

Owatonna City Council Minutes

Council President Schultz called the regular session of the Owatonna City Council to order on Tuesday, January 17, 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; Finance Director Moen; Parks, Recreation & Facilities Director Tuma; City Attorney Walbran; City Administrator Busse, and Administrative Specialist Clawson.

Agenda

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting. Staff advised item added to the agenda, Resolution 16-23, Summary Publication of the Electric Franchise Fee Agreement with Northern States Power. Council Member Boeke made a motion to approve the agenda with this item added, Council Member Svenby seconded the motion, all members voted aye for approval.

Council President Schultz explained the process for the public hearings planned during this meeting, there will be three public hearings with consideration of resolution(s) after each.

Public Hearing - Establish Development District 19 & Tax Increment Financing District 19-1

Community Development Director Klecker advised 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 (TIF) is being requested to assist with the costs of this project, the City will be reimbursed \$500,000 through TIF for property the City is contributing to the redevelopment 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.

At 7:05 p.m., a public hearing was opened for comments on this proposed development and tax increment financing district. With no comments heard, at 7:06 p.m., Council Member Boeke made a motion to close the public hearing. Council Member Voss seconded the motion, all members vote aye in approval.

Resolution 6-23: Establish Development District 19

Community Development Director Klecker requested approval of Resolution 6-23 to establish Development District 19. Council Member Boeke made a motion for approval, Council Member Voss seconded the motion, all members voted aye in favor.

Resolution 7-23: Establish Tax Increment Financing District 19-1

Community Development Director Klecker presented Resolution 7-23 for approval. This resolution will establish Tax Increment Financing District (TIF) 19-1, a redevelopment TIF district for a total amount of \$7,065,451. Council Member Raney made a motion for approval, Council Member Dotson seconded the motion, all members voted aye in favor.

Resolution 8-23: Authorize Interfund Loan – Tax Increment Financing District 19-1

Community Development Director Klecker requested approval of Resolution 8-23 authorizing an advance of up to \$500,000 to Tax Increment Financing District (TIF) 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. Council Member Boeke made a motion for approval, Council Member Voss seconded the motion, all members voted aye in favor.

Council President Schultz turned the meeting to Vice President Raney and then stepped down from the dias.

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

City Attorney Walbran requested amendment to the 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. 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 as they 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.

At 7:08 p.m., a public hearing was opened for comments on this proposed development and tax increment financing district. With no comments heard, at 7:09 p.m., Council Member Boeke made a motion to close the public hearing. Council Member Svenby seconded the motion, all members voting, voted aye in approval, Council President Schultz was recused as he is one of the property owners.

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

City Attorney Walbran presented Resolution 9-23 to amend the Assessment Roll of the 2018 Downtown Parking Lot and Alley Project by removing parcels located at 112 and 114 N Cedar Avenue. Council Member Boeke made a motion to approve Resolution 9-23, Council Member Svenby seconded the motion, all members voting, voted aye for approval; Council President Schultz was recused as he is one of the property owners.

Council President Schultz returned to the dias to direct the remainder of the meeting.

Public Hearing - Proposed Assessment - Delinquent OPU Accounts

Request was received from Toni Van Esch, Customer Service Supervisor at Owatonna Public Utilities to assess property owned by Owatonna Hospitality, LLC at 2365 43rd Street NW for the delinquent balances on their utility accounts:

Green Mill account	\$12,866.74
Water Park account	<u>2,362.52</u>
Total Proposed assessment:	\$15,229.26

At 7:11 p.m., a public hearing was opened for comments on these proposed assessments. With no comments heard, at 7:12 p.m., Council Member Raney made a motion to close the public hearing. Council Member Svenby seconded the motion, all members vote aye in approval.

Resolution 10-23: Adopt Assessments - OPU Delinquent Accounts

City Attorney Walbran requested approval of Resolution 10-23 adopting the proposed assessments for delinquent utility accounts. Collection will be over a three-year period beginning in 2024 with an interest rate of 3%. Council Member Raney made a motion to approve Resolution 10-23, Council Member Burbank seconded the motion, all members voted aye for approval.

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 – Council Meeting – January 3, 2023

Minutes - Planning Commission Meeting - December 13, 2022

Library Board Meeting - December 20, 2022

Human Rights Commission Meeting - December 13, 2022

EDA Minutes - December 14, 2022

Fire - Monthly Dashboard and Activity Report - December 2022

Monthly Building Inspection Reports - December 2022

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

Police - 4th Quarter 2022 Service Analysis Report

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

T-Hangar Lease Agreements: Adam Ailabounia and Chris Plasek

Restatement - Cafeteria Plan Document

Council Member Voss made a motion to approve these Consent Agenda items, Council Member Svenby 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 \$623,156.91. Council Member Svenby made a motion to approve payment of these bills, Council Member Burbank seconded the motion, all members voted aye for approval.

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

City Attorney Walbran presented the second/final reading of proposed Ordinance 23-01, an Electric Franchise Agreement with Northern States Power (NSP). 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 reading of this proposed ordinance during the January 3, 2023, meeting and there have been no changes since. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion. With a roll call vote, voting aye were Raney, Svenby, Voss, Dotson, Burbank, Boeke and Schultz; the motion carried. This will be known as Ordinance 1642 to be effective May 1, 2023.

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

City Attorney Walbran presented the second/final reading of proposed Ordinance 23-02, the Franchise Fees for the proposed Franchise Agreement with Northern States Power (NSP). The new rate would become effective on May 1, 2023. Council approved the first reading of this proposed ordinance during the January 3, 2023, meeting and there have been no changes since. Council Member Burbank made a motion for approval, Council Member Voss 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 1643 to be effective May 1, 2023.

Resolution 16-23, Summary Publication of Ordinance 1642– Electric Franchise Fee Agreement with Northern States Power

City Attorney Walbran requested approval of Resolution 16-23 authorizing summary of Ordinance 1642, the Electric Franchise Agreement with Northern States Power. Council Member Dotson

made a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

Ordinance 23-03: Establish Chapter 121 – Sale of Cannabinoid Products and
Ordinance 23-04: Amend Chapter 35, Fees & Charges for Sale of Cannabinoid Products

City Attorney Walbran presented the first reading of proposed Ordinance 23-03 to establish Chapter 121, Sale of Cannabinoid Products in the 2015 Code of City Ordinances.

State Legislature is currently debating 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 1,000 feet of a school and certain other establishments.

If State 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.

Council members proposed varied comments/questions about the proposed ordinances:

Council Member Voss asked if the state legislation includes enforcement or is this the responsibility of local law officers?

Council Member Boeke commented the application fee should be more than the proposed \$500 amount.

Council Member Svenby commented previous discussion included an additional requirement be added to the proposed ordinance which requires product be viewable at the retail store.

Council Member Dotson requested justification for the city ordinance.

Council Member Voss asked what strength of CBD product the proposed ordinance would regulate, is this for gummies or full-strength products.

Council Member Raney asked if licenses would be similar to alcohol with license type for particular products.

City Attorney Walbran commented the ordinance will regulate the product currently approved by State Legislation. If legislators adopt the current cannabinoid bill, there will be stores licensed for exclusive sales for these products.

Council Member Raney commented a license fee amount should cover the cost of regulation and suggested Captain Mundale provide estimate of enforcement.

Council President Schultz commented changes could be made for the second/final reading of the proposed ordinance.

Council Member Boeke commented he wants an ordinance as restrictive as possible and suggested the application fee be increased to \$1,000.

City Attorney Walbran commented he will amend the proposed ordinances with suggestions heard.

Council Member Svenby made a motion to table action on these proposed ordinances until the next meeting, Council Member Dotson seconded the motion. Members voted and the motion passed, Council Member Boeke voted nay.

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

Community Development Director Klecker requested 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. 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. Council Member Raney made a motion to approve Resolution 11-23, Council Member Burbank seconded the motion, all members voted aye in approval.

Resolution 12-23 Conditional Use Permit – Jersey Mikes’ Drive Thru

Community Development Director Klecker requested Council approval of Resolution 12-23 to approve Conditional Use No. CUP-3 requested by Quenton Scherer, Metro Equity, LLC. This is a request to construct a 1,500 square foot addition to the south side of the existing building for a drive-thru sandwich shop at 1045 Frontage Road West. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, all members voted aye for approval.

Resolution 13-23 MnPFA \$35,000,000 Note Agreement – WWTP Project

Finance Director Moen requested approval of 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). The interest rate on this note will be at 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
- Resolution filed with Steele County
- Receipt of a signed Certificate from Steele County

Council Member Dotson made a motion to approve Resolution 13-23, Council Member Boeke seconded the motion, all members voted aye for approval.

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

Assistant City Engineer Murphy requested approval of Resolution 14-23 authorizing Agency Agreement No. 1052160 with the Minnesota Department of Transportation. 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. Additional terms and conditions are outlined in the attached agreement. Council Member Raney made a motion to approve Resolution 14-23, Council Member Boeke seconded the motion, all members voted aye in approval.

Resolution 15-23 Approve Report and Set Public Hearing Date – 2023 Havana Road Project

Assistant City Engineer Murphy requested approval of Resolution 15-23 approving the 2023 Havana Road Feasibility Report and setting a date for the Preliminary Assessment Public Hearing. City Council previously ordered preparation of the 2023 Havana Road Feasibility Report, the existing street improvements have exceeded their useful life. The project involves reconstruction of Havana Road from Truman Avenue to Smith Avenue at an estimated total cost of \$1,179,226.63. A Preliminary Assessment Public Hearing will be held on such proposed improvement on March 7, 2023. Council Member Boeke make a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

WWTP Facility Expansion Change Order #2

Assistant City Engineer Murphy requested approval of Change Order #2 for the Wastewater Treatment Facility Expansion Project. 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. There are 13 WCDs in Change Order 2, they are outlined in the WCD Log and detailed information on file in the Engineering Department. The work change directives as outlined will result in an \$89,899.14 price decrease amending the current contract price for the project to \$55,883,200.86. Council Member Boeke commented it was nice to see a small decrease in the project cost. Council Member Raney made a motion to approve Change Order #2, Council Member Dotson seconded the motion, all members voted aye for approval.

Purchase 2023 Elgin Pelican Street Sweeper

Assistant City Engineer Murphy requested authorization to purchase a 2023 Elgin Pelican Street Sweeper. The City uses two street sweepers and one truck to clean the streets, it would not be cost effective to add an additional sweeper. A 2018 Elgin Pelican Street Sweeper will be used towards the purchase with current trade value at \$88,000.00. The purchase price of the 2023 Elgin Pelican Street Sweeper is \$250,751.58, after trade in, the total purchase cost will be \$162,751.58. Council Member Dotson made a motion to approve this purchase, Council Member Boeke seconded the motion, all members voted aye in approval.

Kaplan Trail Connection Construction Contract with P&R Construction

Park and Recreation and Facilities Director Tuma requested Council to accept the bid received from P&R Construction for construction of the Trail Connection at Kaplan's Woods. 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 with four firms bidding the project. P&R Construction submitted the low bid of \$97,955.40. P&R Construction has done contracted work for the city before at Manthey Park. Grant funding and CIP funding will be used towards this project. Council Member Raney commented this plan improves safety at the Kaplan Woods parking lot and then made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

Staff Updates

Troy Klecker, Community Development Director commented construction of the t-hangar at airport is completed. Nine of the ten new hangars have been leased, two were relocated from other hangars so currently there are three hangars and some additional storage space in the hangars available to lease. Staff began all operations at the airport the beginning of December. Excel Aviation is currently in process of hiring a mechanic which we hope an agreement can be made for mechanical services also available to the general public. Economic development projects vary, tonight Council took their first step for the Riverfront Project and there will be many more for Council consideration during the next several months. This project has been in consideration for eighteen months and should be completed during the next 16 months. People are also getting excited about smaller proposed projects like the Jersey's Mike drive-thru and the Scooter's Coffee Shop.

Sean Murphy, Interim Director Public Works commented a study on the current sanitary sewer system is nearing completion. This study will show growth, inaccuracies, and deficiencies which could limit future growth. The Surface Water Management Plan will identify flooding areas is also almost complete; both of these items will be brought to Council when completed. The roundabout on 18th Street/Bixby Road is moving forward in design, Steele County will be meeting with property owners affected. Progress is being made on the east-side corridor project and property owners will be invited to an informal meeting within the next few weeks for discussion. Also thanked the snowplow drivers for keeping the streets cleared and asked everyone to be mindful to stay back as far as you can to allow them room to work.

Jenna Tuma, Park & Recreation and Government Buildings Director shared a picture of skaters enjoying the new ice rink at Buecksler Park. The rink is being used and staff just received request for a neighborhood party. Winter Weekend Out is planned for the last weekend of January. Hoping spring will be early this year, have been selling annual golf memberships. In process of hiring a Golf Supervisor, hope to have this position filled by mid-February to be ready when spring arrives.

Public Comments – none were heard.

Council/Administration Comments and General Information

Council Member Raney commented he has driven by Buecksler Park several times and seen lots of kids skating. Hopefully, the grass will be OK when the tarp is removed in the spring and if so, this on-land rink may be the best way to offer skating opportunities. His question of business owners receiving double bills hasn't been resolved, account at JJD advised him they are working on this and hopefully this will be resolved.

Council Member Svenby commented he attended the breakfast at the Plaza Morena on Martin Luther King Jr Day and thanked the Owatonna Human Rights Commission, Riverland Community College and Jose at the Plaza for sponsoring.

Council Member Voss commented he also attended the MLK Breakfast, and it was good. He asked Assistant City Engineer Murphy what residents should do if they see a sidewalk that hasn't been cleared. Murphy explained requests are received complaint based, it is the City's policy allows property owners 24 hours after a snowfall to clear their sidewalks and if complaints are received a walk is not cleared after 24 hours, we inspect and send a letter advising they have 3 days to clear and then we will request service to clear and charge the property owner the cost plus an administrative fee.

Council Member Boeke it is nice that residents have an option to walk indoors at the tennis center.

City Administrator Busse City staff is invited to attend our first All-Hands On Meeting tomorrow afternoon. City offices will be closed from 12:30 p.m.- 3:30 p.m. for this staff development meeting.

Council President Schultz wished everyone a good night.

Adjournment

At 8:14 p.m., Council Member Raney made a motion to adjourn, Council Member Boeke seconded the motion, all members voted aye in approval.

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist