statutes, sections 116J.993 to 116J.985 (The Business Subsidies Act) pursuant to section 116J.993, subdivision 3(17), which requires that the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's (2022) estimated market value. The Developer's \$2,767,514 investment in the purchase of the site, demolition, and site improvements is equal to 181% of the assessor's current year's estimated market value (\$1,526,000), which exceeds the threshold requirement of 70% of the assessor's current year's market value.

BONDED INDEBTEDNESS

Upon approval of this Plan, the City will execute a development agreement with the Developer that provides pay-as-you-go tax increment financing assistance to finance the eligible costs of this District, in the estimated amount of \$2,767,514. In addition, the City will authorize an estimated \$500,000 interfund loan to repay City property acquisition costs. Total bonded indebtedness authorize pursuant to this Plan will not exceed \$3,267,514.

IMPACT OF THE USE OF TAX INCREMENT ON TAXING JURISDICTIONS

Minnesota Statutes, section 469.175, subdivision 1(6), requires, “statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district or subdistrict”.

Table 2 shows the impact of tax increment financing on the tax capacity of the affected taxing jurisdictions assuming (1) none of the increment would be available, and (2) the increment would be available to the tax jurisdictions.

TABLE 2
OWATONNA, MINNESOTA
TAX INCREMENT FINANCING DISTRICT NO. 19-1

	WITHOUT PROJECT		
	2023 Tax Capacity	Ad Valorem Taxes Generated	2023 Tax Rate
City	29,453,547	\$16,865,691	57.262%
County	55,522,781	\$28,294,410	50.960%
School District	12,488,728	\$3,728,385	29.854%
TOTALS			<u>138.076%</u>

	WITH PROJECT							
	2023 Tax Capacity	Projected Captured Tax Capacity	Projected Tax Capacity	Ad Tax Generated	Adjusted Local Tax Rate	Tax Rate Impact	Projected Captured Tax Capacity	Projected Increment Income
City	29,453,547	197,304	29,650,851	16,865,691	56.881%	0.381%	197,304	\$112,980
County	55,522,781	197,304	55,720,085	28,294,410	50.780%	0.18%	197,304	\$100,546
School	12,488,728	197,304	12,686,032	3,728,385	29.390%	0.464%	197,304	\$58,904
TOTALS					<u>137.051%</u>	<u>1.025%</u>		<u>\$272,430</u>

Statement 1: The current tax capacity times the local tax rate produces current taxes generated. If the captured tax capacity were available to each taxing jurisdiction, the result would be a lower or adjusted local tax rate to produce the same amount of taxes. Thus, with the addition of captured value of 197,304 the overall local tax rate would be reduced by 1.015% to a level of 137.051%. The captured tax capacity times the original local tax rate of 138.076% would generate \$272,430 in increment income, which represents the loss of new tax revenues if the development had occurred without inclusion in a tax increment district.

Statement 2: If no captured tax capacity is available to each of the taxing jurisdictions without creation of the District, there is no impact on the taxes heretofore levied and therefore no impact on local tax rates. The captured tax capacity at the original local tax rate would generate \$272,430 in increment income annually.

RESOLUTION NO. 6-23

RESOLUTION APPROVING DEVELOPMENT DISTRICT NO. 19

WHEREAS, it is desirable and in the public interest that the City of Owatonna (hereinafter the “City”) carry out a development program, pursuant to Sections 469.124 to 469.133 of Minnesota Statutes encompassing the area which is more particularly described in Exhibit A attached hereto and made a part hereof, (which area is herein called “Development District No. 19” or the “Development District”); and

WHEREAS, the City has reviewed “Development District No. 19 Plan, dated January 17, 2023” (herein called the Plan), which sets forth a development program for the Development District; and

WHEREAS, the City’s Planning Commission has been consulted with concerning the establishment of the Development District; and

WHEREAS, the City Council has received and considered the comments of the City’s Planning Commission relating to the Plan; and

WHEREAS, the City Council on January 17, 2023, after having published a notice of public hearing in the official newspaper of the City, conducted a public hearing on the Plan and received public comments on the same.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota, as follows:

1. It is hereby found that there is a need for the Project activities in Development District No. 19.

2. It is hereby found that Development District No. 19 is an area “already built up” within the meaning of Section 469.124 of Minnesota Statutes for the following reasons:

A. The vicinity of the Development District is urban. Existing land uses in the vicinity include office/service and commercial properties. Zoning in the vicinity corresponds to the land use pattern.

B. City sanitary sewer, storm sewer, and water lines service the Development District.

C. Existing City streets service the Development District.

D. The City's comprehensive plan designates the Development District appropriate for commercial and multi-family residential development.

3. It is hereby found that the development program set forth in the Plan will carry out the objectives of Development District No. 19 by assisting private development in its efforts to redevelop private and public property with commercial businesses and multi-family residential units; thus, accomplishing the goals of preventing blight, creating employment and enhancing the tax base of the municipality, and improving the general economy of the area.

4. That the development program as set forth in the Plan, having been duly reviewed and considered, is hereby approved, and the area described in Exhibit A hereto is designated as a development district pursuant to Section 469.126, Subdivision 1, of Minnesota Statutes.

5. That the City will use revenues generated through Tax Increment Financing District No. 19-1 to finance activities relating to Development District No. 19.

6. That the City Council designates the City Administrator to act as administrator for the Development District.

7. That the City states the environmental controls to be applied in connection with the execution of the development program shall consist of the applicable ordinances of this City, and the applicable provisions of Minnesota Statutes.

8. That the City Clerk is hereby directed to file a copy of this resolution with a copy of the Plan with the Minnesota Department of Revenue and Office of the State Auditor.

Passed and adopted this _____ day of _____, 2023, with the following vote:

Aye: _____; No: _____; Absent: _____.

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

EXHIBIT "A"

**TO THE RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OWATONNA
APPROVING DEVELOPMENT DISTRICT NO. 19**

Development District No. 19 encompasses publicly and privately owned property located at 202 and 208 Vine Street W, 216 and 224 Oak Avenue N, 221 Walnut N, and 320 Hoffman Drive, along with adjacent publicly owned parcels that don't have an assigned address but are identified as 17-203-0003, 17-203-0002, and a portion of 17-203-0001. The property is further described as:

Parcel ID	Legal Description (Abbreviated)	Address
17-109-0207	Lots 4 and 5, Block 2, Abbots	208 Oak Avenue N, Owatonna, MN
17-109-0210	BLK 2 BEG NE COR L3 S48' W11R N48' E11R TO BEG ABBOTTS	202 Vine Street W, Owatonna, MN
17-109-0211	BLK 2 THE E90' OF LOT 6 ABBOTTS ADDN	216 Oak Avenue N, Owatonna, MN
17-109-0212	BLOCK 2 LOTS 6 & 7 EX E90' OF SAID LOTS ABBOTT'S ADDN	221 Walnut Ave. N, Owatonna, MN
17-109-0213	BLK 2 LOT 8 & THE E 90' OF LOT 7 ABBOTTS	224 Oak Avenue N, Owatonna, MN
17-109-0214	BLK 2 25' X 90' OF LOT 9 ABBOTTS ADDITION	Unassigned
17-137-0101	BLOCK 1 LOTS 1 & 2 AUDITOR'S PLAT #1	320 Hoffman Dr. N, Owatonna, MN
17-203-0001	BLK 2 PART OF LOTS 2 & 3 ABBOTS ADDITION	Unassigned (Walnut Ave. N)
17-203-0002	BLK 2 PART OF LOTS 2 & 3 ABBOTS ADDN	Unassigned
17-203-0003	PARKING LOT BETWEEN OAK STREET AND RIVER	Unassigned (Walnut Ave. N)

RESOLUTION No. 7-23
APPROVING TAX INCREMENT FINANCING DISTRICT NO. 19-1
AND THE USE OF TAX INCREMENT FINANCING

WHEREAS, the City Council of the City of Owatonna, Minnesota (the "City"), has previously approved Development District No. 19 (the "Development District") and in connection therewith adopted a development program; and

WHEREAS, the City has reviewed "Tax Increment Financing District No. 19-1, dated January 17, 2023" (the "Plan"), which sets forth a proposal to use tax increments to finance, in whole or in part, capital and administrative costs therein; and

WHEREAS, it is desirable and in the public interest that the City undertake and carry out a tax increment financing plan for Tax Increment Financing District No. 19-1 pursuant to Chapter 469 of Minnesota Statutes, encompassing the area described in Exhibit A attached hereto (which area is herein called the "District"); and

WHEREAS, the Plan sets forth the City's estimate of the fiscal and economic impact of the District on the tax capacities of all taxing jurisdictions in which the District is located; and

WHEREAS, the County Auditor of Steele County, Minnesota, has been notified of the public hearing for the review of the Plan; and

WHEREAS, the Clerk of the School Board of Independent School District No. 761 has been notified of the public hearing for the review of the Plan; and

WHEREAS, the City has received and considered the comments of Steele County and Independent School District No. 761 relating to the contents of the Plan; and

WHEREAS, the City on January 17, 2023, after having published a notice of public hearing in the official newspaper of the City, conducted a public hearing on the Plan and received public comments on the same.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna as follows:

Sec. 1. The City finds and determines there is a need for the activities of the Development District to be financed in part by the tax increments from the District.

Sec. 2. The City finds and determines that the activities to be financed by the District will carry out the objectives of the Development District and District Plans by preventing/eliminating blight, creating jobs and enhancing the City's tax base.

Sec. 3. The City finds and determines that property redevelopment, creating jobs and enhancing the tax base within the Development District are in the public interest of the City and the expenditures of the District are a public purpose, which promotes the health, safety and welfare of the community.

Sec. 4. The City finds and determines that the tax increment financing plan as set forth in the Plan having been duly reviewed and considered is hereby approved and adopted, and the area described in Exhibit A is hereby designated as a Redevelopment District pursuant to

Minnesota Statutes, section 469.174, subdivision 10(a)(1).

Sec. 5. The City finds and determines that the District is a Redevelopment District because parcels consisting of 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50% of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance.

Sec. 6. That it is hereby found and determined, in the opinion of the City:

- A. The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and
- B. The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Plan.

Sec. 7. The City finds and determines that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development of the District by private enterprise.

Sec. 8. The City finds and determines that the tax increment financing plan set forth in the Plan conforms to the general plan for the development of the City as a whole.

Sec. 9. The reasons and supporting facts for findings 5, 6, 7 and 8 as set forth in the Plan are by this reference confirmed, approved and adopted.

Sec. 10. The City Clerk shall request the Auditor of Steele County to certify the original tax capacity and original local tax rate of the District approved by this resolution.

Sec. 11. The City Clerk is hereby directed to file a copy of this resolution with a copy of the Plan with the Minnesota Department of Revenue and Office of the State Auditor.

Sec. 12. The City hereby states its intention to use all of the captured tax capacity for purposes of tax increment financing as per the conditions set forth in the Plan.

Passed and adopted this _____ day of _____, 2023, with the following vote:

Aye: _____; No: _____; Absent: _____.

Approved and signed this _____ day of _____, 2023.

ATTEST:

Thomas A. Kuntz, Mayor

Kris M. Busse, City Administrator/City Clerk

EXHIBIT "A"

**TO THE RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OWATONNA
APPROVING TAX INCREMENT FINANCING DISTRICT NO. 19-1
AND THE USE OF TAX INCREMENT FINANCING**

Tax Increment Financing District No. 19-1 encompasses the following property: 202 and 208 Vine Street W, 216 and 224 Oak Avenue N, 221 Walnut N, and 320 Hoffman Drive, along with adjacent publicly owned parcels that don't have an assigned address but are identified as 17-203-0003, 17-203-0002, and a portion of 17-203-0001. The parcels are also described as:

Parcel ID	Legal Description (Abbreviated)	Address
17-109-0207	Lots 4 and 5, Block 2, Abbotts	208 Oak Avenue N, Owatonna, MN
17-109-0210	BLK 2 BEG NE COR L3 S48' W11R N48' E11R TO BEG ABBOTTS	202 Vine Street W, Owatonna, MN
17-109-0211	BLK 2 THE E90' OF LOT 6 ABBOTTS ADDN	216 Oak Avenue N, Owatonna, MN
17-109-0212	BLOCK 2 LOTS 6 & 7 EX E90' OF SAID LOTS ABBOTT'S ADDN	221 Walnut Ave. N, Owatonna, MN
17-109-0213	BLK 2 LOT 8 & THE E 90' OF LOT 7 ABBOTTS	224 Oak Avenue N, Owatonna, MN
17-109-0214	BLK 2 25' X 90' OF LOT 9 ABBOTTS ADDITION	Unassigned
17-137-0101	BLOCK 1 LOTS 1 & 2 AUDITOR'S PLAT #1	320 Hoffman Dr. N, Owatonna, MN
17-203-0001	BLK 2 PART OF LOTS 2 & 3 ABBOTS ADDITION	Unassigned (Walnut Ave. N)
17-203-0002	BLK 2 PART OF LOTS 2 & 3 ABBOTS ADDN	Unassigned
17-203-0003	PARKING LOT BETWEEN OAK STREET AND RIVER	Unassigned (Walnut Ave. N)

RESOLUTION NO. 8-23
APPROVING THE TERMS OF UP TO
\$500,000 INTERFUND LOANS IN CONNECTION WITH
TAX INCREMENT FINANCING DISTRICT NO. 19-1

BE IT RESOLVED by the City Council (the "Council") of the City of Owatonna, Minnesota (the "City"), as follows:

Section 1. Background.

(a) The City has heretofore approved the establishment of a tax increment financing district for Tax Increment Financing District No. 19-1 (the "TIF District") and has adopted a tax increment financing plan for the TIF District, (the "TIF Plan").

(b) The City has determined to pay for certain costs identified in the TIF Plan consisting of redevelopment project costs including, but not limited to, property acquisition, site improvements, utilities, other public improvements and administration (the "Qualified Costs") incurred in connection with the establishment of the TIF District, which costs may be financed on a temporary basis from City funds available for such purposes.

(c) Under Minnesota Statutes, Section 469.178, Subd. 7, the City is authorized to advance or loan money from the City's general fund or any other fund from which such advances may be legally made, in order to finance the Qualified Costs.

(d) The City intends to reimburse itself for the payment of the Qualified Costs, plus interest thereon, from tax increments derived from the TIF District in accordance with the terms of this resolution (which terms are referred to collectively as the "Interfund Loans").

Section 2. Terms of Interfund Loans.

(a) The City hereby authorizes the advance of up to \$500,000 to Tax Increment Financing District No. 19-1 from the Economic Development Funds, City's General Fund or such other fund designated by the City or so much thereof as may be paid as Qualified Costs. The City shall reimburse itself for such advances together with interest at the rate stated below. Interest accrues on the principal amount from the date of each advance. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or Section 549.09 are from time to time adjusted. The interest rate on the TIF District shall be 5.50% and will not fluctuate.

(b) Principal and interest on the Interfund Loans shall be paid semi-annually on each February 1 and August 1 (each a "Payment Date") commencing with the Payment Date on which the City has Available Tax Increment (defined below), or on any other dates determined by the City, through the last receipt of tax increment from the TIF District.

(c) Payments on the Interfund Loans are payable solely from "Available Tax Increments" which shall mean, on each Payment Date, all of the tax increment available before other obligations have been paid, generated in the preceding six (6) months with

respect to the property within the TIF District and remitted to the City by Steele County, all in accordance with Minnesota Statutes, Sections 469.174 to 469.179. Payments on the Interfund Loans are unsubordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increments and are senior to any other outstanding or future interfund loans secured in whole or in part with Available Tax Increments.

(d) The principal sum and all accrued interest payable under the Interfund Loans are pre-payable in whole or in part at any time by the City without premium or penalty. No partial prepayment shall affect the amount or timing of any other regular payment otherwise required to be made under these Interfund Loans.

(e) The Interfund Loans are evidence of an internal borrowing by the City in accordance with Minnesota Statutes, Section 469.178, Subd. 7, and are limited obligations payable solely from Available Tax Increments pledged to the payment hereof under this resolution. The Interfund Loans and the interest hereon shall not be deemed to constitute general obligations of the State of Minnesota or any political subdivision thereof, including, without limitation, the City. Neither the State of Minnesota, nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loans or other costs incident hereto except out of Available Tax Increments, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on the Interfund Loans or other costs incident hereto. The City shall have no obligation to pay any principal amount of the Interfund Loans or accrued interest thereon, which may remain unpaid after the final Payment Dates.

(f) The City may amend the terms of the Interfund Loans at any time by resolution of the City Council, including a determination to forgive the outstanding principal amount and accrued interest to the extent permissible under law.

Section 3. Effective Date.

This resolution is effective upon the date of its approval. Passed and adopted this _____ day of _____, 2023, with the following vote:

Aye: _____; No: _____; Absent: _____.

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

NOTICE OF HEARING ON PROPOSED ASSESSMENT

NOTICE IS HEREBY GIVEN that the City Council of the City of Owatonna, Minnesota, will hold hearing at a regular City Council meeting to be held at 7:00 p.m. on Tuesday, January 17, 2023, in the Council Chambers of City Hall at 540 West Hills Circle to pass upon a proposed assessment and a levied assessment against two properties of the 2018 Downtown Parking Lot & Alley Project.

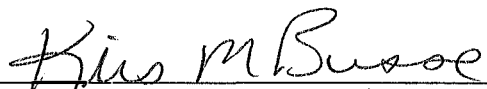
The proposed assessments are on file for public inspection at the office of the City Clerk. Written or oral objections will be considered at the hearing. If you have a question or believe that the measurements or calculation is in error, we would appreciate it if you would call the Public Works Office or the City Clerk's Office to discuss the proposed assessment before the hearing.

An owner may appeal an assessment to District Court pursuant to Minnesota Statutes, Section 429.081, by serving notice of the appeal upon the Mayor or Clerk of the City within 30 days after the adoption of the assessment and filing such notice with the District Court within ten days after service upon the Mayor or Clerk. No such appeal as to the amount of an assessment to a specific parcel of land may be made unless the owner has either filed a signed, written objection to that proposed assessment with the City Clerk prior to the hearing or has presented the written objection to the presiding officer at the hearing.

- Total of the two assessments under review and consideration is \$10,504.00.

The City Council has provided that anyone 65 years of age, or older, owning and occupying a homestead, may ask for and receive deferment of a special assessment against that homestead if that person meets the criteria established by the Council on April 2, 2012. Forms for requesting this deferment are available at the office of the City Clerk.

Dated: December 20, 2022


Kris M. Busse, City Administrator/City Clerk
City of Owatonna, Minnesota

Notice will be published in the Owatonna Peoples Press on or before January 3, 2023.



City Attorney Office

To: Mayor, City Council, City Administrator, and Community Development
From: Mark M. Walbran, City Attorney
Date: January 11, 2023
Re: Amend Proposed Assessment Roll – 2018 Downtown Parking Lot and Alley Project

Purpose:

The purpose of proposed Resolution 7-23 is to amend the Proposed Assessment Roll for the 2018 Downtown Alley and Parking Lot Project in regard to the assessments proposed on the properties at 112 and 114 North Cedar Avenue.

Background:

The City proposed assessment to 112 North Cedar Avenue the sum of \$4,680.00 and 114 North Cedar Avenue the sum of \$5,824.00. The owners of said properties request the assessment levied be deleted. Both owners assert that no special benefits accrue to their properties because the alley: abutting their properties has been converted to a pedestrian plaza walkway and no longer serves as a service alley. The Council is authorized by Minn.Stat §429.071 to amend an assessment where any part is deemed excessive.

Budget Impact:

Deleting the assessment results in \$10,504.00 to be borne by the City.

City Staff Recommendation:

City Staff recommends adoption of Resolution No. 7-23.

RESOLUTION NO. 7-23

A RESOLUTION AMENDING RESOLUTION NO. 99-19
TO AMEND PROPOSED ASSESSMENT ROLL IN THE 2018
DOWNTOWN PARKING LOT AND ALLEY PROJECT

WHEREAS, Resolution No. 99-19 adopted by the Council on October 15, 2019, adopted proposed assessments for the cost and construction of the 2018 Downtown Alley and Parking Lot Project; and

WHEREAS, as part of the North Cedar Streetscape Project the alley in the 100 Block of Cedar Avenue North between West Broadway and Vine Street was converted to a pedestrian plaza and walkway and no longer functions as a service alley to the properties at 112 and 114 Cedar Avenue North; and

WHEREAS, the owners of the properties at 112 and 114 Cedar Avenue North request that the proposed assessments levied thereon be deleted from the 2018 Downtown Parking Lot and Alley Project Proposed Assessment Roll; and

WHEREAS, the Council finds and determines that the improvement conferred no special benefits on said premises and that any prepayment paid shall be refunded; and

WHEREAS, Minn. Stat. § 429.071 authorizes the Council to amend an assessment where any part thereof is deemed excessive.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota as follows:

1. The Proposed Assessment Roll for the 2018 Downtown Parking Lot and Alley Project shall be amended to provide that there should be no assessment levied, (\$0.00) on the properties at 112 and 114 Cedar Avenue North.
2. Any prepayment made on such assessment shall be refunded.
3. The City Administrator will take or cause to be taken all actions and to do or cause to be done all things necessary, proper, or advisable under applicable laws to execute this Resolution.

Passed and adopted this ____ day of _____, 2023, with the following vote:

Aye __; No __; Absent __; Recused __.

Approved and signed this ____ day of _____, 2023.

ATTEST:

Thomas A. Kuntz, Mayor

Kris M. Busse, City Administrator/City Clerk

NOTICE OF HEARING ON PROPOSED ASSESSMENT

NOTICE IS HEREBY GIVEN that the City Council of the City of Owatonna, MN, will hold a hearing at a regular City Council meeting to be held at 7:00 p.m. on Tuesday, January 17, 2023, in the Council Chambers of City Hall at 540 West Hills Circle, to pass upon the proposed assessments against properties for the balance of past due utility bills at the Owatonna Public Utilities.

Notice of Proposed Assessments have mailed to property owners of delinquent service accounts of property served. The proposed assessments are on file for public inspection at the office of the City Clerk. Written or oral objections will be considered at the hearing. If you have a question or believe this service has been previously paid, we would appreciate it if you would call the Public Utility Office to discuss the proposed assessment before this hearing.

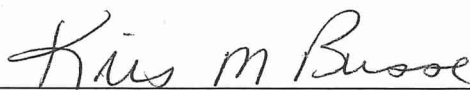
An owner may appeal an assessment to District Court pursuant to Minnesota Statutes, Section 429.081, by serving notice of the appeal upon the Mayor or Clerk of the City within 30 days after the adoption of the assessment and filing such notice with the District Court within ten days after service upon the Mayor or Clerk.

No such appeal as to the amount of an assessment to a specific parcel of land may be made unless the owner has either filed a signed, written objection to that proposed assessment with the City Clerk prior to the hearing or has presented the written objection to the presiding officer at the hearing.

The City Council has provided that anyone 65 years of age, or older, owning and occupying a homestead, may ask for and receive deferment of a special assessment against that homestead if that person meets the criteria established by the Council on April 2, 2012. Forms for requesting this deferment are available at the office of the City Clerk.

By Order of the Owatonna City Council

Date: December 20, 2022


Kris M. Busse, City Administrator/City Clerk
City of Owatonna, Minnesota

Notice will be published in the Owatonna Peoples Press on December 29, 2022 and January 5, 2023.



December 9, 2022

City of Owatonna
Attn: Kris Busse
540 West Hills Circle
Owatonna, MN 55060

RE: Assessment of Delinquent Charges for Utility Services– Ordinance 35.05

Dear Kris-

Owatonna Public Utilities would like to request City of Owatonna to proceed with assessment on tax parcel 17-509-0102 – 2365 43rd St NW, Owatonna, MN 55060 - Owatonna Hospitality LLC.

Total delinquent debt is \$15,229.26 distributed as follows:

Account No. 710772 Green Mill:	\$12,866.74
Account No. 738554 Water Park:	\$ 2,362.52

Please reach out with any questions.

Best Regards,

Toni Van Esch
Customer Service Supervisor
OWATONNA PUBLIC UTILITIES
507-446-5411

RESOLUTION NO: 8-23
A RESOLUTION ADOPTING ASSESSMENT FOR UNPAID CHARGES

WHEREAS, pursuant to proper notice duly given as required by law, the Council has met and heard and passed upon all objections to the proposed assessment against properties listed by the Owatonna Public Utilities as accounts with balances more than 90 days past due.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota:

1. Such proposed assessment as amended, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein included is hereby found to be benefited by the proposed improvement in the amount of the assessment levied against it.

2. Such assessment shall be payable in equal annual installments extending over a period of 1 (one) year if the amount of the assessment is less than \$1,000 or extending over a period of 3 (three) years if the amount of the assessment is more than \$1,000. The first of the installments to be payable on or before the first Monday in January 2024 and shall bear interest at the rate of 3.0 (three) percent per annum from the date of the adoption of this assessment resolution. To the first installment shall be added interest on the entire assessment from the date of this resolution until December 31, 2024. To each subsequent installment, when due, shall be added interest for one year on all unpaid installments.

3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of the assessment on such property, with interest accrued to the date of payment, to the city treasurer, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this resolution; and he/she may, at any time thereafter, pay to the county auditor the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the next succeeding year.

4. The clerk shall forthwith transmit a certified duplicate of this assessment to the county auditor to be extended on the property tax lists of the county. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

Passed and adopted this _____ day of _____, 2023, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk



Mayor Kuntz

Owatonna City Council Minutes – DRAFT Copy

Council President Schultz called the regular session of the Owatonna City Council to order on Tuesday, January 3, 2023, at 7:00 p.m. in Council Chambers at City Hall. Present were Council Members Boeke, Raney, Svenby, Voss, Dotson, Burbank, and Schultz; Mayor Kuntz; Assistant City Engineer Murphy; Community Development Director Klecker; Parks, Recreation & Facilities Director Tuma; Human Resources Director Thamert; Communications Manager Sheely; City Attorney Walbran; City Administrator Busse, and Administrative Specialist Clawson.

Agenda

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting. Mayor Kuntz administered the Oath of Office to four Council Members re-elected during the 2022 General Election to serve 4-year terms effective 2023-2026:

Dan Boeke – Council Member-at-Large
Nathan Dotson - Council Member – Ward One
David C Burbank – Council Member – Ward Three
Brent Svenby – Council Member – Ward Five

Council Member Svenby made a motion to approve the agenda as presented, Council Member Dotson seconded the motion, all members voted aye for approval.

City Administrator Busse presented Resolution 1-23, designating depositories and persons authorized to sign order thereon. The Office of the State Auditor recommends the City annually designate depositories for the upcoming year and formally appoint individuals authorized to disperse funds. This resolution authorizes disbursements via check, electronic funds transfer, wire or ACH.

Designated as depositories for the deposits and safekeeping during 2023:

- US Bank
- Wells Fargo Bank
- Profinium, Inc.
- Bremer Bank
- United Prairie Bank
- Community Bank Owatonna
- West Bank
- Stifel
- RBC Wealth Management
- Wells Fargo Advisors
- Municipal Money Market Fund (LMC 4M Fund), hereinafter called "Financial Institutions and/or Brokers,"

Authorized signatories will be Thomas A. Kuntz, Mayor; Kris M. Busse, City Administrator and Rhonda L. Moen, Finance Director.

Authorization to the depositories to honor transfer of funds through wire, ACH, and electronic funds transfer by Thomas A. Kuntz, Mayor; Kris M. Busse, City Administrator; Rhonda L. Moen, Finance Director; JoAnn Matejcek, Accounting Technician or Holli Loken, Senior Accountant.

Council Member Raney made a motion to approve Resolution 1-23, Council Member Boeke seconded the motion; all members voted aye for approval.

City Administrator Busse presented Resolution 2-23, to reappoint City Administrator Busse as the Responsible Authority for Data Practices Compliance during 2023. Council Member Voss made a motion to approve Resolution 2-23, Council Member Burbank seconded the motion; all members voted aye for approval.

City Administrator Busse requested the Owatonna Peoples Press be reappointed as the City's Official Paper for 2023 Publications. The City's Charter requires a newspaper of general circulation in the city be designated as the official paper for publication of all matters required. Council Member Raney made a motion to designate the Owatonna Peoples Press as the 2023 Official Paper, Council Member Dotson seconded the motion; all members voted aye for approval.

City Administrator Busse requested reappointment of Fire Chief Ed Hoffman as the City's Weed Inspector during 2023. Appointing the Fire Chief to this position works well by offering a good point of contact for residents with concerns regarding weed and nuisance vegetation. Council Member Dotson made a motion to reappoint Fire Chief Hoffman as the City's Weed Inspector, Council Member Raney seconded the motion; all members voted aye for approval.

City Administrator Busse requested changing two 2023 Council Meeting Dates:

Tuesday, July 4, 2023, meeting changed to Wednesday, July 5, 2023.

Tuesday, August 1, 2023, meeting changed to Wednesday, August 2, 2023.

Busse also requested Council set the date of the 2023 Local Board of Appeal and Equalization for Tuesday, April 18, 2023, at 6:00 p.m. This meeting will be held in the Gainey Room at the Library as Council Meetings will be held there during the Council Chamber Renovation Project which will begin early this spring. Council Member Svenby made a motion to approve these meeting dates, Council Member Boeke seconded the motion; all members voted aye for approval.

Council reviewed their current assignments to various boards and commissions. Council Member Voss made motion members serve on the following boards during 2023:

Economic Development Authority (EDA) - Kevin Raney, Dan Boeke & Doug Voss

Owatonna Area Business Development Center (The Center) - Brent Svenby & Dan Boeke

Law Enforcement Center (LEC) Committee - Dave Burbank & Greg Schultz

Highway 14 Partnership - Kevin Raney

Joint Powers Board (911 Board) - Dave Burbank & Nate Dotson

Joint County/City Transportation Committee – Greg Schultz and Kevin Raney

Housing & Redevelopment Authority (HRA) – Nate Dotson

City/Owatonna Public Utilities (OPU) Joint Committee – Doug Voss and Nate Dotson

Council Member Burbank seconded the motion; all members voted aye for approval.

Mayor Kuntz made proclamation to recognize and congratulate Dylan M. Meiners and Trenton M. Lower on completing the requirements to obtain the rank of Eagle Scout. Both are members of

Boy Scouts of America Troop 253 of Owatonna. Eagle Scout is the highest rank in the Boy Scouts of America.

Consent Agenda Items

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 – December 20, 2022, Council Meeting

OPU Meeting Minutes - November 22, 2022

HRA Meeting Minutes - November 28, 2022

Exempt Permit - Owatonna Area Chamber of Commerce & Tourism Raffle at SpareTime Entertainment - February 18, 2023.

Software Subscription - DebtBook - software used to track all city leases and their different lease terms to assist with GASB 87 reporting requirements.

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

Finance Report

Council Vice President Raney recapped payments made more than \$20,000 for this period. Bills presented for payment totaled \$3,840,381.62. Council Member Boeke made a motion to approve payment of these bills, Council Member Svenby seconded the motion, all members voted aye for approval.

Ordinance 22-14: Vacate Portion of Utility Easement 3720 24th Avenue NW

Community Development Director Klecker requested approval of proposed Ordinance 22-14 to vacate a portion of a drainage and utility easement for Curt's Truck and Diesel. Curt Johnson on behalf of the Johnson Family Revocable Trust requests a portion of a drainage and utility easement at 370 24th Avenue NW be vacated to allow combination of two lots and construction of a new cold storage building to the north of the existing building. Council approved the first reading of this proposed ordinance during the December 20, 2022, meeting and there have been no changes since. Council Member Dotson made a motion for approval, Council Member Raney seconded the motion. With a roll call vote, voting aye were Boeke, Raney, Svenby, Voss, Dotson, Burbank, and Schultz; the motion carried. This will be known as Ordinance 1641 effective upon publication.

Ordinance 23-01: Electric Franchise Agreement – Northern States Power

City Attorney Walbran presented the first reading of proposed Ordinance 23-01, an Electric Franchise Agreement with Northern States Power (NSP). The current franchise agreement with NSP expired last April and was extended thereafter to December 31, 2023, pending the negotiation and adoption of the new franchise ordinance. The new ordinance grants NSP the right to provide electric energy for 20 years within certain areas of the city not served by OPU, currently NSP serves 35 customers. Council Member Burbank made a motion for approval, Council Member Raney seconded the motion. With a roll call vote, voting aye were Boeke, Raney, Svenby, Voss, Dotson, Burbank, and Schultz; the motion carried. The second reading of Proposed Ordinance 23-01 will be heard during the January 17, 2023, Council Meeting.

Ordinance 23-02: Electric Franchise Fees – Northern States Power

City Attorney Walbran presented the first reading of proposed Ordinance 23-02, the Franchise Fees for the proposed Franchise Agreement with Northern States Power (NSP). The previous franchise fee was based on a cost per kilowatt hour (kWH). The rate of customers whose peak demand was less than 100 kWH was calculated at \$.0016/kWH. Those using greater than 100 kWH was calculated at \$0.0014/kWH. The new franchise fee is calculated at 3.5% of NSP's gross revenues. The fee approximates OPU's contributed services to the city. The new rate would become effective on May 1, 2023. Council Member Svenby made a motion for approval, Council Member Dotson seconded the motion. With a roll call vote, voting aye were Boeke, Raney, Svenby, Voss, Dotson, Burbank, and Schultz; the motion carried. The second reading of Proposed Ordinance 23-02 will be heard during the January 17, 2023, Council Meeting.

Resolution 3-23 Labor Agreement – IUOE – Local 70

Human Resources Director Thamert requested approval of Resolution 3-23 approving the 2023-2024 Labor Agreement with International Union of Operating Engineers, Local No. 70, AFL-CIO. Summary of the changes include:

Wages - Approval of a 3.25% increase on the approved wage scale for 2023 effective on January 1, 2023. Approval of a 3.25% increase on the approved wage scale for 2024 effective on January 1, 2024. Employees that have remaining steps on the wage scale will receive a step effective January 1, 2023, and January 1, 2024.

Insurance - Monthly employer contribution for 2023 increased by \$42 (single) and \$117 (family). Monthly employer contribution for 2024 increased by \$28 (single) and \$80 (family).

Hours of work - Increase on-call pay from \$2.25 to \$2.50 per hour effective January 1, 2024.

Council Member Burbank made a motion to approve Resolution 3-23, Council Member Voss seconded the motion, all members voted aye in approval.

Resolution 4-23 Labor Agreement – Minnesota Public Employees Association – Patrol Officers

Human Resources Director Thamert requested approval of Resolution 4-23 approving the 2023-2024 Labor Agreement with Minnesota Public Employees Association, Patrol Officers. Summary of the changes include:

Wages - Approval of a 3.25% increase on the approved wage scale for 2023 effective on January 1, 2023. Approval of a 3.25% increase on the approved wage scale for 2024 effective on January 1, 2024. Employees that have remaining steps on the wage scale will receive a step effective January 1, 2023, and January 1, 2024.

Insurance - Monthly employer contribution for 2023 increased by \$42 (single) and \$117 (family). Monthly employer contribution for 2024 increased by \$28 (single) and \$80 (family).

Council Member Raney made a motion to approve Resolution 4-23, Council Member Boeke seconded the motion, all members voted aye in approval.

Resolution 5-23 Labor Agreement – Minnesota Public Employees Association – Sergeants

Human Resources Director Thamert presented Resolution 5-23 to approve the 2023-2024 Labor Agreement with Minnesota Public Employees Association, Sergeants. Summary of the changes include:

Wages - Approval of a 3.25% increase on the approved wage scale for 2023 effective on January 1, 2023. Approval of a 3.25% increase on the approved wage scale for 2024 effective on January 1, 2024. Employees that have remaining steps on the wage scale will receive a step effective January 1, 2023, and January 1, 2024.

Insurance - Monthly employer contribution for 2023 increased by \$42 (single) and \$117 (family). Monthly employer contribution for 2024 increased by \$28 (single) and \$80 (family). Council Member Voss made a motion to approve Resolution 5-23, Council Member Dotson seconded the motion, all members voted aye in approval.

Wage Adjustment – Non-Union Employees

Human Resources Director Thamert requested wage adjustments for non-union employees. Summary of the changes include:

Wages - Approval of a 3.25% increase on the approved wage scale for 2023 effective on January 1, 2023. Approval of a 3.25% increase on the approved wage scale for 2024 effective on January 1, 2024. Employees that have remaining steps on the wage scale will receive a step effective January 1, 2023, and January 1, 2024.

Insurance - Monthly employer contribution for 2023 increased by \$42 (single) and \$117 (family). Monthly employer contribution for 2024 increased by \$28 (single) and \$80 (family). Council Member Dotson made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

Purchase Agreement – 104 18th Street SW to Roosevelt Lake Holdings, LLC

Community Development Director Klecker requested approval of a Purchase Agreement for sale of the property at 104 18th Street SW. Staff have been working with Roosevelt Lake Holdings, LLC (Scooter's Coffee) to construct a drive-up facility at this location since February. A Letter of Intent was in place while Scooter's went through a due diligence period to finalize their plans. Council approved a conditional use permit for the drive-up lane during their December 20, 2022, meeting. There were some limitations to the property that affected the price. No direct access to 18th Street SW was desired by the City for better traffic flow in this area. The only access to the site would be the joint driveway with Hometown Credit Union and Hy-Vee and an agreement was needed with those parties, improvements to that driveway will be made as part of this project. The water service will be stubbed into the site from 18th Street, a number of years ago, the City constructed a sanitary sewer line to the site to make this site more developable. The purchase price is \$130,000. The City will be retaining a triangular parcel at the corner of 18th Street and North Cedar to accommodate a trail crossing at that intersection. Scooters is looking to close on the property in January and begin construction sometime this spring. Council Member Raney made a motion for approval, Council Member Dotson seconded the motion, all members voted aye for approval.

Staff Updates

Mark Blando, Library Director commented during the Chamber renovation project, City Council meetings will be held in the Gainey Room at the Library. The Library Board currently meets on the third Tuesday of each month and will change their monthly meeting date to not conflict with Council Meetings. They will change their meetings to the third Thursday of each month beginning with the February or March meeting. Last year, a grant was received to develop

a Maker Space at the library and the project is taking shape. Items received include the Podcast equipment, laser engraver and vinyl fabric cutter. They are waiting for delivery of the 3d printer and some furniture and then staff will receive training on equipment use. Hoping this space will be ready for public use by the end of March or first part of April. For winter programming, Darla will begin story time in a few weeks and the winter reading program will be kicked off next month. The library is open Mondays and Thursdays from 9 am to 8 pm, Tuesdays, Wednesdays, and Fridays from 9 am to 5 pm, Saturdays from 9 am to noon and closed on Sundays.

Emily Thamert, Human Resources Director commented the recent primary focus of the HR Department has been to finalize the union labor agreements. They have also been working with Police, Fire and P&R to fill some open positions, they are not quite ready to introduce new staff members but getting very close. They are assisting Kris, Deanna and the Culture Team prepare for the first State of the City Meeting for all employees later this month to view the State of the City presentation prior to sharing with other organizations.

Troy Klecker, Community Development Director commented staff has completed final tabulation of 2022 Building Permits. Last year, there were fewer number of permits issued but the valuation amount was higher as there were several large projects. Total valuation of permits issued was more than \$82 million dollars which will be one of the city's higher annual amounts. Last year, there were permits for a lot of new apartment units and 16 new single-family homes. During 2021 there were 40 single family home permits issued and many completed constructions this last year. Several permits were issued for new restaurants Giliberto's Mexican Taco Shop opened last week on S Oak Avenue; waiting for some plans from Smokin Silverback BBQ on S Oak Avenue; we received interior building plans for Roma's Italian Restaurant in the former Jerry's building on N Cedar Avenue they hope to open mid-April; Jersey Mike's has requested a Conditional Use Permit which is on the Planning Commission's agenda next week so anticipate bringing this to the next Council Meeting; and tonight Council authorized the sale of property for a Scooter's Coffee on the corner of 18th Street and S Oak Avenue.

City Administrator Busse shared two flyers recently posted and published:

Indoor Walking Program at the Tennis & Pickleball Center by Owatonna Parks, Recreation and Facilities. This program is offered until August 31, 2023. Walking times are Monday, Wednesday, Friday from 6-10 am and Tuesday and Thursday from 6-8 am. A season pass can be purchased for \$40 + tax, pass is included in Tennis/Pickleball and Adult Leisure Pursuit Memberships.

Morehouse Skating Update – The North Pond the River and the Rink on the South Pond are open for skating beginning at 3 p.m. on December 27, 2022. The chalet is open from 11 a.m. to 9:30 pm., December 27th through January 2nd. The Parks Crew is working to open the land rinks and will be clearing ice throughout the week.

Public Comments

Jim Gunderson, Vice-Chairman of the Owatonna Human Rights Commission (OHRC) invited everyone to the MLK Jr Day Breakfast on Monday, January 16th at the Plaza Morena Campestre Grill. Dr Charlotte Kunkel, Sociology Professor at Luther College in Decorah will be speaking about Dr King's legacy, "It's Time to Walk with MLK Jr". Doors open at 6:15 am with breakfast

served from 6:30 -7:00 am. The event is free to the public, sponsors are OHRC, Riverland Community College and Plaza Morena Campestre Grill.

Council/Administration Comments and General Information

Council Member Raney commented he was advised today there has not been an update in the double billing of some plumbing services in the N Cedar Avenue Project. He mentioned this during the last council meeting and hopes Block Plumbing & JJD, Inc. will correct this matter with the property owners involved.

Council Member Voss thanked P&R staff members for their work at Morehouse Park to prepare for ice skating, it will be fun when the ice is open.

Council Member Dotson wished everyone a Happy New Year

Council Member Burbank also wished everyone a Happy New Year

Mayor Kuntz commented Human Resources and Administration staff did a great job to finalize the labor agreements. He too is looking forward to the opening of ice rinks and the new land ice rink at Buecksler Park this year.

City Administrator Busse thanked the city's crews in Streets and Parks, Recreation and Gov't Buildings for their work in clearing the snow to keep the city's roads, sidewalks, and trails open.

Council President Schultz commented this was a good productive meeting and anticipates 2023 will be a busy year.

Adjournment

At 7:46 p.m., Council Member Raney made a motion to adjourn, Council Member Dotson seconded the motion, all members voted aye in approval.

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist



Board - Commission Minutes

OWATONNA PLANNING COMMISSION MINUTES FOR DECEMBER 13, 2022

The Owatonna Planning Commission met in regular session at 5:30 pm in the Council Chambers of the City Administration Building with Chairperson Kelly Rooks conducting the meeting. Present at roll call were Commissioners David Effertz, John Eickhoff, Mark Meier, Nick Peake, Kelly Rooks, and Mark Wilson. Commissioner Rachel Springer-Gasner was absent. Community Development Manager Greg Kruschke and Planning Technician Kristen Kopp were also present.

A motion was made by Meier and seconded by Wilson to approve the minutes of the regular meeting of September 27, 2022. All Commissioners voting Aye, the motion carried.

Application VAR-1, a variance request by Sam Haque, TRITON PROPERTIES, LLC, to allow a tri-plex on an 8,676 square foot lot where 13,000 square feet is required for a three unit building in the R-6, High Density Residential District, for the property located at 415 South Cedar Avenue was presented by Community Development Manager Greg Kruschke. (Refer to report on file.) Kruschke said that he did receive a call from a neighbor asking to consider a fence along the east property line as he had been receiving a lot of trash in his yard. Kruschke told him he wasn't sure that was something they could legally do as this is a bulk density request, but he said he would share it with the Commission. Public hearing opened at 5:34 p.m. Tom Ososki of Design Services LLC was present representing the applicant. He said that he's the architect who helped the applicant with the existing site conditions of the site plan. The applicant is out of the country, and he's standing in for him. The property manager Deb Morrow is also present. He said that this is pretty straight forward. It was a tri-plex and it's been a tri-plex for the last 18 years. It fits in with the neighborhood. He said that he's able to answer questions. Public hearing closed at 5:36 p.m. Eickhoff asked if this is a new requirement. Kruschke said that it was registered initially in 2004, so sometime between 2014 and 2016 it ceased to exist. He said he's not exactly sure the reasoning why. The structure didn't change, but maybe they weren't renting out the units. The current owner wasn't necessarily involved with that and he's trying to get it registered and be compliant. Eickhoff asked if the square footage requirement was new. The Zoning Code requirement has been around for a long time. He said that we've had a number of these in the past few years. The problem with the grandfathering-in clause, once they cease for 180 days, full compliance is required. Eickhoff asked if the property is currently vacant. Kruschke said that it is vacant. They applied for the Rental Registration as a three-unit building, which Planning and Zoning denied because it doesn't meet the requirements. Eickhoff asked if there were any plans to make any updates to the property. Morrow said that it's being renovated since he bought it—new floors, new fixtures, new appliances, painting, and everything she sees it needs. The owner passed away unexpectedly and his family just finally put it up for sale and the license didn't get renewed. A motion was made by Eickhoff and seconded by Effertz to recommend City Council Approval of this variance request with the following provisions:

- 1) All three units shall be registered with the Rental Registration program.
- 2) The property shall not contain more than three units at any one time.
- 3) All units shall be inspected and approved within the Rental Registration process. If any repairs are needed, they shall be completed to be in full compliance with the Rental Registration License.
- 4) Handrails / guardrails on all entrances shall be installed or repaired to meet all requirements of the building code.

All Commissioners voting Aye, the motion carried.

Conditional Use No. CUP-2, which is a request by Macy Merkel, Hagstrom Engineering, on behalf of Pennington Square Inc, to construct a 670 square foot drive thru coffee shop on the subject property at

104 18th Street SW, was presented by Community Development Manager Greg Kruschke. (Refer to report on file.) Public hearing opened at 5:45 p.m. Matt Hagstrom said thank you for allowing them to attend virtually as the weather didn't cooperate. He said he appreciates Greg for setting it up and all the assistance with the site plan. He said he's happy to answer any questions. Public hearing closed at 5:46 p.m. Effertz said they don't require any fencing. Kruschke said no. Eickhoff said that he really appreciates that they're coming to town. This is an awkward property and a good use for it. Effertz asked if there are any further plans to develop this property. Kruschke said this is about the full use of the property. They may be able to put a small addition on. Meier said it's a good use of the location. Eickhoff said that's a tight road to begin with and he'd be interested to see how traffic flows. A motion was made Effertz and seconded by Meier to recommend City Council approval of this conditional use permit request with the following conditions:

- 1) Prior to issuance of the building permit, the City and Owatonna Public Utilities shall approve all grading, drainage, and utility plans.
- 2) All signs shall have a sign permit issued.
- 3) The applicant shall revise the landscaping plan to include groupings of shrubbery to strategically block headlights and provide some visual interest.
- 4) Prior to issuance of the Certificate of Occupancy a 10' wide utility easement centered on the relocated electric line shall be provided and recorded in favor of the City of Owatonna.

All Ayes, motion carried.

A petition by Curt Johnson, Johnson Family Revocable Trust, for a request for vacation of a portion of a drainage and utility easement on the property located at 370 24th Avenue NW, was presented by Community Development Manager Greg Kruschke. (Refer to report on file.) Public hearing opened at 5:49 p.m. Curt Johnson was present and said they just want to combine the properties. Eickhoff asked if there was drainage through there. Kruschke said that it's a general term, but in order for them to construct they'll have to reroute the drainage. Eickhoff asked if the properties behind it are impacted. Kruschke said that is not an issue. The utility easement will still continue through the westernmost 10' of this lot along the north and south and along the right of way on 24th Avenue. Havelka Place is just to the north of this property. Public hearing closed at 5:51 p.m. A motion was made by Eickhoff and seconded by Peake to recommend City Council approval of this vacation of a portion of drainage and utility easement located on the property at 370 24th Avenue NW. All Commissioners voting Aye, the motion carried.

A request for a Final Plat of Turtle Creek Addition, which is a 1.00± acre tract zoned B-2, Community Business, owned by Greg Schultz / Turtle Creek Development, and located at 490 / 496 West North Street, was presented by Community Development Manager Greg Kruschke. (Refer to report on file.) Rooks asked if the buildings share utilities. Greg Schultz said they do not share utilities. The gas comes in from one street and has to go across the lot to go to the other building. Kruschke said a service line services them both and each one has a separate service coming into it. Rooks said she just wanted to make sure they weren't sharing utilities. A motion was made by Wilson and seconded by Effertz to recommend City Council approval of this final plat of Turtle Creek Addition with the following conditions:

- 1) The final plat shall be recorded within 60 days of this approval.
- 2) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
- 3) The easement agreement shall be recorded along with the final plat.

All Commissioners voting Aye, the motion carried.

Kruschke presented the November Building Permits. A couple of highlights, we're about \$82 Million at the end of November, which is about \$20 Million more than last year. There were 16 new houses this year compared to 40 last year, so that number's down. Our permit valuation is up.

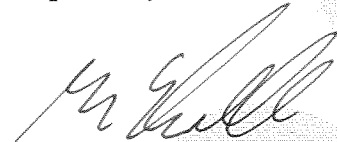
Eickhoff asked how things are going with the Downtown. Kruschke said that it's going well and he hasn't heard too many issues. There is a three-year warranty. Wilson asked if the snow removal has been good with the shoveling of the walkways. Kruschke said that they're trying to; we have someone who starts downtown every morning. It will never be perfect, but they're trying to. Parking lots are always an adventure. It all depends on the day it snows and the day that lot is no parking at night. Wilson asked about the medians in the parking lots. How are people supposed to get from the parking space to the adjacent businesses. Kruschke said that it's fine line. If the parking lots were open with no parking every night so they could be cleaned out, it would be easy.

The next meeting is January 10, 2023. There will be a CUP request for Jersey Mike's and a TIF compliance for the Riverfront development.

Greg Schulz, City Council President, thanked the Planning Commissioners for what they do. He said the City Council studies what they do and pays a lot of attention to it. He thanked them and wished them a Merry Christmas.

There being no further business to come before the Planning Commission at this time, a motion was made by Meier and seconded by Wilson to adjourn the meeting at 6:02 pm. All Commissioners voting Aye, the motion passed.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to read 'G. Kruschke', is written over a horizontal line.

Greg Kruschke
Community Development Manager

Unapproved Minutes of Owatonna Public Library

Board of Trustees

Owatonna Public Library, Gainey Room

105 North Elm Avenue

Tuesday December 20th, 4:30 PM

The Owatonna Public Library Board of Trustees held the monthly meeting on Tuesday, December 20th, 2022. The meeting was held in the Owatonna Public Library Gainey Room. In attendance were President Trudy Severson, Vice President Karin Malin, Trustee Julianna Skluzacek, Library Director Mark Blando and Administrative Assistant Robin Spande. Absent were Trustees Christy Tryhus and Trustee Meredith Erickson

1. Call to Order

The meeting was called to order by President Severson at 4:45 pm.

2. Reminder of Open Meeting Law

The open meeting law applies to the board meetings.

3. Public Comments

No Public Comments

4. Approve Minutes

Malin moved and Skluzacek seconded to approve the minutes of the November 2022 meeting. All aye and the motion approved.

5. Financial Report

Blando reported that the budget is on track for this month. Funding from Steele County be staying the same as before.

Blando stated that there were some recent expenses for the Library Chimney Repair as well as the boiler repair.

6. Children's Services Report for November 2022

Children's Services November 2022

Storytime continued throughout the month of November on Tuesday mornings at 9:30 and 10:30. It was held ten times with a total attendance of 191 children and adults.



Darla Lager visited Early Childhood Family Education (ECFE) on Wednesday, November 30 and read Dinosaur stories to four groups, 86 people, throughout the day. *Dinosaur vs. Bedtime* by Bob Shea (Little, Brown Books, 2008) was one of the favorites.

Darla Lager
December 20, 2022

7. Library Use Report

CKI & CKO - physical items				Nov-22		CKI & CKO - physical items				Nov-21	
bp	Checkin	Normal CKI	1,221			bp	Checkin	Normal CKI	1,182		
bp	Checkin	Late Checkin	197			bp	Checkin	Late Checkin	231		
		BP TOTAL CKI	1,418					BP TOTAL CKI	1,413		
bp	Checkout	First Time CKO	1,182			bp	Checkout	First Time CKO	1,165		
bp	Checkout	Phone Renewal	130			bp	Checkout	Phone Renewal	75		
bp	Checkout	Other Renewal	26			bp	Checkout	Other Renewal	47		
bp	Checkout	Opac Renewal	156			bp	Checkout	Opac Renewal	123		
bp		BP TOTAL CKO	1,494			bp		BP TOTAL CKO	1,410		
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CKI & CKO - physical items				Nov-22		CKI & CKO - physical items				Nov-21	
owat	Checkin	Normal CKI	9,635			owat	Checkin	Normal CKI	8,572		
owat	Checkin	Late Checkin	2,034			owat	Checkin	Late Checkin	1,693		
		OPL TOTAL CKI	11,669					OPL TOTAL CKI	10,265		
owat	Checkout	First Time CKO	9,935			owat	Checkout	First Time CKO	8,224		
owat	Checkout	Phone Renewal	263			owat	Checkout	Phone Renewal	257		
owat	Checkout	Other Renewal	262			owat	Checkout	Other Renewal	241		
owat	Checkout	Opac Renewal	1,018			owat	Checkout	Opac Renewal	1,021		
owat		OPL TOTAL CKO	11,478			owat		OPL TOTAL CKO	9,743		
New Borrowers Nov 2022				Library Visits Nov 2022							
bp	1		bp	641							
owat	127		owat	6,572							
ILL/Loaned Nov 2022				ILL/Borrowed Nov 2022		ILL/Loaned Nov 2021				ILL/Borrowed Nov 2021	
bp	497		bp	254		bp	450		bp	293	
owat	1,198		owat	1,156		owat	1,316		owat	949	

8. Upcoming Programs

Blando stated that the Nintendo game has arrived and is ready to install. More Maker Space items will be arriving soon. He also stated there will be upcoming puzzle competitions that will be offered to our Patrons.

The winter reading program will be ramping up soon. A couple of author visits are in the works.

The movie "Holiday Inn" will be shown on December 22nd at 2:00 pm in the Library Gainey Room just in time for the holidays.

9. SELCO Update

Minitex recently suffered a cyber-attack that affected Rochester Patrons personal information. Consequently, a PIN number is now required. The Pharos system will be changing in the near future, which allows Patrons to log in and check out books. In addition, we may consider a new system to reduce ILS costs.

10. Library and Renovation Updates

The City of Owatonna Lighted Parade was well attended. The Library staff decorated a lighted truck and trailer and did a fabulous job. Next year is expected to be bigger and better.

The City Chambers will be undergoing a renovation in January so those meetings will be taking place at Library Gainey Room. We may possibly be looking at another date/time for our Library Board Meetings.

Blando stated that Christy Tryhus has officially resigned from the Library Board. We will begin our search in the near future for a replacement.

Our Wi-Fi service has been recently updated by the IT Department. Both Patrons and staff will be able to enjoy the increased speed.

Adjourn

A motion to adjourn was made by Skluzacek and seconded by Malin. All aye. The meeting adjourned at 5:08 pm.

The next meeting will be Tuesday, January 17th at 4:30pm.

Respectfully submitted by Robin Spande

Owatonna Human Rights Commission - Minutes

The Owatonna Human Rights Commission (OHRC) met on Tuesday, December 13, 2022, in the Second Floor Conference Room at City Hall. Commission Chairman Cords called the meeting to order at 5:32 p.m. with Commissioners Cords, Vanoosbree, Leon, and Gunderson; City Administrator Busse and Administrative Specialist Clawson present and Commissioner Gillespie was participating via Teams. Commissioners Effertz and Emanuelson were unable to attend.

Following the Pledge of Allegiance, Commissioner Cords welcomed everyone to the meeting. Commissioner Gunderson made a motion to approve the agenda as presented, Commissioner Vanoosbree seconded the motion, all members present voted aye for approval. After review of the Minutes of the November 7, 2022, Meeting, Commissioner Leon made a motion to approve the Minutes as presented; Commissioner Gunderson seconded the motion; all members present voted aye in approval and the motion carried.

Welcome America

Commissioners discussed if OHRC would participate with Welcome America during 2023. Commissioner Cords commented Welcome America does provide program tools and opportunities. This last year, he received useful information during the Welcome America meetings when multiple cities were participating. City Administrator Busse commented there may be a grant available to cover the membership fee. Commissioner Gunderson made a motion to continue membership with Welcome America provided no membership cost is incurred. Commissioner Cords and City Administrator Busse will submit a grant application for the annual membership fee, the deadline is December 21, 2022.

2023 Martin Luther King Day Event – January 16, 2023

Commissioners Gunderson, Vanoosbree and Cords met with Dee Sabol, Executive Director of the Diversity Council in Rochester, MN to discuss options for the event's keynote speaker. Ms. Sabol recommended Dr. Char Kunkel, Professor of Sociology at Luther College, her speaking fee is \$1,000 plus mileage from Rochester, MN. Commissioner Vanoosbree made a motion for the speaker expense not to exceed \$1,100, Commissioner Gunderson seconded the motion, all members present voted aye in approval. Commissioner Gunderson will call Dr. Kunkel and request e-mail confirmation of her engagement fee.

Commissioner Gunderson commented Danielle Heiny, Executive Director of Diversity, Equity & Inclusion at Riverland College responded to Commissioner Emanuelson's inquiry for an event speaker suggestion. She did not provide a speaker recommendation but offered \$400 towards the speaker fee. The college has activities planned for MLK Jr. Day at their Albert Lea and Austin campuses and would co-sponsor this event in Owatonna. Commissioner Gunderson made a motion to partner with Riverland College and accept \$400 towards the speaker cost, Commissioner Vanoosbree seconded the motion, all members present voted aye in approval.

Commissioner Vanoosbree will contact Limberg Production about filming Dr. Kunkel's presentation. Preferred option would be to livestream the event or record the speech for playback on the city's website and PEG Channels. Commissioner Gunderson made a motion authorizing a \$300 expense to film this event, Commissioner Leon seconded the motion, all members present voted aye in approval.

Commissioner Cords will prepare posters and ads for publicity. Commissioner Leon made a motion authorizing promotion cost not to exceed \$200, Commissioner Gunderson seconded the motion, all members voted aye in approval.

Commissioner Gillespie will write a feature article for the newspaper. She will request this run in the Guest Column in the Owatonna Peoples Press during the week prior to MLK Day.

City Administrator Busse commented MLK Jr Day should be considered a day on and not a day off, it is a day to do something for others. Commissioner Gillespie offered to include this in her article.

Review of the Communication Plan and tasks assigned include:

Contact United Way – Commissioner Gunderson – verify if they have activity planned.

Contact Annie at Owatonna Peoples Press – Commissioner Vanoosbree

Radio interview – Commissioner Gunderson – will be a three-minute interview on Talk of the Town on Friday, January 13, 2023

Create Facebook Posts and PEG Channel Slides – Commissioners Cords and Vanoosbree

Invite City staff, Mayor, and City Council Members – City Administrator Busse

Invite OHRC Interest Contacts – Administrative Specialist Clawson

Contact Owatonna Ministerial Association (Pastor Brent Carlson at Christ Community Covenant Church. – Commissioner Gunderson

Electronic billboard advertisement at the Steele County Fairgrounds – Commissioner Cords

Contact Jose at Plaza Morena – Commissioner Cords spoke with Jose today and he is planning as in previous years

The sub-committee will meet prior to the January OHRC meeting to review plans for MLK Jr. Day Breakfast.

Commissioner Comments

Commissioner Gunderson asked if the OHRC mural is lighted. He will contact OPU to verify what lighting is currently being used and if additional lighting (illuminating the trail or an additional streetlight) could be added. Commissioner Leon commented the mural is now more visible to traffic on Hoffman Avenue since the trees have lost their leaves.

Commissioner Cords reminded everyone plans for the 2023 Welcome Week will begin early next year. Hoping additional activities will be planned and the event will be timely promoted. Promotions could include presentations at large employers during their breaks; participating in the OHS Career Day; encourage Mixed Roots at OHS to participate and include an event for high school students. Planning to begin after the MLK Jr. Breakfast.

At 6:06 p.m., Commissioner Cords made a motion to adjourn, Commissioner Gunderson seconded the motion, with no objections, the meeting was adjourned. The next meeting date will be on Tuesday, January 10, 2023, at 5:30 p.m.

Respectfully submitted,

Jeanette Clawson, Administrative Specialist

EDA - DRAFT COPY
Minutes
December 14, 2022

The Owatonna Economic Development Authority met in regular session at 4:00 PM at the City Council Chambers with President Raney presiding. Commissioners present: Andy Cowell, Corey Mensink, Kevin Raney, Tom Peterson, and Doug Voss. Commissioners Dan Boeke and Brenda DeVinny were absent. Also present were Troy Klecker, Bill Owens, Brad Meier, Lisa Cochran, and Kristen Kopp.

Approval of Minutes. Commissioner Cowell moved approval of the minutes of the October 19, 2022 meeting with second by Commissioner Voss. All Commissioners voting Aye, the motion passed.

Treasurer's Report. Troy Klecker presented the revenue and expense reports for November. He said that these numbers are through the end of November, so one month remaining in the year. They're tracking pretty good. The second round of TIF numbers aren't in yet and lodging tax is lagging on the revenue side. Otherwise we're pretty much on track.

Loan Report. Bill Owens presented the Loan Report for November. He said that Wagner's is two payments behind, and potentially three. Klecker said he hasn't heard that the November check came back, but will have to check that it went through. Voss asked about 321 Cedar Avenue North. He said what they did looks great. Klecker said he's getting as many comments about all of the buildings that are being fixed up as he is about the hotel. A lot of the façade projects are getting done and all getting noticed.

OACCT Report. Chamber Director Brad Meier presented the OACCT Report for November. He said that their Workforce Coordinator is taking another position and will be done soon. They're going to pause on hiring until January and will have strategic planning with some of the businesses. He said that they will take time to clarify this position's responsibilities compared to what Brian Coleman does at the high school. The Community Branding effort continues to move forward. They will be here the end of January for focus groups.

OPED Report. Troy Klecker provided the OPED Report. He said they have been updating their strategic plan. The priorities aren't going to change a whole lot. New development, education, and communication are priorities. They're in the midst of putting it together and will present to the EDA and the other boards that are represented in that group. He said they've made a lot of traction. The goals haven't changed, but action items have been tweaked.

OABDC Report. Bill Owens presented the OABDC Report for November. Consulting has been steady and has picked up recently. Not a lot of people coming in for manufacturing, but more small businesses. Space is steady. He said they're working with the school district to apply for a SMIF grant for a recent immigrant program.

MainStreet Director Lisa Cochran said they had their big parade two weeks ago and are meeting to recap tomorrow. It was a great turnout which was exciting and also brought up some new problems. They'll be discussing that. Raney thanked her for helping to make it a success this year.

EDA Projects. Community Development Director Troy Klecker presented the EDA Projects for November. He said that Cemstone is constructing their plant, to be completed by July 4. The rest will go up after that. The old Jerry's building, and future Roma's Italian restaurant, has the roof completed and they're doing interior work now. They're looking at a spring opening. If you've been anywhere along Bridge Street, you've seen CDI's building going up, which is exciting. The Riverfront project has been announced since the last EDA meeting. This will include everything north of Vine Street and west of Oak Avenue. There are five buildings that would be demolished, including the Chamber building. The Chamber will be relocating to the corner of Oak and Main Street. There will be a bank building where the Chamber sits. The rest of the block will be a multi-use building. It will have parking and MSB on the lower level. The next level will be commercial space and then four stories of luxury apartments above that. We'd be vacating part of Walnut that runs to the Chamber. There will be no public parking in that space. The City is working on a public parking lot project off Vine, up the hill where Monson Eye Clinic is now. It will be a central public parking spot for all of downtown. There will be good walkways from that parking lot to all of the downtown. They're working on a lighted pedestrian crossing on Oak. It will all happen in pieces, and it's important to plan each of the pieces. The developer is Redline Development (Darrin Stadheim and Scott Mohs). They're hoping to roll from the first phase to the second phase. Meier said that they'd like to keep Ted Ringhofer Drive on the map, which would be a Council decision. Voss asked about goals for 2023. He said they want to get rid of 117 West Bridge 148 West Main, the collapsed building. That should be a goal—that we don't own those. Klecker said that those are goals. We've had interest on 117 West Bridge. He said they could just build out 148 West Main and sell it, but it's a big investment. We should have more discussion on that to see if we should take more proactive steps. It will take a lot to do anything to it. The hope is that there is so much activity and interest downtown that they will be purchased. Raney said with the Riverfront Development, that parking lot is an integral part. Part of the downtown revitalization is the parking lot. It will be properly lit with cameras and very safe. Voss said that it's a very long term thing. Klecker said that it sets you up, should we ever get to the point where we need a parking ramp. Raney congratulated Tom Peterson on CDI's new building and thanked him for choosing Owatonna.

New Business. Klecker presented the Lodging Tax Agreement. They have a current agreement with the Chamber of Commerce. They've typically had a three-year contract and that's what this is. Glenda Smith is in the role of Tourism Director and is doing a wonderful job. There was some discussion that prompted some changes in the agreement. Meier said that it's the second page of the contract under 5. Tourism Advisory Committees. There are three different committees: a Tourism Marketing Committee, a Lodging Representative Committee, and a Tourism Executive Advisory Committee. Glenda feels it will be much more useful to her to break down the committees in this way. They want smaller groups with more focused intent. Things operate pretty much the same as they have. Voss asked if the lodging tax gets to be more, is there a maximum they would receive. Klecker said that it's 3%. Their budget would change. It varies from year to year. During Covid time, it was less. If we do well and have more hotels and are generating more, it will be more. That's what these committees are for. It's less of a monetary contract. It's more of a service contract and providing a tourism service as they've done since the 1980s. A motion was made by Mensink and seconded by Cowell to approve the Lodging Tax Agreement. All Commissioners voting Aye, the motion carried.

Schedule Next Meeting. The next EDA meeting is scheduled for **January 18, 2023** at 4:00 PM at the City Council Chambers.

Adjournment. There being no further business, a motion was made by Commissioner Mensink and seconded by Commissioner Voss to adjourn the meeting at 4:35 pm. All Commissioners voting Aye, the motion passed.

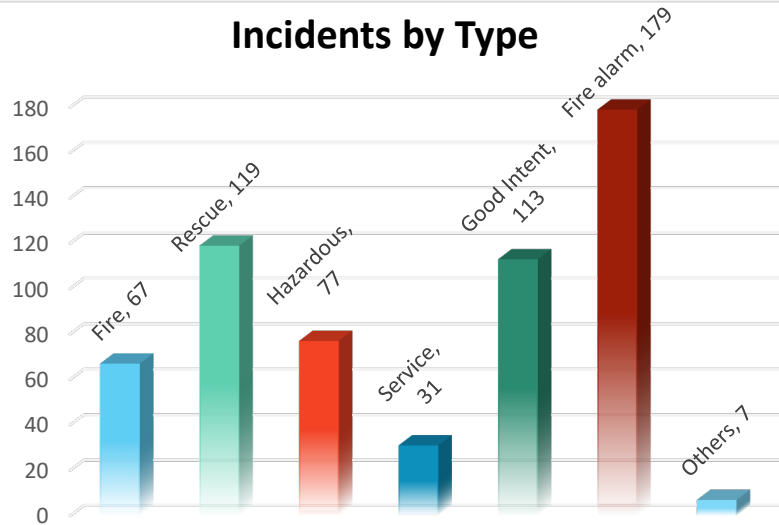


Department Reports

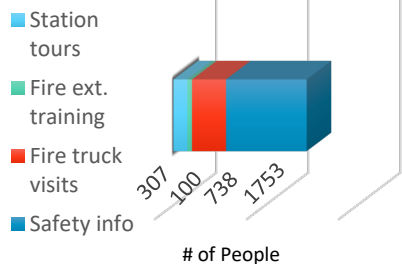
OWATONNA FIRE DEPARTMENT DASHBOARD

2022 STATISTICS

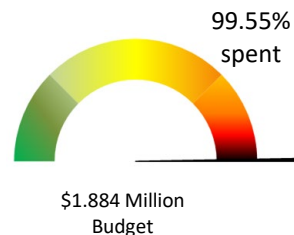
Incidents by Type



Public Education

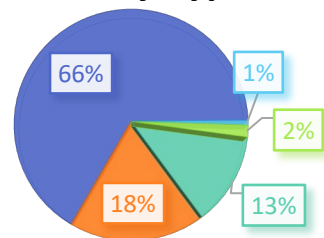


Expenditures



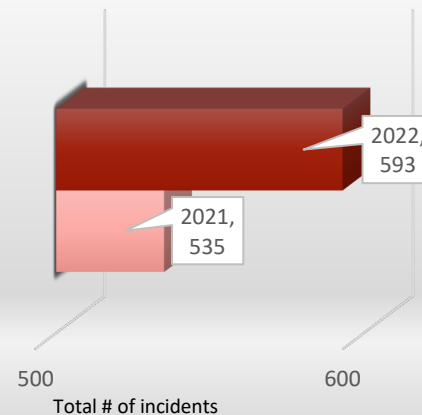
Inspections by Type

- Fire code
- Fire alarm system
- Sprinkler system
- Nuisance complaints
- Weed complaints

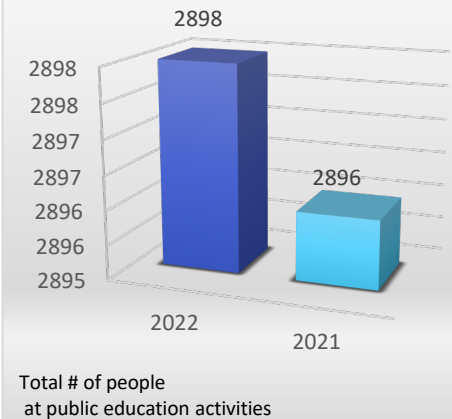


2022 VS 2021 STATISTICS

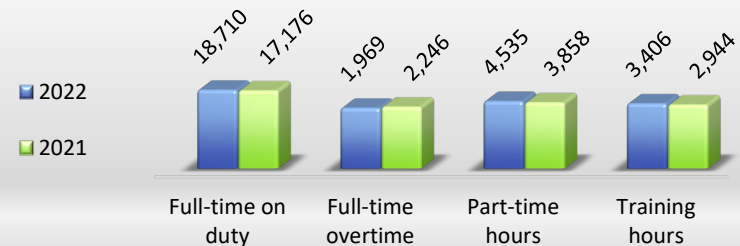
Incidents



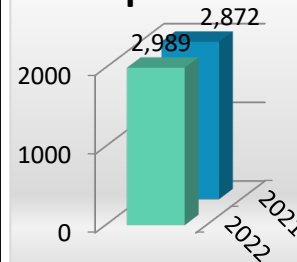
Public Education



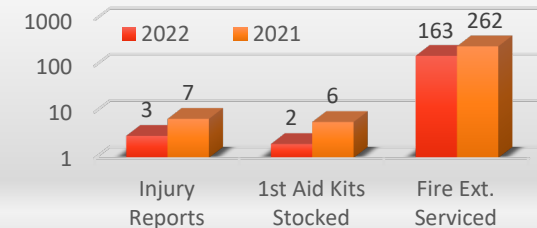
Staff Hours



Inspections



Safety Services



2022 OWATONNA FIRE DEPARTMENT MONTHLY ACTIVITY REPORT

INSPECTION SERVICES		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022	2021
Fire code inspections		147	210	265	84	107	245	152	319	48	101	103	207	1988	1758
Fire alarm inspections		1	1	2	2	2	5	0	0	2	2	1	2	20	18
Sprinkler system inspections		5	9	0	6	3	9	4	2	0	3	2	6	49	64
Nuisance inspections		5	6	0	18	89	57	83	62	38	16	6	2	382	518
Weed inspections		0	0	0	0	88	167	108	92	84	11	0	0	550	514
Sprinkler system permits issued		3	1	1	2	3	1	3	0	2	0	2	3	21	19
Fire alarm system permits issued		0	2	4	0	2	0	0	0	2	1	2	2	15	24
Suppression system permits issued		0	0	0	0	0	0	1	3	0	0	0	1	5	4
Plan reviews		6	5	5	3	5	6	6	7	7	3	7	5	65	64
Code reviews		0	3	3	2	4	5	0	3	3	5	2	8	38	15
# Knox boxes checked		1	0	1	0	6	0	1	1	1	0	3	0	14	11
PUBLIC EDUCATION SERVICES		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022	2021
# people given tours		0	0	20	0	0	0	0	0	0	253	34	0	307	15
# people given extinguisher demos		0	0	0	30	0	0	0	0	0	40	30	0	100	307
# people at truck visits		0	0	0	67	17	0	0	0	50	544	60	0	738	832
# people fire safety information		0	0	0	0	0	207	0	400	0	0	1146	0	1753	1742
# people juvenile firesetters		0	0	0	0	0	0	0	0	0	0	0	0	0	0
EMERGENCY RESPONSE SERVICES		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022	2021
Incidents	City incidents	50	36	38	27	45	35	38	48	28	46	49	42	482	434
	Rural incidents	5	11	7	11	11	4	14	11	7	5	8	11	105	95
	Mutual aid given	0	2	0	0	0	2	1	0	0	1	0	0	6	6
Monthly Totals		55	49	45	38	56	41	53	59	35	52	57	53	593	535
Type of Incidents	Fire	3	3	2	6	7	5	13	5	6	10	6	1	67	65
	Rescue calls	10	11	5	9	9	7	8	11	4	12	16	17	119	97
	Hazardous conditions	10	6	4	5	9	9	2	6	4	6	6	10	77	68
	Service calls	3	3	6	4	2	3	2	2	0	3	1	2	31	33
	Good intent calls	9	9	11	9	11	2	11	13	9	7	12	10	113	116
	Fire alarms	20	17	17	5	16	14	14	22	12	14	16	12	179	154
	Others	0	0	0	0	2	1	3	0	0	0	0	1	7	2
Monthly Totals		55	49	45	38	56	41	53	59	35	52	57	53	593	535
Total training hours		367.33	282.78	508.08	395.68	114.00	320.93	181.40	160.00	244.75	175.02	357.22	298.92	3406	2944
SAFETY SERVICES		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022	2021
# injury reports		0	1	1	0	0	0	0	0	0	0	0	1	3	7
# lost work hours		0	0	0	0	0	0	0	0	0	0	0	0	0	0
# fire extinguishers serviced		88	37	10	0	4	0	28	0	0	0	0	0	167	262
1st aid supplies checked		0	1	1	0	0	0	0	0	0	0	0	0	2	6
Full-time shift hours worked		1391.25	1308.00	1366.00	1194.25	1497.50	1776.25	1656.00	1666.00	1779.50	1608.00	1753.00	1714.00	18709.75	17175.75
Full-time overtime hours worked		218.90	122.02	209.81	343.18	209.08	321.62	99.84	65.64	110.53	86.35	77.13	104.99	1969.09	2245.82
Part-time hours worked		406.75	352.00	520.50	463.25	286.50	595.25	280.00	308.75	334.75	276.50	321.50	389.25	4535.00	3857.50
Monthly Hours Worked Total		2016.90	1782.02	2096.31	2000.68	1993.08	2693.12	2035.84	2040.39	2224.78	1970.85	2151.63	2208.24	25213.84	23279.07

COMPARISON REPORT OF BUILDING DONE IN CITY OF OWATONNA IN YEARS 2021 AND 2022														Ken Beck, Building Official	
	DWELLINGS		ACCESSORY		COMMERCIAL		INDUSTRIAL		ADD. & ALT.		DUPLEX/APTS		DEMO	TOTAL	
Month	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	VALUE	NO.	NO.	VALUE
Jan '21	0	0	4	4,500	15	2,281,485	3	18,800	93	582,445	1	2,968,000	2	118	5,855,230
Jan '22	0	0	4	7,640	14	104,970	11	3,775,051	68	419,719	0	0	0	97	4,307,380
Feb '21	3	600,000	4	4,500	24	2,403,602	6	22,800	201	1,064,641	1	2,968,000	2	241	7,063,543
Feb '22	0	0	12	22,742	24	1,753,403	16	4,817,476	139	855,061	0	0	0	191	7,448,682
Mar '21	6	1,200,000	6	7,800	41	2,659,928	14	230,900	345	1,798,868	1	2,968,000	2	415	8,865,496
Mar '22	5	1,901,925	33	67,493	35	2,161,547	26	5,560,379	284	1,747,846	0	0	1	384	11,492,265
Apr '21	10	2,260,000	17	17,326	61	3,232,680	20	873,200	482	2,740,015	1	2,968,000	2	593	12,091,221
Apr '22	5	1,901,925	51	96,566	58	2,827,402	30	5,592,069	411	2,785,871	0	0.00	0.00	555	13,256,908
May '21	17	4,375,000	39	69,626	77	4,895,502	25	1,225,930	630	4,155,201	1	2,968,000	2	791	17,689,259
May '22	6	2,141,925	62	112,316	75	5,328,038	36	6,191,103	585	4,336,520	0	0	0	764	18,162,974
Jun '21	18	4,675,000	57	143,066	92	6,121,333	31	1,492,510	770	4,971,159	2	3,388,000	5	975	20,791,068
Jun '22	8	3,061,925	76	155,666	107	6,779,903	40	7,384,127	738	6,392,230	0	0	3	970	23,826,923
Jul '21	23	5,977,650	65	150,216	111	6,995,283	37	1,767,381	898	5,948,453	3	8,368,000	6	1143	29,206,983
Jul '22	10	3,631,925	94	282,866	130	8,869,882	48	8,653,897	870	7,489,327	2	10,500,000	3	1,155	39,427,897
Aug '21	25	6,577,650	76	177,271	130	8,814,793	52	2,190,421	1,002	7,031,277	5	8,668,000	6	1,296	33,459,412
Aug '22	11	4,031,925	101	303,866	160	10,139,786	56	8,902,182	986	8,302,718	3	17,000,000	3	1,320	48,680,477
Sep '21	29	7,373,650	93	198,896	150	21,018,100	61	2,713,781	1,145	8,728,052	5	8,668,000	7	1,490	48,700,479
Sep '22	12	4,531,000	126	332,386	184	11,910,289	67	19,440,272	1,104	10,577,868	4	24,500,000	3	1,499	71,291,815
Oct '21	31	7,773,650	100	227,096	157	21,675,198	66	5,163,621	1292	9,941,707	5	8,668,000	7	1,658	*53,449,272
Oct '22	16	6,306,000	142	368,736	197	13,206,075	72	19,560,069	1,223	11,308,018	4	24,500,000	3	1,657	75,248,898
Nov '21	39	10,023,650	110	241,271	165	22,828,867	68	5,747,938	1,442	10,923,871	5	8,668,000	7	1,836	*58,433,597
Nov '22	16	6,306,000	152	380,936	209	17,318,397	79	19,922,914	1,320	13,572,135	4	24,500,000	3	1,783	82,000,382
Dec '21	40	10,373,650	113	250,971	185	23,884,442	71	5,767,938	1,551	11,748,489	6	9,668,000	8	1,974	*61,693,490
Dec '22	16	6,306,000	164	405,736	211	17,445,397	87	20,108,379	1,398	14,120,570	4	24,500,000	3	1,883	82,886,082
Report compiled and prepared by Kristen Kopp										* Does not include \$94,000,000 valuation of Owatonna High School					

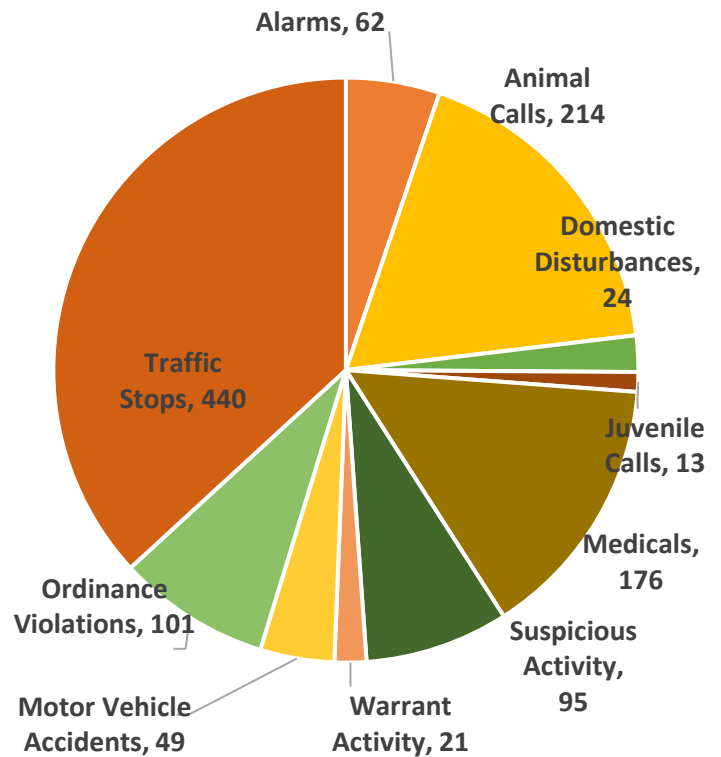
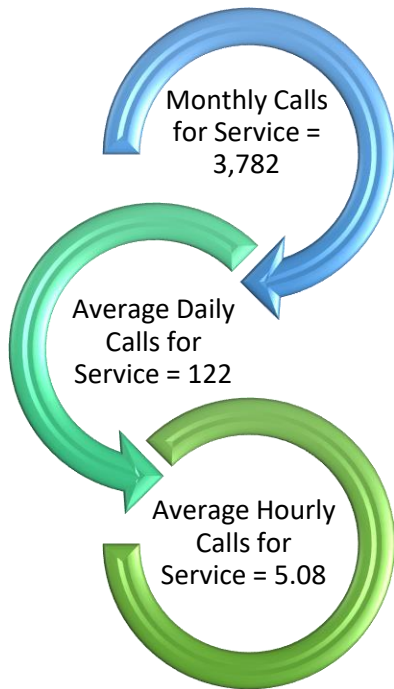
Owatonna Building Inspection Department Comparison Report- Construction to Date 2021/2022

Construction Report for Permits Issued through December 31, 2022

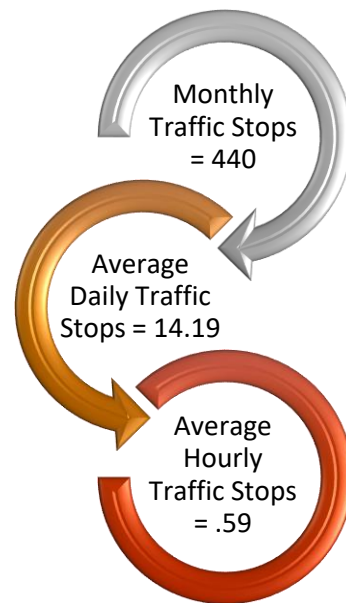
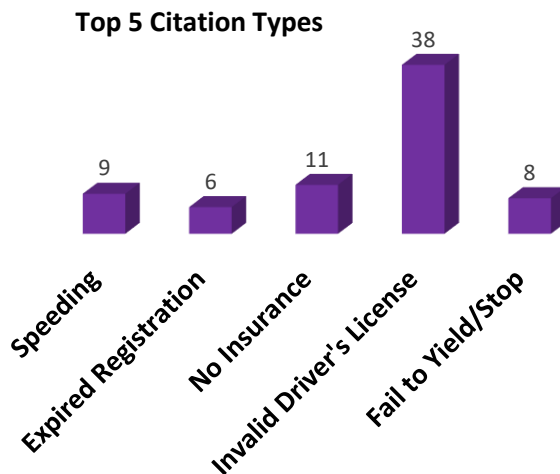
TYPE OF WORK	2021 PERMITS ISSUED	PERMITS ISSUED FOR CONSTRUCTION COST	Units	2022 PERMITS ISSUED	PERMITS ISSUED FOR CONSTRUCTION COST	Units
NEW DWELLINGS	40	10,373,650	39	16	6,306,000	16
ACCESSORY BUILDINGS (INCLUDES GARAGES, UTIL. BLDGS, SW. POOLS, ETC.)	113	250,971		164	405,736	
COMMERCIAL PROJECTS	185	23,884,442		211	17,445,397	
INDUSTRIAL PROJECTS	71	5,767,938		87	20,108,379	
RESIDENTIAL ADD. & ALT.	1,551	11,748,489		1,398	14,120,570	
DUPLEXES & APTS. (INCLUDES ATTACHED SF)	6	9,668,000	81	4	24,500,000	231
DEMOLITION PERMITS	8	-		3		
TOTAL PERMITS ISSUED	1,974	61,693,490	120	1,883	82,886,082	247

OWATONNA POLICE DEPARTMENT

October 2022



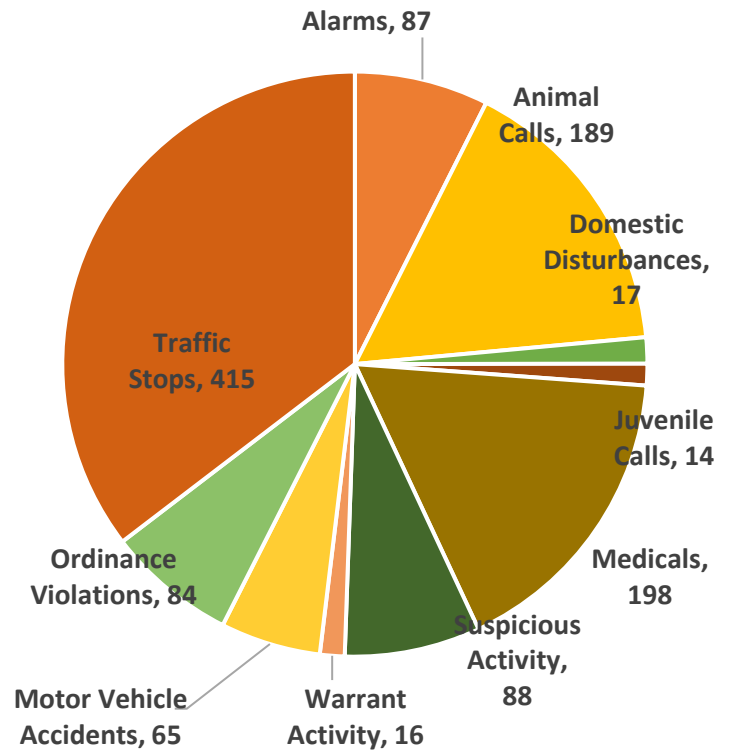
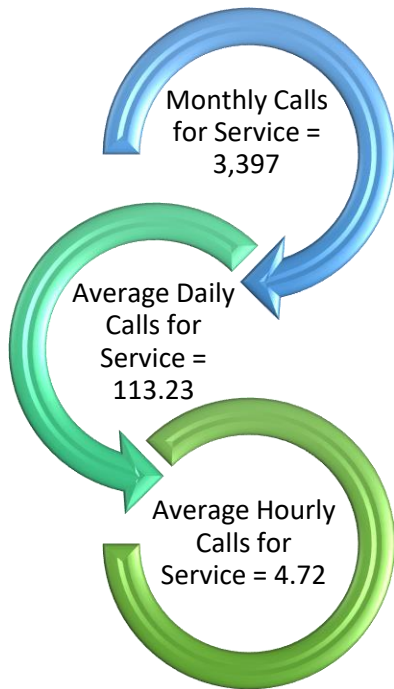
In the month of October 2022, the Owatonna Police Department answered 3,782 calls for service, including 440 traffic stops, 62 alarms, 24 domestic disturbances, 214 animal calls, 13 juvenile calls, 176 medical calls, 95 suspicious activity calls, 21 warrants, 101 ordinance violations, and 49 motor vehicle accidents.



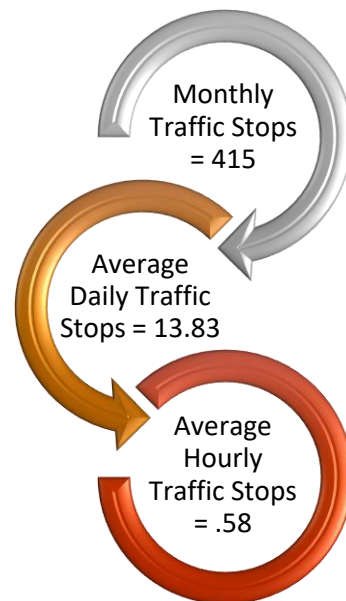
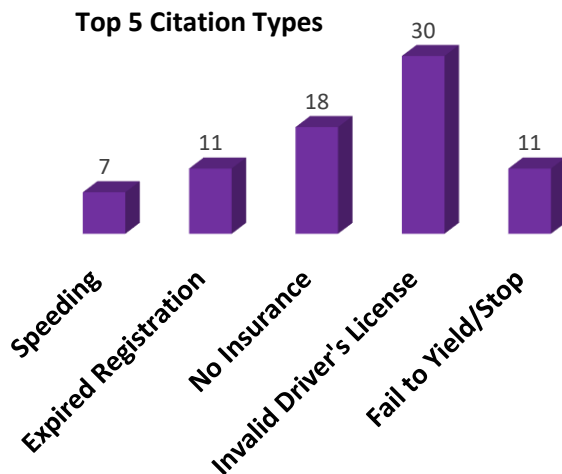
The Owatonna Police Department issued a total of 103 citations and 367 warnings in October. The top 5 citation types include speeding, expired registration, no insurance, invalid driver's license, and fail to yield/stop.

OWATONNA POLICE DEPARTMENT

November 2022



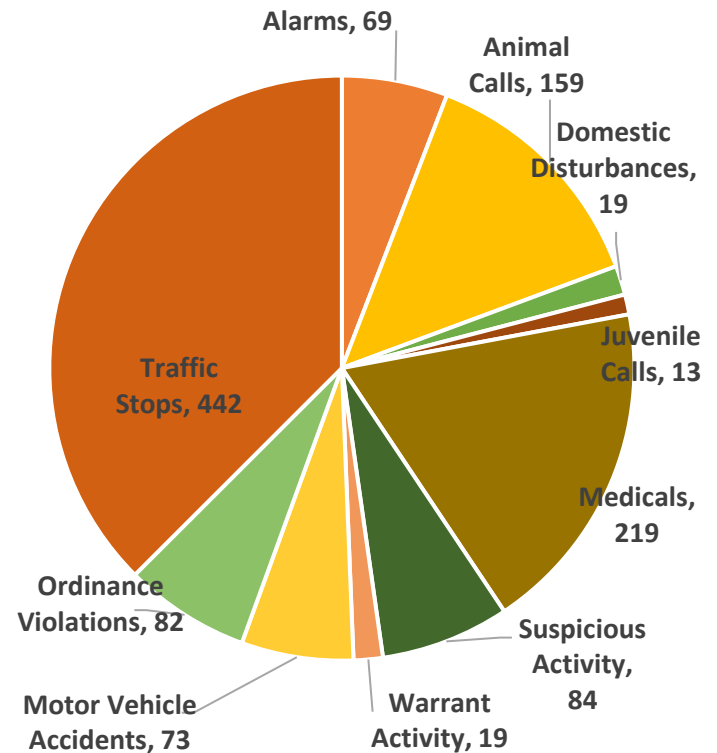
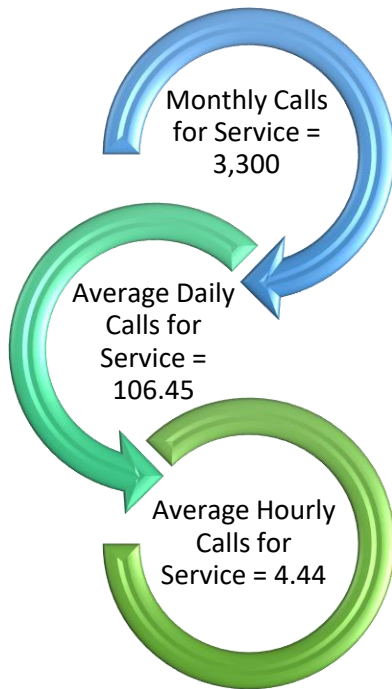
In the month of November 2022, the Owatonna Police Department answered 3,397 calls for service, including 415 traffic stops, 87 alarms, 17 domestic disturbances, 189 animal calls, 14 juvenile calls, 198 medical calls, 88 suspicious activity calls, 16 warrants, 84 ordinance violations, and 65 motor vehicle accidents.



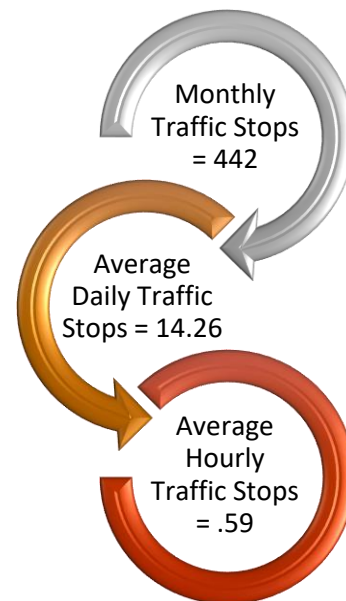
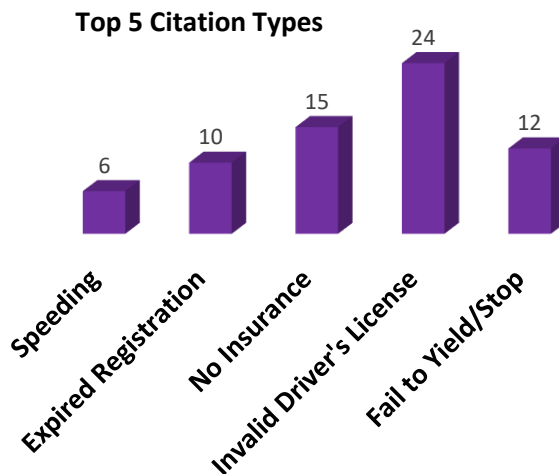
The Owatonna Police Department issued a total of 96 citations and 338 warnings in November. The top 5 citation types include speeding, expired registration, no insurance, invalid driver's license, and fail to yield/stop.

OWATONNA POLICE DEPARTMENT

December 2022

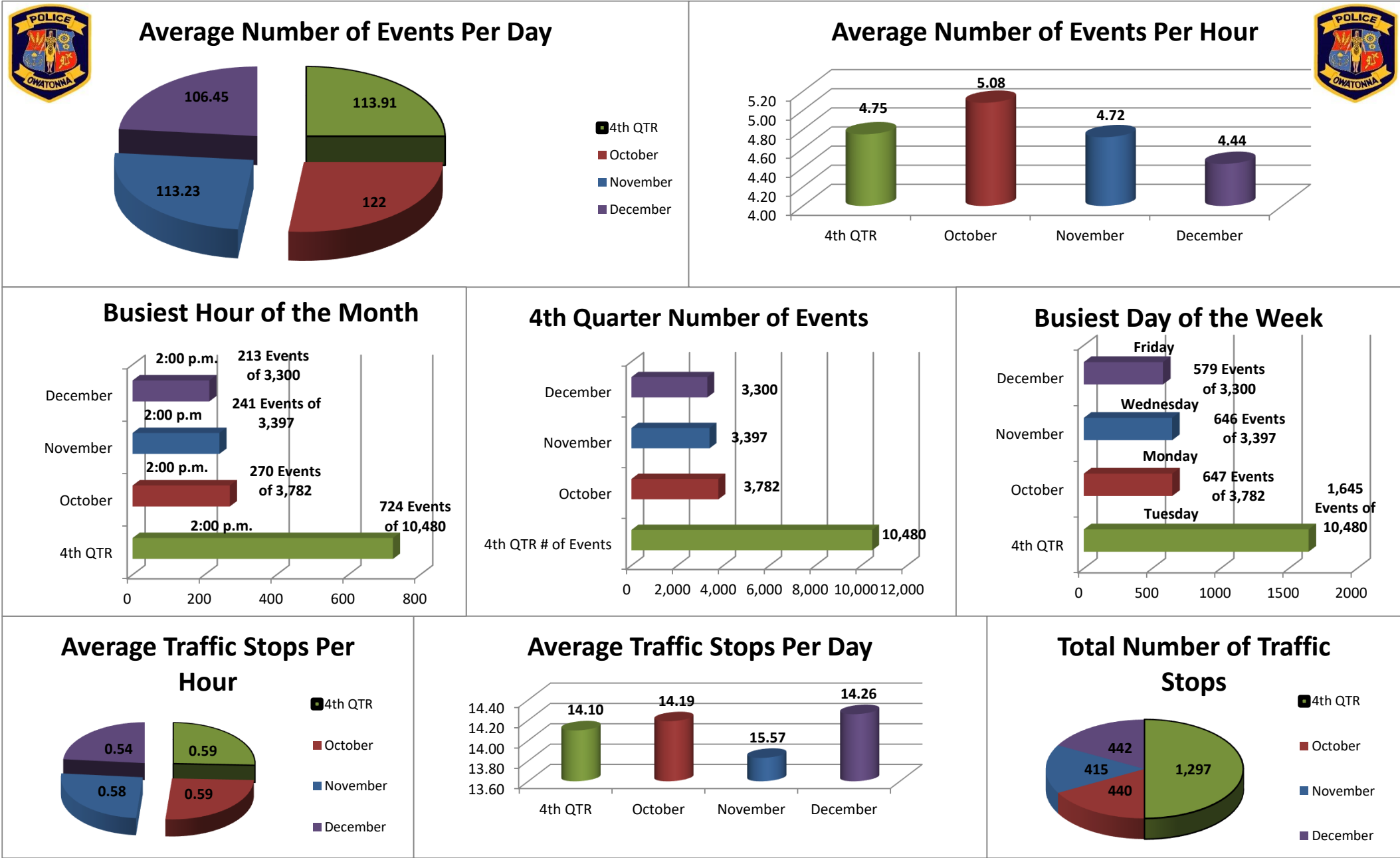


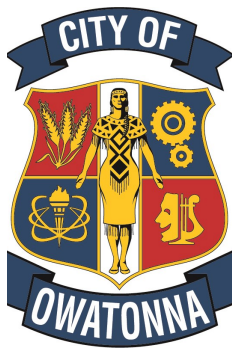
In the month of December 2022, the Owatonna Police Department answered 3,300 calls for service, including 442 traffic stops, 69 alarms, 19 domestic disturbances, 159 animal calls, 13 juvenile calls, 219 medical calls, 84 suspicious activity calls, 19 warrants, 82 ordinance violations, and 73 motor vehicle accidents.



The Owatonna Police Department issued a total of 104 citations and 362 warnings in December. The top 5 citation types include speeding, expired registration, no insurance, invalid driver's license, and fail to yield/stop.

2022 SERVICE ANALYSIS - FOURTH QUARTER(October, November, December)





Licenses - Permits



Approved: _____
Denied: _____

SUMMARY EVENTS PERMIT APPLICATION

Date of Application: 1/09/2023

Date to Council: 1/17/2023

EVENT INFORMATION: Bob Fest at Foremost Brewery Bockfest **FEE Amount: \$50 fee – Extension of Premise**

Event Date Saturday, February 18, 2023

Time: 11:00 am – 10:00 pm Set-up begins at 8:00 a.m. and Clean-up done by 11:30 p.m.

Alternate Date: none

Location (Address) of Event: 131 W Broadway St

Estimated Attendance (Participants and spectators): 400

Applicant/Contact: Molly Keer 952-217-0985

Alternate Contact: Tim Flynn 507-399-1852

Items needed: 5 medium barricades (13 8.5' in length)
5 large cones
Use of 5 parking spaces at their south entrance on Bridge Street
(diagram attached, same area used last year with Extended premises.)
Extension of Liquor License

Department Notes :

Park & Rec: approve, no impact.

Police: approve, no impact, will advise patrol of the event.

Public Works: approve, applicant to contact shop at 507-774-7051 to pick-up barricades.

Fire: approve, Chief Hoffman contacted applicant to ask if they are not planning a tent for this event.
They confirmed, this will be an open-air event.

Council Notes:

City Council Approval: _____ Date: _____
Kris M. Busse, City Administrator/City Clerk



EP-23-1

Events Permit Application

Status: Active

Date Created: Jan 9, 2023

Applicant

Molly Kerr
mkerr.foremost@gmail.com
736 Willowbrook St. NE
Owatonna, MN 55060
952-217-0985

Event Information

Event Contact

Molly Kerr

Location of Event

131 W. Broadway St.

Description of Event

On Saturday, February 18, 2023 Foremost Brewing Cooperative (131 West Broadway St. - Front & 136 West Bridge St – Back) will hold a special event to celebrate our collection of Bob beers. In Germany, festivals are held at the end of February or beginning of March as a welcoming of spring & we hope to do just that. Our event will give our patrons an opportunity to enjoy indoor music and the re-release of Bob's Bock.

While most of our event will take place inside our building, we would like to give our patrons the option to enjoy their alcoholic & non-alcoholic beverages outdoors by having a small outdoor patio on the day of the event. We are asking to extend our liquor license to the 5 parking spaces directly outback of our building. The spaces would be blocked off by street barricades and leave the sidewalk clear for foot traffic. The barricade would be in place for 1 day eliminating any inconvenience to weekday traffic and business. The space will be supervised by the staff of Foremost during the event.

This event will give the Owatonna community another way to enjoy the winter weather and our beautiful downtown.

Event Set Up Date

02/18/2023

Event Set Up Time

8:00am

Actual Event Date

02/18/2023

Actual Event Time

11:00am

Clean Up Date

02/18/2023

Clean Up Time

10:00pm

Rain Date: In the event of inclement weather, will the event be postponed or canceled?

Canceled

Estimated Attendance

400

Is this event a dance?

No

Application Information**Sponsoring Organization Name**

Foremost Brewing Cooperative

Mailing Address

mkerr.foremost@gmail.com

City

Owatonna

State

MN

Zip

55060

Website Address

www.Foremost.coop

Primary Contact**Name**

Molly Kerr

Phone Number

952-217-0985

Email Address

mkerr.foremost@gmail.com

Primary On-site Contact**Name**

Molly Kerr

Cell Phone

952-217-0985

Alternate On-site Contact**Name**

Tim Flynn

Cell Phone

507-399-1852

Refer Media or Citizen Inquiries To:**Name**

Molly Kerr

Phone

952-217-0985

Event Features**City Streets or Right-of-Way**

No

City Sidewalks or Trails

No

Start/End Time

8:00am-11:30pm

Parks

No

Number and Size

1 banner, 4ft wide by 4 ft tall

Will there be any inflatables?

No

Will there be entertainment?

Yes

Will sound amplification be used?

No

Will a stage or tent(s) be set up?

No

Dimensions

17 FT x 42.5 FT

How many vendors expected?

0

Alleys

No

Public Parking Lots or Spaces

Yes

Date

02/18/2023

Will any signs/banners be put up?

Yes

Insurance certificate from rental vendor is required. *No staking without approval*

What Type

There will be music inside the building and not in the outside space.

Sound amplified after 10:00 p.m. will require an Exception to the City's Noise Ordinance. There is a \$150 fee for an Exception to the City's Noise Ordinance which must be paid with this Event Application

Fees may apply. No staking without approval.

Will there be temporary fencing?

Yes

Will merchandise/food items be sold?

Yes

Will food be prepared on site?

Yes

Will alcohol be sold?

Yes

Who will be providing the liquor license?

Foremost Brewing Cooperative

Is this a caterer with an alcohol endorsement on their license?

Yes

A Temporary Liquor License will be required.
Complete an application for a Temporary Liquor License.

Is this a request for a temporary permit?

Yes

Additional documentation and fees are required

Will there be a fireworks display?

No

*Permit required, Contact Owatonna Fire
Department: 507-444-2454*

Describe power needs and location of power source

No extra power will be required

Describe level of advertisement

Radio ads on KOWZ, social media and our newsletter.

Have adjacent property owners been notified of this event?

No

Signatures required.

Will the event need barricade(s)?

Yes

Number Needed

5

Size Needed

Medium

Event organizer is responsible for pickup and return of barricades at the City Shop, 1100 Industrial Blvd., Monday-Friday 7 AM to 3 PM. Please call 507-774-7050 to make arrangements". *Fees may apply.*

Will the event need cones?

Yes

Number Needed

5

Size Needed

Large

Event organizer is responsible for pickup and return of cones at the City Shop, 1100 Industrial Blvd., Monday-Friday 7 AM to 3 PM. Please call 507-774-7050 to make arrangements". *Fees may apply.*

Will Central Park Stage be used?

No

Will there be any horses?

No

Please provide insurance information and complete Hold Harmless Agreement

Describe trash removal and cleanup plan during and after event

We will provide trash removal and cleanup during and after the event.

Will event need traffic control?

No

Contact Owatonna Police Department for assistance, 507-451-8232

Describe crowd control procedure to ensure the safety of participants and spectators

We will adhere to our standard crowd control practices and have extra staff on hand to monitor the crowd.

Will "No Parking" signs be needed?

Yes

Number Needed

5

Fees may apply, show location(s) on site map.

Will event need security?

No

Will event need Emergency Medical Services?

No

Contact Gold Cross Ambulance" 507-451-6403

Describe the emergency action plan if severe weather should arise?

If severe weather occurs we close our cease our outdoor operation and encourage all patrons to come indoors to safety.

Please provide contact information for responsible party during event to advise of severe weather notifications:

Name

Molly Kerr

Phone Number

952-217-0985

Email

mkerr.foremost@gmail.com

List any other pertinent information

This event will be setup the same way it was last year. The setup worked really well for us and our neighbors. Thank you for your time and please let me know if you have any quesitons or concerns.

Key

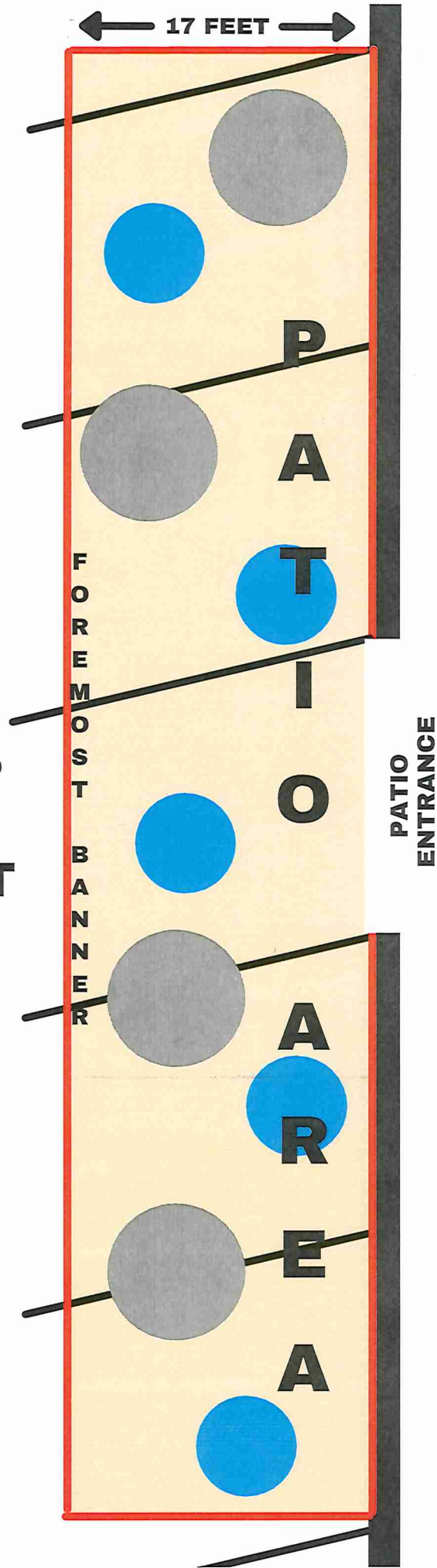
-  PATIO HEATERS
-  HIGH TOP TABLES
-  BARICADE

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42.5
FEET

17 FEET



FOREMOST
ENTRANCE

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Miscellaneous



TO: Honorable Mayor and City Council Members, City Administrator
FROM: Dave Beaver, Airport Manager
DATE: January 11, 2023
RE: T-Hangar Lease Agreements

Purpose:

To approve T-hangar rental agreements for units located at the Owatonna Degner Regional Airport as follows:

Lessee	Resident	Unit	Monthly Rental Fee	Term
Adam Ailabounia	Northfield, MN	Building 4, Unit H	\$220.00	2 years
Chris Plasek	Owatonna, MN	Building 2, Unit I	\$180.00	1 year

Background:

The agreements provide for the rental of T-hangar units at the airport and are typically a one-to-two-year term. The agreements are standard T-hangar lease forms used for this purpose and have been reviewed by the City Attorney.

Budget Impact:

The rental fees provided for in the agreements represent a total of \$4,800.00 of annual rental revenue.

Recommendation:

Staff recommends approval.

OWATONNA DEGNER REGIONAL AIRPORT
T-HANGAR LEASE AGREEMENT

The City of Owatonna, a municipal corporation of the State of Minnesota, hereinafter referred to as "Lessor", hereby leases to Adam Ailabounia, a resident of the City of Northfield County of Rice, State of Minnesota, hereinafter referred to as "Lessee", that T-Hangar unit situated in an aircraft hangar located at the Owatonna Degner Regional Airport which is more particularly described as follows, to-wit:

HANGAR # 4, UNIT "H "
(See attached Exhibit "A")

1. **TERM OF LEASE.** The initial term of this lease shall be for a period commencing January 17, 2023 and ending January 31, 2025. Upon the mutual agreement of the parties hereto, the lease may be renewed for up to two (2) additional periods of one (1) year each. The agreement to renew shall be entered into by the parties prior to the expiration of each term and will be subject to the T-Hangar Rental Policy in effect or applicable at time of renewal. The agreement to renew shall be in writing and signed by the parties hereto specifying the rental fee and the date of expiration.

2. **RENTAL FEE.** During the term of this lease, Lessee shall pay to Lessor a monthly rental fee of Two Hundred Twenty dollars (\$220.00). All rental payments shall be made at Owatonna Degner Regional Airport, 3400 West Frontage Road, Owatonna, Minnesota, or such other place as Lessor may designate. All rental payments shall be due by the 10th day of the month for which they are made. Upon expiration of this lease the rental fee may be adjusted by the City Council of the City of Owatonna.

3. **TAXES.** Any and all taxes assessed by any governmental unit shall be the responsibility of the Lessee.

4. **PROHIBITIONS.** Lessee shall be subject to all airport rules and regulations, including but not limited to, the following:

(A) No private locks of any type will be allowed on individual pedestrian doors. If private locks are installed, they will be removed at the discretion of the City of Owatonna.

(B) All items detrimental to the environment shall be disposed of properly. The Lessee of each T-Hangar unit shall be responsible for the proper disposal of all materials generated from or within that unit. The cost of cleaning up any materials improperly disposed of on airport properties shall be charged to the Lessee of the unit which generated or was the source of the material.

(C) Lessee's private vehicle shall be allowed to be placed in a T-Hangar when the aircraft is removed for a trip. Parking on the apron or grass will not be permitted.

(D) Lessee shall be responsible for cleanliness of the T-Hangar unit. When, in the opinion of the City of Owatonna, a safety hazard is found to exist within a T-Hangar unit, Lessee will be provided with notice providing for cleanup within seven (7) days, or by such date as the City of Owatonna shall demand. If the cleanup is not completed within the designated time, the City of Owatonna will perform all cleanup, which, in its discretion, it deems necessary, and the cost of which shall be charged to the Lessee.

(E) Lessee at own expense, must maintain hangar in a safe, non-hazardous, and sanitary condition. No explosive, flammable or hazardous materials shall be stored in the leased hangar, provided, however, that materials incidental to the use and maintenance of the aircraft stored in hangar may be kept in the hangar in such amounts as are reasonable for the above described purposes. Storage and use of such materials shall, at all times, comply with all federal, state, and local laws, ordinances and regulations. Improper handling or disposal of hazardous materials shall be grounds for termination of this agreement.

(F) The Lessor, or its agent, will provide snow removal services to the area of the leased hangar and taxi-lanes as close to the leased hangar entrance as possible, the Lessee will be primarily responsible for removal of snow and ice immediately in front of the leased premises.

(G) The Lessee is responsible for ensuring the hangar door is closed at all times, except when entering or exiting the hangar.

(H) Engine run-up and taxiing out of the T-Hangars is not allowed.

(I) This lease shall not be sold, assigned, or in any manner transferred or encumbered by Lessee, nor shall the leased premises or any part thereof be sublet without the prior consent of Lessor in writing. Lessee shall keep and use the T-Hangar primarily for aircraft storage purposes and for no unlawful purpose whatsoever.

(J) T-Hangar units shall be used primarily for the storage of active and operational aircraft. Active and operational aircraft shall be defined to mean all aircraft currently licensed and flyable which are flown to and from the Owatonna Degner Regional Airport periodically during the year.

(K) Lessee shall possess proof of ownership of the aircraft being stored in leased hangar and aircraft must be properly registered and certified for flight. If Lessee sells the aircraft, the Lessor must be notified in writing within ten (10) days of the sale, and Lessee has ninety (90) days in which to replace said aircraft. One ninety (90) day extension may be allowed, if requested in writing from Lessor. If an aircraft is not owned at the time the hangar lease is consummated, Lessee has ninety (90) days to obtain an aircraft. Prior to placing any aircraft in a T-Hangar

unit, Lessee shall provide Lessor in writing the following information: (See attached Exhibit "B")

1. Aircraft Type
2. Serial Number
3. Registration Number
4. Present Condition of Aircraft (Is the aircraft presently airworthy?)
5. Present Market Value of Aircraft
6. Insurance Carrier (Including type of coverage, limits, and policy number.)

(L) Lessee shall comply with the Owatonna Degner Regional Airport Minimum Standards now existing or as hereafter amended or adopted by the City of Owatonna.

(M) Hangar Door to be Closed. The Lessee is responsible for ensuring that the bi-fold hangar door is closed and latched at all times, except when entering or exiting the hangar. The Lessee agrees not to operate the bi-fold door in wind conditions gusting in excess of 30mph (26 knots). The Lessee is responsible for, and holds the City harmless from, any damage or destruction to the door or to the hangar attributable to or caused wholly or partly by the Lessee's failure to comply with this provision.

5. **ELECTRIC SERVICE.** Electricity is available in each unit. The City of Owatonna reserves the right to install individual meters to each unit and the cost of electricity for each unit may then be billed to Lessee by the City on a periodic basis. Engine heaters shall be of such size as to not overload the electric system. Fuel-fired, hot-air type heaters are permitted if attended on a continuous basis while in use. Electric space heaters are prohibited.

6. **RIGHT OF ENTRY.** Lessor reserves the right for itself or agents to go on, into, and have access at all times during the existence of this lease, to said premises for the purpose, including, but not limited to, inspection and showing of the building.

7. **INSURANCE.** Lessee shall maintain the following insurance coverages:

A. Lessee shall carry aircraft liability insurance with limits of coverage not less than as required pursuant to the Minnesota Statue Section 360.59 Subdivision 10, and may be amended.

B. Lessee shall carry hull insurance on each aircraft stored on the leased premises. The limits of the insurance shall be in an amount equal to or greater than the current value of the aircraft, instruments, and accessories. On or before the date of this lease, Lessee shall provide a Certificate of Insurance to the City of Owatonna indicating the

required coverage for the entire term of the lease and providing for a minimum of thirty (30) days notice to a change or cancellation of that coverage.

C. In lieu of carrying hull insurance, Lessee covenants and agrees that he will not hold the City of Owatonna or any of its agents, employees, or Airport Commission members responsible for any loss occasioned by fire, theft, rain, windstorm, hail, or from any other cause whatsoever, whether said cause be the direct, indirect, or merely a contributing factor in producing the loss to any airplane, automobile, personal property, parts, or surplus that may be located or stored in the T-hangars, aprons, field, or any other location at the airport; and Lessee agrees the plane and the contents are to be stored, whether on the field or in the hangars, at Lessee's risk.

D. Comprehensive general liability insurance insuring Lessee against any liability arising out of this lease agreement, or the use, occupancy, or maintenance of the demised premises and all areas appurtenant to the demised premises. Such insurance shall be in the amount of not less than One Million (1,000,000.00) per occurrence for property damage, bodily injuries, or deaths of persons occurring in and about the premises, not necessarily caused by aircraft, or in or about the Airport if caused by the act or omission of Tenant or those for whom Tenant is responsible. Such insurance may provide for a sub limit of not less than One Hundred Thousand (\$100,000) per person. The insurance policy shall insure the hazards of the demised premises and operations conducted in and on the demised premises, independent contractors, contractual liability (covering the indemnity included in this lease agreement), and shall name Lessor as an additionally insured party. Lessor shall be furnished with a copy of the certificate of insurance. The liability insurance policy also showing endorsements requiring thirty (30) days' written notice to Lessor prior to any cancellation or any reduction in the amount of coverage.

E. In accordance with the subrogation provisions of the standard property insurance contract, it is hereby understood and agreed by and between the undersigned parties that they do jointly and separately waive any or all right of recovery against the other for insured loss occurring to the real property owned by City of Owatonna and personal property owned by the Lessee all while located at the leased premises.

Any policy issued to the City of Owatonna providing duplicate or similar coverage shall be deemed excess over Tenant's policies. Tenant waives any subrogation rights against the City of Owatonna on all claims and insurance policies.

Tenant shall not use or permit the Premises to be used in any manner that would void Tenant's or the City of Owatonna's insurance or increase the insurance risk. Tenant shall comply with all requirements imposed by the insurers for the City of Owatonna and Tenant.

8. INDEMNIFICATION. To the fullest extent permitted by law, Lessee agrees to indemnify, defend, save and hold completely harmless the City of Owatonna or any of its agents, employees, or Airport Commission members responsible for any and all

liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person arising by reason of injury or death of any person, or damage to any property occasioned by fire, theft, rain, windstorm, hail, or from any other cause whatsoever, whether said cause be the direct, indirect, or merely a contributing factor in producing the loss to any airplane, automobile, personal property, parts, or surplus that may be located or stored in the T-Hangars, aprons, field, or any other location at the airport; and Lessee agrees that the planes and the contents are to be stored, whether on the field or in the hangars, at Lessee's risk.

The provisions of this section shall survive expiration or earlier termination of this lease. The furnishing of the required insurance shall not be deemed to limit Tenant's obligations under this Section.

The Tenant shall defend, indemnify and hold the City of Owatonna harmless from any claims or liabilities as a result of Tenant's failure to procure and to keep in force the insurance required in the Lease.

9. **ATTORNEY FEES.** Lessee shall pay and discharge all costs, attorney fees, and expenses arising from enforcing any covenants or forfeiture hereof.

10. **TERMINATION.** In case Lessee shall fail to make any of the above-mentioned payments as specified or fail to keep and perform any of the covenants and agreements herein contained, Lessor may immediately and without notice terminate this lease and re-enter and repossess said premises, without prejudice, to its claims for earned cash rent. The following by way of illustration but not by limitation shall constitute a default under this lease:

(1) Tenant fails to pay money owed to the City of Owatonna under this Lease when due, and such failure continues for ten (10) days after written notice from the City of Owatonna.

(2) Tenant uses the Premises for any purpose not expressly authorized by this Lease and such default continues for ten (10) days following written notice from the City of Owatonna.

(3) Tenant assigns, subleases or transfers this Lease except as otherwise permitted, and such default continues for ten (10) days following written notice from the City of Owatonna.

(4) Tenant fails to carry the insurance required under this Lease; any insurance required under this Lease is cancelled, terminated, expires, or is reduced or materially changed so as not to comply with this Lease; or the City of Owatonna receives such notice of any such conditions pursuant to Section 7., and such failure continues for a period of ten (10) days following written notice from the City of Owatonna to Tenant.

- (5) Tenant vacates or abandons the Premises, and such default continues for ten (10) days following written notice from the City of Owatonna to Tenant.
- (6) Tenant fails to abide by any applicable federal, state, or municipal statutes, regulation, ordinance, rule, or airport policy
- (7) Any other action or inaction on the tenant's part which the City determines is in breach of the lease.

IN WITNESS HEREOF, the parties hereto have executed this lease this _____ day of _____, 20____.

Adam Ailabouni Adam Ailabouni ¹²⁻³⁻²⁰²² CITY OF OWATONNA, MINNESOTA
Lessee

By: _____
Its Mayor

By: _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF STEELE)

The foregoing was acknowledged before me this _____ day of _____, 20____,
by _____ and _____,
the Mayor and City Administrator of the City of Owatonna, a municipal corporation
under the laws of the State of Minnesota, on behalf of the City of Owatonna,
Minnesota.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF STEELE)

The foregoing was acknowledged before me this _____ day of _____, 20____,
by _____.

Notary Public

EXHIBIT "A"

T-HANGAR NO. 4

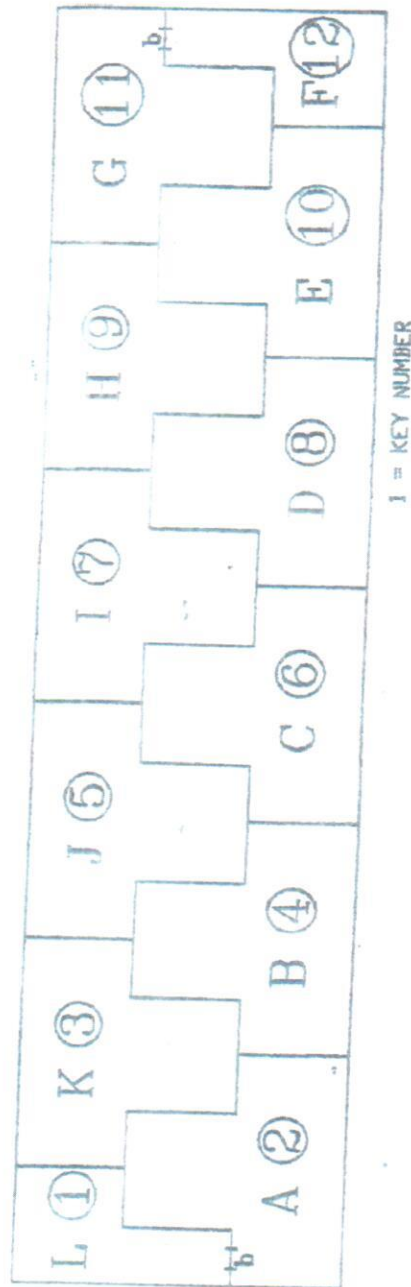


EXHIBIT "B"

- _____ 1. Aircraft Type 1991 American General Tiger A65B
- _____ 2. Serial Number 10042
- _____ 3. Registration Number N630FT
- _____ 4. Present Condition of Aircraft Good / Airworthy
- _____ 5. Present Market Value \$85,000
- _____ 6. Insurance Carrier Global Aerospace

Attach Copy of Insurance Certificate

OWATONNA DEGNER REGIONAL AIRPORT
T-HANGAR LEASE AGREEMENT

The City of Owatonna, a municipal corporation of the State of Minnesota, hereinafter referred to as "Lessor", hereby leases to Chris Plasek, a resident of the City of Owatonna County of Steele, State of Minnesota, hereinafter referred to as "Lessee", that T-Hangar unit situated in an aircraft hangar located at the Owatonna Degner Regional Airport which is more particularly described as follows, to-wit:

HANGAR # 2, UNIT "1"
(See attached Exhibit "A")

1. **TERM OF LEASE.** The initial term of this lease shall be for a period commencing January 17, 2023 and ending January 31, 2024. Upon the mutual agreement of the parties hereto, the lease may be renewed for up to two (2) additional periods of one (1) year each. The agreement to renew shall be entered into by the parties prior to the expiration of each term and will be subject to the T-Hangar Rental Policy in effect or applicable at time of renewal. The agreement to renew shall be in writing and signed by the parties hereto specifying the rental fee and the date of expiration.

2. **RENTAL FEE.** During the term of this lease, Lessee shall pay to Lessor a monthly rental fee of One Hundred Eighty dollars (\$180.00). All rental payments shall be made at Owatonna Degner Regional Airport, 3400 West Frontage Road, Owatonna, Minnesota, or such other place as Lessor may designate. All rental payments shall be due by the 10th day of the month for which they are made. Upon expiration of this lease the rental fee may be adjusted by the City Council of the City of Owatonna.

3. **TAXES.** Any and all taxes assessed by any governmental unit shall be the responsibility of the Lessee.

4. **PROHIBITIONS.** Lessee shall be subject to all airport rules and regulations, including but not limited to, the following:

(A) No private locks of any type will be allowed on individual pedestrian doors. If private locks are installed, they will be removed at the discretion of the City of Owatonna.

(B) All items detrimental to the environment shall be disposed of properly. The Lessee of each T-Hangar unit shall be responsible for the proper disposal of all materials generated from or within that unit. The cost of cleaning up any materials improperly disposed of on airport properties shall be charged to the Lessee of the unit which generated or was the source of the material.

(C) Lessee's private vehicle shall be allowed to be placed in a T-Hangar when the aircraft is removed for a trip. Parking on the apron or grass will not be permitted.

(D) Lessee shall be responsible for cleanliness of the T-Hangar unit. When, in the opinion of the City of Owatonna, a safety hazard is found to exist within a T-Hangar unit, Lessee will be provided with notice providing for cleanup within seven (7) days, or by such date as the City of Owatonna shall demand. If the cleanup is not completed within the designated time, the City of Owatonna will perform all cleanup, which, in its discretion, it deems necessary, and the cost of which shall be charged to the Lessee.

(E) Lessee at own expense, must maintain hangar in a safe, non-hazardous, and sanitary condition. No explosive, flammable or hazardous materials shall be stored in the leased hangar, provided, however, that materials incidental to the use and maintenance of the aircraft stored in hangar may be kept in the hangar in such amounts as are reasonable for the above described purposes. Storage and use of such materials shall, at all times, comply with all federal, state, and local laws, ordinances and regulations. Improper handling or disposal of hazardous materials shall be grounds for termination of this agreement.

(F) The Lessor, or its agent, will provide snow removal services to the area of the leased hangar and taxi-lanes as close to the leased hangar entrance as possible, the Lessee will be primarily responsible for removal of snow and ice immediately in front of the leased premises.

(G) The Lessee is responsible for ensuring the hangar door is closed at all times, except when entering or exiting the hangar.

(H) Engine run-up and taxiing out of the T-Hangars is not allowed.

(I) This lease shall not be sold, assigned, or in any manner transferred or encumbered by Lessee, nor shall the leased premises or any part thereof be sublet without the prior consent of Lessor in writing. Lessee shall keep and use the T-Hangar primarily for aircraft storage purposes and for no unlawful purpose whatsoever.

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unit, Lessee shall provide Lessor in writing the following information: (See attached Exhibit "B")

1. Aircraft Type
2. Serial Number
3. Registration Number
4. Present Condition of Aircraft (Is the aircraft presently airworthy?)
5. Present Market Value of Aircraft
6. Insurance Carrier (Including type of coverage, limits, and policy number.)

(L) Lessee shall comply with the Owatonna Degner Regional Airport Minimum Standards now existing or as hereafter amended or adopted by the City of Owatonna.

(M) Hangar Door to be Closed. The Lessee is responsible for ensuring that the bi-fold hangar door is closed and latched at all times, except when entering or exiting the hangar. The Lessee agrees not to operate the bi-fold door in wind conditions gusting in excess of 30mph (26 knots). The Lessee is responsible for, and holds the City harmless from, any damage or destruction to the door or to the hangar attributable to or caused wholly or partly by the Lessee's failure to comply with this provision.

5. **ELECTRIC SERVICE.** Electricity is available in each unit. The City of Owatonna reserves the right to install individual meters to each unit and the cost of electricity for each unit may then be billed to Lessee by the City on a periodic basis. Engine heaters shall be of such size as to not overload the electric system. Fuel-fired, hot-air type heaters are permitted if attended on a continuous basis while in use. Electric space heaters are prohibited.

6. **RIGHT OF ENTRY.** Lessor reserves the right for itself or agents to go on, into, and have access at all times during the existence of this lease, to said premises for the purpose, including, but not limited to, inspection and showing of the building.

7. **INSURANCE.** Lessee shall maintain the following insurance coverages:

A. Lessee shall carry aircraft liability insurance with limits of coverage not less than as required pursuant to the Minnesota Statute Section 360.59 Subdivision 10, and may be amended.

B. Lessee shall carry hull insurance on each aircraft stored on the leased premises. The limits of the insurance shall be in an amount equal to or greater than the current value of the aircraft, instruments, and accessories. On or before the date of this lease, Lessee shall provide a Certificate of Insurance to the City of Owatonna indicating the

required coverage for the entire term of the lease and providing for a minimum of thirty (30) days notice to a change or cancellation of that coverage.

C. In lieu of carrying hull insurance, Lessee covenants and agrees that he will not hold the City of Owatonna or any of its agents, employees, or Airport Commission members responsible for any loss occasioned by fire, theft, rain, windstorm, hail, or from any other cause whatsoever, whether said cause be the direct, indirect, or merely a contributing factor in producing the loss to any airplane, automobile, personal property, parts, or surplus that may be located or stored in the T-hangars, aprons, field, or any other location at the airport; and Lessee agrees the plane and the contents are to be stored, whether on the field or in the hangars, at Lessee's risk.

D. Comprehensive general liability insurance insuring Lessee against any liability arising out of this lease agreement, or the use, occupancy, or maintenance of the demised premises and all areas appurtenant to the demised premises. Such insurance shall be in the amount of not less than One Million (1,000,000.00) per occurrence for property damage, bodily injuries, or deaths of persons occurring in and about the premises, not necessarily caused by aircraft, or in or about the Airport if caused by the act or omission of Tenant or those for whom Tenant is responsible. Such insurance may provide for a sub limit of not less than One Hundred Thousand (\$100,000) per person. The insurance policy shall insure the hazards of the demised premises and operations conducted in and on the demised premises, independent contractors, contractual liability (covering the indemnity included in this lease agreement), and shall name Lessor as an additionally insured party. Lessor shall be furnished with a copy of the certificate of insurance. The liability insurance policy also showing endorsements requiring thirty (30) days' written notice to Lessor prior to any cancellation or any reduction in the amount of coverage.

E. In accordance with the subrogation provisions of the standard property insurance contract, it is hereby understood and agreed by and between the undersigned parties that they do jointly and separately waive any or all right of recovery against the other for insured loss occurring to the real property owned by City of Owatonna and personal property owned by the Lessee all while located at the leased premises.

Any policy issued to the City of Owatonna providing duplicate or similar coverage shall be deemed excess over Tenant's policies. Tenant waives any subrogation rights against the City of Owatonna on all claims and insurance policies.

Tenant shall not use or permit the Premises to be used in any manner that would void Tenant's or the City of Owatonna's insurance or increase the insurance risk. Tenant shall comply with all requirements imposed by the insurers for the City of Owatonna and Tenant.

8. **INDEMNIFICATION.** To the fullest extent permitted by law, Lessee agrees to indemnify, defend, save and hold completely harmless the City of Owatonna or any of its agents, employees, or Airport Commission members responsible for any and all

liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person arising by reason of injury or death of any person, or damage to any property occasioned by fire, theft, rain, windstorm, hail, or from any other cause whatsoever, whether said cause be the direct, indirect, or merely a contributing factor in producing the loss to any airplane, automobile, personal property, parts, or surplus that may be located or stored in the T-Hangars, aprons, field, or any other location at the airport; and Lessee agrees that the planes and the contents are to be stored, whether on the field or in the hangars, at Lessee's risk.

The provisions of this section shall survive expiration or earlier termination of this lease. The furnishing of the required insurance shall not be deemed to limit Tenant's obligations under this Section.

The Tenant shall defend, indemnify and hold the City of Owatonna harmless from any claims or liabilities as a result of Tenant's failure to procure and to keep in force the insurance required in the Lease.

9. **ATTORNEY FEES.** Lessee shall pay and discharge all costs, attorney fees, and expenses arising from enforcing any covenants or forfeiture hereof.

10. **TERMINATION.** In case Lessee shall fail to make any of the above-mentioned payments as specified or fail to keep and perform any of the covenants and agreements herein contained, Lessor may immediately and without notice terminate this lease and re-enter and repossess said premises, without prejudice, to its claims for earned cash rent. The following by way of illustration but not by limitation shall constitute a default under this lease:

(1) Tenant fails to pay money owed to the City of Owatonna under this Lease when due, and such failure continues for ten (10) days after written notice from the City of Owatonna.

(2) Tenant uses the Premises for any purpose not expressly authorized by this Lease and such default continues for ten (10) days following written notice from the City of Owatonna.

(3) Tenant assigns, subleases or transfers this Lease except as otherwise permitted, and such default continues for ten (10) days following written notice from the City of Owatonna.

(4) Tenant fails to carry the insurance required under this Lease; any insurance required under this Lease is cancelled, terminated, expires, or is reduced or materially changed so as not to comply with this Lease; or the City of Owatonna receives such notice of any such conditions pursuant to Section 7., and such failure continues for a period of ten (10) days following written notice from the City of Owatonna to Tenant.

(5) Tenant vacates or abandons the Premises, and such default continues for ten (10) days following written notice from the City of Owatonna to Tenant.

(6) Tenant fails to abide by any applicable federal, state, or municipal statutes, regulation, ordinance, rule, or airport policy

(7) Any other action or inaction on the tenant's part which the City determines is in breach of the lease.

IN WITNESS HEREOF, the parties hereto have executed this lease this _____ day of _____, 20____.

Chris Stasch
Lessee

CITY OF OWATONNA, MINNESOTA

By: _____
Its Mayor

By: _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF STEELE)

The foregoing was acknowledged before me this _____ day of _____, 20____,
by _____ and _____,
the Mayor and City Administrator of the City of Owatonna, a municipal corporation
under the laws of the State of Minnesota, on behalf of the City of Owatonna,
Minnesota.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF STEELE)

The foregoing was acknowledged before me this _____ day of _____, 20____,
by _____.

Notary Public

EXHIBIT "B"

- _____ 1. Aircraft Type PA-28-235
- _____ 2. Serial Number 28-10810
- _____ 3. Registration Number N8973W
- _____ 4. Present Condition of Aircraft A:worthy
- _____ 5. Present Market Value \$58,500
- _____ 6. Insurance Carrier Avenco

Attach Copy of Insurance Certificate



Human Resources Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Emily Thamert, Director
SUBJECT: Restatement - Cafeteria Plan Document

Purpose:

Approve the restatement of the Cafeteria Plan Document.

Background:

The City is a member of the Southeast Service Cooperative (SSC) and the Minnesota Healthcare Consortium (MHC) health insurance pool. SSC and MHC transitioned medical spending account providers from Further to WEX Health, Inc. effective September 1, 2022. With this transition, SSC and MHC members are required to restate existing cafeteria plan documents.

Budget Impact:

There is no budget impact to approve the restatement of the cafeteria plan document.

Staff Recommendation:

Staff recommends approval of the restatement of the cafeteria plan document.

Attachments:

None



Finance Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Rhonda Moen, Director
SUBJECT: Finance Report

Purpose:

Approve all City expenditures since last council meeting.

Background:

City Council has been provided a detailed listing of all individual expenditures for review. All expenditures in excess of \$20,000 have been listed individually in the attached report.

Budget Impact:

All expenditures are reviewed for budget compliance prior to approval.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Finance Report for 01.17.23 meeting
2. Check Register 371718-371854

RECAP:

\$	120,367.02	Southeast Service Cooperative - December Health Insurance Premiums
	102,546.15	Cargill Inc - road salt
	53,599.80	Central Farm Service - fuel
	39,539.01	Marco Technologies - computers, monitors, etc
	<u>307,104.93</u>	OTHER EXPENDITURES
\$	<u><u>623,156.91</u></u>	TOTAL EXPENDITURES PRESENTED FOR APPROVAL

NOTE: Checks over \$20,000 are detailed out individually

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
Cash Account: 999-19100-000-000-000000					
371718	12/20/22	GLOBAL PAYMENTS INTEGRATED	2,443.17	R	Wire Transfer
371719	12/20/22	MERCHANT SERVICES	524.86	R	Wire Transfer
371720	12/20/22	MN DEPT OF LABOR AND INDUSTRY	2,945.63	R	Wire Transfer
371721	12/20/22	MN DEPT OF REVENUE	1,579.56	R	Wire Transfer
371722	12/20/22	PAYMENTECH	40.06	R	Wire Transfer
371723	12/20/22	SOUTHEAST SERVICE COOPERATIVE	120,367.02	R	Wire Transfer
371724	12/20/22	US BANK	12,885.80	R	Wire Transfer
371725	12/20/22	WEX BANK	995.68	R	Wire Transfer
371726	12/20/22	WEX HEALTH INC	354.75	R	Wire Transfer
371727	01/17/23	AFLAC	8,836.54	0	Regular
371728	01/17/23	ALEXANDER LUMBER COMPANY	176.17	0	Regular
371729	01/17/23	APG MEDIA OF SO MINNESOTA LLC	2,457.97	0	Regular
371730	01/17/23	ARAMARK UNIFORM SERVICES INC	266.52	0	Regular
371731	01/17/23	ARCHIVE SOCIAL	6,287.40	0	Regular
371732	01/17/23	ARNOLD'S SUPPLY	133.00	0	Regular
371733	01/17/23	ARROW ACE HARDWARE	105.95	0	Regular
371734	01/17/23	BAKER & TAYLOR BOOKS	2,001.55	0	Regular
371735	01/17/23	BATTERIES PLUS BULBS LLC	178.79	0	Regular
371736	01/17/23	BAUER BUILT TIRE	2,972.00	0	Regular
371737	01/17/23	BRODART CO	176.79	0	Regular
371738	01/17/23	CARGILL INC	102,546.15	0	Regular
371739	01/17/23	CARQUEST	522.29	0	Regular
371740	01/17/23	CCP INDUSTRIES INC	730.71	0	Regular
371741	01/17/23	CDW GOVERNMENT INC	73.28	0	Regular
371742	01/17/23	CEMSTONE CONCRETE MATERIAL LLC	1,450.00	0	Regular
371743	01/17/23	CEMSTONE PRODUCTS CO	156.72	0	Regular
371744	01/17/23	CENGAGE LEARNING INC/GALE	59.98	0	Regular
371745	01/17/23	CENTRAL FARM SERVICE	53,599.80	0	Regular
371746	01/17/23	CINTAS	57.99	0	Regular
371747	01/17/23	CIVICPLUS LLC	17,038.03	R	ACH
371748	01/17/23	CLUB PROPHET SYSTEMS	530.00	0	Regular
371749	01/17/23	CMC RESCUE INC	5,919.00	0	Regular
371750	01/17/23	COALITION OF GREATER MN CITIES	6,605.00	0	Regular
371751	01/17/23	CORPORATE RECOGNITION	956.00	0	Regular
371752	01/17/23	COURT SPORTS & MORE	1,243.00	0	Regular
371753	01/17/23	COVERALL OF THE TWIN CITIES	2,385.00	0	Regular
371754	01/17/23	CUMMINS INC	1,616.16	0	Regular
371755	01/17/23	CURT'S TRUCK & DIESEL SERVICE	47.35	0	Regular
371756	01/17/23	CUSTOM COMMUNICATIONS	2,592.87	0	Regular
371757	01/17/23	D & M CONSTRUCTION LLC	1,504.50	0	Regular
371758	01/17/23	DAMARCO SOLUTIONS LLC	1,216.80	0	Regular
371759	01/17/23	DAVIS MECHANICAL SYSTEMS INC	387.50	0	Regular
371760	01/17/23	DK ENTERPRISES OF AUSTIN INC	1,683.00	0	Regular
371761	01/17/23	DLT SOLUTIONS LLC	6,430.24	0	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
371762	01/17/23	DOMA INSURANCE AGENCY OF MN	4,954.92	0	Regular
371763	01/17/23	ET&T DISTRIBUTORS INC	3,577.41	0	Regular
371764	01/17/23	EYE MED VISION CARE	803.36	0	Regular
371765	01/17/23	FIRST SUPPLY OWATONNA	557.65	0	Regular
371766	01/17/23	FOUR SEASONS ELECTRIC	2,029.57	0	Regular
371767	01/17/23	HAWKINS INC	40.00	0	Regular
371768	01/17/23	HEALTHPARTNERS INC	8,861.76	0	Regular
371769	01/17/23	HILLYARD INC	842.53	0	Regular
371770	01/17/23	HUBER SUPPLY CO INC	255.08	0	Regular
371771	01/17/23	IFACS	775.18	0	Regular
371772	01/17/23	INNOVATIVE OFFICE SOLUTIONS	10,528.68	0	Regular
371773	01/17/23	INSTY PRINTS	295.58	0	Regular
371774	01/17/23	JJD COMPANIES LLC	2,320.50	0	Regular
371775	01/17/23	JOHN DEERE CREDIT	70.47	0	Regular
371776	01/17/23	KWIK TRIP INC	60.49	0	Regular
371777	01/17/23	L & M BOILER SYSTEMS INC	1,299.60	0	Regular
371778	01/17/23	LANO EQUIPMENT INC	1,764.10	0	Regular
371779	01/17/23	LIBRARY FURNITURE INTERNATIONAL	2,944.00	0	Regular
371780	01/17/23	MACQUEEN EQUIPMENT CO	156.94	0	Regular
371781	01/17/23	MADISON NATL LIF INS CO INC	1,976.60	0	Regular
371782	01/17/23	MARCO TECHNOLOGIES LLC	39,539.01	0	Regular
371783	01/17/23	MCFOA REGION VI	25.00	0	Regular
371784	01/17/23	MCMASTER-CARR SUPPLY CO	54.49	0	Regular
371785	01/17/23	METRONET	1,335.61	0	Regular
371786	01/17/23	MICHAEL BEACH COACHING & CONSU	800.00	0	Regular
371787	01/17/23	MIDWEST TAPE LLC	1,168.37	0	Regular
371788	01/17/23	MIKE'S REPAIR	471.00	0	Regular
371789	01/17/23	MINNESOTA LIFE	4,859.45	0	Regular
371790	01/17/23	MN DEPT OF HEALTH	1,325.00	0	Regular
371791	01/17/23	MN DEPT OF LABOR AND INDUSTRY	80.00	0	Regular
371792	01/17/23	MN DEPT OF LABOR AND INDUSTRY	20.00	0	Regular
371793	01/17/23	MN DRIVER & VEHICLE SERVICES	14.25	0	Regular
371794	01/17/23	MN LAW ENFORCE EXPLORER ASSN	150.00	0	Regular
371795	01/17/23	MN NCPERS GROUP LIFE INSURANCE	464.00	0	Regular
371796	01/17/23	MN OFFICE OF ADMIN HEARINGS	73.50	0	Regular
371797	01/17/23	MN SAFETY COUNCIL INC	635.00	0	Regular
371798	01/17/23	MN STATE FIRE CHIEFS ASSC	100.00	0	Regular
371799	01/17/23	MN STATE FIRE DEPT ASSOCIATION	495.00	0	Regular
371800	01/17/23	MN VALLEY TESTING LABS INC	213.94	0	Regular
371801	01/17/23	MRI SOFTWARE LLC	225.00	0	Regular
371802	01/17/23	NAPA AUTO PARTS	616.74	0	Regular
371803	01/17/23	NORTH RISK PARTNERS LLC	16,000.00	0	Regular
371804	01/17/23	NORTHERN SAFETY TECHNOLOGY INC	413.54	0	Regular
371805	01/17/23	NORTHLAND FARM SYSTEMS	512.00	0	Regular
371806	01/17/23	O'REILLY AUTOMOTIVE INC	29.99	0	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
371807	01/17/23	OWATONNA FLOOR COVERING	13,740.00	0	Regular
371808	01/17/23	OWATONNA HEATING & COOLING INC	1,494.18	0	Regular
371809	01/17/23	OWATONNA PEOPLE'S PRESS	211.95	0	Regular
371810	01/17/23	OWATONNA PUBLIC UTILITIES	2,934.18	R	ACH
371811	01/17/23	OWATONNA SHOE	270.00	0	Regular
371812	01/17/23	OWATONNA VETERINARY SERVICES	72.90	0	Regular
371813	01/17/23	P&R CONSTRUCTION LLC	1,326.00	0	Regular
371814	01/17/23	PLUNKETT'S PEST CONTROL INC	67.00	0	Regular
371815	01/17/23	PRECISION LINING & SEWER LLC	1,989.00	0	Regular
371816	01/17/23	PROQUEST LLC	4,050.72	0	Regular
371817	01/17/23	ROCON INCORPORATED	637.50	0	Regular
371818	01/17/23	RON'S REPAIR SERVICE	328.23	0	Regular
371819	01/17/23	SAK CONSTRUCTION LLC	17,020.45	0	Regular
371820	01/17/23	SCHWAAB INC	39.50	0	Regular
371821	01/17/23	SELCO	10,758.69	0	Regular
371822	01/17/23	SHERWIN WILLIAMS COMPANY	979.79	0	Regular
371823	01/17/23	SHI CORP	184.00	0	Regular
371824	01/17/23	SOUTHERN MN INSPECTION CO	1,659.80	0	Regular
371825	01/17/23	SPARETIME ENTERTAINMENT	6,720.00	0	Regular
371826	01/17/23	SPLIT ROCK MANAGEMENT INC	3,751.00	0	Regular
371827	01/17/23	SPS COMPANIES INC	1,238.24	0	Regular
371828	01/17/23	STANDARD SPRING PARTS	1,600.66	0	Regular
371829	01/17/23	STEELE COUNTY RECORDER	782.00	0	Regular
371830	01/17/23	STEELE COUNTY TREASURER	5,944.25	0	Regular
371831	01/17/23	STEWART DENISE	78.23	0	Regular
371832	01/17/23	STEWART SANITATION	1,348.98	0	Regular
371833	01/17/23	SYNCHRONY BANK	104.41	0	Regular
371834	01/17/23	SYNCHRONY BANK - LOWE'S	696.83	0	Regular
371835	01/17/23	T-MOBILE	2,138.40	0	Regular
371836	01/17/23	T-MOBILE	100.00	0	Regular
371837	01/17/23	TARGETSOLUTIONS	15,884.32	0	Regular
371838	01/17/23	TED RICKERL	303.00	0	Regular
371839	01/17/23	TERRACON CONSULTANTS INC	4,562.50	0	Regular
371840	01/17/23	THE RETROFIT COMPANIES INC	270.71	0	Regular
371841	01/17/23	TRAF-SYS INC	360.00	0	Regular
371842	01/17/23	U S HIGHWAY 14 PARTNERSHIP	750.00	0	Regular
371843	01/17/23	UKG INC	19,507.78	0	Regular
371844	01/17/23	UNIQUE PAVING MATERIALS CORP	1,697.41	R	ACH
371845	01/17/23	US BANK	275.00	0	Regular
371846	01/17/23	VAULT HEALTH	83.19	0	Regular
371847	01/17/23	VENTURE HYDRAULICS INC	193.17	0	Regular
371848	01/17/23	VERIZON WIRELESS	3,091.84	0	Regular
371849	01/17/23	WALBRAN & FURNESS CHARTERED	418.91	0	Regular
371850	01/17/23	WASTE MANAGEMENT OF WI-MN	146.46	0	Regular
371851	01/17/23	XCEL ENERGY	219.96	0	Regular

Check Number	Check Date	Vendor Name	Net Check Amount	Check Status	Check Type
371852	01/17/23	ZERO WASTE USA INC	3,750.00	0	Regular
371853	01/17/23	MATTHEW R HOKANSON	362.46	0	Regular
371854	01/17/23	MATTHEW R HOKANSON	197.42	0	Regular

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A/P Check Register
Checks from

to

01/12/2023 22:32

Page 4

125	Checks total:	459,350.76
3	ACH total:	21,669.62
0	EFTPS total:	
9	Wire transfer total:	142,136.53
0	Payment Manager total:	
137	GRAND TOTALS	623,156.91



Ordinances



City Attorney Office

DATE: January 5, 2023

TO: Mayor, City Council and City Administrator

FROM: Mark M. Walbran, City Attorney

SUBJECT: Electric Franchise Agreement and Fees - Northern States Power

Purpose:

Council approval of the proposed ordinances for an Electric Franchise Agreement and Franchise Fees for Northern States Power (NSP) provide electric power within the City of Owatonna.

Background:

The current franchise agreement with NSP expired April 2022 and was extended to December 31, 2023, pending the negotiation and adoption of the new franchise ordinance. This new ordinance grants NSP the right to provide electric energy for 20 years within certain areas of the city not served by OPU. Currently NSP serves 35 customers. Council approved the first readings of these proposed ordinances during the January 3, 2023 Council Meeting and there have been no changes since.

Budget Impact:

The new rate would become effective on May 1, 2023. Information from NSP indicates that revenue from May 1, 2023 to December 1, 2023 would be approximately \$18,167. The estimated fees collected in 2022 is \$9,555.00 for the year.

Staff Recommendation:

Staff recommends approval of Proposed Ordinance 23-01 and Proposed Ordinance 23-02 granting Northern States Power this Franchise Agreement and setting the franchise fee amount to be collected.

PROPOSED ORDINANCE 23-01

ELECTRIC FRANCHISE ORDINANCE

ORDINANCE NO. _____.

CITY OF OWATONNA, STEELE COUNTY, MINNESOTA

AN ORDINANCE GRANTING TO NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF OWATONNA, MINNESOTA, AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES, INCLUDING NECESSARY POLES, LINES, FIXTURES AND APPURTENANCES, FOR THE FURNISHING OF ELECTRIC ENERGY TO THE CITY, ITS INHABITANTS, AND OTHERS, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES.

THE CITY COUNCIL OF THE CITY OF OWATONNA, STEELE COUNTY, MINNESOTA, ORDAINS:

SECTION 1. DEFINITIONS.

For purposes of this Ordinance, the following capitalized terms listed in alphabetical order shall have the following meanings:

- 1.1 **City.** The City of Owatonna, County of Steele, State of Minnesota.
- 1.2 **City Utility System.** Facilities used for providing non-energy related public utility service owned or operated by City or agency thereof, including sewer, storm sewer, water service, street lighting, and traffic signals, but excluding facilities for providing heating, lighting or other forms of energy.
- 1.3 **Commission.** The Minnesota Public Utilities Commission, or any successor agency or agencies, including an agency of the federal government, which preempts all, or part of the authority to regulate electric retail rates now vested in the Minnesota Public Utilities Commission.
- 1.4 **Company.** Northern States Power Company, a Minnesota corporation, its successors and assigns.
- 1.5 **Electric Facilities.** Electric transmission and distribution towers, poles, lines, guys, anchors, conduits, fixtures, and necessary appurtenances owned or operated by Company for the purpose of providing electric energy for public use.
- 1.6 **Notice.** A written notice served by one party on the other party referencing one or more provisions of this Ordinance. Notice to Company shall be mailed to the General Counsel, 401 Nicollet Mall, 8th Floor, Minneapolis, MN 55401. Notice to the City shall be mailed to the City Administrator, 54 West Hills Circle, Owatonna, MN 55060. Either party may change its respective address for the purpose of this Ordinance by written notice to the other party.
- 1.7 **Public Ground.** Land owned by the City for park, open space or similar purpose, which is held for use in common by the public.

1.8 **Public Way.** Any street, alley, walkway or other public right-of-way within the City.

SECTION 2. ADOPTION OF FRANCHISE.

2.1 **Grant of Franchise.** City hereby grants Company, for a period of 20 years from the date passed and approved by the City, the right to transmit and furnish electric energy for light, heat, power and other purposes for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future, subject, however, to the City's rights under Minn. Stat. § 216B.44 to acquire the Company's service and territory over any area within the City's corporate limits or such area as the City may annex. For these purposes, Company may construct, operate, repair and maintain Electric Facilities in, on, over, under and across the Public Grounds and Public Ways of City, subject to the provisions of this Ordinance. Company may do all reasonable things necessary or customary to accomplish these purposes, subject, however, to such reasonable regulations as may be imposed by the City pursuant to ordinance and to the further provisions of this franchise agreement.

2.2 **Effective Date; Written Acceptance.** This franchise agreement shall be in force and effect from and after passage of this Ordinance, its acceptance by Company, and its publication as required by law. The City, by Council resolution, may revoke this franchise agreement if Company does not file a written acceptance with the City within 90 days after publication.

2.3 **Service and Rates.** The service to be provided and the rates to be charged by Company for electric service in City are subject to the jurisdiction of the Commission. The area within the City in which Company may provide electric service is subject to the provisions of Minnesota Statutes, Section 216B.40.

2.4 **Publication Expense.** The expense of publication of this Ordinance will be paid by City and reimbursed to City by Company.

2.5 **Dispute Resolution.** If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used, or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this franchise or for such other relief as may be permitted by law or equity.

2.6 **Non Exclusive.** In conformity with Section 4.11 of the City Charter, this Franchise is not an exclusive franchise. City or other franchisees of City may initiate and provide retail electric services to, in and throughout the City except within company's service territory subject to governing law, including Minnesota law governing electric service territories and the franchise authority of City

SECTION 3. LOCATION, OTHER REGULATIONS.

3.1 **Location of Facilities.** Electric Facilities shall be located, constructed and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so

as not to disrupt normal operation of any City Utility System previously installed therein. Electric Facilities shall be located on Public Grounds as determined by the City. Company's construction, reconstruction, operation, repair, maintenance and location of Electric Facilities shall be subject to permits if required by separate ordinance and to other reasonable regulations of the City to the extent not inconsistent with the terms of this franchise agreement. Company may abandon underground Electric Facilities in place, consistent with Minnesota Rule, Part 7819.3300 and provided at the City's request, Company shall remove abandoned facilities, including metal or concrete encased conduit interfering with a City improvement project, but only to the extent such conduit is uncovered by excavation as part of the City improvement project, unless this requirement is waived by the City.

3.2 Field Locations. Company shall provide field locations for its underground Electric Facilities within City consistent with the requirements of Minnesota Statutes, Chapter 216D.

3.3 Street Openings. Company shall not open or disturb any Public Ground or Public Way for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee. Permit conditions imposed on Company shall not be more burdensome than those imposed on other utilities for similar facilities or work. Company may, however, open and disturb any Public Ground or Public Way without permission from the City where an emergency exists requiring the immediate repair of Electric Facilities. In such event Company shall notify the City by telephone to the office designated by the City as soon as practicable. Not later than the second working day thereafter, Company shall obtain any required permits and pay any required fees.

3.4 Restoration. After undertaking any work requiring the opening of any Public Ground or Public Way, Company shall restore the same, including paving and its foundation consistent with Minnesota Rule 7819.1100, and shall maintain any paved surface in good condition for one year thereafter. The work shall be completed as promptly as weather permits, and if Company shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground or Public Way in the said condition, the City shall have, after demand to Company to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, the right to make the restoration at the expense of Company. Company shall pay to the City the cost of such work done for or performed by the City. This remedy shall be in addition to any other remedy available to the City for noncompliance with this Section 3.4, but the City hereby waives any requirement for Company to post a construction performance bond, certificate of insurance, letter of credit or any other form of security or assurance that may be required, under a separate existing or future ordinance of the City, of a person or entity obtaining the City's permission to install, replace or maintain facilities in a Public Way.

3.5 Avoid Damage to Electric Facilities. Nothing in this Ordinance relieves any person from liability arising out of the failure to exercise reasonable care to avoid damaging Electric Facilities while performing any activity.

3.6 Notice of Improvements. The City must give Company reasonable notice of plans for improvements to Public Grounds or Public Ways where the City has reason to believe that Electric Facilities may affect or be affected by the improvement. The notice must contain: (i) the nature and character of the improvements, (ii) the Public Grounds and Public Ways upon which the improvements are to be made, (iii) the extent of the improvements, (iv) the time when the City will start the work, and (v) if more than one Public Ground or Public Way is involved, the order in which the work is to proceed. The notice must be given to Company a sufficient length of time in advance of the actual commencement

of the work to permit Company to make any necessary additions, alterations or repairs to its Electric Facilities.

3.7 Shared Use of Poles. Company shall make space available on its poles or towers for City fire, water utility, police or other City facilities upon terms and conditions acceptable to Company whenever such use will not interfere with the use of such poles or towers by Company, by another electric utility, by a telephone utility, or by any cable television company or other form of communication company. In addition, the City shall pay for any added cost incurred by Company because of such use by City.

SECTION 4. RELOCATIONS.

4.1 Relocation of Electric Facilities in Public Ways. If the City determines to vacate a Public Way for a City improvement project, or at City's cost to grade, regrade, or change the line of any Public Way, or construct or reconstruct any City Utility System in any Public Way, it may order Company to relocate its Electric Facilities located therein if relocation is reasonably necessary to accomplish the City's proposed public improvement. Except as provided in Section 4.3, Company shall relocate its Electric Facilities at its own expense. The City shall give Company reasonable notice of plans to vacate for a City improvement project, or to grade, regrade, or change the line of any Public Way or to construct or reconstruct any City Utility System. The Company shall comply with Minnesota Rules, part 7819.3100 and applicable City ordinances consistent with law. If a subsequent relocation is required because of the extension of a City Utility System to a previously unserved area, Company may be required to make the subsequent relocation at its expense. Nothing in this Ordinance requires Company to relocate, remove, replace or reconstruct at its own expense its Electric Facilities where such relocation, removal, replacement or reconstruction is solely for the convenience of the City and is not reasonably necessary for the construction or reconstruction of a Public Way or City Utility System or other City improvement.

4.2 Relocation of Electric Facilities in Public Ground. City may require Company, at Company's expense, to relocate or remove its Electric Facilities from Public Ground upon a finding by City that the Electric Facilities have become or will become a substantial impairment to the existing or proposed public use of the Public Ground.

4.3 Projects with Federal Funding. Relocation, removal or rearrangement of any Company Electric Facilities made necessary because of a federally-aided highway project shall be governed by the provisions of Minnesota Statutes, Section 161.46, as supplemented or amended.

4.4 No Waiver. The provisions of this franchise apply only to facilities constructed in reliance on a franchise from the City and shall not be construed to waive or modify any rights obtained by Company for installations within a Company right-of-way acquired by easement or prescriptive right before the applicable Public Ground or Public Way was established, or Company's rights under state or county permit.

SECTION 5. TREE TRIMMING.

Company may trim all trees and shrubs in the Public Grounds and Public Ways of City to the extent Company finds necessary to avoid interference with the proper construction, operation, repair and maintenance of any Electric Facilities installed hereunder, provided that Company shall save the City

harmless from any liability arising therefrom, and subject to permit or other reasonable regulation by the City.

SECTION 6. INDEMNIFICATION.

6.1 Indemnity of City. Company shall indemnify, keep and hold the City free and harmless from any and all liability on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Electric Facilities located in the Public Grounds and Public Ways. The City shall not be indemnified for losses or claims occasioned through its own negligence except for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Company's plans or work. The City shall not be indemnified if the injury or damage results from the performance in a proper manner, of acts reasonably deemed hazardous by Company, and such performance is nevertheless ordered or directed by City after notice of Company's determination.

6.2 Defense of City. In the event a suit is brought against the City under circumstances where this agreement to indemnify applies, Company at its sole cost and expense shall defend the City in such suit if written notice thereof is promptly given to Company within a period wherein Company is not prejudiced by lack of such notice. If Company is required to indemnify and defend, it will thereafter have control of such litigation, but Company may not settle such litigation without the consent of the City, which consent shall not be unreasonably withheld. This section is not, as to third parties, a waiver of any defense or immunity otherwise available to the City and Company, in defending any action on behalf of the City, shall be entitled to assert in any action every defense or immunity that the City could assert in its own behalf.

SECTION 7. VACATION OF PUBLIC WAYS.

The City shall give Company at least two weeks prior written notice of a proposed vacation of a Public Way. Except where required for a City improvement project, the vacation of any Public Way, after the installation of Electric Facilities, shall not operate to deprive Company of its rights to operate and maintain such Electric Facilities, until the reasonable cost of relocating the same and the loss and expense resulting from such relocation are first paid to Company. The City and the Company shall comply with Minnesota Rules 7819.3200 and applicable ordinances consistent with the law. In no case, however, shall City be liable to Company for failure to specifically preserve a right-of-way under Minnesota Statutes, Section 160.29.

SECTION 8. CHANGE IN FORM OF GOVERNMENT.

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Company, succeed to all of the rights and obligations of the City provided in this Ordinance.

SECTION 9. FRANCHISE FEE.

9.1 **Fee Schedule.** During the term of the franchise hereby granted, and in lieu of any permit or other fees being imposed on Company, the City may impose on Company a franchise fee in the amount of three and a half percent (3.5%) of the Company's Gross Revenues, as hereinafter defined, by collecting the amounts from each customer in the designated Company Customer Class for service at each and every customer location, as set forth in the separate franchise fee ordinance.

9.2 **Separate Ordinance.** The franchise fee shall be imposed by a separate ordinance duly adopted by the City Council, which ordinance shall not be adopted until at least 90 days after written notice enclosing such proposed ordinance has been served upon Company by certified mail. The fee shall not become effective until the beginning of a Company billing month at least 90 days after written notice enclosing such adopted ordinance has been served upon Company by certified mail. Section 2.5 shall constitute the sole remedy for solving disputes between Company and the City in regard to the interpretation of, or enforcement of, the separate ordinance. No action by the City to implement a separate ordinance will commence until this Ordinance is effective. Unless otherwise agreed to by the parties, a separate ordinance which imposes a lesser franchise fee on the residential class of customers than the maximum amount set forth in Section 9.1 above shall not be effective against Company unless the fee imposed on each other customer classification is reduced proportionately in the same or greater amount per class as the reduction represented by the lesser fee on the residential class.

9.3 **Terms Defined.** For the purpose of this Section 9, the following definitions apply:

9.3.1 "Customer Class" shall refer to the classes listed on the Fee Schedule and/or as defined or determined in Company's electric tariffs on file with the Commission.

9.3.2 "Fee Schedule" refers to the schedule setting forth the various customer classes from which a franchise fee would be collected if a separate ordinance were implemented immediately after the effective date of this franchise agreement. The Fee Schedule in the separate ordinance may include new Customer Class added by Company to its electric tariffs after the effective date of this franchise agreement.

9.3.3 "Gross Revenues" means all sums, excluding any surcharge or similar addition to the Company's charges to customers for the purpose of reimbursing the Company for the cost resulting from the franchise fee, received by the Company from the sale of electricity to its retail customers within the corporate limits of the City.

9.4 **Collection of the Fee.** The franchise fee shall be payable quarterly and shall be based on the amount collected by Company during complete billing months during the period for which payment is to be made by imposing a surcharge equal to the designated franchise fee for the applicable customer classification in all customer billings for electric service in each class. The payment shall be due the last business day of the month following the period for which the payment is made. The franchise fee may be changed by ordinance from time to time; however, each change shall meet the same notice requirements and not occur more often than annually and no change shall require a collection from any customer for electric service in excess of the amounts specifically permitted by this Section 9. The time and manner of collecting the franchise fee is subject to the approval of the Commission. No franchise fee shall be payable by Company if Company is legally unable to first collect an amount equal to the

franchise fee from its customers in each applicable class of customers by imposing a surcharge in Company's applicable rates for electric service. Company may pay the City the fee based upon the surcharge billed subject to subsequent reductions to account for uncollectibles, refunds and correction of erroneous billings. Company agrees to make its records available for inspection by the City at reasonable times provided that the City and its designated representative agree in writing not to disclose any information which would indicate the amount paid by any identifiable customer or customers or any other information regarding identified customers.

9.5 **Equivalent Fee Requirement.** The separate ordinance imposing the fee shall not be effective against Company unless it lawfully imposes and the City monthly or more often collects a fee or tax of the same or greater equivalent amount on the receipts from sales of energy within the City by any other energy supplier, provided that, as to such a supplier, the City has the authority to require a franchise fee or to impose a tax. The "same or greater equivalent amount" shall be measured, if practicable, by comparing amounts collected as a franchise fee from each similar customer, or by comparing, as to similar customers the percentage of the annual bill represented by the amount collected for franchise fee purposes. The franchise fee or tax shall be applicable to energy sales for any energy use related to heating, cooling or lighting, or to run machinery and appliances, but shall not apply to energy sales for the purpose of providing fuel for vehicles. If the Company specifically consents in writing to a franchise or separate ordinance collecting or failing to collect a fee from another energy supplier in contravention of this Section 9.5, the foregoing conditions will be waived to the extent of such written consent.

SECTION 10. PROVISIONS OF ORDINANCE.

10.1 **Severability.** Every section, provision, or part of this Ordinance is declared separate from every other section, provision, or part and if any section, provision, or part shall be held invalid, it shall not affect any other section, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

10.2 **Limitation on Applicability.** This Ordinance constitutes a franchise agreement between the City and Company as the only parties, and no provision of this franchise shall in any way inure to the benefit of any third person (including the public at large) so as to constitute any such person as a third party beneficiary of the agreement or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

SECTION 11. AMENDMENT PROCEDURE.

Either party to this franchise agreement may at any time propose that the agreement be amended to address a subject of concern and the other party will consider whether it agrees that the amendment is mutually appropriate. If an amendment is agreed upon, this Ordinance may be amended at any time by the City passing a subsequent ordinance declaring the provisions of the amendment, which amendatory ordinance shall become effective upon the filing of Company's written consent thereto with the City Clerk within 90 days after the date of final passage by the City of the amendatory ordinance.

SECTION 12. PREVIOUS FRANCHISES SUPERSEDED.

This franchise supersedes any previous electric franchise granted to Company or its predecessor.

Passed and adopted this _____ day of _____, 2023, with the following roll call vote:

Aye:

Nay:

Absent:

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

PROPOSED ORDINANCE 23-02

ORDINANCE NO. _____

AN ORDINANCE IMPLEMENTING AN ELECTRIC SERVICE FRANCHISE FEE ON NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING ELECTRIC SERVICE WITHIN THE CITY OF OWATONNA.

THE CITY COUNCIL OF THE CITY OF OWATONNA DOES ORDAIN:

SECTION 1. The City of Owatonna Municipal Code is hereby amended to include reference to the following Special Ordinance.

Subd. 1. Purpose. The Owatonna City Council has determined that it is in the best interest of the City to impose a franchise fee on those public utility companies that provide electric services within the City of Owatonna.

- (a) Pursuant to City Ordinance _____, a Franchise Agreement between the City of Owatonna and Northern States Power Company, a Minnesota corporation, its successors and assigns, the City has the right to impose a franchise fee on Northern States Power Company, a Minnesota corporation, its successors and assigns, in an amount and fee design as set forth in Section 9 of the Northern States Power Company Franchise and in the fee schedule attached hereto as Schedule A.

Subd. 2. Franchise Fee Statement. A franchise fee is hereby imposed on Northern States Power Company, a Minnesota Corporation, its successors and assigns, under its electric franchise in accordance with the schedule attached here to and made a part of this Ordinance, commencing with the NSPM May 1, 2023 billing month.

This fee is an account-based fee on each premise and not a meter-based fee. In the event that an entity covered by this ordinance has more than one meter at a single premise, but only one account, only one fee shall be assessed to that account. If a premise has two or more meters being billed at different rates, the Company may have an account for each rate classification, which will result in more than one franchise fee assessment for electric service to that premise. If the Company combines the rate classifications into a single account, the franchise fee assessed to the account will be the largest franchise fee applicable to a single rate classification for energy delivered to that premise. In the event any entities covered by this ordinance have more than one premise, each premise (address) shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any premise, the Company's manner of billing for energy used at all similar premises in the city will control.

Subd. 3. Payment. The said franchise fee shall be payable to the City in accordance with the terms set forth in Section 9 of the Franchise.

Subd. 4. Surcharge. The City recognizes that the Minnesota Public Utilities Commission may allow Company to add a surcharge to customer rates of city residents to reimburse Company for the cost of the fee.

Subd. 5. Enforcement. Any dispute, including enforcement of a default regarding this ordinance will be resolved in accordance with Section 2.5 of the Franchise Agreement.

Subd. 6. Effective Date of Franchise Fee. The effective date of this Ordinance shall be after its publication and ninety (90) days after the sending of written notice enclosing a copy of this adopted Ordinance to NSPM by certified mail. Collection of the fee shall commence as provided above.

Passed and adopted this _____ day of _____, 2023, with the following roll call vote:

AYE:

NAY:

ABSENT:

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

SCHEDULE A

Franchise Fee Rates:

Electric Utility

A franchise fee is hereby imposed on NSPM under its electric Franchise Agreement in the amount of three and a half percent (3.5%) of NSPM's Gross Revenues, as defined in Section 9 of the Franchise, commencing with NSPM's May 1 2023 billing month.

Franchise fees are submitted to the City on a quarterly basis as follows:

- January – March collections due by April 30.
- April – June collections due by July 31.
- July – September collections due by October 31.
- October – December collections due by January 31.

THE CITY OF

Mark M. Walbran
City Attorney
Phone: (507) 451-1173
Fax: (507) 451-8916



OWATONNA

140 East Main Street
P.O. Box 273
Owatonna, MN 55060
mwalbran@walbranfurnesslaw.com

PURPOSE MEMO

TO: Mayor, City Council, City Administrator Busse, and Chief of Police Mundale
FROM: Mark M. Walbran
DATE: January 12, 2023
RE: Ordinances Regulating the Sale and License Fee of Cannabinoid Products

Purpose:

The purpose of Proposed Ordinance 23-03 is to regulate the sale and possession of edible cannabinoid products commonly known as "edibles" by licensing the same similar to the manner of licensing the City Council has enacted regulating the sale and possession of tobacco. Proposed Ordinance 23-04 will amend Chapter 35 of the City's Code of Ordinances to include the license fee for these sales.

Background:

In the summer of 2022, the Minnesota Legislature enacted a statute allowing the sale of edible cannabinoid products containing no more than 0.3% of tetrahydrocannabinol (THC) with no product containing more than 5 mg. of THC per serving nor more than a total of 50 mg. per package. Sale of edibles to persons under 21 was prohibited. The packaging of such products could not appeal to children and the packages were required to be child resistant. Because the Legislature failed to enact other regulations local government have enacted local ordinances governing the sale of edibles.

On January 5, 2023, a bill was introduced in the State Legislature (HF 100) which broadly covers the regulation of marijuana, including "Lower potency edible products" which are similar to, but not exactly the same as the edible cannabinoid product allowed since the summer of 2022. Among other things, House File 100, provides for the licensing of lower potency edible products, and regulations governing retail operations.

The proposed House Bill preempts local control by cities in many respects. A City can't prohibit the establishment of a cannabis business licensed under the law. However, a city can adopt reasonable restrictions on time, place, and manner of the operation of a cannabis business, for example, prohibiting the operation of a cannabis business within a 1,000 feet of a school and certain other establishments.

The Minnesota House Research Summary may be found at <https://www.house.leg.state.mn.us/hrd/bs/93/HF0100.pdf>.

If the Legislature adopts its bill, some provisions of our ordinance would be preempted and others likely amended. It is anticipated that the 2023 Legislature will adopt further regulations for the retail sale of edibles. Pending such further statutory regulation, City staff recommends that the City Council adopt reasonable regulations supplementary to the 2022 statute. The following is a summary of the proposed Ordinance:

- (1) Before any person may sell edibles an application must first be submitted to the City together with the fee which will be referred to the Chief of Police for an investigation. Upon completion of the investigation the Chief will then submit his written recommendation to the Council. The Council will then consider the application and either approve or deny the application. The Ordinance provides grounds for denying the issuance of a license or the license renewal and the right to appeal the denial.
- (2) A cannabinoid product must comply with the statutory requirements and not contain more than 0.3% of THC and no single serving may contain more than 5 mg. of THC and no package may contain more than 50 mg. of THC.
- (3) No licensee may be located within 1,000 feet from any K-12 school, public or private.
- (4) The licensee must keep all edibles stored in a locked cabinet behind the check-out counter and out of the customer's view.
- (5) No sales may be made from a vending machine, out of a person's home, or by a solicitor or peddler or transient merchant.
- (6) No sales may be made to any person under the age of 21 nor shall any person under the age of 21 purchase edibles.
- (7) No person under the age of 21 may possess such edibles unless specifically prescribed by a physician for medical purposes.
- (8) Packaging of edibles must be child resistant. The Ordinance adopts the definition of child resistant packaging provided in Federal Regulation 16 CFR Part 1700, "Poison Prevention Packaging".
- (9) The licensee must verify the age of any person purchasing edibles by means of a government-issued photographic ID.
- (10) A licensee is responsible for the actions of the licensee's employees.
- (11) Hours of sale are limited to 8:00 a.m. to 10:00 p.m.

- (12) The licensee's business is subject to compliance checks and inspections.
- (13) The licensee must provide a certificate of liability insurance insuring against personal injury, death, or property damage arising out of the licensee's business.
- (14) Any licensee who violates the Ordinance is subject to civil penalties, including fines and suspension or revocation. A violation of the Ordinance is a misdemeanor. If the City pursues a misdemeanor prosecution no administrative penalty is imposed, however, the Council may still suspend or revoke a license in appropriate circumstances.

Budget Impact:

The initial application fee shall be \$500. The investigation fee shall be \$500 or the actual cost not to exceed \$10,000 if the investigation is required outside of the state.

City Staff Recommendation:

Staff recommends approval of the first reading of Proposed Ordinance 23-03 to Regulate the Sale of Cannabinoid Products and also the first reading of Proposed Ordinance 23-04 setting the City's License Fee for a permit to conduct such sales within the City of Owatonna.

AN ORDINANCE AMENDING TITLE XI: BUSINESS REGULATIONS OF THE 2015 ORDINANCE CODE OF THE CITY OF OWATONNA, AS AMENDED, BY ADDING THERETO CHAPTER 121 ESTABLISHING LICENSING REGULATIONS FOR THE SALE OF CERTAIN CANNABINOID PRODUCTS PURSUANT TO MINN. STAT. § 151.72.

THE CITY COUNCIL OF THE CITY OF OWATONNA DO ORDAIN:

Section 1. Title IX of the 2015 Ordinance Code of the City of Owatonna, as amended, is hereby amended by adding Chapter 121, to read as follows:

CHAPTER 121: CANNABINOID PRODUCTS

§ 121.01 PURPOSE.

(A) The purpose of this ordinance is to establish licensing regulations for the sale of cannabinoid products derived from hemp as provided in Minn. Stat. § 151.72.

§ 121.02 FINDINGS OF CITY COUNCIL.

(A) The City Council makes the following findings regarding the need to regulate, license, and inspect establishments that sell certain cannabinoid products:

- (1) By enacting 2022 Session Law Chapter 98, Article 13, the Minnesota Legislature amended Minn. Stat. § 151.72 to allow the sale of certain cannabinoid products.
- (2) The amendment does not prohibit municipalities from licensing and regulating the sale of cannabinoid products derived from hemp.
- (3) The National Academies of Science, Engineering, and Medicine note that the growing acceptance, accessibility, and use of cannabis and its derivatives have raised important public health concerns, while the lack of aggregated knowledge of cannabis-related health effects has led to uncertainty about the impact of its use.
- (4) The Minnesota Legislature recognized the danger of cannabis use among youth by prohibiting the sale of any product containing cannabinoid or

tetrahydrocannabinol (THC) extracted or otherwise derived from hemp to those under the age of 21 and requiring that edible cannabinoid products be packaged without appeal to children and in child-resistant packaging or containers.

- (5) Due to the passage of the amendment, the City Council finds and determines that the following regulations and standards for licensing the sale of cannabinoid products are necessary to promote and protect the public health, safety, and general welfare of the residents of Owatonna.

§ 121.03 DEFINITIONS.

Subd. 1. "*Cannabinoid product*" means any product containing nonintoxicating cannabinoids extracted from hemp, including an edible cannabinoid product, that is sold for human or animal consumption.

Subd. 2. "*Certified hemp*" has the meaning as provided in Minn. Stat. §151.72, Subd. 1(b), as may be amended.

Subd. 3. "*Child-resistant packaging*" means Special Packaging designed or constructed to be significantly difficult for children under 5 years of age to open or obtain a toxic or harmful amount of the substance contained therein within a reasonable time and not difficult for normal adults to use properly, as defined in 16 CFR Part 1700, "Poison Prevention Packaging".

Subd. 4. "*Compliance checks*" means the system the City uses to investigate and ensure that those authorized to sell cannabinoid products are following and complying with the requirements of state laws and this ordinance. Compliance checks involve the use of persons under the age of 21 who purchase or attempt to purchase cannabinoid products. Compliance checks may also be conducted by the City or other units of government for educational, research, and training purposes or for investigating or enforcing federal, state, or local laws and regulations relating to cannabinoid products.

Subd. 5. "*Edible cannabinoid product*" means any product that is intended to be eaten or consumed as a beverage by humans, contains a cannabinoid in combination with food ingredients, and is not a drug.

Subd. 6. "*Hemp*" or "*Industrial Hemp*" means the definition for the same provided in Minn. Stat. § 18K.02, Subd. 3, as may be amended.

Subd. 7. "*Home occupations*" means the definition of the same provided in Ordinance Code § 175.002.

Subd. 8. "*Label*" means the definition for the same provided in Minn. Stat. § 151.01, Subd. 18, as may be amended.

Subd. 9. "*Labeling*" means the definition for the same provided in Minn. Stat. § 151.72, Subd. 1(f), as may be amended.

Subd. 10. "*Loosies*" means a single serving or use from a package with more than one single use or more than one single serving.

Subd. 11. "*Matrix barcode*" means the definition for the same provided in Minn. Stat. § 151.72, Subd. 1(g), as may be amended.

Subd. 12. "*Moveable place of business*" means any form of business that is operated out of a kiosk, truck, van, automobile or other type of vehicle or transportable shelter and that is not a fixed address or other permanent type of structure licensed for over-the-counter sales transactions.

Subd. 13. "*Nonintoxicating cannabinoid*" means substances extracted from certified hemp plants that do not produce intoxicating effects when consumed by any route of administration.

Subd. 14. "*Operator*" means the person in legal possession and control of a location by reason of ownership, lease, contract or agreement, for the sale of cannabinoid products at retail.

Subd. 15. "*Retail establishment*" means

a. Any fixed place of business where cannabinoid products are available for sale to the general public. Retail establishment for purposes of this ordinance does not include exclusive liquor stores or residences.

b. "Age-Restricted Retail Establishment" means licensed premises to which access is limited to person age 21 or older.

Subd. 16. "*Sale*" means any transfer of goods for money, trade, barter or other consideration.

Subd. 17. "*Self-service vending*" means the display for sale of cannabinoid products that are accessible to the public without the need of assistance of an employee.

Subd. 18. "*Vending machine*" means any mechanical, electrical or electronic, or other type of device that dispenses cannabinoid products upon the insertion of money, tokens, or other form of payment into or onto the device by the person seeking to purchase cannabinoid products.

§ 121.04 LICENSE REQUIRED.

Subd. 1. *License Required.* No natural person, corporation, partnership, liability company, or business entity of any type (herein referred to collectively as "persons" and individually referred to as "person") shall sell, donate, give away, or otherwise transfer any type shall sell, donate, give away, or otherwise transfer any cannabinoid product, or offer to do so, without first having obtained a license from the City as provided herein.

Subd. 2. *Tobacco License Required.* No license shall be issued to any applicant who does not hold a valid Tobacco License issued pursuant to Ordinance Code Ch. 114.

Subd. 3. *Application and Fees.* An application for a license shall be made on a form provided by the City and approved by the City Council. The completed application shall be signed by the applicant and acknowledged in the presence of a Notary Public and submitted to the City Clerk together with the Application Fee and Investigation Fee in amounts duly established by the Council from time to time as listed in Chapter 35, Appendix A: Fee Schedule, of the 2015 Ordinance Code, as amended.

Subd. 4. *Applicant's Business Entity.* The application shall show whether the applicant is a natural person, corporation, partnership, limited liability company, or other form of organization.

1. *Natural Person.* If the applicant is a natural person, the following information shall be required:
 - a. Full legal name, place and date of birth and street address of applicant.
 - b. Whether the applicant has ever used or been known by a name other than his or her true legal name and, if so, what was such name or names, and information concerning dates and places where used.

- c. The name of the business if it is to be conducted under a designation, name, or style other than the full individual name of the applicant.
 - d. Street addresses at which applicant lived during the preceding five (5) years.
 - e. The name of any business or occupation and the nature of the same and its location (address) which the applicant has been engaged in during the preceding five (5) years.
 - f. Names and addresses of applicant's employers and business partners, if any, for the preceding five (5) years.
 - g. Whether the applicant has ever been convicted of any felony, crime, or violation of any ordinance, excluding misdemeanor traffic offenses, but including any alcohol related driving offenses. If so, the applicant shall furnish information as to the time, place and offense for each conviction.
 - h. The name of the proprietor, manager, operating officer, or other agent in charge of the premises to be licensed.
2. *Partnership or Limited Liability Partnership.* If the applicant is a partnership or limited liability partnership, the names and addresses of all partners and all information concerning each partner as required of a single applicant in Subd. 4.1 above. A managing partner, or partners, shall be designated. The interest of each partner in the business shall be disclosed and a true copy of the applicant's partnership agreement, if any, shall be submitted with the application. If and in the event the composition of the partnership shall change at any time subsequent to the initial application, any amended partnership agreements must be filed with the City.
3. *Corporation, Limited Liability Company, or other Business Entity.* If the applicant is a corporation, limited liability company, or any other business entity, the following information shall be required:

- a. Company name and state of incorporation or organization.
 - b. A true copy of Certificate of Incorporation or Organization, Articles of Incorporation or Organization, and, if a foreign corporation, any certificate of authority to conduct business in the state of Minnesota as may be required by state law.
 - c. The name of the operating officer, manager, proprietor, or other agent in charge of the premises to be licensed, giving all the information about said person as is required of a single applicant in Subd. 4.1 above.
 - d. A list of all persons who, whether individually or with another, own or control any interest in said corporation or association together with their addresses and all information as is required of a single applicant in Subd. 4.1 above.
 - e. The name of the business if it is to be conducted under a designation, name, or style other than the full legal name of the applicant.
4. *Disclosure of Ownership Interests.* At the time of application, each applicant that is not a natural person shall furnish the City with a list of all persons that have an interest of five percent or more in the business. The list shall name all owners and show the interest held by each, either individually or beneficially for others. It is the duty of each business licensee to notify the City Clerk in writing of any change in ownership in the business . Any change in the ownership or control of the business shall be deemed equivalent to a transfer of the license, and any such license shall be revoked 30 days after any such change in ownership or control unless the licensee has notified the Council of the change in ownership by submitting a new license application for the new owners, and the Council has approved the transfer of the license by appropriate action. Any time an additional investigation is required because of a change in ownership or control of a business, the licensee shall pay an additional investigation fee to be determined by the City. The City may at any reasonable time examine the transfer records and minute books of any business licensee to verify and identify the owners, and the City may examine the business records of any

other licensee to the extent necessary to disclose the interest which persons other than the licensee have in the licensed business. The Council may revoke any license issued upon its determination that a change of ownership of a licensee has actually resulted in the change of control of the licensed business so as materially to affect the integrity and character of its management and its operation, but no such action shall be taken until after a hearing by the Council on notice to the licensee.

5. *Legal Description and Street Address.* The street address and legal description of the premises to be licensed, together with a plan, sketch, or drawing of the area showing dimensions, location of buildings, street access, parking facilities and the locations of and distances to the nearest place of worship and school building .
6. *Floorplan.* A diagram depicting dimensions of the licensed premises and the dimensions of the interior within the licensed premises where the licensed product will be sold.
7. *Age-Restricted Retail Establishment.* Certification as to whether access to the licensed premises will be limited to persons age 21 or older.
8. *Insurance.* Licensee shall, during the term of its licensure, obtain a Commercial General Liability Insurance insuring licensee against any liability arising out of this license which specifically insures licensee against claims for personal injury, including death, and property damage arising out of licensee's business selling cannabinoid products or by the negligent acts, errors, or omissions of licensee, with limits not less than \$1 Million per occurrence, \$2 Million annual aggregate together with umbrella coverage of \$1 Million. All such policies shall be with a company rated by A.M. Best as VII or better and in a form acceptable to the City. Licensee shall provide City with a Certificate of Insurance certifying to the existence of such policies.
9. *Additional Information.* Any additional information the City deems necessary.

§ 121.05 INVESTIGATION.

On an initial application for a license and on application for transfer of an existing license, the City shall request that its Chief of Police conduct a preliminary background and financial investigation of the applicant. The application in such case shall be made on a form prescribed by the State Bureau of Criminal Apprehension and with such additional information as the Council may require. If the Council deems it in the public interest to have an investigation made on a particular application for renewal of a license, it shall so determine. If the Council determines that a comprehensive background and financial investigation of the applicant is necessary, it may conduct the investigation itself or contract with the Bureau of Criminal Apprehension for the investigation. If an investigation outside the state is required, the applicant shall be charged the cost not to exceed the amount duly established by the Council from time to time, which shall be paid by the applicant after deducting any initial investigation fee already paid. The fee shall be payable by the applicant whether or not the license is granted. Upon completion of the investigation, the Chief of Police shall make a written report and recommendation to the City Council of his or her findings, including a specific report on any violations of federal or state law or municipal regulations.

§ 121.06 COUNCIL ACTION.

The City Council may either approve or deny the application for a license, or it may delay action for a reasonable period of time as necessary to complete any investigation of the application or the applicant it deems necessary. If the City Council approves the license, the City Clerk shall issue the license to the applicant. If the City Council denies the license, notice of the denial shall be delivered by U.S. mail to the applicant along with notice of the applicant's right to appeal the City Council's decision pursuant to § 121.08 of this Ordinance. If a license application is denied, the earliest an applicant may reapply is 12 months from the date the license is denied.

§ 121.07 BASIS FOR DENIAL OF LICENSE.

Subd. 1. Grounds for denying the issuance or renewal of a license include, but are not limited to, the following:

- (1) The applicant is under 21 years of age.
- (2) The applicant has been convicted within the past ten (10) years of any violation of federal, state, or local law, ordinance provision, or other

regulation relating to cannabinoid products, alcohol, drugs, tobacco, or firearms.

- (3) The applicant has had a license to sell cannabinoid products suspended or revoked within the preceding 12 months of the date of application.
- (4) The applicant fails to provide any of the information required on the licensing application, or provides false or misleading information.
- (5) The applicant is prohibited by federal, state, or other local law, ordinance, or other regulation from holding a license.
- (6) The business for which the license is requested is a moveable place of business. Only fixed-location retail establishments that are not excluded under the definition for retail establishments in this ordinance are eligible to be licensed.
- (7) No license shall be granted or renewed for operation on any premises on which real estate taxes, assessments, or other financial claims of the City or the State are due, delinquent, or unpaid. If an action has been commenced pursuant to the provisions of Minnesota Statutes, Chapter 278, questioning the amount or validity of taxes, the council may, on application by the licensee, waive strict compliance with this provision; no waiver may be granted, however, for taxes, or any portion thereof,, which remain unpaid for a period exceeding one year after becoming due unless such one-year period is extended through no fault of the licensee.

Subd. 2. *Zoning*. No license will be approved unless the premises proposed to be licensed complies with all applicable zoning requirements. No licensee shall be located within 1,000 feet as measured in a straight line from the main public entrance of the licensed premises to the nearest boundary line of the following:

- (a) All K-12 public and private schools;
- (b) West Hills;

Subd. 3. *Issued Mistakenly*. If a license is mistakenly issued or renewed to a person, the City will revoke the license upon the discovery that the person was ineligible for the license under this ordinance. The City will provide the license holder with notice of the revocation, along with information on the right to appeal. If the permit has been issued by mistake through no fault of the applicant the permit fee may be refunded.

§ 121.08 PROCEDURE UPON DENIAL, SUSPENSION, NON-RENEWAL, OR REVOCATION OF LICENSE.

A determination by the City to deny, suspend, revoke, or not renew any license under this section may be appealed to the City Council of Owatonna by filing with the City Administrator a written Notice of Appeal within fifteen (15) days of the date on which notice of the City's denial suspension, or revocation is mailed to the licensee. In that event, the appeal will be heard by the Council within 45 days after the filing of the Notice of Appeal. At any appeal of a determination by the City under this Ordinance, the licensee or applicant, or an attorney representing said party, may appear and make a presentation to the City Council. The licensee or applicant shall present to the City Council the basis for the determination being appealed, and the City Council may receive and consider any evidence it deems relevant to the issue. After the hearing, the Council may uphold, reverse, or modify the prior decision based upon the provisions of this Ordinance and upon the protection of the public health, safety, or general welfare. The City Council shall issue written findings and determination within thirty-one (31) days of the hearing, unless the Council extends that time for good cause. A decision of the City Council made following an appeal as set forth herein may be appealed by Writ of Certiorari to the Court of Appeals of the State of Minnesota pursuant to its Rules of Civil Appellate Procedure and Minnesota Statutes.

§ 121.09 PERMITTED SALES OF CANNABINOIDS.

In accordance with Minn. Stat. §151.72, Subd.3, as may be amended:

Subd. 1. A product containing nonintoxicating cannabinoids, including an edible cannabinoid product, may be sold for human or animal consumption only if all of the requirements of this section are met, provided that a product sold for human or animal consumption does not contain more than 0.3 percent of any tetrahydrocannabinol and an edible cannabinoid product does not contain more than five milligrams of any tetrahydrocannabinol in a single serving, or more than a total of 50 milligrams of any tetrahydrocannabinol per package.

Subd. 2. No other substance extracted or otherwise derived from hemp may be sold for human consumption if the substance is intended:

- (1) For external or internal use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or animals; or

- (2) To affect the structure or any function of the bodies of humans or other animals.

Subd. 3. Products that meet the requirements of this section are not controlled substances under Minn. Stat. § 152.02.

§ 121.10 PROHIBITED SALES.

Subd. 1. *Sale to Person under 21.* No product containing any cannabinoid or tetrahydrocannabinol extracted or otherwise derived from hemp may be sold to any person who is under the age of 21.

Subd. 2. *Samples Prohibited.* Sampling of cannabinoid products within any retail establishment licensed under this ordinance is prohibited. No person shall distribute samples of any cannabinoid products free of charge or at a nominal cost. The distribution of cannabinoid products as a free donation is prohibited.

Subd. 3. *Coupon and Price Promotion.* No person shall accept or redeem any coupon, price promotion, or other instrument or mechanism, whether in paper, digital, electronic, mobile, or any other form, that provides any cannabinoid products to a consumer at no cost or at a price that is less than the non-discounted, standard price listed by a retailer on the item or on any related shelving, posting, advertising, or display at the location where the item is sold or offered for sale, including all applicable taxes.

Subd. 4. *Product Display Limited.* All cannabinoid products shall be stored in a location behind the check-out counter where non-employees are not permitted and outside of the customer's view, in a locked cabinet or other locked storage unit. This section does not apply to an "Age-Restricted Retail Establishment" as defined in this ordinance which is continuously staffed by an employee and entry to which is permitted by persons under 21 years of age.

Subd. 5. *Prohibition Against Retail Sales of Cannabinoid Products by Vending Machines.* No person will sell or dispense cannabinoid products through use of a vending machine.

§ 121.11 OTHER PROHIBITED ACTS.

Unless otherwise provided, the following acts shall be a violation of this chapter.

Subd. 1. *Legal age.* It shall be unlawful for any person to sell, give, or share any licensed product to any person under the age of 21.

Subd. 2. *Illegal purchase by or on behalf of a person under 21.*

- a. It shall be unlawful for any person under the age 21 to purchase licensed products or to purchase licensed products on behalf of a person under the age of 21.
- b. It shall be unlawful for any person to coerce or attempt to coerce a person under the age of 21 to illegally purchase or otherwise obtain or use any licensed product.
- c. No person under the age of 21 may furnish, sell or attempt to sell licensed products on behalf of a licensee.

Subd. 3. *Use of false identification.* It shall be unlawful for any person under the age of 21 to attempt to disguise the person's true age by the use of a false form of identification, whether the identification is that of another person or one on which the age of the person has been modified or tampered with, to represent an age older than the actual age of the person.

Subd. 4. *Illegal possession.* It shall be unlawful for any person under the age of 21 to possess any licensed product or to give or share any licensed product to any person under the age of 21.

Subd. 5. *Illegal use.* It shall be unlawful for any person under the age of 21 to use any intoxicating THC product unless it is lawfully prescribed by a Health Care Practitioner as defined in Minn. Stat. § 152.22, subd. 4.

Subd. 6. *Employees under age 18.* It shall be unlawful for any person under the age of 18 from selling edible cannabinoid products.

Subd. 7. *Impermissible home occupation.* The sale of edible cannabinoid products is not a permissible "Home Occupation" as defined in Ordinance Code § 157.002(B). "Home" includes any "Dwelling" as defined in Ordinance Code § 157.002(B).

Subd. 8. *Transit merchant; peddler; solicitor sales.* It shall be unlawful for any transit merchant, peddler, or solicitor, as defined in Ordinance Code § 118.070 to sell, offer to sell, or solicit orders for edible cannabinoid products.

§ 121.12 TESTING REQUIREMENTS. All testing must comply with the requirements set forth in Minn. Stat. § 151.72, Subd. 4, as may be amended.

§ 121.13 LABELING REQUIREMENTS.

All labeling must comply with the requirements set forth in Minn. Stat. § 151.72, Subd. 5, as may be amended.

§ 121.14 ADDITIONAL REQUIREMENTS FOR EDIBLE CANNABINOID PRODUCTS.

In accordance with Minn. Stat. § 151.72, Subd. 5a, as may be amended:

Subd. 1. An edible cannabinoid product must not:

- (1) Bear the likeness or contain cartoon-like characteristics of a real or fictional person, animal, or fruit that appeals to children;
- (2) Be modeled after a brand of products primarily consumed by or marketed to children;
- (3) Be made by applying an extracted or concentrated hemp-derived cannabinoid to a commercially available candy or snack food item;
- (4) Contain an ingredient, other than a hemp-derived cannabinoid, that is not approved by the United States Food and Drug Administration for use in food;
- (5) Be packaged in a way that resembles the trademarked, characteristic, or product-specialized packaging of any commercially available food product; or
- (6) Be packaged in a container that includes a statement, artwork, or design that could reasonably mislead any person to believe that the package contains anything other than an edible cannabinoid product.

Subd. 2. An edible cannabinoid product must be prepackaged in packaging or a container that is child-resistant, tamper-evident, and opaque or placed in packaging or a container that is child-resistant, tamper-evident, and opaque at the final point of sale to a customer. The requirement that packaging be child-resistant does not apply to an edible cannabinoid product that is intended to be consumed as a beverage and which contains no more than a trace amount of any tetrahydrocannabinol.

Subd. 3. If an edible cannabinoid product is intended for more than a single use or contains multiple servings, each serving must be indicated by scoring, wrapping, or other indicators designating the individual serving size.

Subd. 4. A label containing at least the following information must be affixed to the packaging or container of all edible cannabinoid products sold to consumers:

- (1) The serving size;
- (2) The cannabinoid profile per serving and in total;
- (3) A list of ingredients, including identification of any major food allergens declared by name; and
- (4) The following statement: "Keep this product out of reach of children."

Subd. 5. An edible cannabinoid product must not contain more than five milligrams of any tetrahydrocannabinol in a single serving, or more than a total of 50 milligrams of any tetrahydrocannabinol per package.

Subd. 6. Where an edible cannabinoid product is pre-packaged with more than one single use or contains multiple servings, a single use or serving shall not be removed from the package and sold as a "loosie" as defined herein.

§ 121.15 ADULTERATED OR MISBRANDED PRODUCTS.

A cannabinoid product shall be considered adulterated or misbranded under the provisions set forth in Minn. Stat. § 151.72, Subd. 6, as may be amended.

§ 121.16. SIGNAGE.

At each location where cannabinoid products are sold, the licensee shall display a sign in plain view to provide public notice that selling any of these products to any person under the age of 21 is illegal and subject to penalties. The notice shall be placed in a conspicuous location in the licensed establishment and shall be readily visible to any person who is purchasing or attempting to purchase these products. The sign shall provide notice that all persons responsible for selling these products must verify, by means of photographic identification containing the bearer's date of birth, the age of any person under 30 years of age.

§ 121.17 AGE VERIFICATION.

At each location where edible cannabinoid products are sold, the licensee shall verify, by means of government-issued photographic identification containing the bearer's date of birth, that the purchaser or person attempting to make the purchase is at least 21 years of age. Verification is not required if the purchaser or person attempting to make the purchase is 30 years of age or older. It shall not constitute a defense to a violation of this Section that the person appeared to be 30 years of age or older.

§ 121.18 RESPONSIBILITY.

All licensees are responsible for the actions of their employees regarding the sale, offer to sell, and furnishing of cannabinoid products on the licensed premises. The sale, offer to sell, or furnishing of any cannabinoid product by an employee shall be considered an act of the licensee.

§ 121.19 HOURS OF SALES.

No sales of cannabinoid products will be allowed at the licensed premises after 10:00 p.m. and before 8:00 a.m. daily.

§121.20 COMPLIANCE CHECKS AND INSPECTIONS.

All licensed premises must be open to inspections by law enforcement or other authorized city officials during regular business hours. From time to time, but at least once per year, the City will conduct compliance checks. The City will conduct a compliance check that involves the participation of a person at least 17 years of age, but under the age of 21 to enter the licensed premises to attempt to purchase cannabinoid products. Prior written consent from a parent or guardian is required for any person under the age of 18 to participate in a compliance check. Persons used for the purpose of compliance checks will be supervised by law enforcement or other designated personnel.

§ 121.21 CIVIL PENALTY, SUSPENSION OR REVOCATION OF LICENSES.

Subd. 1. The City Council will follow the provisions of this section of the ordinance on the suspension, revocation or imposition of a civil penalty against any license granted under this ordinance.

Subd. 2. *Notice of Violation.* The Chief of Police will provide, in writing, to the licensee either personally or by mail, notice of any alleged violation of the provisions of this ordinance or Minnesota Statutes Chapter 151 or other applicable statute or ordinance committed in the operation of the licensee's business, and

provide notice to the City Attorney's Office. If the City Attorney's Office determines from the facts and circumstances reported, together with any other facts and circumstances known to it, that the violation may warrant a civil penalty, suspension or revocation of the license held by the licensee, it will notify the licensee, and set a time and place for a hearing sufficiently in advance to provide ten days written notice of the time, place and purpose of such hearing to the licensee.

Subd. 3. *Hearing on Alleged Violations.* The hearing will be held before the City Council or its designated hearing officer. At the time of the hearing, the licensee may appear and present any evidence which is material to the investigation. The hearing officer will make findings of fact as to whether a violation of the provisions of this ordinance or Minnesota Statutes Chapter 151 have been committed in the operation of the licensee's business and whether the violation was willful in nature. The hearing officer will also make a recommendation as to what penalty, if any, will be applied. The City Council will adopt the hearing officer's findings of fact that the licensee has violated any of the provisions of this ordinance or State law, and may impose a civil fine, suspend or revoke the license in accordance with the schedule in § 121.22 of this Ordinance.

Subd. 4. *Mandatory Revocation.* The Council will revoke the license of any licensee under this ordinance if the licensee willfully violates any provisions of this ordinance or Minnesota Statutes Chapter 151.

§ 121.22 PENALTIES FOR VIOLATIONS.

Upon a violation by a licensee holding a cannabinoid products license of any provision of this ordinance or any provision of state law regulating the sale of cannabinoid products, or failing to comply with any other requirements of Minn. Stat. § 151.72, the City Council may impose a civil fine, and suspend or revoke the license as provided in the following schedule:

First violation.....	fine up to \$300.00
Second violation within 36 months.....	fine up to \$600.00 and a 30-day license suspension
Third violation within 36 months.....	fine up to \$1,000.00 and a license revocation
Violation during period of suspension.....	license revocation

Subd. 1. Any civil fine assessed against a licensee pursuant to this section must be paid in full within 30 days from receipt of written notification of the City Council's imposition of the civil fine. Failure to pay the fine within that time period will result in a ten-day license suspension. Licensees whose licenses have been revoked may not be issued a new license within six months from the effective date of such revocation.

§ 121.23 MISDEMEANOR PROSECUTION.

A violation of this Chapter shall be a misdemeanor offense. Nothing in this section shall prohibit the City from seeking prosecution as a misdemeanor for any alleged violation of this Chapter. If the City elects to seek misdemeanor prosecution no administrative penalty shall be imposed; except that, the City Council may suspend or revoke a license in appropriate circumstances. Each violation and every day in which a violation occurs or continues, shall constitute a separate offence.

Section 2. Effective Date. This Ordinance shall be in full force and effect from and after its passage and publication.

Passed and adopted this _____ day of _____, 2023, with the following vote:

Aye __; No __; Absent __

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk/Treasurer

Proposed Ordinance No. 23-04

ORDINANCE NO. _____

AN ORDINANCE AMENDING "APPENDIX A: FEE SCHEDULE", OF CHAPTER 35, ENTITLED "FEES AND CHARGES" OF THE 2015 ORDINANCE CODE OF THE CITY OF OWATONNA, AS AMENDED, BY ADDING CERTAIN FEES AND CHARGES

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OWATONNA, MINNESOTA DO ORDAIN.

Section 1. Chapter 35 entitled "Fees and Charges" of Title III entitled "Administration" of the 2015 Ordinance Code of the City of Owatonna is hereby amended by adding the following fees and charges:

<u>Code Section:</u>	<u>Type of License:</u>	<u>Conditions and Terms:</u>	<u>Amount:</u>
121.04, subd. 2	Sale of Cannabinoid Products	Initial Application and Transfer	\$500.00
		Investigation Fee	\$500 or the actual cost not to Exceed \$10,000 if the investigation is required outside of the state

Section 2. Effective date. This ordinance shall be in full force and effect from and after its passage and publication.

Passed and adopted this ____ day of __, 2023 with the following vote:

Aye ____; No ____; Absent ____

Approved and signed this _____day of _____, 2023.

Thomas Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/ City Clerk/Treasurer



Resolutions



City Attorney Office

PURPOSE MEMO

To: Mayor, City Council, City Administrator, and Community Development
From: Mark M. Walbran, City Attorney
Date: January 9, 2023
Re: Strip of Land 6 feet on Cedar Avenue North

Purpose:

Council approval of Resolution 11-23 to accept title to a 6 foot strip of land on the west side of North Cedar Avenue in front of the “Insty Prints” building at 306 North Cedar Avenue and the building formerly known as the site of “Completely Kids” at 312 North Cedar Avenue to cure a defect in title to those properties.

Background:

When the plat of the Original Town of Owatonna was surveyed in 1855, the lots on the west side of the 300 block of North Cedar Avenue were 66 feet in width and 132 feet in depth. In 1874 the larger lots were subdivided into narrower lots with depth of 126 feet leaving a 6-foot strip on the east side of the original lots. Since 1874 the 6-foot strip for all intents and purposes became part of the street right-of-way. Because the sublots do not include the east 6 feet of the original lots, the Title Company handling the closing of the sale of both buildings could not determine the legal owners of the 6-foot strips.

Budget Impact:

None. Rick Kvien, Steele County Recorder, advised that he would record the Quit Claim Deeds and that there would be no lot split fee necessary.

Recommendation:

City staff recommends approval of Resolution 11-23.

RESOLUTION NO. 11-23

A RESOLUTION ACCEPTING TRANSFER OF LAND

WHEREAS, the City of Owatonna is authorized to accept transfers of real and personal property pursuant to Minnesota Statute Section 465.03 for the benefit of its citizens; and

WHEREAS, Duchess Holdings, LLC transferred to the City the following described real estate:

The East 6 feet of the N ½ of South 2/3 of Lot 2, Block 19
of the Original Town (now City) of Owatonna, Minnesota

and

WHEREAS, Ruth E. Williams and Jerry W. Williams, have offered to transfer to the City the following Described real estate:

The East 6 feet of the North 28 Feet of Lot 1, Block 19, Original Town
(now City) of Owatonna, Minnesota

for purposes of curing a defect in title to the properties; and

WHEREAS, the City Council finds and determines that the acceptance of the premises is in the public interest and promotes the general welfare of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, as follows:

1. City of Owatonna does hereby accept the proposed transfers of the real estate described above.

2. The Mayor and City Administrator are hereby authorized to execute any necessary agreements and accept delivery of the Quit Claim Deeds and other documents on behalf of the City and to do all other acts and things necessary and advisable for the acquisition of the foregoing real estate.

Passed and adopted this ___ day of _____, 2023, with the following vote:

Aye _____; No _____; Absent _____.

Approved and signed this _____ day of _____, 2023.

ATTEST:

Thomas A. Kuntz, Mayor

Kris M. Busse, City Administrator/City Clerk/Treasurer



Community Development Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Greg Kruschke, Community Development Manager
SUBJECT: Resolution 12-23: Conditional Use Permit-3 Jersey Mike's Drive Thru

Purpose:

Council approval of Conditional Use No. CUP-3 by Quenton Scherer, Metro Equity LLC, a request to construct a 1,500 square foot addition to the south side of the existing building for a drive-thru sandwich shop on the subject property.

Background:

See Attached Staff Report.

The Planning Commission held a public hearing on this request and recommended approval.

Budget Impact:

None.

Staff Recommendation:

Staff recommends approval of Resolution 12-23.

Attachments:

1. Res 12-23 CUP-3 Jersey Mikes Drive Thru
2. CUP-3 Jersey Mikes Drive Thru CUP

RESOLUTION NO. 12-23

A RESOLUTION APPROVING CONDITIONAL USE CUP-3

WHEREAS, Conditional Use No. CUP-3 by Quenton Scherer, Metro Equity LLC, a request to construct a 1500 square foot addition to the south side of the existing building for a drive thru sandwich shop on the subject property and is legally described as follows; and

Easterly 101.62 Feet of Lot 2, Block 2; and Lot 3, Block 2 Except the East 70.64 Feet of Said Lot 3, Block 2, All in Wildung 2nd Addition, Steele County, Minnesota

WHEREAS, The Planning Commission held a public hearing on January 10, 2023 and recommended approval of CUP-3 and

WHEREAS, on January 17, 2023, the City Council accepted and approved Conditional Use CUP-3, as the same was approved and recommended by the Planning Commission of the City; and

WHEREAS, the City Council concurs with all of the findings of the Planning Commission and hereby makes the identical findings as referenced in the CUP-3 Staff Report.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Owatonna, Minnesota:

1. That said conditional use permit is in accordance with and conformity to the plans and regulations established by the City and the comprehensive plan for the development of the City.
2. That said conditional use permit be and the same hereby is approved with the following conditions:
 - a) Prior to issuance of the building permit, the City and Owatonna Public Utilities shall approve all grading, drainage, and utility plans.
 - b) All signs shall have a sign permit issued.
 - c) A directional signage plan for the drive thru shall be submitted and approved by the City of Owatonna.
3. That the Clerk cause a certified copy of this resolution to be filed in the office of the County Recorder of Steele County, Minnesota.

Passed and adopted this _____ day of _____, 2023, with the following vote:

Aye: _____; No: _____; Absent: _____.

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

January 5, 2023

To: Planning Commission

From: Community Development Department

RE: Conditional Use No. CUP-3 by Quenton Scherer, Metro Equity LLC, a request to construct a 1500 square foot addition to the south side of the existing building for a drive thru sandwich shop on the subject property.

Application Review:

Applicant/Owner: Quenton Scherer, Metro Equity, LLC

Location of Property: 1045 Frontage Road West

Zoning Map: B-2, Community Business District

Zoning Ordinance: Ordinance 827, Section IV: B. states drive thru restaurants are permitted by Conditional Use.

Report Attachments:

1. Location Map
2. Aerial Photo
3. Site Plan
4. Building Elevations
5. Floor Plans
6. Engineering Comments

Proposed Development:

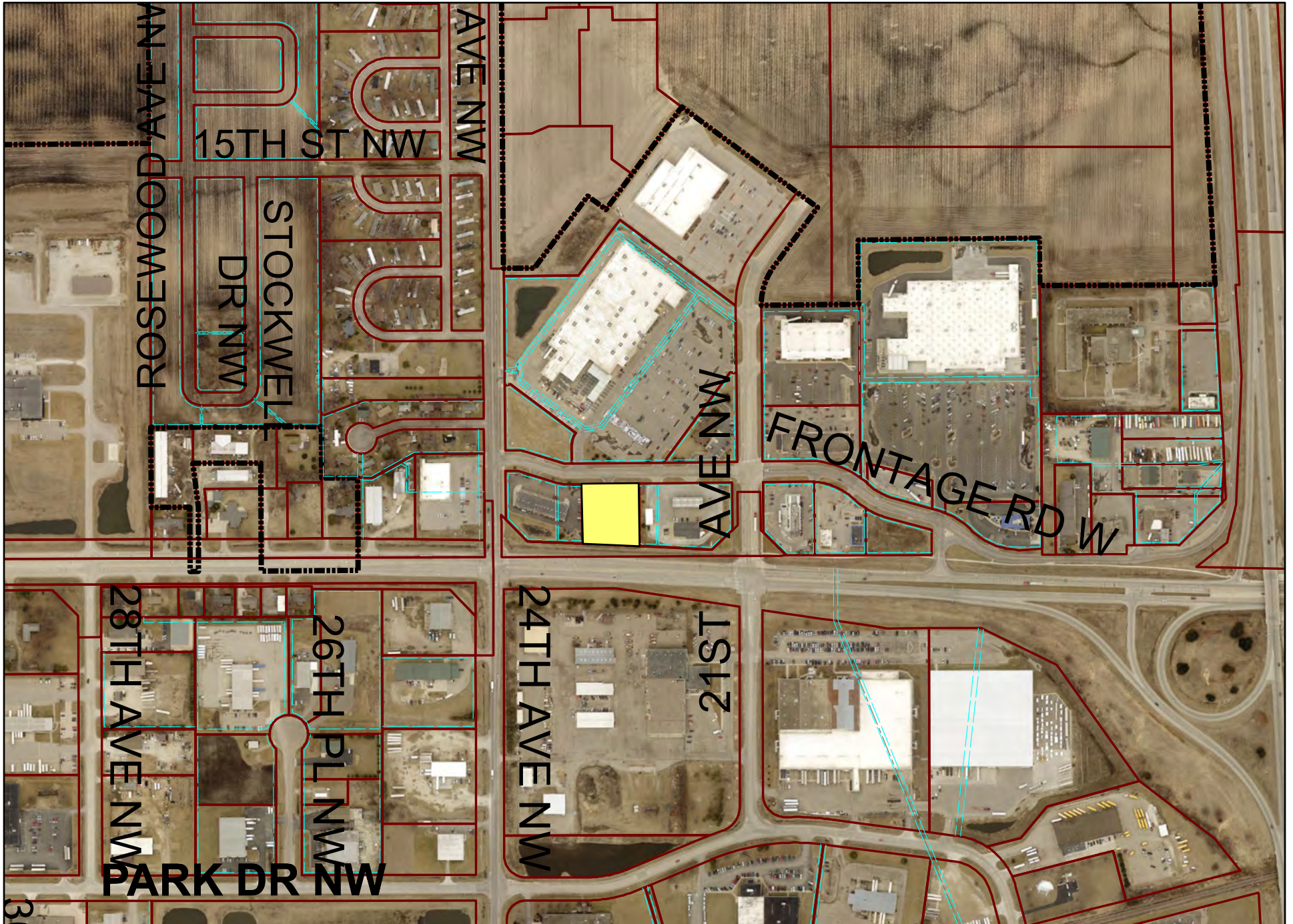
- ◆ Conditional Use No. CUP-3 by Quenton Scherer, Metro Equity LLC, a request to construct a 1500 square foot addition to the south side of the existing building for a drive thru sandwich shop on the subject property located at 1045 Frontage Road West.
- ◆ The proposed addition is a 33' x 46' addition on the south side of the building.
- ◆ The addition will exceed all required setbacks for a structure.
- ◆ The addition will be constructed using a combination of brick, concrete, glass and other materials to tie in with the existing building.
- ◆ The entrance area on the west side of the building will be larger and may accommodate a table or two if desired.
- ◆ There will be several changes to the parking lot in order to accommodate the proposed drive thru lane.
- ◆ A curb island will be extended to the west 62' to provide direction and stacking for the proposed drive thru lane. Traffic will enter the drive thru around the west side of the middle parking stalls, along the south side of the building, and back out of the site traveling north along the east side of the building.
- ◆ All parking stalls along the south side of the property will be removed. Striping in the middle aisle on the west side of the building will be shifted approximately 4' to the east narrowing down the east drive aisle to 24'.

- ◆ Code requires 62 parking stalls for this use after the addition is constructed. The property will have 76 parking stalls remaining on the property. Employee parking should occur on the east side of the building to allow the most visible parking to be used by the customers.
- ◆ The actual drive thru window will be on the south side of the building. Stacking for 5 cars will be provided at this location along with a menu board and ordering system.
- ◆ No signage plans have been submitted. All signs will be required to have permits and also meet all code requirements.
- ◆ There are some stormwater requirements that need to be met for this project. The applicant is working with the Engineering Department to accomplish this. Final solutions are still being determined.
- ◆ The applicant has not shown a general signage plan for the property. Code would permit 50 square feet of wall signage per right of way for the building and allow for a freestanding sign 35' tall and up to 100 square feet per right of way. All signage will be reviewed upon sign permitting for the property.
- ◆ A directional signage plan for the drive thru has not been submitted.
- ◆ According to the ordinance, a conditional use permit may be granted if the following findings are met:
 - a) The establishment or operation of the proposed conditional use will not be detrimental to or endanger the public health, safety, morals, comfort or general welfare.
 - b) The architectural appearance and functional plan of the building and site reflects the building character of the area and will not be so dissimilar to the existing buildings or area as to cause impairment in property values or constitute a blighting influence within a reasonable distance of the lot. The proposed development will be compatible with existing and planned use of the area and conflicts will not be created between the proposed use and existing and intended future uses of the surrounding area.
 - c) The traffic generated by this use shall be channelized and controlled in a manner that will avoid congestion on public streets, safety hazards or excessive traffic through residential areas. The traffic generated will not raise traffic volumes beyond the capacity of the surrounding streets. Vehicular access points will be limited, and will create a minimum amount of conflict with through traffic movements and will be subject to the approval of the City Engineer. Vehicular drive up ingress lanes will be large enough to accommodate peak auto use on the same lot without requiring the stopping or waiting of vehicles on public right-of-way. Ingress lanes will be from the least heavily traveled street wherever possible.
 - d) Public services, including but not limited to sewer, water, gas, police, and fire protection, are available at an adequate level and capable of servicing the proposed land use. In addition, adequate access, drainage, and any other necessary support facilities shall be provided.
 - e) All such other or further factors as the City shall deem a requisite or consideration in determining the effect of such use on the general welfare, public health and safety.

Staff Review:

It appears that all of the requirements have been met for this conditional use request. Absent any new information presented at the meeting, staff would recommend approval of this conditional use request with the following conditions.

- 1) Prior to issuance of the building permit, the City and Owatonna Public Utilities shall approve all grading, drainage, and utility plans.
- 2) All signs shall have a sign permit issued.
- 3) A directional signage plan for the drive thru shall be submitted and approved by the City of Owatonna.



CUP-3 Jersey Mike's Drive Thru CUP
1045 Frontage Road West

1:6,000

Date: 12/28/2022
Page 148 of 247



CUP-3 Jersey Mike's Drive Thru CUP
1045 Frontage Road West

1:477

SPECIFICATIONS WHICH APPLY

ALL CONSTRUCTION AND MATERIALS SHALL COMPLY WITH THE MOST RECENT EDITION OF MNDOT STANDARD SPECIFICATIONS FOR CONSTRUCTION, INCLUDING PUBLISHED TECHNICAL MEMORANDA, MINNESOTA PLUMBING CODE, AND WITH THE CITY ENGINEERING STANDARD SPECIFICATIONS FOR WATERMAIN & SERVICE LINE, SANITARY SEWER AND STORM SEWER INSTALLATION (PER "STANDARD UTILITIES SPECIFICATIONS" BY THE CITY ENGINEERS ASSOCIATION OF MINNESOTA), AND THE CITY'S STANDARD DETAILS AND SPECIFICATIONS, EXCEPT AS MODIFIED BY ANY SPECIAL PROVISIONS OR AS SHOWN ELSEWHERE ON THIS PLAN.

GENERAL NOTES

1. CONTRACTOR AND ALL SUBCONTRACTORS SHALL COMPLY WITH ALL APPLICABLE CODES AND ORDINANCES GOVERNED BY STATE AND LOCAL JURISDICTION.
2. COORDINATE ELECTRIC, GAS & TELEPHONE UTILITY INSTALLATION & ROUTING WITH LOCAL UTILITY COMPANIES
3. ANY ALTERATIONS OR REVISIONS TO THE SITE DEVELOPMENT PLAN AS SHOWN SHALL NOT BE THE RESPONSIBILITY OF JONES, HAUGH & SMITH INC. AND SHALL RELEASE JONES, HAUGH & SMITH INC. OF ANY LIABILITY FOR ANY DAMAGES CAUSED THEREFROM UNLESS WRITTEN AUTHORIZATION OR PLAN REVISION HAS BE APPROVED BY JONES, HAUGH & SMITH INC. PRIOR.
4. CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS FOR CONSTRUCTION.
5. LANDSCAPING, IRRIGATION, AND LIGHTING NOT A PART OF THIS PLAN.

SWPPP GENERAL NOTES

1. THIS PLAN IS MEANT AND PROVIDED AS A GUIDE IN THE PROVISION OF SEDIMENT AND EROSION CONTROL (ESC) BMP'S AS REQUIRED BY THE NPDES PERMIT.
2. ADDITIONAL EROSION AND SEDIMENT CONTROL MEASURES, ALTHOUGH NOT SHOWN HERE, MAY BE REQUIRED TO COMPLY WITH THE PROVISIONS OF THE PERMIT.
3. PROVISION AND MAINTENANCE OF EROSION AND SEDIMENT CONTROL BMP'S IN ACCORDANCE WITH THE NPDES PERMIT IS THE RESPONSIBILITY OF THE CONTRACTOR, REGARDLESS OF WHAT IS SHOWN ON THIS PLAN.
4. MAINTENANCE OF ESC BMP'S IS INCIDENTAL TO THE WORK.
5. NO ADDITIONAL PAYMENT WILL BE MADE FOR ADDITIONAL EROSION CONTROL BMP'S AS REQUIRED BY THE NPDES PERMIT.
6. THE CONTRACTOR SHALL OBTAIN THE NPDES PERMIT FROM THE MPCA AND PAY ANY APPLICABLE FEES AS WORK INCIDENTAL TO THE CONTRACT.
8. SHOULD MPCA ENFORCEMENT ACTIONS OCCUR, THE CONTRACTOR WILL BE THE CO-PERMITTEE RESPONSIBLE FOR CORRESPONDING WITH THE MPCA.
9. THE CONTRACTOR WILL BE PAY ALL FINES IMPOSED BY REGULATING AUTHORITIES DUE TO NON-COMPLIANCE WITH THE TERMS OF THE NPDES PERMIT WITH NO COST TO THE OWNER.

EARTHWORK NOTES:

1. CONTRACTOR TO FURNISH ON SITE GEOTECHNICAL CONSULTING ENGINEER AS REQUIRED.
2. SOIL CORRECTIONS UNDER THE PROPOSED CONCRETE & ASPHALTIC PAVEMENT SHALL INCLUDE, BUT NOT BE LIMITED TO, REMOVAL OF ALL TOPSOIL AND VISIBLY ORGANIC FILL MATERIAL.
3. CONTRACTOR TO FURNISH ON SITE GEOTECHNICAL CONSULTING ENGINEER TO COORDINATE SOIL CORRECTIONS UNDER PAVEMENTS.
4. THE SITE SHALL BE GRADED TO THE CONTOURS SHOWN AND TO PROVIDE THE DRAINAGE PATTERN SHOWN.
5. GRADE ALL AREAS TO DRAIN.
6. THE ENGINEER MAY ORDER ADJUSTMENTS TO THE GRADES SHOWN ON THE PLAN TO ENSURE PROPER OR BETTER DRAINAGE OR UTILITY COVERAGE AS WORK INCIDENTAL TO THE CONTRACT.

KEYNOTES

- IP CATCH BASIN INLET PROTECTION
CE CONSTRUCTION ENTRANCE

LEGEND

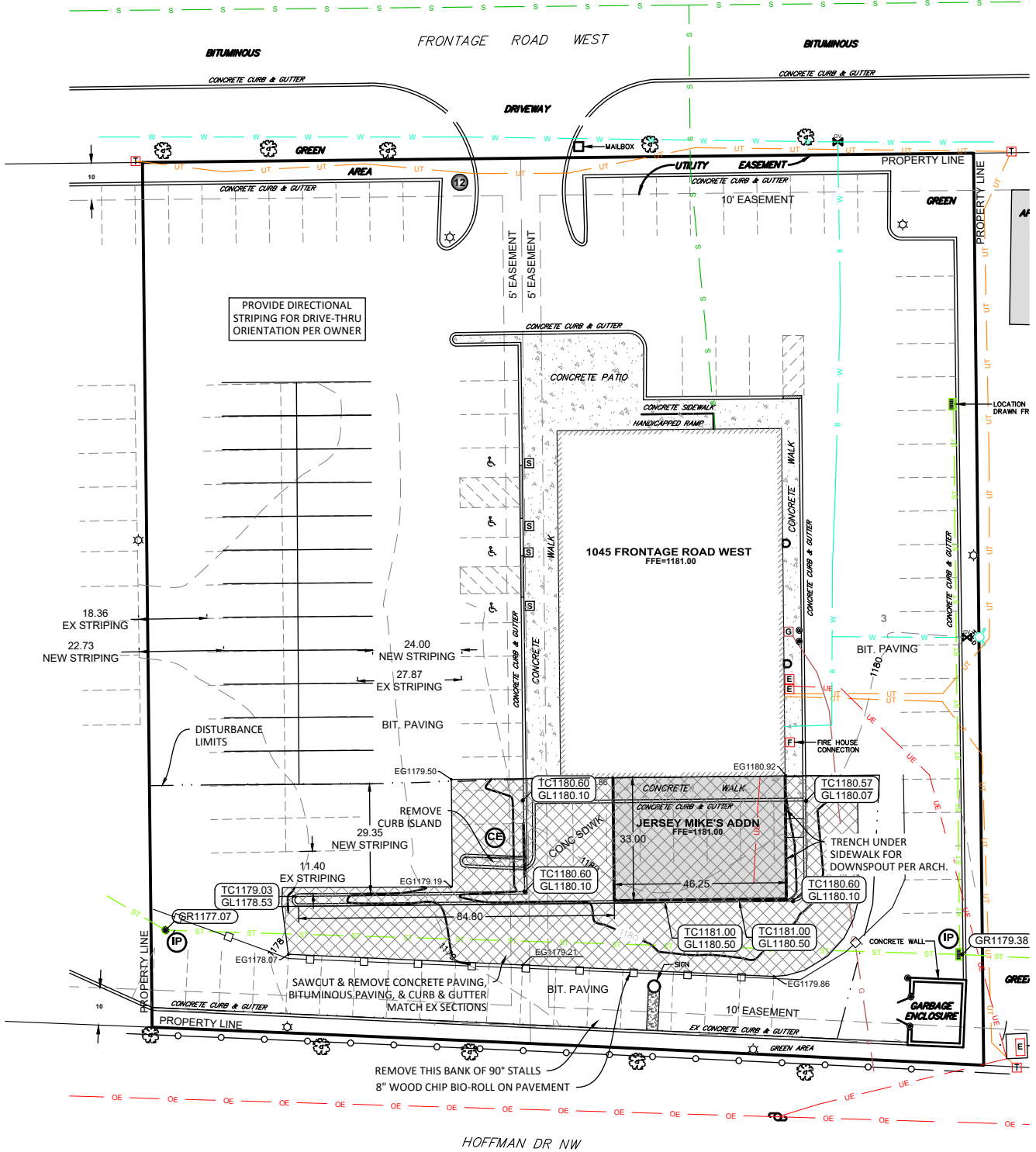
- 848— EXISTING ELEVATION CONTOUR LINE
—848— PROPOSED ELEVATION CONTOUR LINE
FGXXXX.X FINISH GRADE ELEVATION
GLXXXX.X GUTTER LINE ELEVATION
TCXXXX.X TOP OF CURB ELEVATION
GRXXXX.X GRATE ELEVATION
HP HIGH POINT
LP LOW POINT

GENERAL SITE NOTES:

SITE AREA:	1.22 AC
DISTURBED AREA:	6401 SF
EXISTING IMPERVIOUS SURFACE:	6401 SF
PROPOSED IMPERVIOUS SURFACE:	6401 SF
FUTURE IMPERVIOUS SURFACE:	0 SF

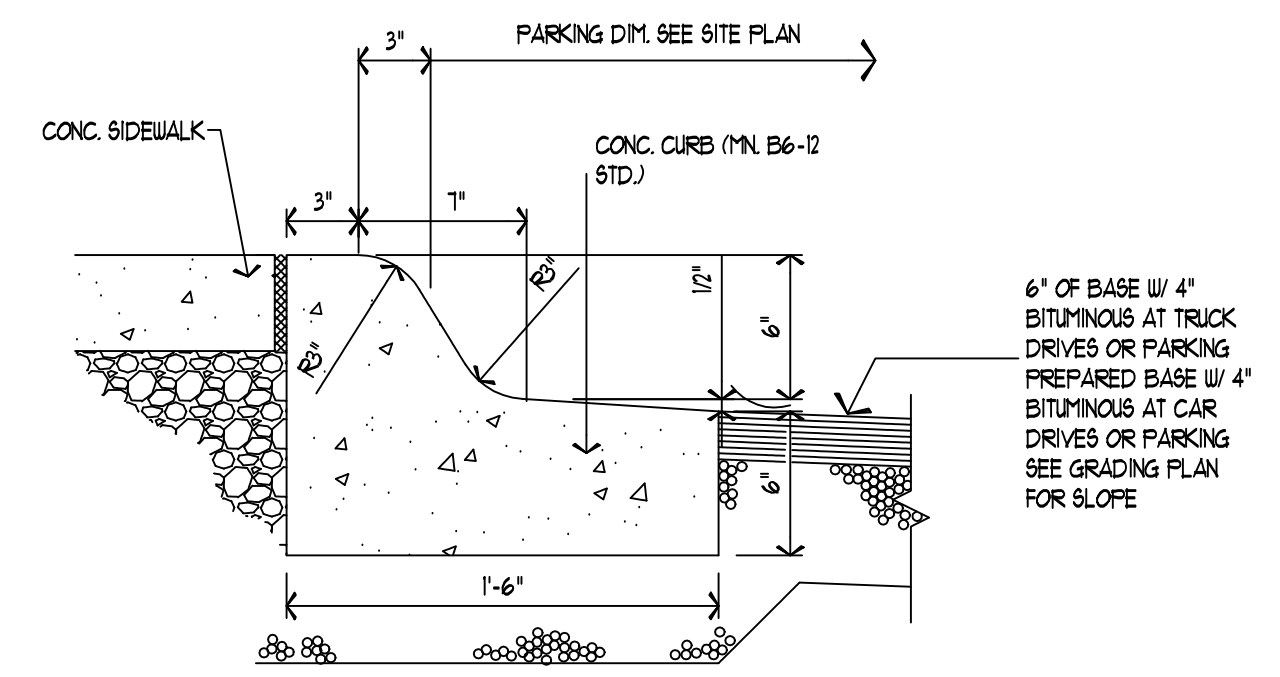
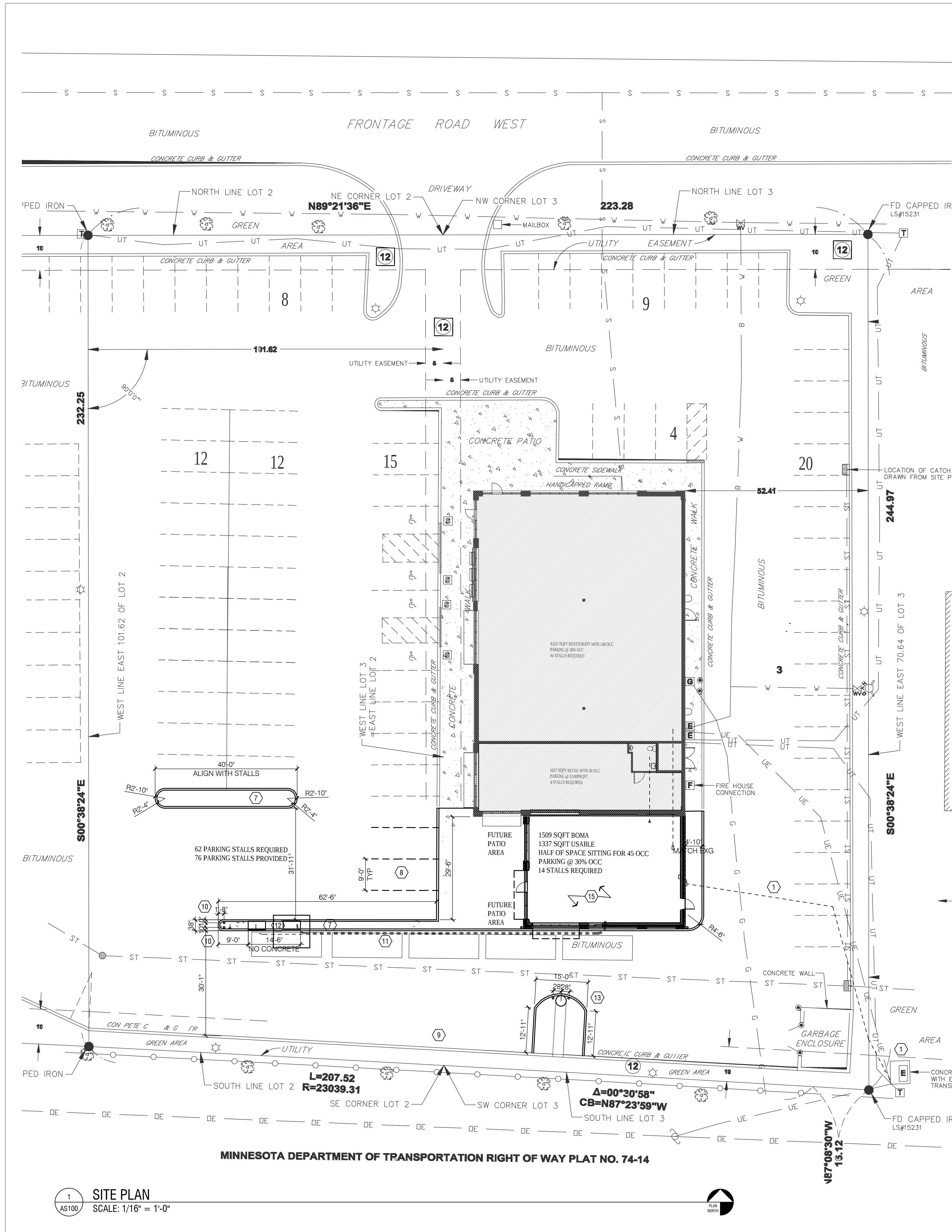
THIS SITE'S STORMWATER IS TREATED BY AN EXISTING STORMWATER POND TO THE WEST OF THIS SITE CONSTRUCTED UNDER A PREVIOUS NPDES PERMIT.

JERSEY MIKE'S
THE BAINEY GROUP
1045 FRONTAGE ROAD W
PART OF LOTS 2-3 BLOCK 2,
WILDUNG 2ND ADDITION
OWATONNA, MN

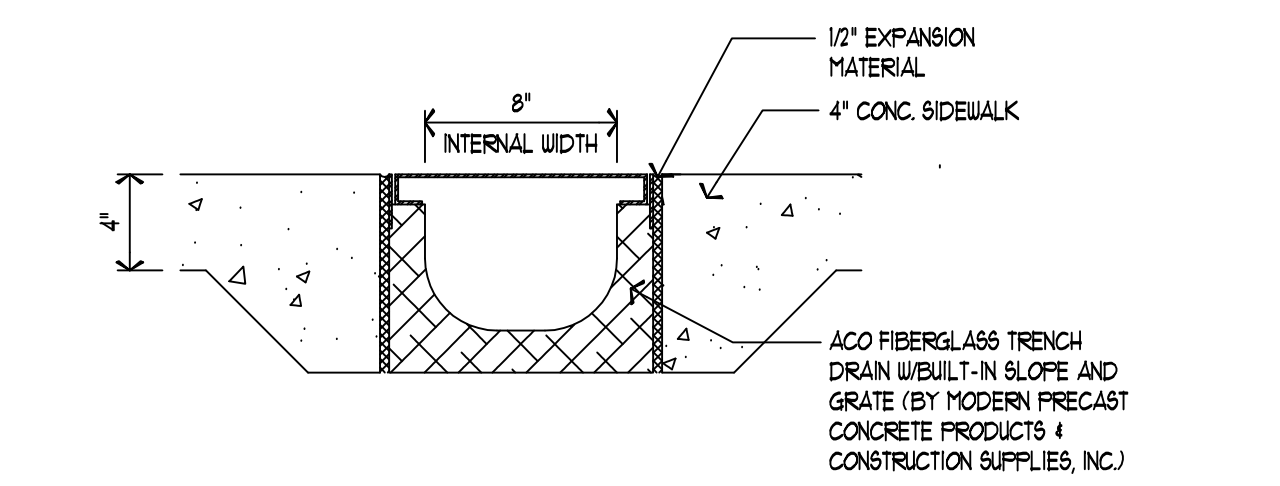


PERMIT REVIEW-NOT FOR CONSTRUCTION

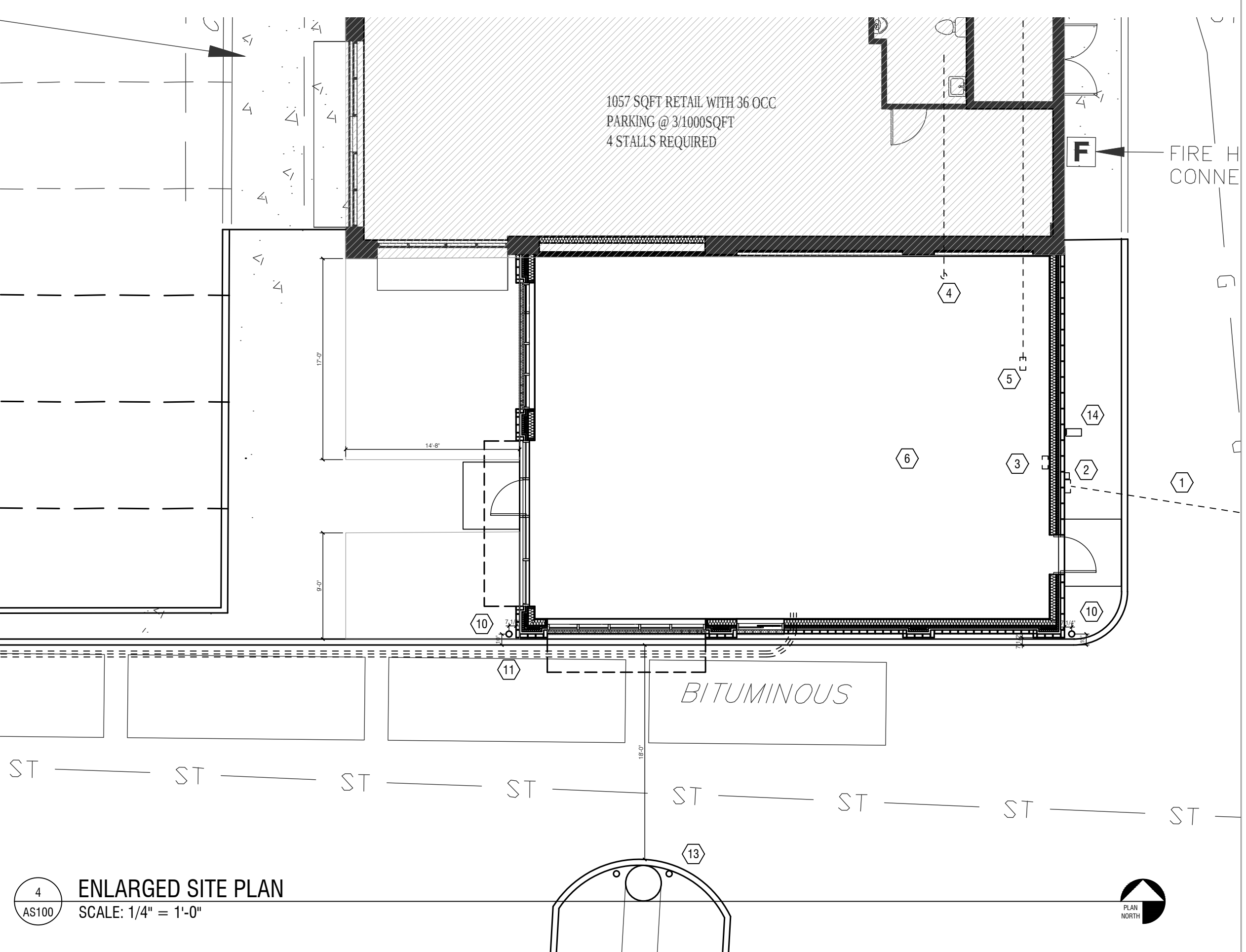
20020 HORIZ. SCALE FEET DRAWINGS ON 11x17 SHEETS ARE HALF SCALE	BENCHMARKS: FINISH FLOOR OF EXISTING BUILDING ELEVATION 1181.00	<table><thead><tr><th>REV.</th><th>BY</th><th>DATE</th><th>REVISION DESCRIPTION</th></tr></thead><tbody><tr><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr></tbody></table>	REV.	BY	DATE	REVISION DESCRIPTION	-	-	-	-																	JONES HAUGH SMITH Engineers + Surveyors 415 West North Street Owatonna, MN 507-451-4598	DESIGNED: JHS DRAWN: JHS CHECKED: BJW Date: 10/11/22 DWG: 22-1190	I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.  John H. Schulte V License No. 44639 Date: 10/11/22	JERSEY MIKE'S THE BAINEY GROUP 2022 CONSTRUCTION SITE PLAN	SHEET 1 OF 3
REV.	BY	DATE	REVISION DESCRIPTION																												
-	-	-	-																												



2 CURB DTL
SCALE: NTS



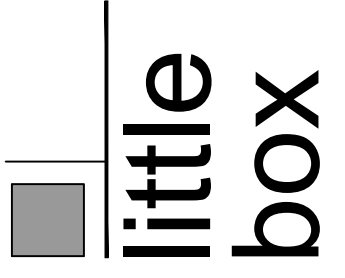
3 TRENCH DTL
SCALE: 1-1/2" = 1'-0"



4 ENLARGED SITE PLAN
SCALE: 1/4" = 1'-0"

KEY NOTES

1. NEW UNDERGROUND ELECTRIC. VERIFY ROUTE
2. DISCONNECT AND METER
3. 400 AMP PANEL. LOCATION BY TENANT
4. EXTEND WASTE. VERIFY SLOPE AND SIZE
5. EXTEND 1.5" WATER
6. EXTEND 2" GAS ON ROOF
7. NEW CONCRETE ISLAND
8. NEW STRIPING
9. REMOVE STRIPING ALONG SOUTH CURB
10. 6" METAL BOLLARD. 48" HIGH WITH FROST FOOTING. PAINT
11. TENANT MENU BOARD AND SPEAKER LOCATION. PROVIDE CONDUIT FOR MENU BOARD, SPEAKER, AND DETECTION LOOP. VERIFY LOCATION WITH TENANT
12. LEAVE OUT CONCRETE AT TENANT DRIVE THRU EQUIPMENT AREA
13. PROVIDE CONCRETE ISLAND AND BOLLARDS AROUND EXISTING SIGN LOCATION AFTER SIGN HAS BEEN RAISED BY SIGN COMPANY. NEW FOOTING AND POLE MAY BE REQUIRED SO ISLAND WILL NEED TO WAIT AND/OR BE COORDINATED WITH SIGN VENDOR REQUIREMENTS
14. SPLASH BLOCK OR TRENCH DRAIN LOCATION
15. REMOVE ASPHALT, SOILS, CURB, SIDEWALK, ETC. AS REQUIRED WITHIN AREA OF WORK FOR NEW ADDITION AND SITE WORK.



2744 Lyndale Avenue S
Minneapolis, MN 55408
Contact: Jeremy Nelson
612-864-6314
jnelson@littleboxinc.com

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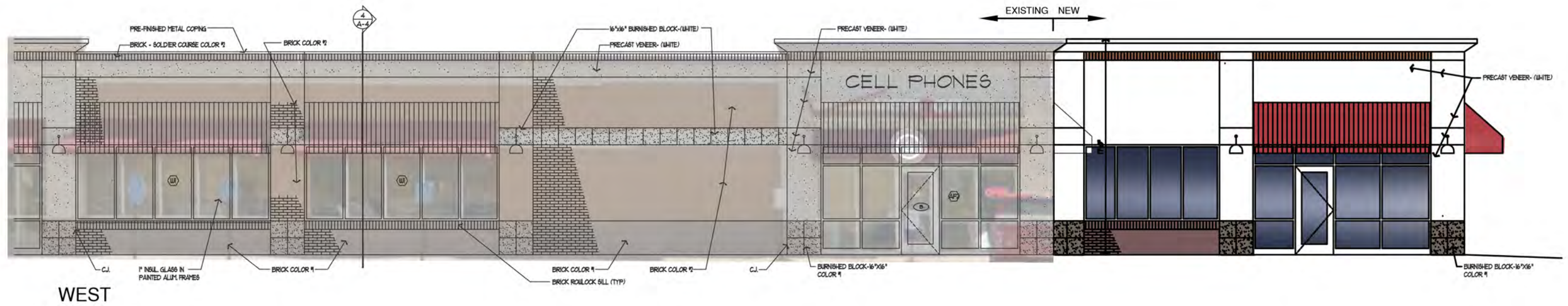
I HEREBY CERTIFY THAT THIS PLAN,
SPECIFICATION, OR REPORT WAS
PREPARED BY ME OR UNDER MY DIRECT
SUPERVISION AND THAT I AM A DULY
LICENSED ARCHITECT UNDER THE LAWS
OF THE STATE OF MINNESOTA

JEREMY G. NELSON
PRINTED NAME
SIGNATURE
2022-11-08 45181
DATE ISSUED LICENSE #

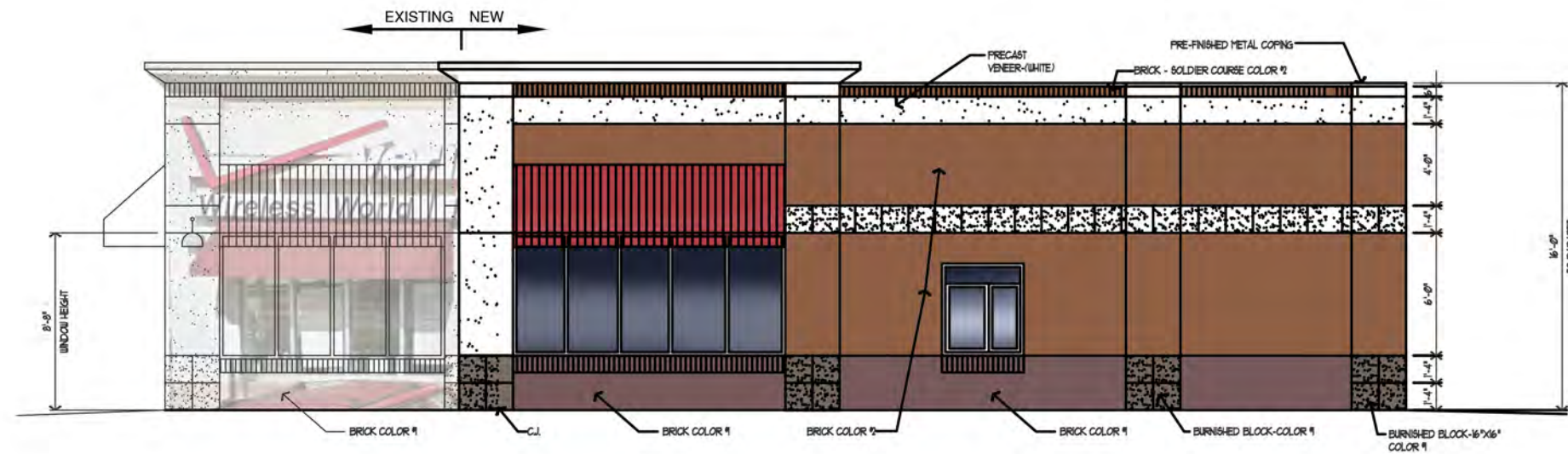
BUILDING ADDITION
SHELL ONLY
1045 FRONTAGE RD. W.
OWATONNA, MN 55060

BID/PERMIT
2022-11-08

SITE PLAN
AS100



WEST



SOUTH



EAST

BUILDING
ADDITION AT

1045
FRONTAGE RD W
OWATONNA, MN

ELEVATIONS
20220929
1/8" = 1'-0"



Engineering Department

Date: 12/23/2022

Project: Jersey Mike's

Grading Permit Application: G-22-24

Staff Review Comments:

Stormwater

1. Coverage under the City Grading Permit is required.
2. Project shall meet the requirements set forth in the Stormwater Management Code 52.00 and City Engineering Design Standards document.
3. According to the Civil Plans for Owatonna Retail Investment (Lot 1 Block 2 of Wildung 2nd Addition) the mentioned pond to the west was constructed to serve Lot 1 only.
4. This parcel is part of a Common Plan of Development is required meet the City and State Post Construction Stormwater Management requirements at time of original construction in 2005.
 - a. Match pre-existing runoff rates for 2-year, 10-year, and 100-year, 24-hour rain events
 - b. Provide treatment for 0.5" WQV over the site impervious surfaces
5. Provide additional information regarding the adequacy and capacity of the mentioned stormwater pond in serving Lots 2/3.
6. The City acknowledges it previously enforced inconsistent standards for stormwater management and application materials, including design calculations. The City also acknowledges the pond in question is serving three separately owned lots with no known maintenance agreement. Coordination to clean and potentially expand the pond could prove to be extraordinarily difficult and inconsistent with the scope of the project under review. In lieu of addressing Comment 5, the City will allow an exception due to hardship.
 - a. Rate Control – Provide rate control to match existing runoff rates for the 2-year, 10-year, and 100-year, 24-hour rain events
 - b. Water Quality – Provide water quality volume treatment calculated as 1" over the new and fully reconstructed impervious area
7. Due to the relatively small disturbance area on a fully developed site, the City is amenable to conditionally issuing a grading permit as follows:
 - a. Provide responses to all comments within this letter
 - b. Commit to compliance with Stormwater Requirements outlined above
 - c. Provide revised plans and calculations showing compliance with the Stormwater Requirements above
 - i. Grading Permit can be issued without plans and calculations, but Temporary Certificate of Occupancy will not be issued without approved plans

- d. Issuance of the Grading Permit is contingent on finalizing and recording of the Stormwater Facility Maintenance Agreement. This item shall be complete prior to any issuance of Certificate of Occupancy or collection of ESC Deposit at project final.

Thank You



Sean Murphy
Assistant City Engineer



Finance Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Rhonda Moen, Director
SUBJECT: Resolution 13-23: Minnesota Public Facilities Authority (PFA) \$35,000,000 Note Agreement - WWTP Project

Purpose:

Approve Resolution 13-23 to purchase a General Obligation Sewer Revenue Note, Series 2023, in the original aggregate principal amount of \$35,000,000 from the Minnesota Public Facilities Authority (PFA).

Background:

The City Council is asked to approve the note resolution for the PFA financing in the amount of \$35,000,000 with an interest rate of 1.915%. It is estimated that the City will save \$3,890,400 in interest costs compared to market rate financing.

The funds received from PFA will provide for a major upgrade and expansion of the wastewater treatment facility. The first draw on the funds will depend on timing but will likely occur in February. The draw cannot occur until:

- note resolution is approved and executed
- closing certificates and Note are fully executed by the City and the PFA
- The resolution was filed with Steele County
- receipt of a signed certificate from Steele County

Budget Impact:

There will be annual debt service requirements and rate payers will experience rate increases to finance that debt service.

Staff Recommendation:

Staff recommends approval of this resolution.

Attachments:

1. Res 13-23 MnPFA \$35,000,000 Note Agreement - WWTP

RESOLUTION NO. 13-23

ACCEPTING THE OFFER OF THE MINNESOTA PUBLIC FACILITIES AUTHORITY TO PURCHASE A GENERAL OBLIGATION SEWER REVENUE NOTE, SERIES 2023, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$35,000,000; PROVIDING FOR ITS ISSUANCE; AND AUTHORIZING THE EXECUTION OF A PROJECT LOAN AGREEMENT IN CONNECTION THEREWITH

BE IT RESOLVED By the City Council of the City of Owatonna, Steele County, Minnesota (the "City"), as follows:

Section 1. Recitals.

(a) The Minnesota Public Facilities Authority (the "PFA") is authorized pursuant to Minnesota Statutes, Chapter 446A, as amended, and Minnesota Rules, Chapter 7380, as amended, to issue its bonds (the "PFA Bonds") and to use the proceeds thereof, together with certain other funds of the agency available for such purpose in the Clean Water Revolving Fund, to provide loans to political subdivisions of the State of Minnesota (the "State") to fund eligible costs of construction of sanitary sewer collection systems (the "Program").

(b) The City is authorized to issue its obligations pursuant to Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Sections 115.46 and 444.075, as amended (collectively, the "Act"), for the purpose of financing the construction of a major upgrade and expansion of the wastewater treatment facility, including improvements to reduce the discharge of phosphorous (the "Project").

(c) The City has applied for a loan from the PFA pursuant to the Program, and the PFA has committed to make a loan to the City in the principal amount of \$35,000,000, to be disbursed and repaid in accordance with the terms of a Bond Purchase and Project Loan Agreement, dated December 20, 2022 (the "Project Loan Agreement"), to be executed by the City and the PFA, in substantially the form now on file with the City Administrator and attached hereto as EXHIBIT A. In addition, in accordance with the terms of the Project Loan Agreement, the PFA will provide a Clean Water State Revolving Fund Principal Forgiveness Grant in the principal amount of \$1,000,000 to help finance the Project. The Project Loan Agreement, as executed, is incorporated herein by reference. The execution of the Project Loan Agreement is in accordance with the terms hereof.

(d) In accordance with Section 475.60, subdivision 2(4) of the Act, the City is authorized to issue obligations to a board, department or agency of the State by negotiation and without advertisement for bids and the PFA is, and has represented that it is, a board, department or agency of the State.

(e) Contracts for the Project have been or will be made by the City with the approval of the PFA and all other State and federal agencies of whose approval is required.

Section 2. Acceptance of Offer; Payment.

(a) The City hereby accepts the offer of the PFA to purchase the General Obligation Sewer Revenue Note, Series 2023 (the "Note"), to be issued by the City in the original aggregate principal amount of \$35,000,000, at the rate of interest hereinafter set forth, and to pay therefor the par amount of the Note as provided below, and the sale of the Note is awarded to the PFA. Payment for the Note is to be disbursed in installments as eligible costs of the Project are reimbursed or paid, all as provided in the Project Loan Agreement. The terms set forth in this resolution relating to the Note are intended to be consistent with the provisions of the Project Loan Agreement, and to the extent that any provision in the Project Loan Agreement is in conflict with this resolution, the Project Loan Agreement shall control.

(b) The Note is to be issued in the aggregate principal amount of \$35,000,000, originally and nominally dated as of the date of delivery as a fully registered Note without coupons. The Note will be in the denomination of the entire principal amount thereof, numbered R-1, and will bear interest and mature in installment amounts as specified in EXHIBIT B attached hereto.

(c) The Note is subject to redemption and prior payment as provided in the Project Loan Agreement.

(d) Interest and principal in the installment amounts set out in the Note are payable by wire transfer, or if by check or draft of the City or its designated registrar, mailed no later than five (5) business days prior to the payment date to the registered holder thereof at the holder's address as it appears on the bond register at the close of business on the fifteenth day (whether or not a business day) immediately preceding the interest payment date.

Section 3. Date; Form. The Note will be a fully registered negotiable obligation, dated as of date of delivery and issued forthwith. The Note shall be issued in substantially the form attached hereto as EXHIBIT B.

Section 4. Execution. The Note is to be executed on behalf of the City by the manual or facsimile signatures of its Mayor and City Administrator, and is to be authenticated by the manual signature of the Finance Director, acting as authenticating agent of the City. In the event of disability or resignation or other absence of any of such officers, the Note may be signed by any officer who is authorized to act on behalf of such absent or disabled officer. If an officer whose signature will appear on the Note ceases to be such officer before the delivery of the Note, such officer's signature will nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

Section 5. Delivery; Application of Proceeds. The Note when so prepared and executed will be delivered by the City Administrator to the PFA prior to disbursements pursuant to the Project Loan Agreement and the purchaser is not obliged to see to the proper application thereof.

Section 6. Sewer Fund and Accounts. There shall be maintained a separate fund in the City treasury designated as the Sewer Fund (the "Sewer Fund"). The Finance Director and all municipal officials and employees concerned therewith will establish and maintain financial records of the receipts and disbursements of the municipal sanitary sewer system (the "Sewer System") in

accordance with this resolution. There will be maintained in the Sewer Fund, in addition to any accounts previously created, the following three (3) separate accounts:

(a) A Capital Account to which will be credited all proceeds from the sale of the Note. The Note is the only source of money to be credited to the Capital Account. It is recognized that the sale proceeds of the Note are received in reimbursement for costs expended on the Project or in direct payment of such costs, and that accordingly the money need not be placed in the Capital Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. Money in the Capital Account is to be used solely for the purpose of paying for the cost of constructing the Project, including all costs enumerated in Section 475.65 of the Act, provided that such money may only be expended for costs and expenses which are permitted under the Project Loan Agreement. The PFA prohibits the use of proceeds of the Note to reimburse costs initially paid from proceeds of other obligations of the City unless otherwise specifically approved by the PFA. Upon completion of the Project and the payment of the costs thereof, any surplus is to be transferred to the Debt Service Account.

(b) An Operation and Maintenance Account into which are to be paid all gross revenues and earnings derived from the operation of the Sewer System, including all charges for the service, use and availability of and connection to the Sewer System, when collected, and all money received from the sale of any facilities or equipment of the Sewer System or any by-products thereof. From this account there will be paid all the normal, reasonable and current costs of operating, maintaining, and insuring the Sewer System, including salaries, wages, costs of materials and supplies, necessary legal, engineering and auditing services, and all other items that, by sound accounting practices, constitute normal, reasonable and current costs of operating and maintenance, but excluding any allowance for depreciation, extraordinary repairs and payments into any debt service account. All money remaining in the Operation and Maintenance Account after paying or providing for the foregoing items constitutes, and is referred to in this resolution as, "net revenues."

(c) A Debt Service Account into which are irrevocably pledged or credited (i) net revenues of the Sewer System in an amount sufficient, with other money, to pay the principal of and interest on the Note when due; (ii) all collections of taxes which may hereafter be levied for the payment of the principal of and interest on the Note; (iii) all investment earnings on money held in the Debt Service Account; (iv) any amounts transferred from the Capital Account; and (v) any other money which is properly available and is appropriated by the City Council to the Debt Service Account. The money in this account may be used only to pay or prepay the principal of the Note and to pay interest on the Note and any other obligations hereafter issued and made payable from this account, and to pay any rebate due to the United States with respect to the PFA Bonds in connection with the Note.

(d) Excess net revenues not required for the purposes of the Sewer Fund may be used for any proper municipal purpose.

No portion of the proceeds of the Note may be used directly or indirectly to acquire higher yielding investments, or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Note was issued, and (ii) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of

the Note or \$100,000. To this effect, any proceeds of the Note or any sums from time to time held in the Capital Account (or any other City account which will be used to pay principal of or interest on the Note) in excess amounts which under then applicable federal arbitrage regulations may be invested without regard to yield will not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, money in the Sewer Fund will not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Note to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

The City will observe the covenants of Sections 14, 15, 16, and 17 of this resolution and of Article 3 of the Project Loan Agreement with regard to the Sewer Fund.

Section 7. Coverage Test; Pledge of Net Revenues; Excess Revenues. It is found, determined and declared that the net revenues of the Sewer System are sufficient in amount to pay one hundred five percent (105%) of the principal of and interest on the Note when due, and the net revenues of the Sewer System are pledged to the payment of the Note, but solely to the extent required to meet, with other pledged sources, one hundred five percent (105%) of the principal and interest requirements of the Note as the same become due.

Section 8. Pledge to Produce Revenues. In accordance with the Act, the City hereby covenants and agrees with the holder of the Note that it will impose and collect charges for the service, use and availability of any connection to the Sewer System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Note.

Section 9. General Obligation Pledge. The full faith and credit and taxing powers of the City will be and are irrevocably pledged for the prompt and full payment of the principal of and interest on the Note as the same respectively become due. If the net revenues of the Sewer System appropriated and pledged to the payment of principal of and interest on the Note, together with other funds irrevocably appropriated to the Debt Service Account referred to in Section 6 hereof, are at any time insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as the same become due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Note and any other obligations payable therefrom, the deficiency will be promptly paid out of any other funds of the City which are available for such purpose, and those other funds may be reimbursed, with or without interest, from the Debt Service Account when a sufficient balance is available in that account.

Section 10. Certificate of Registration. The City Administrator is authorized and directed to file a certified copy of this resolution with the County Auditor of Steele County, Minnesota (the "County Auditor"), together with such other information as the County Auditor may require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register.

Section 11. Project Loan Agreement. The Project Loan Agreement is approved in substantially the form presented to the City Council, and in the form executed is incorporated by reference and made a part of this resolution. The provisions of this resolution relating to the Note are intended to be consistent with the provisions of the Project Loan Agreement, and to the extent that any provision in the Project Loan Agreement is in conflict with this resolution as it relates to the

Note, that provision controls. The execution and delivery of the Project Loan Agreement by the Mayor and City Administrator is hereby authorized and ratified. The execution of the Project Loan Agreement by the appropriate officers is conclusive evidence of the approval of the Project Loan Agreement in accordance with the terms hereof. The Project Loan Agreement may be attached to the Note, and must be attached to the Note if the holder of the Note is any person other than the PFA.

Section 12. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA, and to the attorneys approving the legality of the issuance of the Note, certified copies of all proceedings and records of the City relating to the Note and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control, or as otherwise known to them, and all such certified copies, certificates and affidavits including any heretofore furnished, are to be deemed representations of the City as to the facts recited therein.

Section 13. Electronic Signatures. The electronic signature of the Mayor, the City Administrator, and/or the Finance Director to this resolution, the Project Loan Agreement, and any certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or a similarly digitally auditable signature gathering process; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

Section 14. Negative Covenants as to Use of Proceeds and Project. The City covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Note to be a private activity bond within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that no actions will be taken over the term of the Note that would cause it to be a private activity bond, and the average term of the Note is not longer than reasonably necessary for the governmental purpose of the issue. The City covenants not to use the proceeds of the Note in such a manner as to cause the Note to be a "hedge bond" within the meaning of Section 149(g) of the Code.

Section 15. Tax-Exempt Status of the Note; Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Note, including without limitation (i) requirements relating to temporary periods for investments; (ii) limitations on amounts invested at a yield greater than the yield on the PFA Bonds; and (iii) the rebate of excess investment earnings to the United States.

Section 16. Tax-Exempt Status of the PFA Bonds; Rebate. The City, with respect to the Note, will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the PFA Bonds, including without limitation (i) requirements relating to temporary periods for investments; (ii) limitations on amounts invested at a yield in excess of the applicable yield restrictions imposed by the Code; and (iii) the rebate of excess investment earnings to the United States. The City covenants and agrees with the PFA and holders of the Note that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note which are considered gross

proceeds of the PFA Bonds under the applicable regulations, and accumulated sinking funds, if any, will be limited as to amount and yield in such manner that the PFA Bonds will not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the City hereby certifies that it is not expected that the proceeds of the Note will be used in such manner as to cause the PFA Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor and the City Administrator will furnish a certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the Note to the PFA.

Section 17. Not a Qualified Tax-Exempt Obligation. The Note is not designated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code.

Section 18. Reimbursement. The City may have incurred certain expenditures with respect to the Project that were financed temporarily from other sources but are expected to be reimbursed with proceeds of the Note. On March 15, 2022, the City Council adopted Resolution No. 30-22, declaring the City's official intent to reimburse certain costs of the Project from proceeds of the Note (the "Declaration"). This Declaration is intended to constitute a declaration of official intent for purposes of the Section 1.150-2 of the Treasury Regulations promulgated under the Code.

Section 19. Severability. If any section, paragraph or provision of this resolution is held to be invalid or unenforceable for any reason, the validity or unenforceability of such section, paragraph or provision will not affect any of the remaining provisions of this resolution.

Section 20. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and do not limit or define the meaning of any provision hereof.

Passed and adopted this ____ day of January, 2023, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of January, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk

EXHIBIT A
PROJECT LOAN AGREEMENT

**MINNESOTA PUBLIC FACILITIES AUTHORITY
BOND PURCHASE AND PROJECT LOAN AGREEMENT**

This BOND PURCHASE AND PROJECT LOAN AGREEMENT ("the Agreement"), is between the Minnesota Public Facilities Authority (the "Authority") and the City of Owatonna ("Recipient") and is dated December 20, 2022.

The Project consists of a major upgrade and expansion of the wastewater treatment facility, including improvements to reduce the discharge of phosphorus ("the Project"). The Project is further described and detailed in the MN Pollution Control Agency's certification(s) dated June 29, 2022 and in the Recipient's Project application which is incorporated herein.

Program Funding for the Project	Name	Legal citations	Funding IDs	Amounts
Clean Water State Revolving Fund Loan	("the Loan")	MS 446A.07; MN Rules 7380 .0400-.0480	MPFA-CWRF-L-037-FY23	\$35,000,000
Clean Water State Revolving Fund Principal Forgiveness Grant	("the Principal Forgiveness Grant")	MS 446A.07	MPFA-CWRF-G-037-FY23	\$1,000,000
Total Authority Project Financing:				\$36,000,000

ARTICLE 1 – TERMS AND CONDITIONS

Section 1.1 Terms. (a) General: The Authority hereby commits, subject to the availability of funds and the conditions and legal citations herein set forth, to provide THIRTY SIX MILLION DOLLARS (\$36,000,000) to the Recipient for the purpose of financing eligible costs of the Project.

(b) Loan: The Loan shall be evidenced by the Note described in Section 1.4 of this Agreement (the "Note"). The final maturity date of the Loan will be August 20, 2042. The aggregate principal amount of the Loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 1.915% per annum accruing from and after the date of the Note through the date on which no principal of the Loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

(c) Grant(s): The Principal Forgiveness Grant is granted and is not required to be repaid except as otherwise provided in Article 9 of this Agreement.

Section 1.2 Authority Sources of Funds. (a) The Recipient acknowledges that the Authority may use the proceeds of one or more series of the Authority's revenue bonds (the "Bonds"), federal capitalization grants, proceeds of state general obligation bonds, state appropriations from the Clean Water Legacy Fund, or other funds of the Authority, or a combination thereof, to fund the Agreement.

(b) At the written request of the Recipient, the Authority will provide information with respect to the funding of the Agreement, from time to time.

(c) Allocation and pledging of Loan: The Authority may, at any time, pledge the Loan as security for its Bonds. The Authority in its sole discretion may allocate the Loan to one or more sources of funds and may from time to time reallocate the Loan to one or more different sources of funds, including one or more different series of Bonds (whether or not that series of Bonds refunded the series of Bonds to which the Loan was originally allocated), or may sell the Loan if permitted by the documents relating to its Bonds.

Section 1.3 Disbursements. (a) Delivery of Note: No funds will be disbursed by the Authority to the Recipient until the Recipient has delivered its Note to the Authority as set forth in section 1.4.

(b) All Recipient disbursement requests will be subject to Authority approval and will be disbursed on a cost reimbursement basis, consistent with the budget presented in the Recipient's application. The Authority may withhold or disallow all or part of the amount requested if the Authority determines the request is not in compliance with this Agreement, applicable federal and state laws, regulations or rules as then in effect.

(c) The Authority will disburse funds pursuant to approved disbursement requests complying with the provisions of this Agreement. Each disbursement request must be for eligible costs for completed work on the Project and must be submitted on or before the deadlines established by the Authority and on a form prescribed by the Authority. Each disbursement request must include supporting invoices and billing statements and be signed by an employee or elected official of the Recipient.

(d) The Authority will reimburse the Recipient for eligible Project costs incurred prior to the execution of this Agreement only to the extent approved in connection with the Authority's approval of the Recipient's application.

(e) The Authority will make disbursements to the Recipient within 30 days of receipt of the Recipient's request, unless the Authority determines to withhold disbursement in accordance with the provisions of this Agreement. The Authority will endeavor to pay disbursement requests submitted by the Recipient not later than the 15th day of the month by the last day of the same month.

(f) If the entire amount specified in Section 1.1 is not fully disbursed by June 30, 2026 the Authority will not make any further disbursements. In that event or if final eligible Project costs are less than the total financing amount specified in Section 1.1, the undisbursed balance of the Principal Forgiveness Grant will be cancelled, and the undisbursed balance of the Loan will be applied to the outstanding principal installments of the Loan on a pro rata basis or as otherwise determined by the Authority. The Authority will revise Exhibit A to this Agreement to reflect the reduction in principal amount and promptly deliver a copy to the Recipient.

Section 1.4 Security. (a) The Recipient must issue to the Authority its Tax Exempt General Obligation Revenue Note to evidence its obligation to repay the Loan. The Authority will not disburse funds to the Recipient under this Agreement until the Recipient delivers to the Authority the executed Note, a certified copy of resolutions or other authority by the appropriate governing body or bodies as have authorized the execution and performance of this Agreement and the Note in accordance with applicable law, and all opinions, certificates and documents requested by, and in a form acceptable to, the Authority.

(b) The Recipient represents and agrees that the Note is a general obligation debt of the Recipient and will be shown as such on its financial statements and be treated in all respects as a general obligation debt of the Recipient. For purposes of permitting sale of the Note to the Authority, the Authority represents that it is a "board, department or agency" of the State of Minnesota within the meaning of Minnesota Statutes, Section 475.60, subdivision 2, clause (4), as amended.

(c) The obligations of the Recipient under the Note evidence amounts payable under the Loan. Each payment made pursuant to the Note will be deemed to be a credit against the corresponding obligation

of the Recipient under the Loan and any such payment will fulfill the Recipient's obligation to pay that amount hereunder.

(d) The Recipient agrees to impose and collect rates and charges in compliance with Minnesota Statutes and in accordance with the Recipient's service charge system, so that sufficient gross revenues are available, together with other sources as may be applicable, for the payment of system costs, including operation and maintenance expenses and principal, interest and servicing fees due on any outstanding debt payable from those revenues. The Recipient agrees to annually review and ensure that the gross revenues are sufficient for the payment of all system costs.

Section 1.5 Mandatory Payments. (a) The Recipient must repay the principal amount of the Loan, together with accrued interest and servicing fees, in the amounts and on the dates set forth in Exhibit A attached hereto (notwithstanding the rate of disbursement of the proceeds of the Loan), subject to adjustment as set forth in Section 1.3 or 1.6. The interest payment shown on Exhibit A is for informational purposes only; the actual interest payment will be the amount of interest which has accrued to the date of payment. The Authority will be entitled to retain for its own purposes any interest earnings on Loan proceeds that are not disbursed and will not be obligated to credit any such interest earnings against any required repayment of principal or payment of interest and servicing fees. Any payment of principal or interest received by the Authority in excess of the amounts set forth in Exhibit A, as then in effect, which is not a mandatory payment as designated in paragraph (b), or not expressly designated by the Recipient to be treated as an optional prepayment may, in the sole discretion of the Authority, be (i) held without interest payable by the Authority and applied to a future payment due on the Loan in a manner determined by the Authority, (ii) treated as a prepayment of principal on the Loan, or (iii) returned to the Recipient as an overpayment. Other than prepayments, the Authority will apply any payments received under the Note as follows: first, to the payment of any costs or expenses incurred by the Authority in enforcing any provision of the Note or this Agreement; second, to the payment of accrued and unpaid interest and servicing fees on the Note; and third, to the payment of principal of the Note then due.

(b) If the Recipient has pledged to the repayment of the Loan revenues subject to prepayment or lump-sum payments by a third party, such as special assessments or connection charges from another municipality, the Recipient will notify the Authority immediately upon receipt of any such payment. The Authority, in its sole discretion, may direct the Recipient to use the funds for the payment of eligible construction costs of the Project, or to transmit the funds to the Authority for payment on the Loan, immediately or at a later date. Any such payment received by the Authority may be applied to reduce each unpaid annual principal installment of the Loan in the proportion that such installment bears to the total of all unpaid principal installments, or, in the sole discretion of the Authority, may be applied to one or more future principal payments on the Loan in a manner determined by the Authority.

Section 1.6 Optional Prepayments. (a) The Recipient may not prepay the Loan except upon written consent of the Authority. If the Authority has consented, then upon 45 days' prior written notice to the Authority (or such lesser period as the Authority may accept), the Recipient may prepay the Loan and the Note, in whole or in part, on any February 20 or August 20 at a redemption price equal to the principal amount to be prepaid, together with accrued interest and servicing fees thereon to the redemption date and a premium equal to all fees and expenses of the Authority, if any, in connection with the prepayment, including any fees, expenses or other costs relating to the payment and redemption of the Bonds as determined by the Authority.

(b) The Authority may require that the Recipient, at its sole cost and expense, deliver to the Authority an opinion from a law firm, selected by the Authority, having a national reputation in the field of municipal finance law whose legal opinions are generally accepted by purchasers of municipal bonds ("Bond Counsel") to the effect that such prepayment will not cause the interest on the Note to be included in the gross income of the recipient thereof for federal income tax purposes.

(c) The Authority will apply any amount paid by the Recipient to prepay all or a portion of the Note as follows: first, to the payment of fees, expenses and other costs of the Authority as provided in Subsection (a); second, to the payment of interest and servicing fees on the principal amount of the Note to be prepaid; and, third, to the principal of the Note. The principal amount of a partial prepayment will, in the sole discretion of the Authority, (i) be applied to one or more future principal payments of the Loan in a manner determined by the Authority, or (ii) be applied to reduce each unpaid annual principal installment of the Loan in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be re-amortized to provide proportionately reduced principal payments in each year).

ARTICLE 2 – RECIPIENT RESPONSIBILITIES AND PROJECT COMPLIANCE

Section 2.1 Recipient Responsibilities with Respect to the Project. (a) The Recipient must meet all requirements in the project application submitted to the Authority as to compliance with federal and state laws, rules and regulations and include in any contract or subcontract related to the Project provisions requiring contractor and subcontractor compliance with applicable state and federal laws. The requirements in that application are hereby incorporated by reference.

(b) The Recipient agrees to commence construction and complete the Project with reasonable diligence, regardless of the sufficiency of loans or grants therefor from the Authority to pay eligible project costs.

(c) The Recipient will not enter into a sale, lease, transfer or other use agreement of any part of the Project, or change the use of the Project, without the prior written approval of the Authority if that sale, lease, transfer, agreement or change in use would (i) violate the covenants set forth in Article 3 or Article 4, or (ii) violate the conditions under which any capitalization grants were furnished by the United States Environmental Protection Agency (the "EPA"), or (iii) otherwise violate any terms or conditions of this Agreement.

(d) The Recipient must maintain adequate property insurance coverage for the Project in those amounts and with those limits as it determines in good faith to be reasonable or in those amounts and with those limits as the Authority may require from time to time. The Recipient may substitute adequate, actuarially sound self-insurance or risk retention program(s) for property insurance coverage, so long as such program(s) are consistent with applicable laws and state and federal regulations.

(e) The Recipient must complete the Project in accordance with all applicable federal, state and local statutes, rules, regulations, ordinances, reporting requirements, approvals, and state agency certifications governing the design and construction of the Project, and operate the Project's system in compliance with all applicable federal and state laws and regulations and permit requirements.

(f) The Recipient agrees to exert all reasonable efforts to investigate claims that the Recipient may have against third parties with respect to the construction of the Project and, in appropriate circumstances, take whatever action, including legal action, the Recipient reasonably determines to be appropriate.

(g) Clean Water Legacy logo: This subsection is intentionally left blank.

Section 2.2 Construction Compliance. (a) State prevailing wages: The Recipient must comply with the provisions of prevailing wage requirements set forth in Minnesota Statutes, Sections 177.41 to 177.44, as then in effect.

(b) Federal prevailing wages: In addition to the prevailing wage requirements under Subsection (a), the Recipient must comply with, and require that all laborers and mechanics employed by contractors and subcontractors on the Project be paid wages at rates not less than those prevailing on projects of a similar character in the locality as determined by the Secretary of Labor in accordance with, the Davis-Bacon Act (40 U.S.C., sec. 276a through 276a-5), as amended.

(c) Federal American Iron and Steel: The Recipient will comply with the American Iron and Steel requirements of Section 608 of the Federal Water Pollution Control Act, unless the Project is granted a waiver from the EPA.

ARTICLE 3 – TAX COMPLIANCE COVENANTS

The Recipient acknowledges that the Note is intended to bear interest that is excluded from gross income of the owner thereof for federal and State of Minnesota income tax purposes (a “Tax-exempt Note”) and may be funded by the Authority from the proceeds of the Authority’s Bonds that are intended to bear interest that is excluded from gross income of the owner thereof for federal and State of Minnesota income tax purposes (“Tax-exempt Bonds”). The Recipient also acknowledges that, regardless of the source of funding, the Authority may pledge the Loan and the related Note as security for, and as a source of, the payment of debt service on any or all of its Tax-exempt Bonds. In consideration of these facts, the Recipient covenants and agrees with the Authority, whether or not strict compliance with those agreements is required to maintain the Note as a Tax-exempt Note or the Authority’s Bonds as Tax-exempt Bonds, as follows:

(a) The Recipient will not take, or, to the extent under its control, permit to be taken, any action that would cause the Note not to be a Tax-exempt Note or any Authority Bonds not to be Tax-exempt Bonds and will not omit from taking, or cause to be taken, any action required to maintain the Note as a Tax-exempt Note or the Authority’s Bonds as Tax-exempt Bonds.

(b) The Recipient will take all actions with respect to the Note necessary to comply with all instructions and requests of the Authority relating to maintaining the Authority’s Bonds as Tax-exempt Bonds and the Note as a Tax-exempt Note or compliance with the agreements set forth in this Section or in any Tax Compliance Certificate (hereinafter defined).

(c) The Recipient will comply with all requirements of any certificate or agreement (“Tax Compliance Certificate”) executed and delivered by it in connection with the issuance of the Note.

(d) The Recipient will promptly notify the Executive Director of the Authority in writing of any action or event which adversely affects the status of the Note as a Tax-exempt Note or any of the Authority's Bonds as Tax-exempt Bonds.

(e) The Recipient will not use any of the proceeds of the Loan to pay the costs of any facility used or to be used during the term of the Loan for any private business use or to make a private loan within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

(f) The Recipient will not repay the Loan from, or secure repayment of the Loan by, property used or to be used for a private business use or payments in respect of such property within the meaning of Section 141 of the Code, except as specifically permitted in writing by the Authority.

(g) The Recipient will not establish any fund or account, other than a bona fide debt service fund, securing the payment of the Tax-exempt Note or Tax-exempt Bonds or from which the Recipient reasonably expects to pay debt service on the Loan, or in any other respect create "gross proceeds," within the meaning of the Code, of the Tax-exempt Note or Tax-exempt Bonds, except as specifically permitted in writing by the Authority. In addition, the Recipient will not invest any gross proceeds in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that investment would cause the Tax-Exempt Note or Tax-exempt Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(h) The Recipient will not invest any moneys constituting "gross proceeds" of the Tax-exempt Note or Tax-exempt Bonds other than in a fair market, arms' length transaction and at a yield, within the meaning of the Code, in excess of the lesser of the yield on the Tax-exempt Note or the Tax-exempt Bonds applicable to the Loan and will apply all Loan proceeds within five days of the receipt thereof by the Recipient consistent with the terms of the Recipient's disbursement request.

(i) Except as permitted under Treasury Regulations, Section 1.150-2, and Section 1.4(d) hereof, the Recipient will not use Loan proceeds to reimburse itself for any payments of project costs that the Recipient made from other funds, if the original payment was made prior to the earlier of the issuance of the Authority Bonds used to fund the Loan or the execution and delivery of this Agreement or if the original payment was made from the proceeds of other debt of the Recipient.

(j) Other than as provided in Section 4.1 hereof, the allocation by the Authority of funds it uses to purchase the Loan, including different series of Tax-exempt Bonds, is at the sole discretion of the Authority and that allocation is binding on the Recipient.

(k) With respect to any gross proceeds of the Tax-exempt Bonds created by the Recipient, the Recipient will be liable to the Authority for any amount the Authority is required to rebate to the United States as excess investment earnings pursuant to Section 148 of the Code.

The Authority may, in its sole discretion and only upon receipt of an opinion of counsel to the Authority, waive any of the agreements set forth in this Article 3.

ARTICLE 4 – COMPLIANCE WITH STATE BOND REQUIREMENTS

Section 4.1 State Bond Financed Property. The Recipient and the Authority acknowledge and agree that the Recipient's ownership interest in the Project, consisting of real property, and, if applicable, all facilities located, or that will be constructed and located, on that real property, and all equipment that is a part thereof, that was purchased with the proceeds of state general obligation bond proceeds constitutes "State Bond Financed Property", as that term is used in Minnesota Statutes, Section 16A.695 and the "Fourth Order Amending Order of the Commissioner of Finance Relating to Use and Sale of State Bond Financed Property" dated July 30, 2012 (the "Order"), as such may be amended, modified, supplemented, or replaced from time to time, and therefore the provisions contained in that statute and order apply to the Recipient's ownership interest in the Project and any Use contracts relating thereto. The Recipient agrees that the proceeds of the Agreement must be used, and the Project must be operated, in a manner that complies with Minnesota Statutes, Section 16A.695 and the Order. The Recipient must file the required state bond financed property declaration as provided in the Order and provide a copy of the filed declaration to the Authority, unless the filing requirement is waived in writing by the Commissioner of Minnesota Management and Budget.

Section 4.2 Lease or Management Contract. The Recipient agrees that any lease or management or similar contract (each a "Use Agreement") it enters into with respect to property constituting all or a part of the State Bond Financed Property must comply with the following requirements:

(a) It must be for the express purpose of carrying out a governmental program established or authorized by law and established by official action of the Recipient.

(b) It must be approved, in writing, by the Commissioner of Minnesota Management and Budget.

(c) It must be for a term, including any renewals that are solely at the option of the lessee or manager, that is substantially less than the useful life of the property subject to that lease or management contract, but may allow renewal beyond that term upon determination by the Recipient that the use continues to carry out the governmental program.

(d) It must be terminable by the Recipient if the other contracting party defaults under the contract, or if the governmental program is terminated or changed.

(e) It must provide for oversight by the Recipient of the operation of the property that is the subject of the Use Agreement.

(f) It must specifically identify the statute that provides the Recipient authority to enter into the Use Agreement.

(g) It must contain a provision stating that the Use Agreement is being entered into in order to carry out a governmental program and must specifically identify the governmental program.

Section 4.3 Sale. The Recipient must not sell any property constituting all or a part of the State Bond Financed Property unless the sale complies with the following requirements:

(a) The Recipient determines by official action that the property is no longer usable or needed by the Recipient to carry out the governmental program for which it was acquired or constructed.

(b) The sale must be made as authorized by law.

(c) The sale must be for fair market value as defined in Minnesota Statutes, Section 16A.695 as then in effect.

(d) The Recipient obtains the prior written consent of the Commissioner of Minnesota Management and Budget.

Section 4.4 Changes to Minnesota Statute 16A.695 or the Order. In the event that Minnesota Statutes Section 16A.695 or the Order is amended in a manner that reduces any requirement imposed upon the Recipient, or if the Recipient's interest in the State Bond Financed Property is exempt from Minnesota Statutes, Section 16A.695 or the Order, then upon written request by the Recipient, the Authority will enter into and execute an amendment to this Agreement to implement that amendment to, or exempt the interest in the Project from, Minnesota Statutes, Section 16A.695 and the Order.

Section 4.5 Waiver. The Authority may waive the requirements of Article 4 at any time upon determination by the Authority, and after notifying the Commissioner of Minnesota Management and Budget, that the Project has not been and will not be funded from the proceeds of state general obligation bonds.

ARTICLE 5 – DISCLOSURE

Section 5.1 Information for Disclosure Documents. (a) The Recipient agrees to provide to the Authority such information with respect to the Recipient, its duties, operations and functions as may be reasonably requested by the Authority, and hereby consents to its inclusion in the Authority's official statement(s) used in connection with issuance and sale or the re-marketing of its Bonds or continuing disclosure with respect to its Bonds (collectively, the "Disclosure Documents"), whether or not all or a portion of the proceeds of Bonds were or will be loaned to the Recipient.

(b) At the request of the Authority, the Recipient will certify and represent that the information with respect to the Recipient in any Disclosure Document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading; provided, however, that in no event will the Authority require the Recipient to make any representation about any other information in the Disclosure Documents or as to any Disclosure Document in its entirety. If for any reason the Recipient determines that it is not able to make that certification and representation, it will provide to the Authority the information for inclusion in the Disclosure Documents necessary for the Recipient to make the certification and representation.

(c) If at any time during the period ending 90 days after the date the Recipient provides information to Authority for inclusion in a Disclosure Document any event occurs that the Recipient believes would cause the information with respect to the Recipient in the Disclosure Document to omit a material fact or make the statements therein misleading, the Recipient agrees to promptly notify the Authority in writing of that event and provide information for inclusion in the Disclosure Document or an amendment thereof or a supplement thereto. At the request of the Authority, the Recipient will also provide the certification and representation required in (b) above with respect to that information.

(d) The Recipient agrees to provide such information as may be reasonably requested by any rating agency in connection with rating the Bonds of the Authority.

Section 5.2 Continuing Disclosure. If the Authority, in its sole discretion, determines, at any time prior to payment of the Loan in full, (i) that the Recipient is a material "obligated person," as the term "obligated person" is defined in Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto ("Rule 15c2-12") or (ii) that an event has occurred with respect to the Recipient or the Loan that must be disclosed under Rule 15c2-12, or (iii) that any other action of the Recipient has occurred which the Authority determines in its sole discretion is material to an investor in the Bonds, the Recipient covenants that it will authorize and provide to the Authority, for inclusion in a Disclosure Document, all statements and information relating to the Recipient deemed material by the Authority for the purpose of satisfying Rule 15c2-12 as well as Rule 10b-5 promulgated pursuant to the Securities Exchange Act of 1934, as amended or supplemented, including any successor regulation or statute thereto ("Rule 10b-5"), including certificates and written representations of the Recipient evidencing satisfaction of the requirements of Rule 15c2-12 and Rule 10b-5. The Authority, in its sole discretion and as set forth in a resolution or official statement of the Authority, will determine materiality under each of clause (i) and clause (iii) pursuant to criteria established from time to time. The Recipient further covenants that, if determined to be such a material obligated person, it will execute and deliver a continuing disclosure agreement, in that form as the Authority determines to be necessary, desirable or convenient, in its sole discretion, for the purpose of meeting the requirements of Rule 15c2-12. Pursuant to the terms and provisions of that continuing disclosure agreement, the Recipient will thereafter provide ongoing disclosure with respect to all annual and event information and financial statements relating to the Recipient required by a continuing disclosure undertaking under Rule 15c2-12. The Recipient further agrees that the Authority will have the right to disclose any information about the Recipient or the Loan, whether or not received from the Recipient, determined by the Authority in its sole discretion, to be material with respect to any of its Bonds.

ARTICLE 6 – SYSTEM REPLACEMENT FUND

This article is intentionally left blank.

ARTICLE 7 - FINANCIAL RECORDS, AUDITS, REPORTS AND INSPECTIONS

Section 7.1 Financial Recordkeeping. For all expenditures made pursuant to this Agreement, the Recipient must keep financial accounts and records in accordance with generally accepted accounting principles including invoices, contracts, receipts, vouchers and other documents sufficient to evidence in proper detail the nature and propriety of the expenditures and any investments made with proceeds of the Loan or other "gross proceeds" of the Note or the tax-exempt Bonds of the Authority. Such accounts and records must be accessible and available for a minimum of six years from the date of initiation of operation of the Project and for so long as the Note is outstanding for examination by authorized representatives of the Authority, the Office of the Legislative Auditor, the Office of the State Auditor and the EPA Office of Inspector General.

Section 7.2 Annual Financial Reports. (a) The Recipient must annually provide to the Authority for the term of the Loan a copy of an independent audit of its financial statements. All audit reports must be submitted within 30 days after the completion of the audit but no later than one year after the end of

the fiscal year to be audited. The audits must be conducted in accordance with generally accepted government auditing standards and in compliance with Subpart F (Audit Requirements) of Title 2 U.S. Code of Federal Regulations Part 200.

(b) The Recipient must describe the Note as general obligation debt of the Recipient in its annual audited financial statements for the term of the Loan.

Section 7.3 Annual Minority and Women Business Enterprise Report. If requested, the Recipient will submit to the Authority, within 20 days of the end of the annual reporting period, EPA Form 5700-52A to report on the award of prime contracts or subcontracts to any certified Minority and Women Business Enterprise (MBE/WBE) firms until the Project is complete.

Section 7.4 General. The Recipient must submit the project reports required by the Authority on forms prescribed by the Authority.

Section 7.5 Inspections. The Recipient, upon reasonable request by the Authority, must allow the Authority and its agents to inspect the Project.

ARTICLE 8 – GOVERNMENT DATA PRACTICES

The Recipient agrees, with respect to any data that it possesses regarding the Project, to comply with all of the provisions and restrictions contained in the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, that exist as of the date of this Agreement and as such may subsequently be amended, modified or replaced from time to time.

ARTICLE 9 - DEFAULT AND REMEDIES

Section 9.1. Events of Default. Any of the following is an event of default under this Agreement:

- (a) The Recipient does not make a Loan payment when due;
- (b) The Recipient does not comply with any other provision of this Agreement or the Note after written notice from the Authority, and for a three-month period the Recipient does not cure that default or provide a written plan acceptable to the Authority providing for that cure or, if the Authority accepts a plan for cure, the Recipient does not cure that default within the time period specified therein.

Section 9.2 Remedies. (a) If an event of default described in Section 9.1(a) of this Agreement occurs, the Authority will impose an interest penalty as provided in Minn. Rules Part 7380.0475, Subpart 1. The Authority may also exercise one or more of the following remedies: (1) withhold approval of any disbursement request, (2) reject any pending application by the Recipient for financial assistance, (3) to the extent permitted by law, demand immediate payment of the Loan and the Note in full and, upon such demand, the outstanding principal amount of the Loan and Note will be immediately due and payable, with interest accrued thereon to the date of payment, or (4) exercise any other remedy available to the Authority at law or in equity, including under Minnesota Rules, Chapter 7380, as amended.

(b) If an event of default described in Section 9.1(b) of this Agreement occurs, the Authority will impose an immediate increase in the interest rate on the Loan by eliminating all interest rate discounts that were applied in determining the interest rate under Minn. Rules Part 7380.0442. The Authority may also exercise one or more of the following remedies: (1) withhold approval of any disbursement request, (2) demand repayment of any grant disbursements under this Agreement, (3) reject any pending application by the Recipient for financial assistance, (4) to the extent permitted by law, demand immediate payment of the Loan and the Note in full and, upon such demand, the outstanding principal amount of the Loan and Note will be immediately due and payable, with interest accrued thereon to the date of payment, or (5) exercise any other remedy available to the Authority at law or in equity, including under Minnesota Rules, Chapter 7380, as amended. If the Authority subsequently determines that the Recipient has cured all events of default, the interest rate on any unpaid Loan principal will then revert back to the original interest rate.

ARTICLE 10 – ADMINISTRATION

Section 10.1 Amendments. Any amendments to this Agreement must be in writing and must be executed by the Recipient by the same officials who signed the Agreement, or their successors.

Section 10.2 Termination of Loan. The obligations of the Recipient under this Agreement (except the obligations set forth in Section 2.1 (c), (d) and (e) and Article 4 hereof) will terminate when the Loan is fully paid.

Section 10.3 Fees. (a) Pursuant to Minnesota Statutes, section 446A.04, subdivision 5(a), the Authority may charge application fees and loan repayment servicing fees.

(b) Application fee: The application fee is waived by the Authority.

(c) Loan repayment servicing fees: The Recipient acknowledges that the Authority may apply up to 2 percent of any loan repayment as a servicing fee and that such fee will not increase the amount of any repayments or extend the period of repayment.

Section 10.4 Notices. In addition to any notice required under applicable law to be given in another manner, any notices required hereunder must be in writing, and will be sufficient if delivered by courier or overnight delivery service or sent by certified mail (return receipt requested), postage prepaid, to the address of the party to whom it is directed. That address must be the address specified below or a different address as may hereafter be specified by either party by written notice to the other:

In the case of the Authority:

Minnesota Public Facilities Authority
Attention: Executive Director
1st National Bank Building
332 Minnesota Street, Suite W820
Saint Paul, MN 55101-1378

In the case of the Recipient:

City of Owatonna
Attention: Mayor
540 West Hills Circle
Owatonna, MN 55060-4701

This page is intentionally left blank.

Recipient name: City of Owatonna
Project Funding ID(s): MPFA-CWRF-L-037-FY23 MPFA-CWRF-G-037-FY23

The Authority and the Recipient have caused this Agreement to be duly executed by their duly authorized undersigned representatives. Statutory Cities must execute this Agreement as provided in Minnesota Statutes, Section 412.201, as amended. Home Rule Charter Cities must execute this Agreement as provided in Minnesota Statutes, Chapter 410, as amended.

RECIPIENT: We have read and we agree to all of the above provisions of this Agreement.

By _____
Title Thomas Kuntz
Mayor

Date _____

By _____
Title Kris Busse
Administrator

Date _____

MINNESOTA PUBLIC FACILITIES AUTHORITY:

By _____
Title Steve Grove, or delegate
Chair

Date _____

ENCUMBERED: Individual signing certifies that funds have been encumbered as required by Minnesota Statute 16A.

By _____

PO date 12/20/2022
PO ID(s) B2401: 3000003780-3782

Owatonna_CWRF_02

Loan Amortization Schedule
MPFA-CWRF-L-037-FY23

35,000,000.00

Rate: 1.915%

WWTP expansion and upgrade

Date:

Type of Note:

Tax Exempt

General Obligation Revenue Note

final loan amount: 35,000,000.00

Date	Effective	Source	Disbursement	Repayment	Interest	Principal	Loan Balance	Annl Debt Srv
projected	01/25/23	Op Res	35,000,000.00				35,000,000.00	
projected	02/28/23	Op Res			61,439.58		35,000,000.00	
projected	03/29/23	Op Res			115,431.94		35,000,000.00	
projected	04/26/23	Op Res			185,700.69		35,000,000.00	
projected	05/24/23	Op Res			277,831.25		35,000,000.00	
projected	06/27/23	Op Res			279,270.83		35,000,000.00	
projected	07/25/23	Op Res			331,401.39		35,000,000.00	
	08/20/23			1,147,946.53	377,946.53	770,000.00	34,230,000.00	1,147,946.53
	02/20/24			327,752.25	327,752.25		34,230,000.00	
	08/20/24			1,838,752.25	327,752.25	1,511,000.00	32,719,000.00	2,166,504.50
	02/20/25			313,284.43	313,284.43		32,719,000.00	
	08/20/25			1,853,284.43	313,284.43	1,540,000.00	31,179,000.00	2,166,568.86
	02/20/26			298,538.93	298,538.93		31,179,000.00	
	08/20/26			1,867,538.93	298,538.93	1,569,000.00	29,610,000.00	2,166,077.86
	02/20/27			283,515.75	283,515.75		29,610,000.00	
	08/20/27			1,882,515.75	283,515.75	1,599,000.00	28,011,000.00	2,166,031.50
	02/20/28			268,205.33	268,205.33		28,011,000.00	
	08/20/28			1,898,205.33	268,205.33	1,630,000.00	26,381,000.00	2,166,410.66
	02/20/29			252,598.08	252,598.08		26,381,000.00	
	08/20/29			1,913,598.08	252,598.08	1,661,000.00	24,720,000.00	2,166,196.16
	02/20/30			236,694.00	236,694.00		24,720,000.00	
	08/20/30			1,929,694.00	236,694.00	1,693,000.00	23,027,000.00	2,166,388.00
	02/20/31			220,483.53	220,483.53		23,027,000.00	
	08/20/31			1,945,483.53	220,483.53	1,725,000.00	21,302,000.00	2,165,967.06
	02/20/32			203,966.65	203,966.65		21,302,000.00	
	08/20/32			1,961,966.65	203,966.65	1,758,000.00	19,544,000.00	2,165,933.30
	02/20/33			187,133.80	187,133.80		19,544,000.00	
	08/20/33			1,979,133.80	187,133.80	1,792,000.00	17,752,000.00	2,166,267.60
	02/20/34			169,975.40	169,975.40		17,752,000.00	
	08/20/34			1,995,975.40	169,975.40	1,826,000.00	15,926,000.00	2,165,950.80
	02/20/35			152,491.45	152,491.45		15,926,000.00	
	08/20/35			2,013,491.45	152,491.45	1,861,000.00	14,065,000.00	2,165,982.90
	02/20/36			134,672.38	134,672.38		14,065,000.00	
	08/20/36			2,031,672.38	134,672.38	1,897,000.00	12,168,000.00	2,166,344.76
	02/20/37			116,508.60	116,508.60		12,168,000.00	
	08/20/37			2,049,508.60	116,508.60	1,933,000.00	10,235,000.00	2,166,017.20
	02/20/38			98,000.13	98,000.13		10,235,000.00	
	08/20/38			2,068,000.13	98,000.13	1,970,000.00	8,265,000.00	2,166,000.26
	02/20/39			79,137.38	79,137.38		8,265,000.00	
	08/20/39			2,087,137.38	79,137.38	2,008,000.00	6,257,000.00	2,166,274.76
	02/20/40			59,910.78	59,910.78		6,257,000.00	
	08/20/40			2,105,910.78	59,910.78	2,046,000.00	4,211,000.00	2,165,821.56
	02/20/41			40,320.33	40,320.33		4,211,000.00	
	08/20/41			2,126,320.33	40,320.33	2,086,000.00	2,125,000.00	2,166,640.66
	02/20/42			20,346.88	20,346.88		2,125,000.00	
	08/20/42			2,145,346.88	20,346.88	2,125,000.00	-	2,165,693.76
totals			35,000,000.00	42,305,018.69	7,305,018.69	35,000,000.00		42,305,018.69

EXHIBIT B
FORM OF NOTE

No. R-1	UNITED STATES OF AMERICA STATE OF MINNESOTA COUNTY OF STEELE CITY OF OWATONNA	\$35,000,000
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GENERAL OBLIGATION SEWER REVENUE NOTE
SERIES 2023

Date of Original Issue: _____, 2023

The City of Owatonna, a municipal corporation in Steele County, Minnesota (the "City"), certifies that it is indebted for value received and promises to pay to the Minnesota Public Facilities Authority or registered assigns, the principal sum of \$35,000,000, or so much thereof as may have been disbursed on August 20 of the years and in the installments as follows:

Year	Installment	Year	Installment
2023	\$ 770,000	2033	\$1,792,000
2024	1,511,000	2034	1,826,000
2025	1,540,000	2035	1,861,000
2026	1,569,000	2036	1,897,000
2027	1,599,000	2037	1,933,000
2028	1,630,000	2038	1,970,000
2029	1,661,000	2039	2,008,000
2030	1,693,000	2040	2,046,000
2031	1,725,000	2041	2,086,000
2032	1,758,000	2042	2,125,000

and to pay interest on so much of the principal amount of the debt as may be disbursed from time to time as provided in the Project Loan Agreement (as defined below) and remains unpaid, from the date of this Note for disbursements made on or prior to that date or from the date of each later disbursement until the principal amount hereof is paid or has been provided for, at the rate of 1.915% per annum on each February 20 and August 20, commencing August 20, 2023.

Principal and Interest Payments. Interest accrues only on the aggregate amount of this Note that has been disbursed under the Bond Purchase and Project Loan Agreement, dated December 20, 2022 (the "Project Loan Agreement"), between the Minnesota Public Facilities Authority (the "PFA") and the City. The principal installments will be paid in the amounts scheduled above even if at the time of payment the full principal amount of this Note has not been disbursed; provided that to the extent any principal amount of this Note is never disbursed, the amount of the principal not disbursed is to be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule is to be reamortized to provide similarly level annual installments of total debt service payments).

Interest on this Note includes amounts treated by the PFA as service fees. Principal, interest and any premium due under this Note will be paid on each payment date by wire transfer of immediately available funds, or by check or draft mailed at least five (5) business days prior to the payment date to the person in whose name this Note is registered in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. This Note is subject to optional or mandatory redemption and prepayment in whole or in part as provided in the Project Loan Agreement. Any prepayments of this Note shall be applied pursuant to Section 1.6 of the Project Loan Agreement.

Purpose; General Obligation. This Note has been issued pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 475, as amended, and Minnesota Statutes, Sections 115.46 and 444.075, as amended, for the purpose of providing money to finance eligible project costs of the City's municipal sewer system, and is payable out of the Debt Service Account of the Sewer Fund of the City, to which account have been pledged net revenues of the City's municipal sewer system. This Note constitutes a general obligation of the City, and to provide money for the prompt and full payment of said principal installments and interest when the same become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration: Transfer. This Note must be registered in the name of the payee on the books of the City by presenting this Note for registration to the Finance Director, who will endorse the Finance Director's name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter, this Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Finance Director.

Fees Upon Transfer or Loss. The Finance Director may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this Note and any legal or unusual costs regarding transfers and lost notes.

Project Loan Agreement. The terms and conditions of the Project Loan Agreement are incorporated herein by reference and made a part hereof. The Project Loan Agreement may be attached to this Note and must be attached to this Note if the holder of this Note is any person other than the PFA.

Tax-Exempt Obligation. The City intends that the interest on this Note will be excluded from gross income for United States income tax purposes or from both gross income and taxable net income for State of Minnesota income tax purposes.

Not a Qualified Tax-Exempt Obligation. This Note is not a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the charter of the City and the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Note, have been done, have happened and have been performed in regular and due form, time and manner required by law; that the City

has covenanted and agreed with the holder of this Note that it will impose and collect charges for the service, use and availability of and connection to its municipal sewer system at the times and in amounts necessary to produce net revenues adequate to pay all principal and interest when due on this Note; that the City will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property in the City, without limitation as to rate or amount, if the net revenues from the municipal sewer system and any other revenues irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any constitutional, charter, or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Owatonna, Steele County, Minnesota, has caused this Note to be executed with the manual or facsimile signatures of its Mayor and City Administrator, both as of the nominal date of original issue specified above.

CITY OF OWATONNA, MINNESOTA

(Manual or Facsimile)
Mayor

(Manual or Facsimile)
City Administrator

**CERTIFICATE OF AUTHENTICATION
AND REGISTRATION**

This is the Note described above and has been registered as to the principal and interest in the name of the Registered Owner identified below on the registration books of the Finance Director of the City. The transfer of ownership of the principal amount of this Note may be made only by the Registered Owner or by the Registered Owner's legal representative last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Finance Director</u>
_____	Minnesota Public Facilities Authority Federal Employer I.D. No. 41- 6007162	_____

STATE OF MINNESOTA)
)
COUNTY OF STEELE)
)
CITY OF OWATONNA)

I, the undersigned, being the duly qualified and acting City Administrator of the City of Owatonna, Minnesota (the "City"), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on January 17, 2023, with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City's General Obligation Sewer Revenue Note, Series 2023, in the original aggregate principal amount of \$35,000,000.

WITNESS My hand as such City Administrator and the corporate seal of the City this ____ day of January, 2023.

(SEAL)

City Administrator
City of Owatonna, Minnesota

WA380-66 (JAE)
848689v1



Public Works Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Sean Murphy, Assistant City Engineer
SUBJECT: Resolution 14-23: Approve Agency Agreement with MnDOT for Federal Participation in Construction

Purpose:

City Council approval of Resolution 14-23 authorizing Agency Agreement No. 1052160 with the Minnesota Department of Transportation for an Agency Agreement.

Background:

This agreement allows for MnDOT to act as the City's agent in accepting federal aid funds for the construction, improvement or enhancement of transportation financed either in whole or in part by Federal Highway Administration federal funds.

This Agreement is intended to cover all federal aid projects initiated by the Local Government and therefore has no specific State Project number associated with it. The terms and conditions are outlined in the attached agreement.

Budget Impact:

None.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Res 14-23 Approve Agency Agreement with MnDot for Federal Participation in Construction
2. Owatonna DCP Agreement

RESOLUTION NO. 14-23

A RESOLUTION FOR AUTHORIZATION TO EXECUTE
MINNESOTA DEPARTMENT OF TRANSPORTATION
AGENCY AGREEMENT

BE IT RESOLVED, that pursuant to Minnesota Stat. Sec. 161.36, the Commissioner of Transportation be appointed as Agent of the City of Owatonna to accept as its agent, federal aid funds which may be made available for eligible transportation related projects.

BE IT FURTHER RESOLVED, Mayor Thomas A. Kuntz and City Administrator Kris M. Busse or their successors are hereby authorized and directed for and on behalf of the City of Owatonna to execute and enter into an agreement with the Commissioner of Transportation prescribing the terms and conditions of said federal aid participation as set forth and contained in "Minnesota Department of Transportation Agency Agreement No. 1052160 a copy of which said agreement was before the City Council/County Board and which is made a part hereof by reference.

Passed and adopted this ____ day of _____, 2023, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this ____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST:

Kris M. Busse, City Administrator/City Clerk



STATE OF MINNESOTA

AGENCY AGREEMENT

for

FEDERAL PARTICIPATION IN CONSTRUCTION

This Agreement is entered into by and between City of Owatonna ("Local Government") and the State of Minnesota acting through its Commissioner of Transportation ("MnDOT").

RECITALS

1. Pursuant to Minnesota Statutes Section 161.36, the Local Government desires MnDOT to act as the Local Government's agent in accepting federal funds on the Local Government's behalf for the construction, improvement, or enhancement of transportation financed either in whole or in part by Federal Highway Administration ("FHWA") federal funds, hereinafter referred to as the "Project(s)"; and
2. This Agreement is intended to cover all federal aid projects initiated by the Local Government and therefore has no specific State Project number associated with it, and
 - 2.1. The Assistance Listing Number (ALN) is 20.205, 20.224, 20.933 or another Department of Transportation ALN as listed on SAM.gov and
 - 2.2. This project is for construction, not research and development.
 - 2.3. MnDOT requires that the terms and conditions of this agency be set forth in an agreement.

AGREEMENT TERMS

1. Term of Agreement; Prior Agreement

- 1.1. **Effective Date.** This Agreement will be effective on the date that MnDOT obtains all required signatures under Minn. Stat. §16C.05, Subd. 2. This Agreement will remain effective until it is superseded or terminated pursuant to section 14.
- 1.2. **Prior Agreement.** This Agreement supersedes the prior agreement between the parties, MnDOT Contract Number 1029989.

2. Local Government's Duties

- 2.1. **Designation.** The Local Government designates MnDOT to act as its agent in accepting federal funds on its behalf made available for the Project(s). Details on the required processes and procedures are available on the State Aid Website.
- 2.2. **Staffing.**
 - 2.2.1. The Local Government will furnish and assign a publicly employed and licensed engineer, ("Project Engineer"), to be in responsible charge of the Project(s) and to supervise and direct the work to be performed under any construction contract let for the Project(s). In the alternative, where the Local Government elects to use a private consultant for construction engineering services, the Local Government will provide a qualified, full-time public employee of the Local Government to be in responsible charge of the Project(s). The services of the Local Government to be performed hereunder may not be assigned, sublet, or transferred unless the Local Government is notified in writing by MnDOT that such action is permitted under 23 CFR 1.33 and 23 CFR 635.105 and state law. This

written consent will in no way relieve the Local Government from its primary responsibility for performance of the work.

- 2.2.2. During the progress of the work on the Project(s), the Local Government authorizes its Project Engineer to request in writing specific engineering and/or technical services from MnDOT, pursuant to Minnesota Statutes Section 161.39. Such services may be covered by other technical service agreements. If MnDOT furnishes the services requested, and if MnDOT requests reimbursement, then the Local Government will promptly pay MnDOT to reimburse the state trunk highway fund for the full cost and expense of furnishing such services. The costs and expenses will include the current MnDOT labor additives and overhead rates, subject to adjustment based on actual direct costs that have been verified by audit. Provision of such services will not be deemed to make MnDOT a principal or co-principal with respect to the Project(s).

- 2.3. **Pre-letting.** The Local Government will prepare construction contracts in accordance with Minnesota law and applicable Federal laws and regulations.

- 2.3.1. The Local Government will solicit bids after obtaining written notification from MnDOT that the FHWA has authorized the Project(s). Any Project(s) advertised prior to authorization **without permission** will not be eligible for federal reimbursement.

- 2.3.2. The Local Government will prepare the Proposal for Highway Construction for the construction contract, which will include all federal-aid provisions supplied by MnDOT.

- 2.3.3. The Local Government will prepare and publish the bid solicitation for the Project(s) as required by state and federal laws. The Local Government will include in the solicitation the required language for federal-aid construction contracts as supplied by MnDOT. The solicitation will state where the proposals, plans, and specifications are available for the inspection of prospective bidders and where the Local Government will receive the sealed bids.

- 2.3.4. The Local Government may not include other work in the construction contract for the authorized Project(s) without obtaining prior notification from MnDOT that such work is allowed by FHWA. Failure to obtain such notification may result in the loss of some or all of the federal funds for the Project(s). All work included in a federal contract is subject to the same federal requirements as the federal project.

- 2.3.5. The Local Government will prepare and sell the plan and proposal packages and prepare and distribute any addenda, if needed.

- 2.3.6. The Local Government will receive and open bids.

- 2.3.7. After the bids are opened, the Local Government will consider the bids and will award the bid to the lowest responsible bidder or reject all bids. If the construction contract contains a goal for Disadvantaged Business Enterprises (DBEs), the Local Government will not award the bid until it has received certification of the Disadvantaged Business Enterprise participation from the MnDOT Office of Civil Rights.

- 2.3.8. The Local Government must disclose in writing any potential conflict of interest to the Federal awarding agency or MnDOT in accordance with applicable FHWA policy.

- 2.4. **Contract Administration.**

- 2.4.1. The Local Government will prepare and execute a construction contract with the lowest responsible bidder, hereinafter referred to as the "Contractor," in accordance with the special provisions and the latest edition of MnDOT's Standard Specifications for Construction when the contract is awarded and all amendments thereto. All contracts between the Local Government and third parties or subcontractors must contain all applicable provisions of this Agreement, including the applicable

federal contract clauses, which are identified in Appendix II of 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and as identified in Section 18 of this Agreement.

- 2.4.2. The Project(s) will be constructed in accordance with the plans, special provisions, and standard specifications of each Project. The standard specifications will be the latest edition of MnDOT Standard Specifications for Highway Construction and all amendments thereto. The plans, special provisions, and standard specifications will be on file at the Local Government Engineer's Office. The plans, special provisions, and specifications are incorporated into this Agreement by reference as though fully set forth herein.
- 2.4.3. The Local Government will furnish the personnel, services, supplies, and equipment necessary to properly supervise, inspect, and document the work for the Project(s). The services of the Local Government to be performed hereunder may not be assigned, sublet, or transferred unless the Local Government is notified in writing by MnDOT that such action is permitted under 23 CFR 1.33 and 23 CFR 635.105 and state law. This written consent will in no way relieve the Local Government from its primary responsibility for performance of the work.
- 2.4.4. The Local Government will document quantities in accordance with the guidelines set forth in the Construction Section of the Electronic State Aid Manual that are in effect at the time the work was performed.
- 2.4.5. The Local Government will test materials in accordance with the Schedule of Materials Control in effect at the time each Project was let. The Local Government will notify MnDOT when work is in progress on the Project(s) that requires observation by the Independent Assurance Inspector, as required by the Independent Assurance Schedule.
- 2.4.6. The Local Government may make changes in the plans or the character of the work, as may be necessary to complete the Project(s), and may enter into Change Order(s) with the Contractor. The Local Government will not be reimbursed for any costs of any work performed under a change order unless MnDOT has notified the Local Government that the subject work is eligible for federal funds and sufficient federal funds are available.
- 2.4.7. The Local Government will request approval from MnDOT for all costs in excess of the amount of federal funds previously approved for the Project(s) prior to incurring such costs. Failure to obtain such approval may result in such costs being disallowed for reimbursement.
- 2.4.8. The Local Government will prepare reports, keep records, and perform work so as to meet federal requirements and to enable MnDOT to collect the federal aid sought by the Local Government. Required reports are listed in the MnDOT State Aid Manual, Delegated Contract Process Checklist, available from MnDOT's authorized representative. The Local Government will retain all records and reports and allow MnDOT or the FHWA access to such records and reports for six years.
- 2.4.9. Upon completion of the Project(s), the Project Engineer will determine whether the work will be accepted.

2.5. **Limitations.**

- 2.5.1. The Local Government will comply with all applicable Federal, State, and local laws, ordinances, and regulations.
- 2.5.2. **Nondiscrimination.** It is the policy of the Federal Highway Administration and the State of Minnesota that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance (42 U.S.C. 2000d). Through expansion of the mandate

for nondiscrimination in Title VI and through parallel legislation, the proscribed bases of discrimination include race, color, sex, national origin, age, and disability. In addition, the Title VI program has been extended to cover all programs, activities and services of an entity receiving Federal financial assistance, whether such programs and activities are Federally assisted or not. Even in the absence of prior discriminatory practice or usage, a recipient in administering a program or activity to which this part applies is expected to take affirmative action to assure that no person is excluded from participation in, or is denied the benefits of, the program or activity on the grounds of race, color, national origin, sex, age, or disability. It is the responsibility of the Local Government to carry out the above requirements.

2.5.3. **Utilities.** The Local Government will treat all public, private or cooperatively owned utility facilities which directly or indirectly serve the public and which occupy highway rights of way in conformance with 23 CFR 645 "Utilities", which is incorporated herein by reference.

2.6. **Maintenance.** The Local Government assumes full responsibility for the operation and maintenance of any facility constructed or improved under this Agreement.

3. MnDOT's Duties

3.1. **Acceptance.** MnDOT accepts designation as Agent of the Local Government for the receipt and disbursement of federal funds and will act in accordance herewith.

3.2. Project Activities.

3.2.1. MnDOT will make the necessary requests to the FHWA for authorization to use federal funds for the Project(s) and for reimbursement of eligible costs pursuant to the terms of this Agreement.

3.2.2. MnDOT will provide to the Local Government copies of the required Federal-aid clauses to be included in the bid solicitation and will provide the required Federal-aid provisions to be included in the Proposal for Highway Construction.

3.2.3. MnDOT will review and certify the DBE participation and notify the Local Government when certification is complete. If certification of DBE participation (or good faith efforts to achieve such participation) cannot be obtained, then Local Government must decide whether to proceed with awarding the contract. Failure to obtain such certification will result in the Project becoming ineligible for federal assistance, and the Local Government must make up any shortfall.

3.2.4. MnDOT will provide the required labor postings.

3.3. **Authority.** MnDOT may withhold federal funds, where MnDOT or the FHWA determines that the Project(s) was not completed in compliance with federal requirements.

3.4. **Inspection.** MnDOT, the FHWA, or duly authorized representatives of the state and federal government will have the right to audit, evaluate and monitor the work performed under this Agreement. The Local Government will make all books, records, and documents pertaining to the work hereunder available for a minimum of six years following the closing of the construction contract.

4. Time

4.1. The Local Government must comply with all time requirements described in this Agreement. In the performance of this Agreement, time is of the essence.

4.2. The period of performance is defined as beginning on the date of federal authorization and ending on the date defined in the federal financial system or federal agreement ("end date"). **No work completed** after the **end date** will be eligible for federal funding. Local Government must submit all contract close out paperwork to MnDOT at least twenty-four months prior to the **end date**.

5. Payment

- 5.1. **Cost.** The entire cost of the Project(s) is to be paid from federal funds made available by the FHWA and by other funds provided by the Local Government. The Local Government will pay any part of the cost or expense of the Project(s) that is not paid by federal funds. MnDOT will receive the federal funds to be paid by the FHWA for the Project(s), pursuant to Minnesota Statutes § 161.36, Subdivision 2. MnDOT will reimburse the Local Government, from said federal funds made available to each Project, for each partial payment request, subject to the availability and limits of those funds.
- 5.2. **Indirect Cost Rate Proposal/Cost Allocation Plan.** If the Local Government seeks reimbursement for indirect costs and has submitted to MnDOT an indirect cost rate proposal or a cost allocation plan, the rate proposed will be used on a provisional basis. At any time during the period of performance or the final audit of a Project, MnDOT may audit and adjust the indirect cost rate according to the cost principles in 2 CFR Part 200. MnDOT may adjust associated reimbursements accordingly.
- 5.3. **Reimbursement.** The Local Government will prepare partial estimates in accordance with the terms of the construction contract for the Project(s). The Project Engineer will certify each partial estimate. Following certification of the partial estimate, the Local Government will make partial payments to the Contractor in accordance with the terms of the construction contract for the Project(s).
 - 5.3.1. Following certification of the partial estimate, the Local Government may request reimbursement for costs eligible for federal funds. The Local Government's request will be made to MnDOT and will include a copy of the certified partial estimate.
 - 5.3.2. Upon completion of the Project(s), the Local Government will prepare a final estimate in accordance with the terms of the construction contract for the Project(s). The Project Engineer will certify the final estimate. Following certification of the final estimate, the Local Government will make the final payment to the Contractor in accordance with the terms of the construction contract for the Project(s).
 - 5.3.3. Following certification of the final estimate, the Local Government may request reimbursement for costs eligible for federal funds. The Local Government's request will be made to MnDOT and will include a copy of the certified final estimate along with the required records.
 - 5.3.4. Upon completion of the Project(s), MnDOT will perform a final inspection and verify the federal and state eligibility of all payment requests. If the Project is found to have been completed in accordance with the plans and specifications, MnDOT will promptly release any remaining federal funds due the Local Government for the Project(s). If MnDOT finds that the Local Government has been overpaid, the Local Government must promptly return any excess funds.
 - 5.3.5. In the event MnDOT does not obtain funding from the Minnesota Legislature or other funding source, or funding cannot be continued at a sufficient level to allow for the processing of the federal aid reimbursement requests, the Local Government may continue the work with local funds only, until such time as MnDOT is able to process the federal aid reimbursement requests.
- 5.4. **Matching Funds.** Any cost sharing or matching funds required of the Local Government in this Agreement must comply with 2 CFR 200.306.
- 5.5. **Federal Funds.** Payments under this Agreement will be made from federal funds. The Local Government is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for failure to comply with any federal requirements including, but not limited to, 2 CFR Part 200. If, for any reason, the federal government fails to pay part of the cost or expense incurred by the Local Government, or in the event the total amount of federal funds is not available, the Local Government will be responsible for any and all costs or expenses incurred under this Agreement. The Local Government further

agrees to pay any and all lawful claims arising out of or incidental to the performance of the work covered by this Agreement in the event the federal government does not pay the same.

- 5.6. **Closeout.** The Local Government must liquidate all obligations incurred under this Agreement for each Project and submit all financial, performance, and other reports as required by the terms of this Agreement and the Federal award at least twenty-four months prior to the **end date** of the period of performance for each Project. MnDOT will determine, at its sole discretion, whether a closeout audit is required prior to final payment approval. If a closeout audit is required, final payment will be held until the audit has been completed. Monitoring of any capital assets acquired with funds will continue following project closeout.
6. **Conditions of Payment.** All services provided by Local Government under this Agreement must be performed to MnDOT's satisfaction, as determined at the sole discretion of MnDOT's Authorized Representative, and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Local Government will not receive payment for work found by MnDOT to be unsatisfactory or performed in violation of federal, state, or local law.
7. **Authorized Representatives**
 - 7.1. MnDOT's Authorized Representative is:

Name: Kristine Elwood, or her successor.

Title: State Aid Engineer

Phone: 651-366-4831

Email: Kristine.elwood@state.mn.us

MnDOT's Authorized Representative has the responsibility to monitor Local Government's performance and the authority to accept the services provided under this Agreement. If the services are satisfactory, MnDOT's Authorized Representative will certify acceptance on each invoice submitted for payment.
 - 7.2. The Local Government's Authorized Representative is:

Name: Kris Busse or their successor.

Title: Owatonna City Administrator

Phone: 507-774-7340

Email: kris.busse@ci.owatonna.mn.us

If the Local Government's Authorized Representative changes at any time during this Agreement, the Local Government will immediately notify MnDOT.
8. **Assignment Amendments, Waiver, and Agreement Complete**
 - 8.1. **Assignment.** The Local Government may neither assign nor transfer any rights or obligations under this Agreement without the prior written consent of MnDOT and a fully executed Assignment Agreement, executed and approved by the same parties who executed and approved this Agreement, or their successors in office.
 - 8.2. **Amendments.** Any amendment to this Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original agreement, or their successors in office.
 - 8.3. **Waiver.** If MnDOT fails to enforce any provision of this Agreement, that failure does not waive the provision or MnDOT's right to subsequently enforce it.
 - 8.4. **Agreement Complete.** This Agreement contains all negotiations and agreements between MnDOT and the

Local Government. No other understanding regarding this Agreement, whether written or oral, may be used to bind either party.

- 8.5. **Severability.** If any provision of this Agreement, or the application thereof, is found to be invalid or unenforceable to any extent, the remainder of the Agreement, including all material provisions and the application of such provisions, will not be affected and will be enforceable to the greatest extent permitted by the law.
- 8.6. **Electronic Records and Signatures.** The parties agree to contract by electronic means. This includes using electronic signatures and converting original documents to electronic records.
- 8.7. **Certification.** By signing this Agreement, the Local Government certifies that it is not suspended or debarred from receiving federal or state awards.

9. Liability and Claims

- 9.1. **Tort Liability.** Each party is responsible for its own acts and omissions and the results thereof to the extent authorized by law and will not be responsible for the acts and omissions of any others and the results thereof. The Minnesota Tort Claims Act, Minnesota Statutes Section 3.736, governs MnDOT liability.
- 9.2. **Claims.** The Local Government acknowledges that MnDOT is acting only as the Local Government's agent for acceptance and disbursement of federal funds, and not as a principal or co-principal with respect to the Project. The Local Government will pay any and all lawful claims arising out of or incidental to the Project including, without limitation, claims related to contractor selection (including the solicitation, evaluation, and acceptance or rejection of bids or proposals), acts or omissions in performing the Project work, and any *ultra vires* acts. To the extent permitted by law, the Local Government will indemnify, defend (to the extent permitted by the Minnesota Attorney General), and hold MnDOT harmless from any claims or costs arising out of or incidental to the Project(s), including reasonable attorney fees incurred by MnDOT. The Local Government's indemnification obligation extends to any actions related to the certification of DBE participation, even if such actions are recommended by MnDOT.

10. Audits

- 10.1. Under Minn. Stat. § 16C.05, Subd.5, the books, records, documents, and accounting procedures and practices of the Local Government, or any other party relevant to this Agreement or transaction, are subject to examination by MnDOT and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this Agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later. The Local Government will take timely and appropriate action on all deficiencies identified by an audit.
- 10.2. All requests for reimbursement are subject to audit, at MnDOT's discretion. The cost principles outlined in 2 CFR 200.400-.476 will be used to determine whether costs are eligible for reimbursement under this Agreement.
- 10.3. If Local Government expends \$750,000 or more in Federal Funds during the Local Government's fiscal year, the Local Government must have a single audit or program specific audit conducted in accordance with 2 CFR Part 200.

- 11. **Government Data Practices.** The Local Government and MnDOT must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by MnDOT under this Agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Local Government under this Agreement. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either the Local Government or MnDOT.

- 12. **Workers Compensation.** The Local Government certifies that it is in compliance with [Minn. Stat. §176.181](#), Subd. 2, pertaining to workers' compensation insurance coverage. The Local Government's employees and agents will

not be considered MnDOT employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way MnDOT's obligation or responsibility.

- 13. Governing Law, Jurisdiction, and Venue.** Minnesota law, without regard to its choice-of-law provisions, governs this Agreement. Venue for all legal proceedings out of this Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14. Termination; Suspension

- 14.1. Termination by MnDOT.** MnDOT may terminate this Agreement with or without cause, upon 30 days written notice to the Local Government. Upon termination, the Local Government will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.
- 14.2. Termination for Cause.** MnDOT may immediately terminate this Agreement if MnDOT finds that there has been a failure to comply with the provisions of this Agreement, that reasonable progress has not been made, that fraudulent or wasteful activity has occurred, that the Local Government has been convicted of a criminal offense relating to a state agreement, or that the purposes for which the funds were granted have not been or will not be fulfilled. MnDOT may take action to protect the interests of MnDOT of Minnesota, including the refusal to disburse additional funds and/or requiring the return of all or part of the funds already disbursed.
- 14.3. Termination for Insufficient Funding.** MnDOT may immediately terminate this Agreement if:
- 14.3.1. It does not obtain funding from the Minnesota Legislature; or
 - 14.3.2. If funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Local Government. MnDOT is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Local Government will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. MnDOT will not be assessed any penalty if the Agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. MnDOT will provide the Local Government notice of the lack of funding within a reasonable time of MnDOT's receiving that notice.
- 14.4. Suspension.** MnDOT may immediately suspend this Agreement in the event of a total or partial government shutdown due to the failure to have an approved budget by the legal deadline. Work performed by the Local Government during a period of suspension will be deemed unauthorized and undertaken at risk of non-payment.
- 15. Data Disclosure.** Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Local Government consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to MnDOT, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Local Government to file state tax returns and pay delinquent state tax liabilities, if any.
- 16. Fund Use Prohibited.** The Local Government will not utilize any funds received pursuant to this Agreement to compensate, either directly or indirectly, any contractor, corporation, partnership, or business, however organized, which is disqualified or debarred from entering into or receiving a State contract. This restriction applies regardless of whether the disqualified or debarred party acts in the capacity of a general contractor, a subcontractor, or as an equipment or material supplier. This restriction does not prevent the Local Government from utilizing these funds to pay any party who might be disqualified or debarred after the Local Government's contract award on this Project.

- 17. Discrimination Prohibited by Minnesota Statutes §181.59.** The Local Government will comply with the provisions of Minnesota Statutes §181.59 which requires that every contract for or on behalf of the State of Minnesota, or any county, city, town, township, school, school district or any other district in the state, for materials, supplies or construction will contain provisions by which Contractor agrees: 1) That, in the hiring of common or skilled labor for the performance of any work under any contract, or any subcontract, no Contractor, material supplier or vendor, will, by reason of race, creed or color, discriminate against the person or persons who are citizens of the United States or resident aliens who are qualified and available to perform the work to which the employment relates; 2) That no Contractor, material supplier, or vendor, will, in any manner, discriminate against, or intimidate, or prevent the employment of any person or persons identified in clause 1 of this section, or on being hired, prevent or conspire to prevent, the person or persons from the performance of work under any contract on account of race, creed or color; 3) That a violation of this section is a misdemeanor; and 4) That this contract may be canceled or terminated by the state of Minnesota, or any county, city, town, township, school, school district or any other person authorized to contracts for employment, and all money due, or to become due under the contract, may be forfeited for a second or any subsequent violation of the terms or conditions of this Agreement.

18. Federal Contract Clauses

- 18.1. Appendix II 2 CFR Part 200.** The Local Government agrees to comply with the following federal requirements as identified in 2 CFR 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and agrees to pass through these requirements to its subcontractors and third-party contractors, as applicable. In addition, the Local Government shall have the same meaning as “Contractor” in the federal requirements listed below.
- 18.1.1. Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
 - 18.1.2. All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
 - 18.1.3. Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
 - 18.1.4. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision

for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

- 18.1.5. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
- 18.1.6. Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
- 18.1.7. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended - Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
- 18.1.8. Debarment and Suspension (Executive Orders 12549 and 12689) - A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- 18.1.9. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must

also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

18.1.10. Local Government will comply with 2 CFR § 200.323.

18.1.11. Local Government will comply with 2 CFR § 200.216.

18.1.12. Local Government will comply with 2 CFR § 200.322.

18.2. **Drug-Free Workplace.** The Local Government will comply with the Drug-Free Workplace requirements under subpart B of 49 C.F.R. Part 32.

18.3. **Title VI/Non-discrimination Assurances.** The Local Government hereby agrees that, as a condition of receiving any Federal financial assistance under this Agreement, it will comply with Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. § 2000d), related nondiscrimination statutes (i.e., 23 U.S.C. § 324, Section 504 of the Rehabilitation Act of 1973 as amended, and the Age Discrimination Act of 1975), and applicable regulatory requirements to the end that no person in the United States shall, on the grounds of race, color, national origin, sex, disability, or age be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity for which the Local Government receives Federal financial assistance.

The Local Government hereby agrees to comply with all applicable US DOT Standard Title VI/Non-Discrimination Assurances contained in DOT Order No. 1050.2A, and in particular Appendices A and E, which can be found at: https://edocs-public.dot.state.mn.us/edocs_public/DMResultSet/download?docId=11149035. If federal funds are included in any contract, the Local Government will ensure the appendices and solicitation language within the assurances are inserted into contracts as required. State may conduct a review of the Local Government's compliance with this provision. The Local Government must cooperate with State throughout the review process by supplying all requested information and documentation to State, making Local Government staff and officials available for meetings as requested, and correcting any areas of non-compliance as determined by State.

18.4. **Buy America.** The Local Government must comply with the Buy America domestic preferences contained in the Build America, Buy America Act (Sections 70901-52 of the Infrastructure Investment and Jobs Act, Public Law 117-58) and as implemented by US DOT operating agencies.

18.5. **Federal Funding Accountability and Transparency Act (FFATA)**

18.5.1. This Agreement requires the Local Government to provide supplies and/or services that are funded in whole or in part by federal funds that are subject to FFATA. The Local Government is responsible for ensuring that all applicable requirements, including but not limited to those set forth herein, of FFATA are met and that the Local Government provides information to the MnDOT as required.

- a. Reporting of Total Compensation of the Local Government's Executives.
- b. The Local Government shall report the names and total compensation of each of its five most highly compensated executives for the Local Government's preceding completed fiscal year, if in the Local Government's preceding fiscal year it received:
 - i. 80 percent or more of the Local Government's annual gross revenues from Federal procurement contracts and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); and
 - ii. \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards); and

- iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <https://www.sec.gov/answers/execomp.htm>).

Executive means officers, managing partners, or any other employees in management positions.

- c. Total compensation means the cash and noncash dollar value earned by the executive during the Local Government's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):
 - i. Salary and bonus.
 - ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
 - iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
 - iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
 - v. Above-market earnings on deferred compensation which is not tax qualified.
- 18.5.2. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.
- 18.5.3. The Local Government must report executive total compensation described above to the MnDOT by the end of the month during which this Agreement is awarded.
- 18.5.4. The Local Government will obtain a Unique Entity Identifier number and maintain this number for the term of this Agreement. This number shall be provided to MnDOT on the plan review checklist submitted with the plans for each Project.
- 18.5.5. The Local Government's failure to comply with the above requirements is a material breach of this Agreement for which the MnDOT may terminate this Agreement for cause. The MnDOT will not be obligated to pay any outstanding invoice received from the Local Government unless and until the Local Government is in full compliance with the above requirements.

[THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK.]

City of Owatonna

Local Government certifies that the appropriate person(s) have executed the contract on behalf of the Local Government as required by applicable articles, bylaws, resolutions or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

DEPARTMENT OF TRANSPORTATION

By: _____

Title: _____

Date: _____

COMMISSIONER OF ADMINISTRATION

By: _____

Date: _____



Public Works Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Sean Murphy, Assistant City Engineer
SUBJECT: Res 15-23: Approve Report & Set Public Hearing Date - 2023 Havana Road Project

Purpose:

Requesting approval of Resolution 15-23 approving the 2023 Havana Road Feasibility Report and setting a date for the Preliminary Assessment Public Hearing.

Background:

On December 6, 2022, City Council approved resolution 94-22: Ordering Preparation of the 2023 Havana Road Feasibility Report. The project involves reconstruction of Havana Road from Truman Avenue to Smith Avenue. The existing street improvements have exceeded their useful life.

A Preliminary Assessment Public Hearing date is requested for March 7, 2023.

Budget Impact:

The 2023 Havana Road Project will be financed through a combination of State Aid Funds, City Funds, and Special Assessments. The total cost is currently estimated at \$1,179,226.63; the total cost to be assessed is currently estimated at \$99,638.76. Approximately 9 property owners will be affected.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. Res 15-23 Approve Report - Set Date for PH 2023 Havana Rd Project
2. Feasibility Report - Havana Rd SAP Project 2023

RESOLUTION NO. 15-23
A RESOLUTION RECEIVING FEASIBILITY REPORT AND SETTING
DATE FOR IMPROVEMENT HEARING

WHEREAS, pursuant to Resolution 94-22 of the council adopted, December 6th, 2022, a feasibility report has been prepared by Sean Murphy, Assistant City Engineer, with reference to proposed improvement for the 2023 Havana Road Project and this report was received by the council on January 17th, 2023. The following area is affected:

- Havana Road – Smith Avenue to Truman Avenue

WHEREAS, the report provides information regarding whether the proposed improvement is necessary, cost-effective, and feasible; whether it should best be made as proposed or in connection with some other improvement; the estimated cost of the improvement as recommended; and a description of the methodology used to calculate individual assessments for affected parcels.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF OWATONNA, MINNESOTA:

1. The council will consider the improvement of such street in accordance with the report and the assessment of abutting property for all or a portion of the cost of the improvement pursuant to Minnesota Statutes, Chapter 429 at an estimated total cost of the improvement of \$1,179,226.63.
2. A public hearing shall be held on such proposed improvement on the 21st day of February, 2023 in the council chambers of the city hall at 7:00 p.m. And the clerk shall give mailed and published notice of such hearing and improvement as required by law.

Passed and adopted this _____ day of _____ 2023, with the following vote:

Aye ____; No ____; Absent ____.

Approved and signed this _____ day of _____, 2023.

Thomas A. Kuntz, Mayor

ATTEST

Kris M. Busse, City Administrator/City Clerk

THE CITY OF

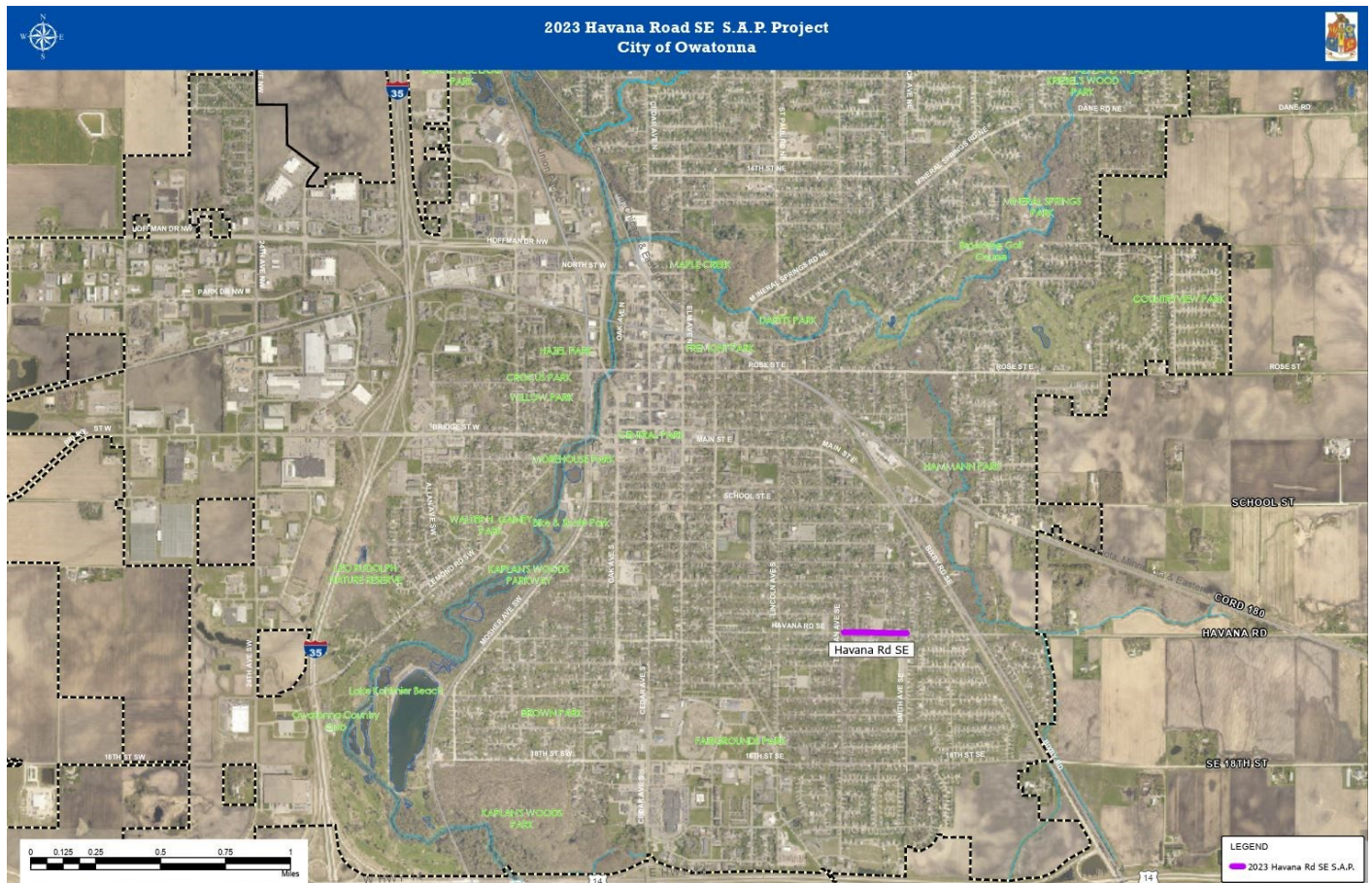


OWATONNA

Office of the
Public Works Director/
City Engineer

540 West Hills Circle
Owatonna, MN 55060-4701
Ph. (507) 774-7306

Feasibility Report For the 2023 Havana Road SW S.A.P. Project January 17, 2023



Feasibility Report
For the
2023 Havana Road SE
Improvement S.A.P. Project

Bituminous Pavement Reconstruction

- Havana Road SE

I hereby certify that this feasibility report was prepared by me or under my direct supervision and I am a duly Licensed Professional Engineer under the laws of the state of Minnesota



Sean Murphy, PE

License No. 56604

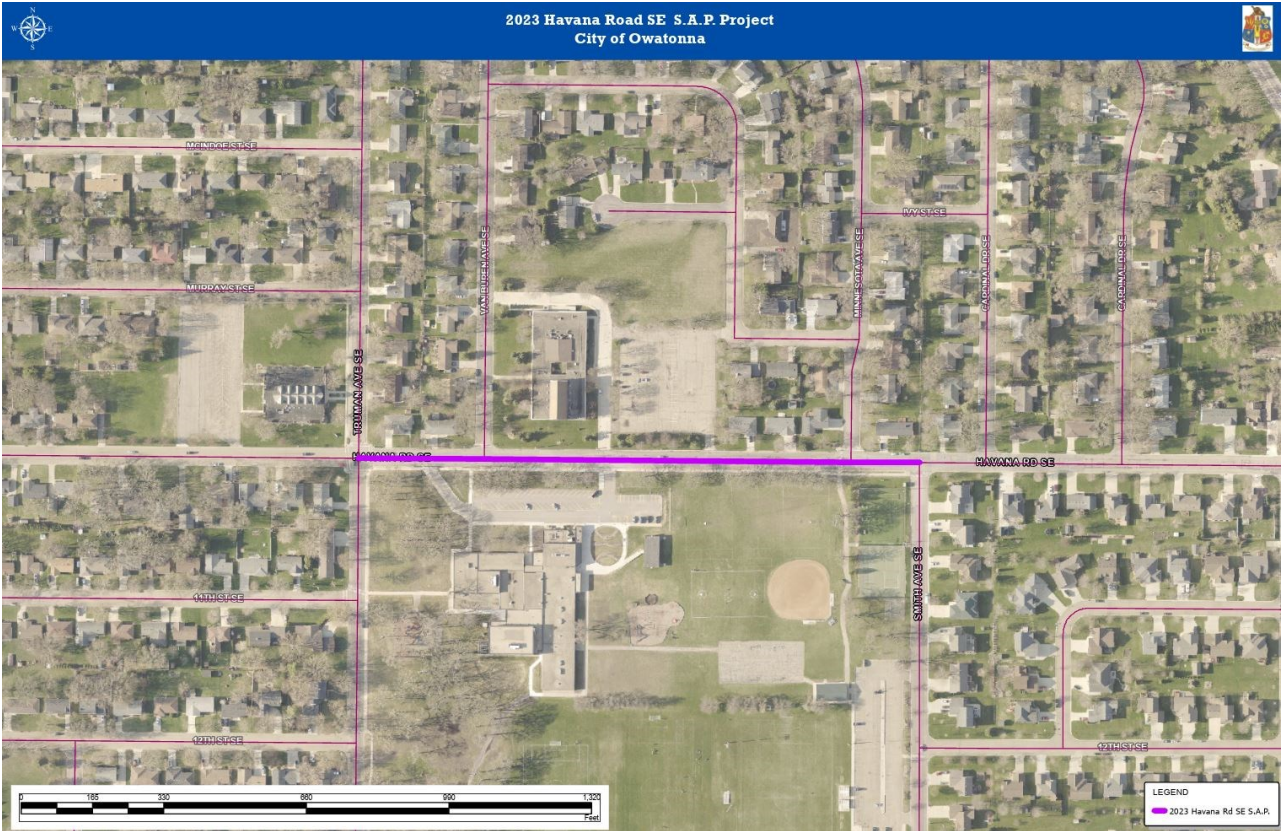
1/13/2023

Date

City of Owatonna
Office of the Director of Public Works
and City Engineer
540 West Hills Circle
Owatonna, MN 55060-4701
Ph. (507) 774-7306

Introduction Job 23006—2023 Havana Road SE S.A.P. Project

The City Council has designated Havana Rd SE for reconstruction and bituminous rehabilitation to be completed under the 2023 Havana Rd SE S.A.P. Project. The street has deteriorating bituminous pavements and is past being overlaid.



Havana Road SE—Truman Ave to Smith Ave

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Appendices

Appendix A Letter Announcing March 1st, 2023 Information Meeting

Appendix B Project Cost Summary

Appendix C Assessment Breakdown Examples

Purpose

The City Council has designated Havana Rd SE from Truman Avenue to Smith Avenue for reconstruction in the 2023 Havana Rd SE S.A.P. Project. On **December 6th, 2022** the City Council adopted Resolution No. 94-22 ordering preparation of this feasibility report.

The streets proposed for bituminous reconstruction included in the 2023 Havana Rd SE S.A.P. Project as shown in Exhibit 1 are:

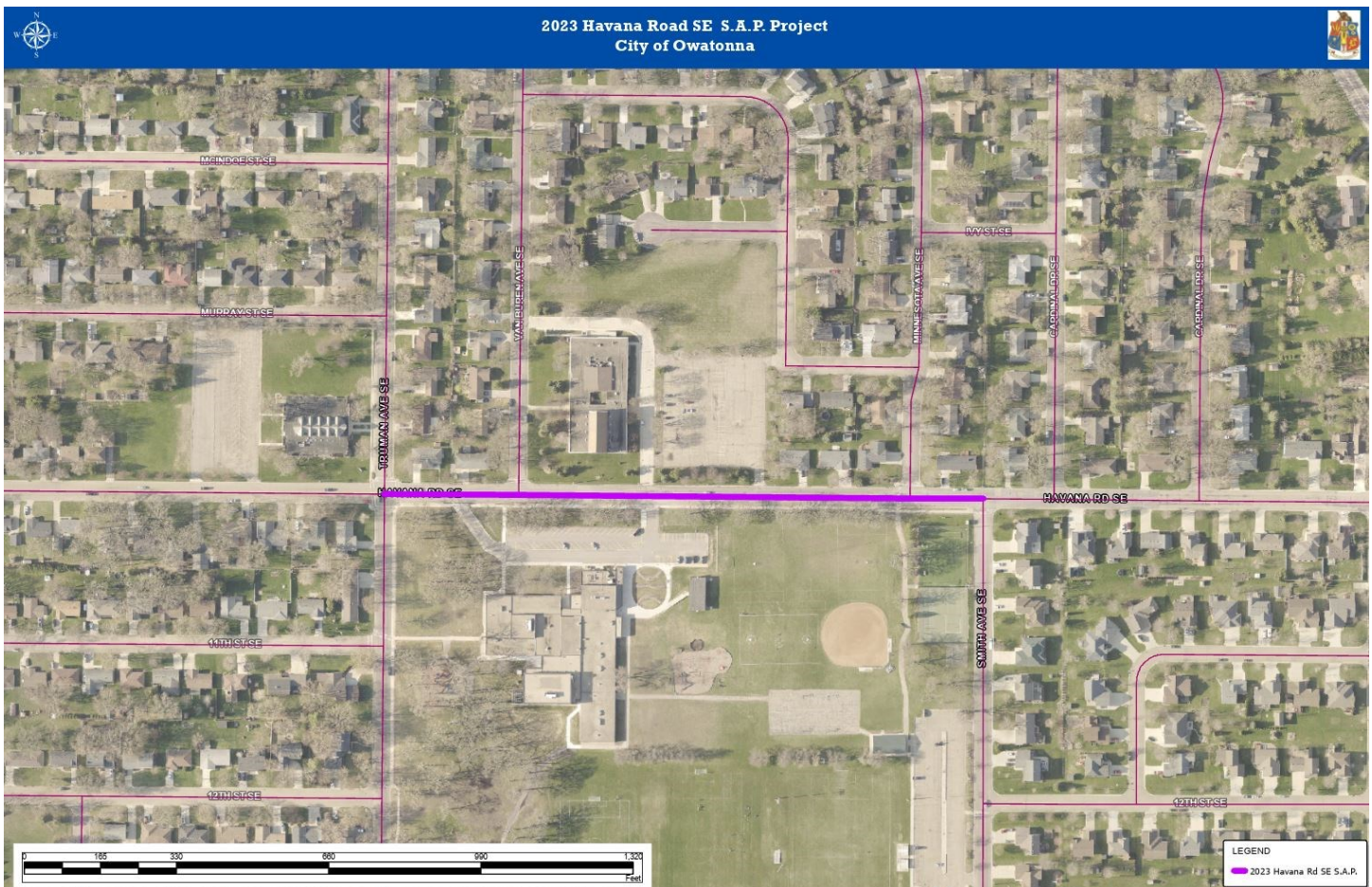
- Havana Road SE—from Truman Ave to Smith Ave

Project Scope

The scope of this report is to analyze the proposed streets indicated above and to determine the engineering and fiscal feasibility of providing the necessary improvements. In addition, existing sanitary sewer, watermain, and storm sewer systems are evaluated and necessary improvements proposed. The study will discuss the existing conditions, proposed improvements, estimated construction costs, and overhead costs (i.e. administration, engineering, fiscal, and legal expenses). Current public improvement policies adopted by the Owatonna City Council will be used as a guideline to discuss financing methods for the proposed improvements.

The proposed project will affect approximately 9 property owners.

Exhibit 1



Existing Conditions and Proposed Improvements

The street section included in the proposed 2023 Havana Rd SE S.A.P. Project is deteriorating and in need of both pavement rehabilitation as well as utility (water, sanitary sewer and/or storm sewer) upgrades.

The current condition of the infrastructure is outlined as follows:

Watermain

Owatonna Public Utilities has been contacted.

- The watermain is of a significant age and is in need of replacement.

Sanitary Sewer

The sanitary sewer mains in the proposed project area have been televised to determine condition. The following conditions were found:

- The main and most of the services were found to be in good to fair condition, with no major replacement or repairs planned as part of this project.

Storm Sewer

The storm sewer system has been evaluated for deficiency. The following conditions were found with proposed improvements:

- The only storm sewer located within this project lies on the East end in and near the intersections with Minnesota Avenue and Smith Avenue. The catch basins and storm sewers connections are in poor condition and they will be replaced with the project.

Presence of sump pump service lines will be verified in areas being improved.

Street Pavements and Concrete Curb – Bituminous Pavement Reconstruction

The bituminous pavement planned for replacement was initially constructed in 1960, with the last overlay being 1995

The pavement is now near the end of their useful life. The proposed project includes the following pavement repairs to the street:

- Full width and street section depth replacement.
- Replacement of all curb & gutter along the South side of the street.

Sidewalk & Trail Improvements

All pedestrian ramps encountered by the project will be evaluated for ADA compliance and will be upgraded as necessary. Sidewalk along the South curb will be replaced with the curb.

Private Driveways

If the concrete curb is removed next to the driveway and the driveway is in need of repair it will be replaced to the existing width.

Private Utility Improvements

Private Utilities may be affected by this construction. A utility coordination meeting will be held where the proposed improvements will be discussed.

Public Utility Improvements

Owatonna Public Utilities has been shown the location of the proposed improvements and has indicated areas of concern.

Permits

A NPDES permit through the MPCA will be necessary for this project. The Engineering Department will ensure all necessary permits are obtained.

Public Informational Meeting

A public informational meeting will be held prior to the improvement hearing at the City Council.

A copy of the proposed letter sent to residents and the presentation to be made is included in Appendix A.

Estimated Project Costs

The estimated costs for the proposed improvements are summarized in Table 1. The estimated total project improvement cost is **\$1,179,227**. Based on past experiences on similar projects in the City, the overhead costs have been estimated at 25% of the total construction cost. The overhead costs include engineering, project administration, fiscal and legal costs and contingencies. Normal inflation has been accounted for, however, the current construction market and costs are volatile and we will not know current prices until the projects are bid. The project will be financed through a combination of City funds and special assessments to the benefited properties.

Table 1

Project Costs by Street	Street	Sanitary	Storm	Watermain	Total	Assessable
Havana Rd SE	\$835,786.13	\$8,948.13	\$114,211.63	\$220,280.75	\$1,179,226.63	\$870,496.50

Assessment Costs by Street	Actual	Proposed
Havana Rd SE	\$228.38/ft	\$52.00/ft

Financing and Assessments

The improvements discussed in this report for the 2023 Havana Rd S.A.P. Project are proposed to be financed through a combination of special assessments to benefited properties (according to the City's Assessment Policy), City utility funds and street reconstruction funds. A summary of the total project cost is provided in Appendix C with a spreadsheet indicating how the total costs could be allocated through both city funds and special assessments. The proposed cost allocation by item is as follows:

- The improvements to the existing watermain will be funded by Owatonna Public Utilities.
- The improvements to the sanitary sewer mains will be funded by the City Sewer Fund
- The improvements to storm sewer facilities will be funded by the stormwater fund
- The street reconstruction improvements will be funded by a combination of the City General Fund, State Aid Funds and special assessment to property owners. Preliminary opinion of probable cost for the proposed assessments per assessable foot (plus applicable cost of sanitary sewer and water services) are as follows:

All of the property owners who would receive benefits from the proposed improvements and who would be assessed for all or a portion of the improvements are listed on the Proposed Assessment Roll on file with the Office of the City Clerk. The assessment spreadsheets indicate the parcel identification number (PIN), owner, the address of the property, the assessable footage of the property and the amount of the proposed assessment.

The City's assessment policy for public improvements allows for the distribution of the proposed assessment for residential properties over a 10 year period. A sample breakdown of the annual payments on assessment for several assessment amounts based on an interest rate of **3 percent is included** in Appendix C.

The City's assessment policy also allows for deferred payment of special assessments for qualified property owners. A copy of the deferment policy is available at the Cities website www.ci.owatonna.mn.us and in file with the Office of the City Clerk.

Project Schedule

The proposed project schedule is as follows:

City Council Orders Feasibility Report	December 6, 2023
City Council receives Feasibility Report	January 17, 2023
City Council Sets date for Public Improvement Hearing	
Neighborhood Meeting held to discuss project plans and answer questions	March 1, 2023
City Council holds public Improvement Hearing	March 7, 2023
City Council orders Plans and Specifications	
City Council Approves Plans and Specifications	March 21, 2023
City Council authorizes Advertisement for Bids	
Bids Opened	April 13, 2023
City Council awards bids	April 18, 2023
Begin Construction	May 2023
Construction Substantially Complete	October 2023
City Council Sets date for Assessment Hearing	November 2023
City Council holds Assessment Hearing	December 2023
Final Completion	December 2023

Feasibility, Necessity and Cost-Effectiveness

The proposed improvements included in the 2023 Havana Rd SE S.A.P. Project consisting of watermain, sanitary sewer, storm sewer, street and sidewalk reconstruction are feasible from an engineering standpoint, necessary, and cost effective if constructed under a single project as proposed. These improvements would greatly improve the level of public service to the residents of the areas, enhance the safety and appearance of the neighborhoods. The improvements can most effectively and economically be constructed if undertaken through a coordinated contract that would cause the improvements to be installed in the proper sequence.

Recommendation

Our recommendation to the City Council is to accept the feasibility report and order improvements to be constructed, that the watermain, sanitary sewer, storm sewer, streets and sidewalks be installed as proposed in this feasibility report. The estimated cost of these improvements, including the proposed assessments, is reasonable and comparable with similar improvements being constructed in other cities.

Next Steps

1. If the City Council approves the project, then staff will complete the design of the project, including the preparation of construction plans and specifications.
2. The City Council will be asked to authorize the project for bids, receive and review bids and award a contract to the lowest responsive and responsible bidder.

Appendix A

*Letter Announcing March 1st, 2023 Neighborhood Meeting and
March 7th, 2023 Improvement Hearing*



Public Works Department

February 16, 2023

Property Owner
Mailing
City, State Zip

Dear Property Owner:

Your property located at Property Address in Owatonna, MN is included in the 2023 Havana Road Project. The 2023 Havana Road Project limits are shown in the attached map. This improvement will be subject to assessments.

A Neighborhood Meeting is planned for March 1, 2023, beginning at 5:30 pm. This informal meeting will be held in City Council Chambers at 540 West Hills Circle. Staff will present project plans and then answer questions.

A Public Hearing for this improvement project will be held on March 7, 2023, during the City Council Meeting beginning at 7:00 p.m. Council Meetings are held in the City Council Chambers at 540 West Hills Circle. Such persons as desire to be heard with reference to the proposed improvement will be heard at this meeting. Public Hearing Notice will be given and a copy is enclosed for you. The estimated cost of this improvement is \$1,179,226.63. The total preliminary assessments are \$99,638.76.

A reasonable estimate of the impact of an assessment for Parcel ID# PIN located at Property Address:

Assessable Footage Length: Rate: \$52/foot Preliminary Assessment Amount:
--

If this repair is approved by Council, there will be another public hearing this fall when the project is completed. During that hearing, Council will consider the Proposed Assessment amount to charge to your property. The Proposed Assessment amount could be lower than the Preliminary Assessment Amount shown above if project costs are less than currently estimated. The Proposed Assessment cannot be more than this Preliminary Assessment Amount. Terms of payment will be set following the public hearing this fall when the project is finished.

Sincerely,

Sean Murphy, PE
Assistant City Engineer
City of Owatonna
O: (507) 774-7306

SPM/amn

Title

City of Owatonna



Legend



November 17, 2022



0 180 360 540 Feet

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This information is a compilation of records, information, and data located in various city, county, and state offices and other sources, affecting the area shown, and is to be used for reference purposes only.

Appendix B

Project Cost Summary

PRELIMINARY ESTIMATE HAVANA RD SE - Truman Ave to Smith Ave						ENGINEER'S ESTIMATE		
NOTE	ITEM NO.		ITEM	UNIT	EST. QTY.	UNIT PRICE	ESTIMATED AMOUNT	Assessable
	2021.501	00010	MOBILIZATION	LUMP SUM	1.00	\$37,230.00	\$37,230.00	\$37,230.00
	2104.501	00010	CLEARING & GRUBBING	LUMP SUM		\$7,470.00	\$0.00	\$0.00
	2104.502	00770	REMOVE MANHOLE OR CATCH BASIN	EACH	5	\$295.90	\$1,479.50	\$1,479.50
	2104.502	00820	REMOVE CASTING	EACH	5	\$129.10	\$645.50	
	2104.502	00840	REMOVE GATE VALVE	EACH	2	\$211.30	\$422.60	
	2104.502	00880	REMOVE HYDRANT	EACH	2	\$746.50	\$1,493.00	
	2104.502	03320	SALVAGE SIGN TYPE C	EACH		\$422.50	\$0.00	
	2104.503	00000	SAWING CONCRETE PAVEMENT (FULL DEPTH)	LIN FT		\$5.50	\$0.00	\$0.00
	2104.503	00205	SAWING BIT PAVEMENT (FULL DEPTH)	LIN FT	195	\$3.50	\$682.50	\$682.50
	2104.503	00270	REMOVE WATERMAIN	LIN. FT.	1,320	\$4.10	\$5,412.00	
	2104.503	00285	REMOVE SEWER PIPE (STORM)	LIN. FT.	272	\$9.20	\$2,502.40	
	2104.503	00290	REMOVE SEWER PIPE (SANITARY)	LIN. FT.		\$2.70	\$0.00	
	2104.503	00315	REMOVE CONCRETE CURB & GUTTER	LIN. FT.	1,450	\$3.20	\$4,640.00	
	2104.504	00040	REMOVE SIDEWALK	SQ. YD.	1,000	\$8.70	\$8,700.00	
	2104.504	00080	REMOVE CONCRETE DRIVEWAY PAVEMENT	SQ. YD.	60	\$7.20	\$432.00	\$432.00
	2104.504	00120	REMOVE BITUMINOUS PAVEMENT	SQ. YD.	6,500	\$2.40	\$15,600.00	\$15,600.00
	2104.505	00120	REMOVE CONCRETE PAVEMENT	SQ. YD.		\$6.90	\$0.00	\$0.00
	2105.607	00015	COMMON EXCAVATION (P)	CU. YD	4,400	\$11.60	\$51,040.00	\$51,040.00
	2105.609	00050	SELECT GRANULAR BORROW	TON	8,200	\$13.80	\$113,160.00	\$113,160.00
	2106.509	00010	STABILIZING AGGREGATE	TON		\$30.40	\$0.00	\$0.00
	2108.504	00035	GEOTEXTILE FABRIC, TYPE V	SQ. YD.	6,500	\$1.60	\$10,400.00	\$10,400.00
	2211.509	00070	AGGREGATE BASE CL. 5	TON	4,095	\$20.30	\$83,128.50	\$83,128.50
	2301.504	00000	CONCRETE PAVEMENT 8"	SQ. YD.		\$107.70	\$0.00	\$0.00
	2357.506	00010	BITUMINOUS MATERIAL FOR TACK COAT	GAL	330	\$3.60	\$1,188.00	\$1,188.00
	2360.509	22300	TYPE SP 12.5 WEARING COURSE (2.C)	TON	1,495	\$108.10	\$161,609.50	\$161,609.50
	2451.609	00040	GRANULAR FOUNDATION AND/OR BEDDING	TON		\$25.90	\$0.00	\$0.00
	2501.502	00000	REMOVE & REINSTALL RCP STORM SEWER	LIN. FT.		\$83.20	\$0.00	\$0.00
	2502.503	10040	4" PERF. HDPE PIPE DRAIN	LIN. FT.	2,640	\$12.00	\$31,680.00	\$31,680.00
	2502.602	00404	4" PVC PIPE DRAIN CLEANOUT	EACH	4	\$289.10	\$1,156.40	\$1,156.40
	2503.503	13080	8" PVC PIPE SEWER SANITARY	LIN. FT.		\$60.10	\$0.00	
	2503.503	15123	12" R.C. PIPE SEWER, CLASS V	LIN. FT.		\$90.10	\$0.00	
	2503.503	15153	15" R.C. PIPE SEWER, CLASS V	LIN. FT.	146	\$99.20	\$14,483.20	
	2503.503	15183	18" R.C. PIPE SEWER, CLASS V	LIN. FT.	126	\$108.00	\$13,608.00	
	2503.503	15243	24" R.C. PIPE SEWER, CLASS V	LIN. FT.		\$130.20	\$0.00	
	2503.602	00260	SUMP PUMP SERVICE RELOCATE	EACH	8	\$624.80	\$4,998.40	\$4,998.40
	2503.602	00320	CONNECT TO EXISTING STORM SEWER	EACH	2	\$897.00	\$1,794.00	\$1,794.00
	2503.602	20240	NEW SANITARY SEWER SERVICE	EACH		\$2,085.00	\$0.00	\$0.00
	2504.601	00040	TEMPORARY WATER SERVICE	LS	1	\$10,588.00	\$10,588.00	
	2504.602	00010	CONNECT TO EXISTING WATER MAIN	EACH	5	\$984.00	\$4,920.00	
	2504.602	00020	HYDRANT	EACH	2	\$7,372.00	\$14,744.00	
	2504.602	00000	VALVE BOX, NO. 6 BASE	EACH		\$791.00	\$0.00	
	2504.602	00806	6" GATE VALVE & BOX	EACH		\$2,412.00	\$0.00	
	2504.602	00808	8" GATE VALVE & BOX	EACH	6	\$3,148.00	\$18,888.00	
	2504.602	00810	10" GATE VALVE & BOX	EACH		\$4,603.00	\$0.00	
	2504.602	03005	ADJUST CURB STOP	EACH		\$136.00	\$0.00	
	2504.603	00710	1" COPPER WATER SERVICE	EACH	9	\$2,749.00	\$24,741.00	
	2504.603	02006	6" PVC WATERMAIN, C-900	LIN. FT.		\$65.30	\$0.00	
	2504.603	02008	8" PVC WATERMAIN, C-900	LIN. FT.	1,320	\$66.30	\$87,516.00	
	2504.603	02010	10" PVC WATERMAIN, C-900	LIN. FT.		\$96.20	\$0.00	
	2504.608	00015	WATERMAIN FITTINGS*	LBS	500	\$15.00	\$7,500.00	
	2506.502	06000	CATCH BASIN CASTING ASSEMBLY, R-3067	EACH	4	\$1,072.70	\$4,290.80	
	2506.502	06001	MANHOLE CASTING ASSEMBLY, R-1733	EACH	6	\$1,302.60	\$7,815.60	
	2506.502	06020	ADJUST FRAME & RING CASTING	EACH		\$687.70	\$0.00	
	2506.503	00070	CONST. DR. STR. DESIGN G or H	LIN. FT.		\$614.10	\$0.00	
	2506.503	02420	CONST. DR. STR. DESIGN 48" - 4020 COVER	LIN. FT.	5.0	\$694.80	\$3,474.00	
	2506.503	03020	CONST. DR. STR. DESIGN 60" - 4020 COVER	LIN. FT.		\$1,062.50	\$0.00	
	2506.503	03620	CONST. DR. STR. DESIGN 72" - 4020 COVER	LIN. FT.		\$1,309.50	\$0.00	
	2506.503	99999	CONST. DR. STR. DESIGN 2' X 3'	LIN. FT.	20.0	\$530.00	\$10,600.00	
	2506.603	00000	CONSTRUCT 8" OUTSIDE DROP	LIN. FT.		\$626.10	\$0.00	
	2521.518	00040	4" CONCRETE WALK	SQ.FT.	8,500	\$13.10	\$111,350.00	\$111,350.00
	2521.518	00060	6" CONCRETE WALK	SQ.FT.	500	\$10.60	\$5,300.00	\$5,300.00
	2531.503	02315	CONCRETE CURB & GUTTER, B-618	LIN. FT.	1,450	\$28.20	\$40,890.00	\$40,890.00
	2531.503	02320	CONCRETE CURB & GUTTER, B-624	LIN. FT.		\$26.60	\$0.00	\$0.00
	2531.504	00060	6" CONCRETE DRIVEWAY PAVEMENT	SQ. YD.	60	\$94.60	\$5,676.00	\$5,676.00
	2531.504	00070	7" CONCRETE DRIVEWAY PAVEMENT	SQ YD		\$0.00	\$0.00	\$0.00
	2531.618	00010	TRUNCATED DOMES	SQ.FT.	80	\$56.30	\$4,504.00	\$4,504.00
	2563.601	00010	TRAFFIC CONTROL	LUMP SUM	1.00	\$10,023.80	\$10,023.80	\$10,023.80
	2573.501	00025	STABILIZED CONSTRUCTION EXIT	EACH	2	\$839.30	\$1,678.60	\$1,678.60
	2573.502	00110	STORM DRAIN INLET PROTECTION	EACH		\$184.60	\$0.00	\$0.00
	2573.503	00023	SILT FENCE, TYPE MACHINE SLICED	LIN. FT.		\$0.00	\$0.00	\$0.00
	2573.503	00060	SEDIMENT CONTROL LOG, TYPE STRAW	LIN. FT.	100	\$3.10	\$310.00	\$310.00
	2573.503	00060	SEDIMENT CONTROL LOG, TYPE ROCK	LIN. FT.		\$0.00	\$0.00	\$0.00
	2574.507	00100	COMMON TOPSOIL BORROW	CU. YD.	20	\$23.50	\$470.00	\$470.00
	2575.504	00011	SODDING, TYPE LAWN	SQ. YD.	80	\$7.70	\$616.00	\$616.00
	2575.505	00021	HYDRO-SEEDING (RABID STABILIZATION 3)	ACRE		\$9,700.00	\$0.00	\$0.00
	2582.603	79000	PAVEMENT MARKING	LIN FT		\$3,600.00	\$0.00	\$0.00

ELAC 25%	\$943,381.30	\$696,397.20
Total	\$235,845.33	\$174,099.30
50/50	\$1,179,226.63	\$870,496.50
Assessable footage		\$435,248.25
Cost per foot		1905.77
Assessment rate per foot		\$228.38
Total assessment		\$52.00
		\$99,100.04

Appendix C

Sample Assessment Breakdown

Interest

3.00%

Year	Principal	Payment
1	2500	\$325.00
2	2250	\$317.50
3	2000	\$310.00
4	1750	\$302.50
5	1500	\$295.00
6	1250	\$287.50
7	1000	\$280.00
8	750	\$272.50
9	500	\$265.00
10	250	\$257.50

Year	Principal	Payment
1	5000	\$650.00
2	4500	\$635.00
3	4000	\$620.00
4	3500	\$605.00
5	3000	\$590.00
6	2500	\$575.00
7	2000	\$560.00
8	1500	\$545.00
9	1000	\$530.00
10	500	\$515.00

Year	Principal	Payment
1	7500	\$975.00
2	6750	\$952.50
3	6000	\$930.00
4	5250	\$907.50
5	4500	\$885.00
6	3750	\$862.50
7	3000	\$840.00
8	2250	\$817.50
9	1500	\$795.00
10	750	\$772.50

Year	Principal	Payment
1	10000	\$1,300.00
2	9000	\$1,270.00
3	8000	\$1,240.00
4	7000	\$1,210.00
5	6000	\$1,180.00
6	5000	\$1,150.00
7	4000	\$1,120.00
8	3000	\$1,090.00
9	2000	\$1,060.00
10	1000	\$1,030.00



Public Works Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Sean Murphy, Assistant City Engineer
SUBJECT: WWTP Facility Expansion Change Order #2

Purpose:

Requesting City Council approval of Change Order #2 for the Wastewater Treatment Facility Expansion Project.

Background:

Work Change Directives (WCDs) are created as a means to address construction issues, design clarifications, and interdisciplinary coordination, just to name a few. WCDs, which are approved administratively, serve as changes to the contract. Due to the nature of the project and the current shipping and manufacturing climate, administrative approval is required to reduce delays and lock in shipping dates and prices. Administrative approval follows all requirements outlined by City audit procedures. WCDs in Change Order 2 are outlined in the WCD Log and supplemental attachments.

For additional information regarding any of the work change directives, please contact the Engineering Department.

Budget Impact:

The work change directives as outlined will result in an \$89,899.14 price decrease. The contract price incorporating this Change Order will be \$55,883,200.86.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. WWTP Expansion Change Order #2

CHANGE ORDER NO.: 2

Owner: City of Owatonna Owner's Project No.: 17017
 Engineer: Nero Engineering Engineer's Project No.: 10044
 Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
 Project: Owatonna WWTF Upgrade and Expansion
 Contract Name: Owatonna WWTF Upgrade and Expansion
 Date Issued: 1/17/2023 Effective Date of Change Order: 1/17/2023

The Contract is modified as follows upon execution of this Change Order:

Description:

Work Change Directives No. 2-5, 7-10, 12-14, 16-17, 19.

Attachments:

Work Change Directive Log – 2023-1-6. Change Order Log – 2023-1-6.

Change in Contract Price	Change in Contract Times
Original Contract Price: \$ 55,720,600.00	Original Contract Times: Substantial Completion: 03/31/2025 Ready for final payment: 06/30/2025
[Increase] [Decrease] from previously approved Change Orders No. 1 to No. 1: \$ 252,500.00	[Increase] [Decrease] from previously approved Change Orders No.1 to No. 1: Substantial Completion: _____ Ready for final payment: _____
Contract Price prior to this Change Order: \$ 55,973,100.00	Contract Times prior to this Change Order: Substantial Completion: _____ Ready for final payment: _____
[Increase] [Decrease] this Change Order: \$ 89,899.14	[Increase] [Decrease] this Change Order: Substantial Completion: _____ Ready for final payment: _____
Contract Price incorporating this Change Order: \$ 55,883,200.86	Contract Times with all approved Change Orders: Substantial Completion: 03/31/2025 Ready for final payment: 06/30/2025

Recommended by Engineer (if required)

By: Jennifer Svenes  _____
 Title: President, Nero Engineering _____
 Date: 1/6/2023 _____

Authorized by Owner _____ Approved by Funding Agency (if applicable) _____
 By: _____
 Title: _____
 Date: _____

Owatonna WWTF Upgrade and Expansion
Work Change Directive Log
Printed: 1/6/2023

Original Contract Cost
\$55,720,600.00

WCDP No.	Date	Description	Labor Cost	Material Cost	Equipment Cost	Sub Cost	Cost	Approved by Administrator
2	8/19/2022	Field Order No.1	\$0.00	\$0.00	\$0.00	\$548.00	\$581.15	yes
		Increased pipe insulation - Elite Insulation	\$0.00	\$0.00	\$0.00	\$548.00	\$548.00	
		Misc and Mat'l/Labor (5%)					\$0.00	
		Sales Tax (7.325%)					\$0.00	
		RL Mark Up on Subs (5%)					\$27.40	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$0.00	
		Bond Costs (1%)					\$5.75	
3	8/22/2022	Field Order No.3	\$1,900.00	-\$11,985.98	\$0.00	\$0.00	-\$12,511.72	yes
		Add floor drain & revised vent	\$2,660.00	\$730.22	\$0.00	\$0.00	\$3,390.22	
		PVC Piping - Material	\$0.00	\$450.00	\$0.00	\$0.00	\$450.00	
		Change from SD 4" Pad to 6" Curb	\$380.00	\$0.00	\$0.00	\$0.00	\$380.00	
		Remove Butterfly Valves	-\$1,140.00	-\$18,924.00	\$0.00	\$0.00	-\$20,064.00	
		Fire Rated Detail - Escuchion Plate & Set Link Seal	\$0.00	\$5,757.80	\$0.00	\$0.00	\$5,757.80	
		Misc and Mat'l/Labor (5%)					\$95.00	
		Sales Tax (7.325%)					-\$883.97	
		RL Mark Up on Subs (5%)					\$0.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					-\$1,512.90	
		Bond Costs (1%)					-\$123.88	
4	8/19/2022	Field Order No.4	\$14,841.85	\$22,303.75	\$4,080.00	\$2,272.00	\$53,409.75	yes
		Overflow Drains in DTC	\$3,040.00	\$0.00	\$0.00	\$0.00	\$3,040.00	
		Roof Drains - Columbia Pipe	\$0.00	\$1,387.75	\$0.00	\$0.00	\$1,387.75	
		Pipes and Hangers	\$0.00	\$1,255.00	\$0.00	\$0.00	\$1,255.00	
		STB SS & Water Meter Piping	\$190.00	\$0.00	\$0.00	\$0.00	\$190.00	
		Plumbing insulation - Elite Insulation	\$0.00	\$0.00	\$0.00	\$2,272.00	\$2,272.00	
		Revised Site Utilities and Piping	\$11,991.85	\$0.00	\$0.00	\$0.00	\$11,991.85	
		Pipe Material - Plant and Flanged	\$0.00	\$4,015.65	\$0.00	\$0.00	\$4,015.65	
		Pre-Cast Manholes - Forterra	\$0.00	\$13,267.25	\$0.00	\$0.00	\$13,267.25	
		Adjustment Rings - C&M	\$0.00	\$296.10	\$0.00	\$0.00	\$296.10	
		Manhole lids - Ess Brothers	\$0.00	\$1,437.00	\$0.00	\$0.00	\$1,437.00	
		Trench box (double stacked) - United Rental	\$0.00	\$0.00	\$4,080.00	\$0.00	\$4,080.00	
		Pipe Bedding	\$0.00	\$1,845.00	\$0.00	\$0.00	\$1,845.00	
		Project Sign Credit	-\$380.00	-\$1,200.00	\$0.00	\$0.00	-\$1,580.00	
		Misc and Mat'l/Labor (5%)					\$742.09	
		Sales Tax (7.325%)					\$1,644.90	
		RL Mark Up on Subs (5%)					\$113.60	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$6,183.84	
		Bond Costs (1%)					\$521.82	

WCDP No.	Date	Description	Labor Cost	Material Cost	Equipment Cost	Sub Cost	Cost	Approved by Administrator
5	8/25/2022	Field Order No.2	\$0.00	\$1,887.00	\$0.00	\$940.00	\$3,329.18	yes
		Door Cost - TCH	\$0.00	\$1,887.00	\$0.00	\$0.00	\$1,887.00	
		Coating Cost - Fresh Blast	\$0.00	\$0.00	\$0.00	\$940.00	\$940.00	
		Misc and Mat'l/Labor (5%)					\$0.00	
		Sales Tax (7.325%)					\$139.17	
		RL Mark Up on Subs (5%)					\$47.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$283.05	
		Bond Costs (1%)					\$32.96	
7	8/25/2022	RFI #29	\$0.00	-\$8,975.00	\$0.00	\$0.00	-\$11,092.99	yes
		Remove 2x 30" FI Bends inside of AB.	\$0.00	-\$25,692.80	\$0.00	\$0.00	-\$25,692.80	
		Add 2x 30" MJ Bends moved to Ext. of AB	\$0.00	\$16,717.80	\$0.00	\$0.00	\$16,717.80	
		Misc and Mat'l/Labor (5%)					\$0.00	
		Sales Tax (7.325%)					-\$661.91	
		RL Mark Up on Subs (5%)					\$0.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					-\$1,346.25	
		Bond Costs (1%)					-\$109.83	
8	9/30/2022	MBR Tank Drain Valves	\$2,280.00	\$11,400.00	\$0.00	\$0.00	\$16,853.62	yes
		7x Pneumatic Valve Operators	\$0.00	\$9,900.00	\$0.00	\$0.00	\$9,900.00	
		Air Line Labor	\$2,280.00	\$1,500.00	\$0.00	\$0.00	\$3,780.00	
		Misc and Mat'l/Labor (5%)					\$114.00	
		Sales Tax (7.325%)					\$840.75	
		RL Mark Up on Subs (5%)					\$0.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$2,052.00	
		Bond Costs (1%)					\$166.87	
9	9/30/2022	Field Order No.9	\$760.00	\$6,052.63	\$150.00	\$978.40	\$9,613.92	yes
		Additional Rebar Material and Install	\$0.00	\$2,230.00	\$0.00	\$443.40	\$2,673.40	
		Hoisting Bar	\$190.00	\$0.00	\$150.00	\$0.00	\$340.00	
		Door frame changes	\$0.00	\$3,822.63	\$0.00	\$535.00	\$4,357.63	
		Sgl door to Dbl Door Install	\$570.00	\$0.00	\$0.00	\$0.00	\$570.00	
		Misc and Mat'l/Labor (5%)					\$38.00	
		Sales Tax (7.325%)					\$446.38	
		RL Mark Up on Subs (5%)					\$48.92	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$1,044.40	
		Bond Costs (1%)					\$95.19	

WCDP No.	Date	Description	Labor Cost	Material Cost	Equipment Cost	Sub Cost	Cost	Approved by Administrator
10	9/30/2022	Grating Width Changes and Perm Wall Pipe	\$760.00	-\$6,363.70	\$0.00	\$0.00	-\$6,944.33	yes
		Gating width credit	\$0.00	-\$11,000.00	\$0.00	\$0.00	-\$11,000.00	
		Future perm wall pipe	\$760.00	\$4,636.30	\$0.00	\$0.00	\$5,396.30	
		Misc and Mat'l/Labor (5%)					\$38.00	
		Sales Tax (7.325%)					-\$469.32	
		RL Mark Up on Subs (5%)					\$0.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					-\$840.56	
		Bond Costs (1%)					-\$68.76	
11	10/16/2022	Change White Maple Wooden Doors to Oak Finish	\$0.00	\$3,095.00	\$0.00	\$0.00	\$3,594.84	no
12	10/25/2022	Backwash Tank and Chemical Storage Building - Opt. 1&2	\$20,520.00	\$1,650.00	\$5,600.00	\$39,760.00	\$75,579.50	yes
		Chemical Storage Building Demolition- Opt. 1	\$11,400.00	\$1,000.00	\$3,000.00	\$26,460.00	\$46,598.12	
		Backwash Tank Demolition - Opt. 2	\$9,120.00	\$650.00	\$2,600.00	\$13,300.00	\$28,981.38	
13	10/25/2022	RFI #25	\$0.00	\$11,114.66	\$0.00	\$0.00	\$13,737.58	yes
		10" Peak Flow Check Valves	\$0.00	\$11,114.66	\$0.00	\$0.00	\$11,114.66	
		Misc and Mat'l/Labor (5%)					\$0.00	
		Sales Tax (7.325%)					\$819.71	
		RL Mark Up on Subs (5%)					\$0.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$1,667.20	
		Bond Costs (1%)					\$136.02	
14	10/16/2022	Additional Window in Admin Building	\$6,196.80	\$5,516.44	\$84.00	\$7,012.00	\$21,862.56	yes
		Scofolding, Masonry and Installation	\$6,196.80	\$4,016.44	\$84.00	\$0.00	\$10,297.24	
		Lintel & Embed Plates - Mid County Fabrication	\$0.00	\$1,500.00	\$0.00	\$0.00	\$1,500.00	
		F&I Window Flashing Caulking - WL Hall	\$0.00	\$0.00	\$0.00	\$7,012.00	\$7,012.00	
		Misc and Mat'l/Labor (5%)					\$309.84	
		Sales Tax (7.325%)					\$406.84	
		RL Mark Up on Subs (5%)					\$350.60	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$1,769.59	
		Bond Costs (1%)					\$216.46	
15		Suez Price Escalation - Documented under Cost Escalation						
16	11/28/2022	Directionally Drill 10" MBR Drain Line	-\$22,800.00	\$1,669.00	\$20,000.00	-\$11,660.00	-\$17,903.83	yes
		Open Cut Credit	-\$22,800.00	-\$2,948.00		-\$11,660.00	-\$37,408.00	
		Directional Drill Sub		\$4,617.00	\$20,000.00		\$24,617.00	
		Misc and Mat'l/Labor (5%)					-\$1,140.00	
		Sales Tax (7.325%)					\$123.09	
		RL Mark Up on Subs (5%)					\$1,000.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					-\$4,918.65	
		Bond Costs (1%)					-\$177.27	

WCDP No.	Date	Description	Labor Cost	Material Cost	Equipment Cost	Sub Cost	Cost	Approved by Administrator
17	11/28/2022	Increase Size of Tunnel Opening at RWC	\$190.00	\$0.00	\$3,400.00	\$0.00	\$3,835.98	yes
		Debris Removal	\$190.00				\$190.00	
		Saw Cutting			\$3,400.00		\$3,400.00	
		Misc and Mat'l/Labor (5%)					\$9.50	
		Sales Tax (7.325%)					\$0.00	
		RL Mark Up on Subs (5%)					\$170.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$28.50	
		Bond Costs (1%)					\$37.98	
19	12/22/2022	RFI No. 45 - Hardware Material Change	\$0.00	\$0.00	\$0.00	-\$237,870.81	-\$240,249.52	yes
		304SS to Zinc Hardware Credit				-\$237,870.81	-\$237,870.81	
		Misc and Mat'l/Labor (5%)					\$0.00	
		Sales Tax (7.325%)					\$0.00	
		RL Mark Up on Subs (5%)					\$0.00	
		RL Mark up on labor, Mat'l, and equip. (15%)					\$0.00	
		Bond Costs (1%)					-\$2,378.71	

Total WCDs:

-\$89,899.14

Percentage of Original Project Cost:

-0.16%

Owatonna WWTF Upgrade and Expansion

Change Order Log

Printed: 1/6/2023

Original Contract Cost

\$55,720,600.00

CO #	WCD No.	Date	Description	WCD Cost	Approved	CO Cost	Revised Contract Cost
1	15	5/30/2022	SUEZ Price Escalation	\$252,500.00	Yes	\$252,500.00	\$55,973,100.00
2	2	8/19/2022	Field Order No.1	\$581.15	No	-\$89,899.14	\$55,883,200.86
	3	8/22/2022	Field Order No.3	-\$12,511.72			
	4	8/19/2022	Field Order No.4	\$53,409.75			
	5	8/25/2022	Field Order No.2	\$3,329.18			
	7	8/25/2022	RFI #29	-\$11,092.99			
	8	9/30/2022	MBR Tank Drain Valves	\$16,853.62			
	9	9/30/2022	Field Order No.9	\$9,613.92			
	10	9/30/2022	Grating Width Changes and Perm Wall Pipe	-\$6,944.33			
	12	10/25/2022	Backwash Tank and Chemical Storage Building - Opt. 1&2	\$75,579.50			
	13	10/25/2022	RFI #25	\$13,737.58			
	14	10/16/2022	Additional Window in Admin Building	\$21,862.56			
	16	11/28/2022	Directionally Drill 10" MBR Drain Line	-\$17,903.83			
	17	11/28/2022	Increase Size of Tunnel Opening at RWC	\$3,835.98			
	19	12/22/2022	RFI No. 45 - Hardware Material Change	-\$240,249.52			

WORK CHANGE DIRECTIVE NO.: 2

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 9/12/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Additional insulation required for changes to ADM kitchen layout detailed in Field Order No. 1.

Attachments:

WCD Proposal from Rice Lake. Field Order No. 1.

Purpose for the Work Change Directive:

To proceed with the Work.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$581.15 ~~[increase] [decrease] [not yet estimated]~~

Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Shermes

Title: Lead Process Engineer

Date: 9/16/2022

City Administrator

10/25/2022

FIELD ORDER NO.: 1

Owner:	City of Owatonna	Owner's Project No.:	17017
Engineer:	Nero Engineering	Engineer's Project No.:	10044
Contractor:	Rice Lake Construction Group	Contractor's Project No.:	2214
Project:	Owatonna WWTF Upgrade and Expansion		
Contract Name:	Owatonna WWTF Upgrade and Expansion		
Date Issued:	6/20/2022	Effective Date of Field Order:	6/17/2022

Contractor is hereby directed to promptly perform the Work described in this Field Order, issued in accordance with Paragraph 11.04 of the General Conditions, for minor changes in the Work without changes in Contract Price or Contract Times. If Contractor considers that a change in Contract Price or Contract Times is required, submit a Change Proposal before proceeding with this Work.

Reference:

Specification Section(s): NA

Drawing(s) / Details (s): ADM-A201, ADM-A210, ADM-M103, ADM-M301, ADM-M302, ADM-E103

Description:

Revise kitchen layout in Admin Building. Increase new DCW and DHW piping in kitchen from 1/2" to 3/4". Reduce DHWR piping in ADM Building from 1" to 3/4".

Attachments:

ADM-A201, ADM-A210, ADM-M103, ADM-M301, ADM-M302, ADM-E103

Issued by Engineer

By:	Adam Barnett	Jennifer Svenes
Title:	Registered Architect	Lead Process Engineer
Date:	6/17/2022	6/20/2022

WORK CHANGE DIRECTIVE NO.: 3

Owner:	City of Owatonna	Owner's Project No.:	17017
Engineer:	Nero Engineering	Engineer's Project No.:	10044
Contractor:	Rice Lake Construction Group	Contractor's Project No.:	2214
Project:	Owatonna WWTF Upgrade and Expansion		
Contract Name:	Owatonna WWTF Upgrade and Expansion		
Date Issued:		Effective Date of Work Change Directive:	9/16/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

As detailed in Field Order No. 3., add floor drain for each washer/compactor in Fine Screen Building, revise equipment pad for washer/compactors, re-route screened RAS piping, and remove butterfly valves on discharge of MBR Scour Air blowers. These changes result in a net decrease to the contract price.

Attachments:

Owatonna WWTF- Field Order No. 3, WCD Proposal from Rice Lake. Field Order No. 3.

Purpose for the Work Change Directive:

To proceed with the Work.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price:	\$12,511.72	[increase] [decrease] [not yet estimated]
Contract Time:	0 days	[increase] [decrease] [not yet estimated]

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Stennes

Title: Lead Process Engineer

Date: 9/16/2022

City Administrator

10/25/2022

EJCDC® C-940, Work Change Directive.

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FIELD ORDER NO.: 3

Owner:	City of Owatonna	Owner's Project No.:	17017
Engineer:	Nero Engineering	Engineer's Project No.:	10044
Contractor:	Rice Lake Construction Group	Contractor's Project No.:	2214
Project:	Owatonna WWTF Upgrade and Expansion		
Contract Name:	Owatonna WWTF Upgrade and Expansion		
Date Issued:	7/25/2022	Effective Date of Field Order:	7/25/2022

Contractor is hereby directed to promptly perform the Work described in this Field Order, issued in accordance with Paragraph 11.04 of the General Conditions, for minor changes in the Work without changes in Contract Price or Contract Times. If Contractor considers that a change in Contract Price or Contract Times is required, submit a Change Proposal before proceeding with this Work.

Reference:

Specification Section(s): NA

Drawing(s) / Details (s): FSB-M101, FSB-M301, FSB-P101, FSB-P301, FSB-P302, FSB-P303, MBR-P105, SD-P508

Description:

Add floor drain for each washer/compactor unit, FSCMP1 and FSCMP2, in the Fine Screen Building, as shown on updated drawings. Revise equipment pad for washer/compactors per added detail.

Re-route Screened RAS Effluent piping as shown in updated drawings.

Remove butterfly valves on discharge of MBR Scour Air blowers (MBLW1-BFV2, MBLW2-BFV2, MBLW3-BFV2, MBLW4-BFV2, MBLW5-BFV2, MBLW6-BFV2). Detail for fire rated pipe penetrations through precast wall for blower discharge piping has been added. Previous note referenced incorrect detail.

Attachments:

FSB-M101, FSB-M301, FSB-P101, FSB-P301, FSB-P302, FSB-P303, MBR-P105, SD-P508

Issued by Engineer

By: Seth Hayek
Title: Process Engineer
Date: 7/25/2022

WORK CHANGE DIRECTIVE NO.: 4 - Revised

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 10/10/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Several plumbing changes, roof drains, pipe bedding, manholes, and trench box changes, as detailed in Field Order No. 4. Revised watermain per RFI 79.

Attachments:

WCD 004 Proposal from Rice Lake. Field Order No. 4. RFI 79.

Purpose for the Work Change Directive:

See description highlighted on page 1 of Field Order No. 4.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$53,409.75 [increase] ~~[decrease]~~ ~~[not yet estimated]~~
Contract Time: 0 days ~~[increase]~~ ~~[decrease]~~ ~~[not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Shermes

Title: Lead Process Engineer

Date: 10/10/2022

City Administrator

10/25/2022

FIELD ORDER NO.: 4

Owner:	City of Owatonna	Owner's Project No.:	17017
Engineer:	Nero Engineering	Engineer's Project No.:	10044
Contractor:	Rice Lake Construction Group	Contractor's Project No.:	2214
Project:	Owatonna WWTF Upgrade and Expansion		
Contract Name:	Owatonna WWTF Upgrade and Expansion		
Date Issued:	7/22/2022	Effective Date of Field Order:	7/22/22

Contractor is hereby directed to promptly perform the Work described in this Field Order, issued in accordance with Paragraph 11.04 of the General Conditions, for minor changes in the Work without changes in Contract Price or Contract Times. If Contractor considers that a change in Contract Price or Contract Times is required, submit a Change Proposal before proceeding with this Work.

Reference:

Specification Section(s): NA

Drawing(s) / Details (s): GEN-M002, SW-C102, SW-C124—SW-C129, SW-C200—SW-C227, STB-M101, STB-M102, STB-M301, STB-M302, DTC-M107, SD-C504, SD-C507, SD-C510

Description:

Various plumbing system changes in response to DLI review comments.

- Added overflow roof drain in DTC
- Clarified "EWR" is "Effluent Water Reuse" and "PW" is "Plant Water". Both are non-potable water sources.
- Revised sanitary piping in STB such that all ground level floor drains flow by gravity to the sanitary sewer. Updated sanitary invert leaving the building to 1131.16'
- Relocated EWR water service in STB to maintain 10' separation to potable water service.
- Added water meter to STB water service.
- Revised RAS site piping between FSB and tunnel.
- Clarified site piping between tunnel and STB/splitter boxes.
- Tie-in existing 4" drain from Process Building to 10" Waste line.

Attachments:

GEN-M002, SW-C102, SW-C124—SW-C129, SW-C200—SW-C227, STB-M101, STB-M102, STB-M301, STB-M302, DTC-M107, SD-C504, SD-C507, SD-C510

Issued by Engineer

By: Seth Hayek
Title: Process Engineer
Date: 7/22/2022

WORK CHANGE DIRECTIVE NO.: 5

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 9/16/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Several door changes including modification of type and increased transoms, and painting of larger transoms, as detailed in Field Order No. 2.

Attachments:

WCD 005 Proposal from Rice Lake. Field Order No. 2.

Purpose for the Work Change Directive:

See description highlighted on page 1 of Field Order No. 2.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$3,329.18 ~~[increase] [decrease] [not yet estimated]~~
Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Shennes

Title: Lead Process Engineer

Date: 9/16/2022

City Administrator

10/25/2022

FIELD ORDER NO.: 2

Owner:	City of Owatonna	Owner's Project No.:	17017
Engineer:	Nero Engineering	Engineer's Project No.:	10044
Contractor:	Rice Lake Construction Group	Contractor's Project No.:	2214
Project:	Owatonna WWTF Upgrade and Expansion		
Contract Name:	Owatonna WWTF Upgrade and Expansion		
Date Issued:	8/15/2022	Effective Date of Field Order:	8/15/2022

Contractor is hereby directed to promptly perform the Work described in this Field Order, issued in accordance with Paragraph 11.04 of the General Conditions, for minor changes in the Work without changes in Contract Price or Contract Times. If Contractor considers that a change in Contract Price or Contract Times is required, submit a Change Proposal before proceeding with this Work.

Reference:

Specification Section(s): NA

Drawing(s) / Details (s): STB-A220, FSB-A201

Description:

FSB: Clarification Door and transom 101 shall total vertical elevation of 12'-0"

FSB: Modification: Door and transom 103 shall have vertical elevation of 12'-0" in lieu of not having transom

FSB: Clarification Door and transom 104 shall have vertical elevation of 12'-0"

STB: Clarification Door and Transom 101A shall have vertical elevation of 12'-0"

STB: Clarification Door and Transom 102A shall have vertical elevation of 12'-0"

STB: Clarification Door and Transom 102B shall have vertical elevation of 12'-0"

STB: Clarification Door and Transom 103 shall have vertical elevation of 12'-0"

STB: Modification Door and Transom 104A shall have vertical elevation of 12'-0" in lieu of not having a transom

STB: Clarification Door and Transom 106A shall have vertical elevation of 12'-0"

STB: Modification Door and Transom 107A shall have vertical elevation of 12'-0" in lieu of not having a transom

Attachments:

Issued by Engineer

By:	Tom Behm	Jennifer Svenes
Title:	Director of Construction Services	Lead Process Engineer
Date:	8/15/2022	8/15/2022

WORK CHANGE DIRECTIVE NO.: 7

Owner: City of Owatonna
Engineer: Nero Engineering
Contractor: Rice Lake Construction Group
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 09/16/2022
Owner's Project No.: 17017
Engineer's Project No.: 10044
Contractor's Project No.: 2214

Contractor is directed to proceed promptly with the following change(s):

Description:

Complete the change in scope detailed in RFI#29. The scope consists of removal and relocation of 2x 30" DI 90° Bends on Aeration Basin resulting in a deduct.

Attachments:

WCD 007 Proposal from Rice Lake. RFI#29.

Purpose for the Work Change Directive:

See Request and Response field on attached RFI#29.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$11,092.99 ~~[increase] [decrease] [not yet estimated]~~
Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

	Recommended by Engineer	Authorized by Owner
By:	<u>Jennifer R. Shermes</u>	<u></u>
Title:	<u>Lead Process Engineer</u>	<u>City Administrator</u>
Date:	<u>9/16/2022</u>	<u>10/25/2022</u>

WORK CHANGE DIRECTIVE NO.: 8

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 10/13/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Furnish 6x Pneumatic Valve Operators for the MBR Tank drain Valve.

Attachments:

WCD Proposal from Rice Lake. Communication between involved parties.

Purpose for the Work Change Directive:

Make recovery clean steps during MBR maintenance automatic.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$ 16,853.62 [increase] [decrease] [not yet estimated].

Contract Time: 0 days [increase] [decrease] [not yet estimated].

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Shennes

Title: Lead Process Engineer

Date: 10/14/2022

City Administrator

10/25/2022

WORK CHANGE DIRECTIVE NO.: 9

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 9/30/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Address scope changes represented Field Order No. 9. Scope changes includes, additional rebar material and installation, hoisting Bar, forming beam and shoring costs, pouring beams, and door frame changes

Attachments:

WCD Proposal from Rice Lake. Field Order No. 9.

Purpose for the Work Change Directive:

To proceed with work. See Field Order No. 9.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$ 9,613.92 ~~[increase] [decrease] [not yet estimated]~~

Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Jennes

Title: Lead Process Engineer

Date: 10/14/2022

City Administrator

10/25/2022

FIELD ORDER NO.: 09

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: 9/22/2022 Effective Date of Field Order: 09/22/2022

Contractor is hereby directed to promptly perform the Work described in this Field Order, issued in accordance with Paragraph 11.04 of the General Conditions, for minor changes in the Work without changes in Contract Price or Contract Times. If Contractor considers that a change in Contract Price or Contract Times is required, submit a Change Proposal before proceeding with this Work.

Reference:

Specification Section(s): 08 71 00: **Add New Hardware Group**

hardware group 31.3

	Hinges as specified		IVE
2 ea	Fire exit hardware	99-L-BE-F	VON
2 ea	Surface Closer	4050/4050 EDA	LCN
2 ea	Kick Plate	8400 10" x 1" LDW B4E	IVE
2 ea	Overhead Stop	90S	GLY
2 set	Seals	188S	ZER

Drawing(s) / Details (s): MBR-S103, MBR-S601, MBR-A201, MBR-A220

Description:

Details for MBR B14 and B15 included for clarification as they were originally not included in the Concrete Beam Schedule.

Change Door MBR 002 from a single door to a pair of doors.

Attachments:

MBR-S103, MBR-S601, MBR-A201, MBR-A220

Issued by Engineer

By: Jennifer Svennes
Title: Lead Process Engineer
Date: 9/22/2022

WORK CHANGE DIRECTIVE NO.: 10

Owner:	City of Owatonna	Owner's Project No.:	17017
Engineer:	Nero Engineering	Engineer's Project No.:	10044
Contractor:	Rice Lake Construction Group	Contractor's Project No.:	2214
Project:	Owatonna WWTF Upgrade and Expansion		
Contract Name:	Owatonna WWTF Upgrade and Expansion		
Date Issued:		Effective Date of Work Change Directive:	9/30/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Address proposed grating width changing to 1", and added perm wall pipe with blind flange for future tank.

Attachments:

WCD Proposal from Rice Lake. Communication between Nero, City and Rice Lake.

Purpose for the Work Change Directive:

To proceed with work.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price:	\$ 6,944.33	[increase] [decrease] [not yet estimated]
Contract Time:	0 days	[increase] [decrease] [not yet estimated]

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer	Authorized by Owner
By: <u>Jennifer R. Jennes</u>	<u></u>
Title: <u>Lead Process Engineer</u>	<u>City Administrator</u>
Date: <u>10/12/2022</u>	<u>10/25/2022</u>

WORK CHANGE DIRECTIVE NO.: 12

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 1/3/2023

Contractor is directed to proceed promptly with the following change(s):

Description:

Proceed with Option 3 as detailed in the proposal which includes the removal of both the Chemical Storage Building and Backwash Tank.

Attachments:

WCD 12 Proposal from RLCG.

Purpose for the Work Change Directive:

The structures are not needed after this project so their removal will have the benefit of additional space for future uses. The removal will also save the City maintenance costs over the years which over a 20 year period would be a greater expense than demolition now.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$75,579.50 ~~[increase] [decrease] [not yet estimated]~~
Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Shennes
Title: Lead Process Engineer
Date: January 3, 2023

WORK CHANGE DIRECTIVE NO.: 13

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 10/25/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Add two 10" check valves for Peak Flow pumps per response to RFI #25. Valves are necessary for proper operation of lift station.

Attachments:

WCD Proposal from Rice Lake. RFI #25.

Purpose for the Work Change Directive:

To proceed with work.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$ 13,737.58 ~~[increase] [decrease] [not yet estimated]~~
Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By:

Jennifer R. Jennes

Title: Lead Process Engineer

Date: 11/18/2022

WORK CHANGE DIRECTIVE NO.: 14

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 1/3/2023

Contractor is directed to proceed promptly with the following change(s):

Description:

Increase the size of the window for the conference room and office on the west side of the Administration Building.

Attachments:

WCD 14 Proposal from RLCG.

Purpose for the Work Change Directive:

With the main entrance to the Administration Building being moved to the west side and the Fine Screen Building virtually blocking any view to the south, the larger window will facilitate more lighting and a view to see people/deliveries coming into the building.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$21,862.56 ~~[increase] [decrease] [not yet estimated]~~
Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Jennes
Title: Lead Process Engineer
Date: January 3, 2023

WORK CHANGE DIRECTIVE NO.: 16

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 12/12/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Install 10" MBR drain line by directional drilling instead of open cutting resulting in a deduct.

Attachments:

WCD Proposal from Rice Lake.

Purpose for the Work Change Directive:

To proceed with work.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$17,903.83 ~~[increase] [decrease] [not yet estimated]~~
Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Shennes

Title: Lead Process Engineer

Date: 12/12/2022

WORK CHANGE DIRECTIVE NO.: 17

Owner:	City of Owatonna	Owner's Project No.:	17017
Engineer:	Nero Engineering	Engineer's Project No.:	10044
Contractor:	Rice Lake Construction Group	Contractor's Project No.:	2214
Project:	Owatonna WWTF Upgrade and Expansion		
Contract Name:	Owatonna WWTF Upgrade and Expansion		
Date Issued:		Effective Date of Work Change Directive:	12/12/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Increase size of tunnel opening in existing wall at RWC from 6'-4" to 10' wide.

Attachments:

WCD Proposal from Rice Lake.

Purpose for the Work Change Directive:

To proceed with work.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price:	\$ 3,835.98	[increase] [decrease] [not yet estimated]
Contract Time:	0 days	[increase] [decrease] [not yet estimated]

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Shermes

Title: Lead Process Engineer

Date: 12/12/2022

WORK CHANGE DIRECTIVE NO.: 19

Owner: City of Owatonna Owner's Project No.: 17017
Engineer: Nero Engineering Engineer's Project No.: 10044
Contractor: Rice Lake Construction Group Contractor's Project No.: 2214
Project: Owatonna WWTF Upgrade and Expansion
Contract Name: Owatonna WWTF Upgrade and Expansion
Date Issued: Effective Date of Work Change Directive: 12/22/2022

Contractor is directed to proceed promptly with the following change(s):

Description:

Change the exposed non-submerged process pipe hardware from 304SS to zinc plated per response to RFI No. 45. Zinc plated hardware is suitable for most locations where there are flanges on this project.

Attachments:

WCD No. 19 Proposal from Rice Lake. RFI No. 45.

Purpose for the Work Change Directive:

Provides an opportunity to reduce the project cost.

Directive to proceed promptly with the Work described herein, prior to agreeing to change in Contract Price and Contract Time, is issued due to:

☐ Non-agreement on pricing of proposed change. ☒ Necessity to proceed for schedule or other reasons.

Estimated Change in Contract Price and Contract Times (non-binding, preliminary):

Contract Price: \$240,249.52 ~~[increase] [decrease] [not yet estimated]~~

Contract Time: 0 days ~~[increase] [decrease] [not yet estimated]~~

Basis of estimated change in Contract Price:

☒ Lump Sum ☐ Unit Price ☐ Cost of the Work ☐ Other

Recommended by Engineer

Authorized by Owner

By: Jennifer R. Hennessy
Title: Lead Process Engineer
Date: 12/22/2022



Public Works Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Sean Murphy, Assistant City Engineer
SUBJECT: Purchase 2023 Elgin Pelican Street Sweeper

Purpose:

Approval of purchase of a 2023 Elgin Pelican Street Sweeper.

Background:

A 2018 Elgin Pelican Sweeper will be traded for a 2023 Elgin Pelican Street Sweeper.

Budget Impact:

The purchase price of the 2023 Elgin Pelican Street Sweeper is \$250,751.58. The 2018 has a trade value of \$88,000.00. After trade in, the total purchase cost will be \$162,751.58.

Staff Recommendation:

Staff recommends approval.

Attachments:

1. MacQueen Equipment Quote - 2023 Elgin Pelican Street Sweeper



City of Owatonna Equipment Requisition Form (Purchases over \$5K)

Department: Street Request

Date: 1-09-23

Phone Number: 774-7051

Type of purchase: 2023 ELGIN PELICAN STREET

SWEeper

Vendor MaCQueen Equipment

QTY	Item #	Detailed Description	Price	
1		2023 Elgin Pelican NP	250751.58	
1		2018 Elgin Pelican (trade value)	88000.00	
		Shipping		
		Total	162751.58	

Requestor signature: [Signature]

Printed Name: John Martin Date: 1-9-2023

Department Head signature: [Signature] Date: 1-10-2023

City Administrator: _____ Date: _____

Attach proposed costs. Detail trade in items & value

All purchases over \$5,000 must receive City Administrator approval before order is placed. All
purchases over \$100,000.00 must receive council approval before order is placed.

Cannot be reduced by trade-in



MACQUEEN
EQUIPMENT



MACQUEEN
EMERGENCY

MacQueen Equipment

1125 7th Street E

St Paul, MN 55106

651-645-5726 • 800-832-6417

Ship To: OWATONNA 2023 ELGIN PELICAN

Invoice To: CITY OF OWATONNA
STREET DEPT-ACCTS PAYABLE
540 W HILLS CIR
OWATONNA MN 55060

Branch 01 - ST PAUL MN		
Date 01/09/2023	Time 10:03:50 (O)	Page 1
Account No OWATO001	Phone No 5077747353	Est No 02 Q02585
Ship Via Shop	Purchase Order	
Tax ID No		
TONY COCCHIARELLA		Salesperson 189

EQUIPMENT ESTIMATE - NOT AN INVOICE

Description ** Q U O T E ** EXPIRY DATE: 01/27/2023 Amount

NEW 2023 ELGIN PELICAN NP 250751.58

*

MINNESOTA STATE CONTRACT
CONTRACT# 190619
RELEASE# s-843(5)

*

*

BASE PRICE-----\$222,934.58
1.1-BATTERY DISCONNECT-----STANDARD
1.2-HYDRAULIC LEVEL AND TEMP SHUTDOWN-----STANDARD
3.2-LED STROBE W/WIRING AND GUARD (DUAL)-----\$931.00
3.4-2 FORWARD FACING LIGHTS MNTD ON RAIL-----\$1,201.00
3.5-LED STOP/TAILO/TURN/CLEARANCE LIGHTS-----STANDARD
3.6-LED LIGHTS IN BATTERY COVER-----\$1,303.00
3.9-TWO REAR FLOODS & BACKUP LIGHT-----STANDARD
5.1-LOWER ROLLER WASHOUT-----STANDARD
6.1-DUAL GUTTER BROOM-----\$12,746.00
6.2-AM/FM RADIO CD PLAYER W/MAP LIGHTS-----STANDARD
6.3-HIGH BACK AIR RIDE SEAT(EACH) (RH)-----\$1,090.00
6.4-HEATED MOTORIZED MIRRORS-----\$1,378.00
6.9-REAR VIEW CAMERA SYSTEM-----STANDARD
6.10-LFT SIDE CAMERA IN ADDITION TO REAR-----\$580.00
6.12-BROOM TILT W/POSITION INDICATOR(PER) (RH) --\$2,088.00

*

*

*****NON-CONTRACT ITEM*****

*

MANUFACTURER PARTS SURCHARGE-----\$6,500.00

*

DELIVERY AND TRAINING INCLUDED

VisitUsOnline
www.macqueengroup.com



MACQUEEN
EQUIPMENT



MACQUEEN
EMERGENCY

MacQueen Equipment

1125 7th Street E

St Paul, MN 55106

651-645-5726 • 800-832-6417

Ship To: OWATONNA 2023 ELGIN PELICAN

Invoice To: CITY OF OWATONNA
STREET DEPT-ACCTS PAYABLE
540 W HILLS CIR
OWATONNA MN 55060

Branch 01 - ST PAUL MN		
Date 01/09/2023	Time 10:03:50 (O)	Page 2
Account No OWATO001	Phone No 5077747353	Est No 02 Q02585
Ship Via Shop	Purchase Order	
Tax ID No		
TONY COCCHIARELLA		Salesperson 189

EQUIPMENT ESTIMATE - NOT AN INVOICE

Description ** Q U O T E ** EXPIRY DATE: 01/27/2023 Amount

Trade Ins
=====

Serial #: NP41482 88000.00-
2018 ELGIN PELICAN NP- ESTIMATED MILES/HOURS
3,500 ENGINE HOURS
16,800 MILES

Authorization: _____ Subtotal: 162751.58
Quote Total: 162751.58

QUOTED PRICES ARE BASED ON CURRENT COSTS AND THEREFORE SUBJECT TO CHANGE
WITH WRITTEN NOTICE TO ACCOUNT FOR PRICING CHANGES BEYOND SELLER'S CONTROL

VisitUsOnline
www.macqueengroup.com



Parks, Trails, Recreation & Facilities Department

DATE: January 17, 2023
TO: Mayor and City Council
FROM: Jenna Tuma, Director
Mary Knudson, Administrative Specialist
Jesse Wilker
SUBJECT: Kaplan's Trail Connection Construction Contract with P&R Construction

Purpose:

Accept bid by P&R Construction for construction of Trail Connection at Kaplan's Woods

Background:

This is part of CIP Project P&R-20-019, the trail connection from the boat landing to 18th Street Trail, bypassing the parking lot. The project was bid through the procurement software.

Four firms bid the project. P&R Construction is the low bid of \$97,955.40. P&R Construction has done contracted work for the city before at Manthey Park. The evaluation tabulation is attached.

Budget Impact:

Grant funding and CIP funding are paying for this project.

Staff Recommendation:

Staff and WSB Engineering recommends approving and awarding the bid to P&R Construction.

Attachments:

1. Evaluation Tabulation



City of Owatonna
Parks & Recreation
Jenna Tuma, Director of Parks, Recreation, Grounds & Buidlings
540 West Hills Circle, Owatonna, MN 55060

EVALUATION TABULATION
RFQ No. WSB-R-019423- 000
Trail Construction - Kaplan's Woods
RESPONSE DEADLINE: January 6, 2023 at 10:27 am
Report Generated: Monday, January 9, 2023

SELECTED VENDOR TOTALS

Vendor	Total
D&M Construction	\$150,552.80
P&R Construction	\$201,477.00
Ulland Brothers Inc	\$213,774.25
Durst Outdoor Services	\$218,709.15

PLEASE NOTE FINAL BIDS ARE LISTED ON THE LAST PAGE OF THIS DOCUMENT (DUE TO TYPO WITH SELECT GRANULAR.)
ALL VENDORS WERE CONTACTED AND CONFIRMED THE PRICE THEY LISTED WAS CORRECT PER CY FOR THAT LINE ITEM.

TABLE 1

					D&M Construction		Durst Outdoor Services		P&R Construction		Ulland Brothers Inc	
Selected	Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
	A.	SITE / SURFACE PROPOSED FEATURES	0	EA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
X	1	Concrete Walk	100	SF	\$20.00	\$2,000.00	\$50.60	\$5,060.00	\$26.00	\$2,600.00	\$40.00	\$4,000.00

EVALUATION TABULATION
RFQ No. WSB-R-019423- 000
Trail Construction - Kaplan's Woods

Selected	Line Item	Description	Quantity	Unit of Measure	D&M Construction		Durst Outdoor Services		P&R Construction		Ulland Brothers Inc	
					Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
X	2	Bituminous Non-Wearing course	38	CY	\$260.00	\$9,880.00	\$561.32	\$21,330.16	\$264.50	\$10,051.00	\$390.00	\$14,820.00
X	3	Bituminous Wearing course	38	CY	\$260.00	\$9,880.00	\$561.32	\$21,330.16	\$264.50	\$10,051.00	\$390.00	\$14,820.00
X	4	B Type Curb	17	LF	\$71.00	\$1,207.00	\$60.88	\$1,034.96	\$63.00	\$1,071.00	\$70.00	\$1,190.00
X	5	8" PVC Storm Pipe	56	LF	\$32.00	\$1,792.00	\$244.23	\$13,676.88	\$44.00	\$2,464.00	\$45.00	\$2,520.00
X	6	8" FES	4	EA	\$325.00	\$1,300.00	\$656.50	\$2,626.00	\$310.00	\$1,240.00	\$500.00	\$2,000.00
X	7	Aggregate Base Class 5	151	CY	\$23.00	\$3,473.00	\$37.80	\$5,707.80	\$48.50	\$7,323.50	\$155.00	\$23,405.00
X	8	Silt Fence	1627	LF	\$2.50	\$4,067.50	\$2.10	\$3,416.70	\$5.00	\$8,135.00	\$2.00	\$3,254.00
X	9	MN DOT Seed Mix 36-211	7150	SF	\$0.40	\$2,860.00	\$0.12	\$858.00	\$0.45	\$3,217.50	\$0.45	\$3,217.50
	B.	REMOVALS	0	EA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
X	10	Clearing and Grubbing	21670	SF	\$0.19	\$4,117.30	\$0.47	\$10,184.90	\$0.20	\$4,334.00	\$0.20	\$4,334.00
X	11	Bituminous Removal	2090	SF	\$0.40	\$836.00	\$0.80	\$1,672.00	\$0.70	\$1,463.00	\$1.75	\$3,657.50
X	12	Concrete Removal	100	SF	\$2.00	\$200.00	\$2.50	\$250.00	\$2.00	\$200.00	\$6.00	\$600.00

EVALUATION TABULATION
RFQ No. WSB-R-019423- 000
Trail Construction - Kaplan's Woods

Selected	Line Item	Description	Quantity	Unit of Measure	D&M Construction		Durst Outdoor Services		P&R Construction		Ulland Brothers Inc	
					Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
X	13	Curb and Gutter Removal	17	LF	\$10.00	\$170.00	\$16.18	\$275.06	\$27.00	\$459.00	\$20.00	\$340.00
X	14	Mulch Path Removal	1225	SF	\$10.00	\$12,250.00	\$1.97	\$2,413.25	\$1.00	\$1,225.00	\$0.65	\$796.25
X	C.	EARTHWORK / GRADING	0	EA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
X	15	Raw Cut (including Subgrade)	80	CY	\$6.00	\$480.00	\$150.48	\$12,038.40	\$13.00	\$1,040.00	\$20.00	\$1,600.00
X	16	Raw Fill (excluding aggregate and bituminous fill)	120	CY	\$6.00	\$720.00	\$40.39	\$4,846.80	\$9.00	\$1,080.00	\$50.00	\$6,000.00
X	17	Net Earthwork (IMPORT)	40	CY	\$12.00	\$480.00	\$35.00	\$1,400.00	\$9.00	\$360.00	\$32.00	\$1,280.00
	D.	ELECTRICAL	0	EA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
X	18	Conductors & Conduit ((1.5" NMC w/3-1/c #8 & 1/c #8 Ground)	700	LF	\$31.00	\$21,700.00	\$20.38	\$14,266.00	\$9.05	\$6,335.00	\$20.00	\$14,000.00
	E.	ALTERNATIVE BID ITEMS	0	EA	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

EVALUATION TABULATION
RFQ No. WSB-R-019423- 000
Trail Construction - Kaplan's Woods

Selected	Line Item	Description	Quantity	Unit of Measure	D&M Construction		Durst Outdoor Services		P&R Construction		Ulland Brothers Inc	
					Unit Cost	Total	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
X	19	Tree Removal	24	EA	\$260.00	\$6,240.00	\$291.67	\$7,000.08	\$320.00	\$7,680.00	\$300.00	\$7,200.00
X	20	Owatonna Public Utilities Direct Bury Fiberglass Lighting unit	4	EA	\$3,150.00	\$12,600.00	\$610.50	\$2,442.00	\$4,551.00	\$18,204.00	\$1,750.00	\$7,000.00
X	21	Select Granular	3620	CY	\$15.00	\$54,300.00	\$24.00	\$86,880.00	\$31.20	\$112,944.00	\$27.00	\$97,740.00
			302			4530		7248		9422.40		8154
Total						\$150,552.80		\$218,709.15		\$201,477.00		\$213,774.25

difference

-49770

-79632

-103521.6

-89586

Total Bid

100,782.80

139,077.15

97,955.40

124,188.25