

Owatonna City Council Minutes

March 21, 2023

Council President Schultz called the regular session of the Owatonna City Council to order on Tuesday, March 21, 2023, at 7:00 p.m. in Council Chambers at City Hall. Present were Council Members Raney, Svenby, Voss, Burbank, Boeke, Dotson and Schultz; Mayor Kuntz; Public Works Director Murphy; Community Development Director Klecker; Greg Kruschke, Community Development Manager; Human Resources Director Thamert; Parks, Recreation & Facilities Director Tuma; City Attorney Walbran; City Administrator Busse, and Administrative Specialist Clawson.

Council Agenda

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting and congratulated Sean Murphy on his new position as the City's Public Works Director. Council Member Svenby made a motion to approve the agenda as presented, Council Member Boeke seconded the motion, all members present voted aye for approval.

Council President Schultz explained the process for the public hearing planned, after public comments, the council will have chance to discuss and then consider a resolution.

Public Hearing – Street Reconstruction Plan with Intent to Issue Bonds

City Administrator Busse advised annually, the City prepares a five-year capital improvement plan. Included as part of this plan are streets which the City intends to reconstruct. There are various financing options available to the City. The City is adopting a five-year street reconstruction plan with the plan to issue street reconstruction bonds under Minnesota Statutes Section 475.58, subdivision 3b. The projects are listed in the street reconstruction plan by year and more detail by project is included in the 2023-2027 Five Year CIP. The maximum planned has been set at \$3,400,000. The actual debt issued will more than likely be less, but until bids are received the final number is not known. There will be a debt service levy related to the bonds that will be issued to finance the projects included in the street reconstruction plan.

At 7:05 pm, Council President Schultz opened the public hearing for comments. With no comments heard, at 7:06 pm, Council Member Raney made a motion to close the public hearing, Council Member Burbank seconded the motion, and all members voted aye in approval.

Resolution 24-23 Street Reconstruction Plan & Intent to Issue Street Reconstruction Bonds

Council Member Boeke made a motion to approve Resolution 24-23 approving the Street Reconstruction Plan and giving preliminary approval to the issuance of Street Reconstruction Bonds. Council Member Voss seconded the motion, all members voted aye in 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 – March 7, 2023

Minutes - Park Board Meeting - February 13, 2023

Letter of Resignation - Library Board Member - Christy Tryhus

Monthly Activity Reports - Police Department - February 2023

Temporary Liquor Permit - Knights of Columbus at Corky's Earlybird Softball Tournament
on May 5-7, 2023

Conduct Excluded Bingo - April 14, 2023 - Early Edition Rotary

Retail Fireworks License - Walmart

Retail Fireworks License - Walmart Tent

Ice Cream Vendor License - Kona Ice

2023 Farm Land Agreements: \$247.00 /acre

Bob Cole, Dan Morgan, Paul Maas, Duane Schroeder and Andy Michaletz

T-Hangar Lease Agreement - Charles Cain, Faribault MN

Amendment to MnDOT Grant Agreement - One-Ton Utility Vehicle. This vehicle was ordered in 2021 was just delivered and costs for accessories (plow, sander and box) have increased.

This Agreement Amendment is for an additional \$11,623 of funding representing 70% of additional costs. This is the same percentage share as provided for in the original grant agreement.

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

Finance Report

Council Member Raney recapped payments made for amounts greater than \$20,000 during this period. The total amount of bills presented was \$341,931.96. Council Member Dotson made a motion to approve payment of all bills, Council Member Boeke seconded the motion, all members voted aye for approval.

Proposed Ordinance 23-05: Amend Septage Rates - Section 35 Appendix A – Fee Schedule

Public Works Director Murphy presented the second/final reading of Proposed Ordinance 23-05 to amend septage rates. The Council approved the first reading during the March 7th Council meeting and there have been no changes since. The recommended rate adjustment would increase the fee from \$50 per load to a rate of \$100 per 1,000 gallons. Council Member Voss made a motion to approve Proposed Ordinance 23-05, Council Member Burbank seconded the motion. With a roll call vote, voting aye were Council Members Voss, Dotson, Burbank, Boeke, Raney, Svenby and Schultz, there were no nay votes, the motion carried. This will be known as Ordinance 1644, will be effective upon publication.

Proposed Ordinance 23-06: Proposed Ordinance 23-06 Vacate Portion of Drainage and Utility Easements - 2807 Timber Ridge Dr NE

Community Development Manager Kruschke requested approval of the first reading of Proposed Ordinance 23-06 to approve VACA-23-1. This is a petition received from Christina Wetmore, 2807 Timber Ridge Dr NE to vacate a portion of a drainage and utility easement to allow construction of a new home. She wishes to combine two lots and would like to build over the current lot line. The Planning Commission held a public hearing on this request, prior to their meeting the applicant submitted the design plans for the Emergency Overflow area that needs to be graded in this area. Sean Murphy, City Engineer provided a memo responding to the proposed plans with these requests:

- 1) Provide spot elevations at the existing low point in the street, flowline at the catch basin and top back of curb along Timber Ridge Dr NE at the downstream end of the drainage way.
- 2) Verify the emergency overflow swale can accommodate potential future sidewalk.
- 3) A grading permit will be required to perform the modifications to the overflow swale.
- 4) Obtain the necessary permission to enter and grade private parcels.
- 5) Vacation of existing easement is conditioned on publicly dedicating the easement as shown on plan.
- 6) Obstructions or future modifications to the overflow swale is explicitly prohibited. Easement language shall address this requirement.

The Planning Commission recommends approval with these conditions:

- 1) An easement shall be dedicated over the proposed drainageway prior to the permit being issued for construction of the home.
- 2) The drainageway shall be fully constructed prior to a Certificate of Occupancy being issued on the house.
- 3) All conditions in the City Engineer's letter dated March 14, 2023 be met.

Several neighboring property owners were present, and Council President Schultz asked for comments.

Dennis Wille, 2887 Timber Ridge Drive NE commented he attended the Planning Commission Meeting and wanted to know where water would go past the new house and suggested using the natural flow of the land. Murphy showed the proposed swale and a temporary outlet just south of the new home. The drainage will be most efficient when the street (Deer Trail Lane) is completed in this development which may not happen for several years. Council Member Raney expressed concern if a major rain would flood the area, would the City be liable for damages and also if the new home would pass inspection and able to obtain a Certificate of Occupancy.

Ron McMann, member of the REO Group, developer of this subdivision commented their company as agreed to grade in the swale. Approved building plans show the road which includes grading, so their company is assuming they have been granted a grading permit. They currently own 24 vacant lots in the development, and they don't plan to cut in the road until more of these properties are sold. Kruschke and Murphy showed projected water flow, Council Member Boeke commented Council's concern isn't where the water is going, but wanting to get it right the first time and not cause future problems and also don't want to discourage future homes being built in this area. Council President Schultz commented construction equipment is on sight to do rough grading as the home is being built. City Attorney Walbran commented that if there was major rainfall during the construction period, there would be many parties involved and it wouldn't be the fault of the city, could be considered negligent but not liable.

Council Member Dotson made a motion to approve the first reading of this ordinance as prepared with the conditions recommended by the Planning Commission. Council Member Svenby seconded the motion. With a roll call vote, voting aye were Council Members Voss, Dotson, Burbank, Raney, Svenby and Schultz; Council Member Boeke voted nay, the motion carried. The second/final reading of Proposed Ordinance 23-06 will be heard at the next Council Meeting.

Resolution 25-23 Interfund Loan – Tax Increment Finance District 19-1

Community Development Director requested approval of Resolution 25-23 approving the terms of up to \$500,000 interfund loan in connection with Tax Increment Finance (TIF) District 19-1. 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 69 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 of the 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. The City will be reimbursed \$500,000 through tax increment financing for property the City is contributing to this redevelopment project. Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion all members voted aye for approval.

Resolution 26-23 Development Agreement – Bock 300 Owatonna LLC

Community Development Director Klecker requested approval of Resolution 26-23 to approve the Development Agreement with Block 300 Owatonna, LLC. The development agreement spells out the distribution of TIF funds and the responsibility of both the developer and the City. Language was included that if the full amount of the TIF is not collected, the developer would be responsible to pay

the balance amount. Council Member Boeke made a motion for approval, Council Member Voss seconded the motion, all members voted aye for approval.

Resolution 27-23 Behne Garage Conditional Use Permit

Community Development Manager Kruschke requested approval of Resolution 27-33 approving Conditional Use CUP-4. Ben Behne, 815 Creek View Lane NE is proposing to construct a 28' x 34', 952 square foot detached garage. The applicant has a 0.68-acre parcel previously replatted and combined into one lot. They currently have a 10' x 16' shed that will remain on the property. The new garage will be used for personal storage, and they plan to include a small office room., a sink and a toilet. The proposed garage will be sided and shingled to match the house. A concrete driveway will be constructed from the south property line and "L" into the garage. The City Code requires all garages over 1,000 sq ft be located a minimum of 20' from the side property line and does not allow the garage to be used for commercial purposes.

The Planning Commission held a public hearing on this request and recommend approval with these conditions:

- 1) The accessory structures shall not be used for commercial purposes.
- 2) All grading, building, and utility permits shall be issued for the garage prior to commencing construction

Council Member Voss asked if there is a city ordinance limiting the amount of concrete surface. Kruschke commented that the City has setback restrictions but no surface limits. Council Member Dotson made a motion to approve Resolution 27-23 approving this Conditional Use Permit as recommended by the Planning Commission. Council Member Svenby seconded the motion, all members voted aye in approval.

Resolution 28-23 Premise Permit for Lawful Gambling Activity – Divine Mercy Catholic School

City Administrator requested approval of Resolution 28-23 approving an application for a Premises Permit from the Divine Mercy Catholic School, 15 SW 3rd Avenue, Faribault, MN. They wish to conduct lawful gambling (pull tabs) under a lease agreement with Midwest Restaurant Properties, LLC dba Timber Lodge Steakhouse at 4455 West Frontage Road in Owatonna. Council Member Raney made a motion to approve Resolution 28-23, Council Member Dotson seconded the motion and all members voted aye in approval. This permit is effective for the remainder of the current licensing period which ends June 30, 2023.

Resolution 29-23 2023-2024 Labor Agreement–International Association of Fire Fighters, Local Union No. 1920

Human Resources Director Thamert requested approval of Resolution 29-23 to approve the 2023-2024 labor agreement with the International Association of Fire Fighters, Local Union No. 1920. Staff have been in negotiations with the full-time Fire Fighters. A tentative agreement has been reached. Summary of the changes are:

- 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).
- Uniform Allowance - Uniform pay increase from \$400 to \$500
- Acting Commander Pay - temporary acting commander pay increase from \$2.00 to \$2.50 per hour.

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

Wage Adjustments – Paid-on-Call and Resident Firefighters

Human Resources Director Thamert requested approval to increase wages for the Paid-on Call and Resident Firefighters by 3.25% effective January 1, 2023 and January 1, 2024. Council Member Voss made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

Professional Services Agreement Merrill Hall – ICS

Parks and Recreation and Facilities Director Tuma requested entering into an agreement with ICS for Professional Services for the Merrill Hall Improvement Project. Merrill Hall was part of the original Minnesota State School that closed in 1970. The City purchased the 74-acre campus in 1974 and renamed it to the West Hills Campus. Currently, Merrill Hall is used by the Little Theatre of Owatonna and Wee Pals Daycare. The building needs significant mechanical upgrades, energy conservation measures and other facilities improvements. ICS conducted a building assessment in 2019 and updated the findings in 2023. The recommendation is to use a two-phase approach to begin the renovations with phase one being the development of a project scope. Phase two will be the implementation of the improvements and at that time the City and ICS will enter into a Project Specific Agreement (PSA) utilizing an AIA contract defining the particular scope of work and other needs. The work may include the following project types: new construction, additions, remodeling, renovation, repairs, energy conservation measures, and other facilities improvements. There is no upfront fee for phase one unless the city terminates this agreement. In the case of termination by the city, ICS would receive payment for services executed, reimbursable expenses and a fixed fee of \$25,000. Phase two fees will be based on which procurement method is utilized and project scope. Fees will be calculated into the funding strategy. Council Member Boeke made a motion to approve this agreement, Council Member Burbank seconded the motion, all members voted aye in approval.

Stormwater Facility Maintenance Easement Agreement – Steele County Humane Society

Public Works Director Murphy presented a stormwater facility maintenance agreement with the Steele County Humane Society for their new facility located at 1855 State Avenue. The City requires onsite stormwater management must be maintained by the property owner to meet the requirements of the MS4 permit held by the City. Council Member Burbank made a motion to approve this agreement, Council Member Raney seconded the motion, all members voted aye in approval.

Compost Site Agreement - Ed's Backhoe Service

Public Works Director Murphy requested approval of a contract with Ed's Backhoe Service for operation of a compost site on City owned property on 32nd Ave SW. Since 2010, the City has contracted with Ed's Backhoe Service to operate a compost facility at this site. The City may deliver, without cost to the City, up to a total of 1,500 cubic yards per season, of acceptable materials generated by the City and delivered in City vehicles. All additional acceptable materials will be charged at \$6.00/cubic yard with a maximum amount paid by City of \$4,500.00. The City shall also receive 150 cubic yards of compost material per season loaded in City vehicles. The contractor will also sell up to one hundred cubic yards of hardwood mulch, loaded on City vehicles at \$5.00 per cubic yard below the retail price. This contract shall be from April 20, 2023 to and including December 31, 2023. Janet Springer, owner of Ed's Backhoe Service was notified the City plans to open this for bids next year to award a 3-year contract.

STAFF COMMENTS

Parks and Recreation and Facilities Director Tuma commented Morehouse Park Skate Rink was open 41 days this winter with an estimated 2,700 skaters attending. The update at River Springs Water Park has changed a lot of pipe work and the new filters are installed, they hope to have this project done by May 1st to allow staff to prepare for the summer season. The interior renovations at Brooktree will also be done next week. The P&R staff will have a booth at the Home

and Rec Show this weekend, she will be there from 9-2 and invited everyone to stop in to say hi.

Community Development Director Klecker commented his department will also have a booth at the Home Show this weekend. Building permits will be online beginning April 1st and the new Community Development Specialist has been hired to begin on April 3rd.

Human Resources Director Thamert commented that she and the staff have been busy hiring temporary employees for the summer. Last week, fourteen employees completed a 6-month supervisor training offered by Riverland Community College with every department participating. The course provided good information and we hope to offer this course again. She has also been working with Chief Hoffman to add more paid-on-call fire fighters.

Public Works Director Murphy commented that the City was just awarded a grant from the state for design services for storm water management. The state awarded a total of \$400,000 of which the City of Owatonna received just under \$90,000.

PUBLIC COMMENTS

Rick Wittrock, 1014 Redwood Place commented he hopes ice skating will continue to be offered at Morehouse Park. He prefers skating on the river and hopes snow can be cleared to allow skaters and cross-country skiing on the river.

Roger Wacek, 646 E Vine Street commented a February 25th Steele County Times, article, "Solar power on the rise in Owatonna" had a couple major inaccuracies. His Senior Thesis, as a St. John's University (SJU) physics major in 1973, was on "Solar Cells" and during the last 50 years have added thousands of pages of reading to my energy science knowledge. "Solar isn't a fit for everyone." Many don't have a site for solar, which is why I'm encouraging our local government units to help form 'solar gardens'/community solar. Minnesota was the first state to pass a Net Metering Billing law, decades ago. The Net Meter Billing law requires utility companies pay retail rates on power fed to the grid for customers with <40 kW renewable energy systems. Without researching the law, I believe utilities do not have to pay full retail rates for electricity going to the grid. So, the statement in the article "that using solar shifts some of the costs onto neighbors" means the utility company does not have their two-part electric billing structure correct. Renewables are a great investment for the individual but problematic for the reliability of the electric grid when utilities put up massive renewable energy 'power plants'. If you believe the lessons of history, Xcel energy's approval from Minnesota Public Utilities Commission (PUC) to build, for at least \$575 million, a massive solar power plant should be disapproved. Please write Governor Walz and our state legislators about the carbon free electricity mandate by 2040 and the lessons of recent history showing that renewables and storage will not replace Sherco 3 coal burning, but nuclear, the safest and cleanest non-intermittent, power could.

Brad Meier, President and CEO Owatonna Chamber of Commerce thanked Mayor Kuntz and City Administrator Busse for presenting the 2023 State of the City Presentation during the Chamber's Growth Breakfast. The City is a partner in the community wide branding project which is currently in the survey phase; they wanted to receive five hundred survey responses and have received close to 1,500. They hope to reach a wide demographics, currently, they have asked surrounding communities to participate and then on to the next phase for design.

MAYOR AND COUNCIL COMMENT AND GENERAL INFORMATION

Council Member Voss congratulated Public Works Director Murphy on his new position.

Council Member Boeke commented it is nice to see the various development projects happening in town. Some items staff and Chamber of Commerce have worked on for quite some time and now seeing it come to fruition, so kudos (thank you) to everyone.

Council Member Raney commented that tonight's meeting will be the last meeting held in the current Council Chambers. Meetings have been held here for many many years and there have been a lot of challenging decisions made in this room that had a great impact on the City's past,

present and future. Hoping that will continue when we return to this room this fall.

Mayor Kuntz commented he is looking forward to Jerry's restaurant opening in June. Also, the application for various board and commission members is currently online. Applications are due on or before March 31st. There will be seats open on Airport Commission, Human Rights Commission, Library Board, Utility Commission, Shade Tree Commission, Fire Civil Service and Fire Board of Appeals and Park and Rec Board.

Council President Schultz commented the first council meeting held in the current chambers was held on May 27, 1977; he thanked Anne Peterson and Nancy Vaillancourt for researching previous Council Minutes. Nothing has really changed since 1977 so I am looking forward to this project. The renovation will add accessible restrooms and a conference room. During the construction period, our Council Meetings will be held in the Gainey Room at the Library. Prior to our next meeting, there will be a groundbreaking here beginning at 4:30 pm.

Adjournment

At 8:26 p.m., Council Member Raney made a motion to adjourn, Council Member Boeke seconded the motion and with no objection, the meeting ended.

Respectfully submitted,

Jeanette Clawson, Administrative Specialist