Owatonna City Council Minutes
July 5, 2023

Wednesday, July 5, 2023 at 7:00 p.m., Council President Schultz called the regular session of the Owatonna City Council to order in the Gainey Room at the Owatonna Public Library. Present were Council Members Raney, Voss, Burbank, Boeke, Dotson, and Schultz; Community Development Director Klecker, IT System Administrator Sticken; City Attorney Walbran; City Administrator Busse and Administrative Specialist Clawson. Council Member Svenby and Mayor Kuntz were unable to attend.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting and advised Item 3.4.8, Resolution 64-23 to set a date for a public hearing to consider naming the new regional park has been removed from the agenda. Council Member Voss made a motion to approve the agenda with this item removed. Council Member Boeke seconded the motion, all members present voted aye for approval.

<u>Consent Agenda Items</u>

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 – June 20, 2023
Minutes – Shade Tree Commission Meeting - May 22, 2023
Minutes – OPU Meeting – May 23, 2023
Minutes – Planning Commission Meeting – June 13, 2023
Minutes – Owatonna Public Library Board Meeting - June 15, 2023
Minutes – Owatonna Human Rights Commission Meeting – June 13, 2023
Minutes – HRA Board Meeting - June 26, 2023
Weed/Nuisance Inspection Report - June 2023
Event Permit - Movie in Dartts Park with Exception to City's Noise Ordinance - Owatonna Park & Rec - July 21, 2023
Exempt Permit - Pull-Tabs at 2023 Steele County Free Fair - Eagles Ladies Auxiliary #1791
Exempt Permit - Raffle at the VFW - American Cancer Society Inc - November 9, 2023
Exempt Permit - Raffle at 2023 Steele County Free Fair - MN Pheasants Permit
Change Order #5 - 2021 Bridge Street Project - BCM Construction, Inc.

The reconciliation of the final quantities of the West Bridge Street Reconstruction results in reduction of the total contract price by $29,383.40.

Change Order #3 - Council Chambers Project – Ebert Construction

The Council Chambers project requires additional work discovered during the demo phase.

1. Replacing a sanitary sewer manhole structure in the north staff parking lot that connects to the new building. The structure is original, around 75+ years old. Additional cost of $15,390.38.
2. With the stage floor removal, additional concrete was needed under the stage area, and a Concrete Masonry Unit (CMU) infill to support the existing wall and floor. Additional cost of $7,152.76.
3. With the change to the weight-bearing wall, additional work is needed at the ceiling. The work includes new Gypsum board to replace the plaster and final finishing. Additional cost of $7,687.40.

The total project budget with this change order is $2,082,948.

Change Order #4 - 2022 Street & Utility Project - JJD Companies, LLC

Changes included are:

1. Addition of Pay Items: 8" Perforated HDPE Pipe Drain and 8" PVC Pipe Drain

Cleanout
2. Removal of Pay Item: 4" PVS Pipe Drain Cleanout
3. Adjustment of Item Price: Sump Pump Service Relocate.

This change order will increase the contract amount by $12,697.50.

Council Member Burbank made a motion to approve these Consent Agenda items, Council Member Dotson seconded the motion, all members present voted aye for 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 $1,030.980.64. Council Member Boeke made a motion to approve payment of all bills presented, Council Member Voss seconded the motion, all members present voted aye in approval.

Resolution 56-23: Environmental Assessment Worksheet - Mineral Springs Estates

Community Development Director requested approval of Resolution 56-23 regarding the Environmental Assessment Worksheet (EAW) for Mineral Springs Estates. Stephen Wheeler, Prairie LaSalle Partners plans to develop Mineral Springs Estates. Minnesota State Rules 4410.4300 subpart 36 requires an EAW to be completed to permanently convert 80 acres of agricultural land. The worksheet, prepared by Widseth was out for public comment from November 16, 2020 – December 16, 2020. Widseth prepared the EAW and we are now in the final stage of completing this process. The City, as the Responsible Governmental Unit (RGU) for this request, must adopt a resolution confirming findings of no significant impact or require further environmental study through an Environmental Impact Statement (EIS). The required 30-day public comment period was held May 16th through June 15th. The Planning Commission held a public hearing during this time on June 13th and received no comments on this EAW. Also, there were no comments were received during the 30-day comment period. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion, all members present voted aye in approval.

Second/Final Reading Proposed Ordinance 23-10: Vacate all Rights of Way and Easements within Good Samaritan Addition

Community Development Director Klecker requested approval of Proposed Ordinance 23-10. Prairie LaSalle Partners and property owner Chad Lange, Festal Farms request to vacate all public rights of way and all utility easements within the plat of Good Samaritan Addition. The applicants plan to replat and develop this area as Mineral Springs Estate, an 82.72± acre tract of land located east of St. Paul Road and north of Lee Street NE. Clearing all current rights of way and easement will allow the developers to file a new plat and begin fresh. Council approved the first reading of this proposed ordinance during the May 16, 2023 Meeting and there have been no changes since.

Council Member Dotson made a motion for approval, Council Member Burbank seconded the motion. With a roll call vote, voting aye were Council Members Boeke, Raney, Voss, Dotson, Burbank, and Schultz; no nay votes cast, the motion carried. This will be known as Ordinance 1649 upon publication.

Second/Final Reading Proposed Ordinance 23-11: RZ-2 Mineral Springs Estates Planned Unit Development (PUD)

Community Development Director Klecker requested approval of Proposed Ordinance 23-11, a request received from Prairie LaSalle Partners and property owner Chad Lange, Festal Farms for a Planned Unit Development (PUD) of Mineral Springs Estates, a residential development to be constructed with a mix of housing types. The total development will consist of 328 units over the 82 acres located east of St. Paul Road and north of Lee Street NE. The

Council approved the first reading of this proposed ordinance during the May 16, 2023 Meeting and there have been no changes since. Council Member Raney made a motion for approval, Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Boeke, Raney, Voss, Dotson, Burbank, and Schultz; no nay votes cast, the motion carried. This will be known as Ordinance 1650 upon publication.

Second/Final Reading Proposed Ordinance 23-12: RZ-3 Change R-1 to R-3 - Majestic Oaks

Community Development Director Klecker requested approval of Proposed Ordinance 23-12. Application No. RZ-3 is a request by REO Development Group to rezone property from R1, Single-Family Residential District to R-3, Single- & Two-Family District for the property located along the south side of White Oak Lane. The Council approved the first reading of this proposed ordinance during their June 20, 2023 Meeting and there have been no changes since. Council Member Voss made a motion for approval, Council Member Boeke seconded the motion. With a roll call vote, voting aye were Council Members Boeke, Raney, Voss, Dotson, Burbank, and Schultz; no nay votes cast, the motion carried. This will be known as Ordinance 1651 upon publication.

Resolution 57-23: Development Agreement - Redline Addition

Community Development Director Klecker presented Resolution 57-23, confirming approval of the Development Agreement with 300 Block Owatonna, LLC in regard to the Redline Addition. During the June 20, 2023 City Council Meeting, a Development Agreement was approved by motion and for internal process and future reference, City Attorney Walbran requests a resolution also be approved. Council Member Dotson made a motion for approval, Council Member Burbank seconded the motion, all members present voted aye in approval.

Resolution 58-23: Final Plat - Mineral Springs Estates

Community Development Director Klecker requested approval of Resolution 58-23 approving the Final Plat of Mineral Springs Estates. Stephen Wheeler, Prairie LaSalle Partners, and Chad Lange, Festal Farms are requesting preliminary plat approval of Mineral Springs Estates, a 13 lot and 12 outlot residential development of 82.72 acres east of River Springs Waterpark. The property is being replatted into a master planned neighborhood with a multitude of housing types. Since the Preliminary Plat review, the Final Plat document has been revised to add additional outlots to the plat. The additional outlots reflect the underlying fee title to the property and the different entities that own the property as well as what will be dedicated as future right of way and no other changes have been made. Conditions of the resolution include:

a) The final plat shall be recorded within 60 days of the approval.
b) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
c) The final plat is contingent upon the approval of the PUD referred to as RZ-2.
d) A development agreement will need to be recorded along with the final plat.
e) The plans shall adhere to the approved wetland delineation and replacement plan as determined by the Soil & Water Conservation District.
f) Temporary turn arounds are required to be constructed at all dead-end streets that do not connect immediately as required per fire code.
g) All conditions included in the City Engineer's memo shall be met.

Council Member Raney made a motion to approve this resolution, Council Member Boeke seconded the motion, all members present voted aye for approval.

Resolution 59-23: Development Agreement - Mineral Springs Estates

Community Development Director Klecker requested approval of Resolution 59-23 for approval of the Development Agreement regarding the public improvements within Mineral Springs Estates

Phase 1A. The City requires a development agreement on any project that requires construction of public infrastructure. City Staff, the City Attorney, as well as the developer have agreed to this agreement pending City Council approval. This agreement defines the roles and the responsibilities of all parties involved in order to complete the public improvements that are required for this development. Council Member Voss made a motion for approval, Council Member Boeke seconded the motions, and all members present voted aye in approval.

Resolution 61-23: VAR-3 Multi Family Lot Size Variance - 511 S Elm Avenue

Council President Schultz commented additional information was received this afternoon and staff requests this item be tabled. Council Member Raney made a motion to table this item, Council Member Burbank seconded the motion, all members present voted aye in approval.

Resolution 62-23: Airport Maintenance & Operations Grant - Minnesota Department of Transportation

Community Development Director Klecker requested approval of Resolution 62-23 authorizing the State of Minnesota Airport Maintenance and Operation Grant Contract for the state fiscal years 2024 and 2025 (July 1, 2023 through June 30, 2025). MnDOT Aeronautics provides grant funding to airports under the State Airport Maintenance and Operation agreements (M&O). The funding participation provides reimbursement for eligible expenses such as building repairs, mowing, equipment repair costs and utilities not to exceed an amount calculated by an airport infrastructure formula. The Minnesota Department of Transportation (MnDOT) Office of Aeronautics will reimburse the City of Owatonna 75% of direct, actual maintenance and operation costs of the airport, not to exceed $69,017.00 per year. This is the same grant amount as the last M&O Agreement. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members present voted aye in approval.

Resolution 63-23: Set Date for Public Hearing to Consider Naming City Council Chambers and New Building Addition

City Administrator Busse presented Resolution 63-23 to set a public hearing to consider the request received to name the Council Chambers and the new building addition. During the West Hills Commission Meeting in February, Anne Peterson and Nancy Vaillancourt, requested this project be named after Charles S. Crandall, who was instrumental in bringing the State School Orphanage to Owatonna. The West Hills Commission accepted their request and recommended Council approval. Historical information was presented to the City Council during their June 6, 2023, Study Session. The next step per City Policy for a naming request is to hold a public hearing. Council Member Raney made a motion for approval setting a public hearing on July 18, 2023, at 7:00 p.m. to consider the request to name this facility, the Charles S. Crandall Center. Council Member Voss seconded the motion, and all members present voted aye in approval.

Resolution 65-23: Supporting Workforce Housing and Application for Housing Tax Credits - LWO Development, LLC

Community Development Director Klecker commented the next three agenda items are in regard to workforce housing for the Eastgate Apartments 2 project of LWO Properties, LLC. Affordable housing has been identified as a need in the community as many groups and organizations have been working towards meeting this need. Eastgate Apartments and the proposed Eastgate 2 are workforce housing projects which are more affordable than market rate housing options. The City partnered with this developer for the first phase of Eastgate, which consisted of 36 units of workforce housing with four of those units designated to serve homeless households. The proposed Eastgate Apartments 2 would have 49 units with underground parking and 3 levels of apartments with balconies. Applications for tax credits through the Minnesota Housing Finance Agency are very competitive, this project is proposed to have Rise Modular provide units to construct the project offering some advantages in the competitive scoring system for the tax credits. This year the criteria for awarding tax credits requires more financial participation from cities than in the past. In this application, we are proposing that the City financially participate by providing the land for the project, which is valued at approximately $232,000, and contributing $330,000 for site improvements to the project. The City would pursue Tax Increment Financing (TIF) funds for reimbursement of these $562,000 costs should tax credits be awarded to the project. This is similar to the first phase of Eastgate where the City contributed $450,000 towards the project that is being paid back by TIF funds. Council Member Raney made a motion to approve Resolution 65-23, Council Member Burbank seconded the motions, all members present voted aye in approval.

Resolution 66-23: Authorizing Property Purchase and Other Assistance for Workforce Housing – LWO Development LLC

Community Development Director Klecker requested approval of Resolution 66-23 for the property described by the following Parcel Identification Numbers: 17-389-0101 and 17-389-0106. The City desires to financially aid the development of Eastgate II through the sale of the property valued at $231,745 for a purchase price of $1 and the City commits to provide $330,000 to assist with site improvements. Council Member Voss made a motion for approval, Council Member Boeke seconded the motion, all members present voted aye in approval.

Amend Purchase Agreement - LWO Properties, LLC

Community Development Director Klecker requested approval of amending the Purchase Agreement with LWO Properties, LLC. The City currently has a purchase agreement with LWO Properties, LLC for the property for this proposed project. We are proposing to amend the purchase agreement to align with the proposed application for tax credits totaling $562,000. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion and all members voted aye for approval.

Assignment of Development Agreement - KAMP Automation LLC

Community Development Director Klecker requested Council approval to assign the current development agreement with KAB Properties, LLC to KAMP Automation, LLC. When completing the financing of the KAMP Automation Project, the lender requests the current development agreement be assigned to KAMP Automation, LLC rather than keep it with KAB Properties, LLC. There is an Estoppel Certificate clarifying what both parties agree to, an Assignment of Development Agreement and TIF Note, and a Collateral Assignment of Development Agreement and TIF Note to complete their request. City Attorney Walbran has reviewed all three of these documents prior to this meeting and recommends approval. Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion, and all members present voted aye in approval.

Application - On-Sale Liquor License w/Sunday Sales - Roma's

City Administrator Busse requested approval of application for a new liquor license received from Craig Korvela for Roma's Italian Eatery LLC to do business as Roma's. The renovation project of the former Jerry's Restaurant at 203 N Cedar Avenue is nearing completion. Roma's plans to open later this month or early in August and request this liquor license become effective as soon as they are eligible, so they may begin ordering their liquor stock. City Building Officials and the MN Department of Health have completed walk-through inspections; Ken Beck, City Building Official, requests this license be approved contingent on issuance of the Final Certificate of Occupancy (COI). This license, when approved, will be valid for the duration of the current licensing period, which ends June 30, 2024. Council Member Dotson made a motion for approval contingent on issuance of the Final COI, Council Member Voss seconded the motion, all members present voted aye for approval.

Staff Comments

Community Development Director Klecker commented his staff has been busy preparing for tonight's meeting, we have been on the phone with lawyers, bankers and the title company. City Attorney Walbran has also done a lot to help complete the paperwork needed for this meeting. Staff is preparing our department's 2024 Preliminary Budget. Also, the Building Report included in tonight's Consent Agenda Items shows the year-to-date valuation of the Building Permits issued at $59,000,000; halfway through the year so hoping this continues as we are on track for $100,000,000 this year.

Public Comments

None heard.

Mayor and Council Comments:

Council Member Burbank encouraged everyone to get outdoors and enjoy the weather.

Council President Schultz commented tomorrow night it the July Downtown Thursday even, last month this was a good event so hopefully many will come and enjoy this event. Tonight, we covered a lot of items fairly quickly and it may have seemed boring, but this is years of work and it is good to complete these final steps.

Adjournment

At 7:55 p.m., Council Member Raney made a motion to adjourn, Council Member Boeke seconded the motion, with no objection heard the meeting ended.

Respectfully submitted,

Jeanette Clawson, Administrative Specialist