

Owatonna City Council Minutes September 19, 2023

On Tuesday, September 19, 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, Svenby, and Schultz; Mayor Kuntz; Community Development Manager Kruschke; Public Works Director Murphy; Park and Rec, and Facilities Director Tuma; Finance Director Moen; IT System Administrator Sticken; Assistant City Attorney Furness; City Administrator Busse and Administrative Coordinator Clawson.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting and advised the Recommendation to the HRA has been removed from tonight's agenda. Council Member Dotson made a motion to approve the agenda with this item removed, Council Member Svenby seconded the motion, and all members voted aye for approval.

Council President Schultz explained the process of the public hearing with consideration of two resolutions following. Community Development Director Klecker commented FoamCraft Packaging, Inc. has requested use of Tax Increment Financing (TIF). They plan to construct a 15,625 square foot expansion to provide additional space for warehousing and distribution at 400 Alexander Drive Southwest. This public hearing is to consider the establishment of Tax Increment Financing District No. 3-17 within Development District No. 3; this will be a nine-year TIF. They hope to begin construction this fall and finish during August next year. This project will add ten new employees to their company.

Public Hearing – Modify Development District #3 and Establish Tax Increment Financing District 3-17

At 7:03 p.m., a public hearing was opened for comments on this proposed development and tax increment financing district. With no comments heard, at 7:04 p.m., Council Member Raney made a motion to close the public hearing. Council Member Voss seconded the motion, all members voted aye in approval.

Resolution 81-23 Establish Tax Increment Finance District 3-17 and approve the use of Tax Increment Financing

Community Development Director Klecker requested approval of Resolution 81-23 to establish TIF District 3-17 and approve use of TIF for FoamCraft, Packaging, Inc. Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion, all members voted aye in favor.

Resolution 82-23: Approve Development Agreement - FoamCraft Packaging, Inc.

Community Development Director Klecker presented Resolution 82-23 to adopt the Development Agreement with FoamCraft Packaging, Inc. This agreement lays out the roles and responsibilities of both the developer and the City. Per the Development Agreement, the Developer will be reimbursed \$138,459 with a 5% non-compounded interest over the 9-year period. The City will be reimbursed \$20,341 for the

administrative services for this TIF with the same 5% non-compounded interest. Council Member Svenby made a motion for approval, Council Member Voss seconded the motion, all members voted aye in favor.

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 – September 5, 2023
 - Minutes – Planning Commission Meeting – August 22, 2023
 - Minutes - Planning Commission Meeting – September 12, 2023
 - Minutes - EDA Meeting – August 23, 2023
 - Minutes – HRA Meeting – August 28, 2023
 - Minutes – Human rights commission Meeting – August 8, 2023
 - August Report – Building Inspections
 - August Crime Clock – Police Department
 - August Report and Dashboard – Fire Department
 - Weed/Nuisance Inspection Report – September 12, 2023
 - Exempt Permit – Raffle Mn Pheasants Inc. – October 13, 2023
 - Event Permit – Chili Feed and Open House at the Fire Hall – October 8, 2023
 - Event Permit – Business After Hours - Owatonna Chamber of Commerce – September 26, 2023
 - Renew Annual Charitable Gambling Licenses: American Legion Post #77; Eagles Aerie 1791 Owatonna; Elks Lodge 1395 Owatonna; Knights of Columbus Council 945; Owatonna Wrestling Association; Owatonna Youth Hockey Association; Steele County Snowmobile Trail Association; VFW Post 3923; and Divine Merch Catholic School
 - Resolution 80-23 Authorize Contract for Purchases – Fame Awards
 - Facility Use Agreement – Owatonna Diving Club
 - Currently, the Diving Club uses the Middle School pool on Wednesday evenings. This would stay the same with no charge for the use of the pool and the Diving Club would be responsible for their own lifeguard requirements. This agreement would continue the formal arrangement and the long-standing working relationship between the City and Owatonna Diving Club. This is a one-year agreement from October 1, 2023 – September 30, 2024.
 - Havana Road State Aid Project Change Order #2 – Wencil Construction
 - The City will waive liquidated damages based on the following items:
 - Installation of the permanent sediment control device in a storm structure; Delay in the supply chain and its installation does not affect the timeline for the rest of the project.
 - Established vegetation of the rapid stabilization and the final removal of inlet protection.
 - The project deadline of August 31, 2023 has otherwise been met.
- Council Member Voss recused himself from this vote as he is owner of Fame Awards and Resolution 80-23 pertains to his business. Council Member Burbank made a motion

to approve these Consent Agenda items, Council Member Boeke seconded the motion, and all members voting 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 \$2,328,210.52. Council Member Boeke made a motion to approve payment of all bills presented, Council Member Dotson seconded the motion, and all members present voted aye in approval.

Second/Final Reading Proposed Ordinance 23-16: Amend Chapter 133 to Permit an Archery Culling Event for Deer Management

City Administrator Busse requested approval of Proposed Ordinance 23-16. The council approved the first reading of this proposed ordinance during their last meeting on September 5, 2023 and there have been no changes since. To permit an archery event to cull the deer population within the City as authorized by the DNR, it is necessary to amend the Ordinance to provide for an additional exclusion to permit a controlled archery hunt within designated areas in the City parks for the Deer Management Plan as approved by the DNR. Council Member Raney made a motion for approval, Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. This will be known as Ordinance 1655 and become effective upon publication.

Second/Final Reading Proposed Ordinance 23-17: RZ-5 Rezone from B-2 to I-1 at 3745 Hoffman Drive NW

Community Development Director requested approval of Proposed Ordinance 23-17; a request received from Cameron Peterson of Paul's Transports. Application No. RZ-5 will rezone the property located at 3745 Hoffman Drive NW from B-2, Community Business District to I-1, Light Industrial District, for the purpose of operating a trucking business. The council approved the first reading of this proposed ordinance during their last meeting on September 5, 2023 and there have been no changes since. Council Member Voss made a motion for approval, Council Member Raney seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. This will be known as Ordinance 1656 and become effective upon publication.

First Reading Proposed Ordinance 23-18: RZ-6 Steele County Rezoning Request from B-2 to B-3 at 121 Mill Street East

Community Development Director requested Council approve the first reading of proposed ordinance for Application No. RZ-6 received from Allison Timmins at Wold Architects, on behalf of Steele County. This is a request to rezone the property at 121 Mill Street East from B-2, Community Commercial District to B-3, Central Business District for the purpose of constructing a new Community Corrections building. Properties within a B-3 zone can use a 0' setback and the current B-2 zoning requires a 30' setback in both the front and rear of the property. The Planning Commission held a public hearing and recommended approval with recommendation the applicant review the architectural appearance of the building prior to applying for a building permit to

better tie in with the B-3 Zoning District and the neighboring structures. Plans originally included a metal building and the applicant has since submitted revised building elevations showing the metal sided building changed to a stucco façade. Council Member Dotson made a motion for approval, Council Member Svenby seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. The second/final reading of Proposed Ordinance 23-18 will be heard during the next Council Meeting on October 3, 2023.

First Reading Proposed Ordinance 23-19: Adopt S-7 Supplement to the 2015 Ordinance Code

City Administrator Busse presented the first reading of Proposed Ordinance 23-19. Minnesota Statue provides that a city may revise and codify the Code of Ordinances. Codification is a process by which ordinances adopted by the City are organized according to topic, assigned a section number, and printed and published in a book format so the Ordinances are available for reference to the public. The most recent codification of the City Ordinance Code was published in 2015. American Legal Publishing Corporation, a publisher of municipal codes affiliated with the League of Minnesota Cities, completed this recodification and now prepare supplements to our Code of Ordinance. Each supplement contains all ordinances approved since the prior supplement; this is the seventh supplement, S-7. This supplement contains local legislation current through Ordinance #1644, passed March 21, 2023. Council Member Raney made a motion for approval, Council Member Burbank seconded the motion. With a roll call vote, voting aye were Council Members Svenby, Voss, Dotson, Burbank, Boeke, Raney, and Schultz; no nay votes; and the motion carried. The second/final reading of Proposed Ordinance 23-18 will be heard during the next Council Meeting on October 3, 2023.

Resolution 83-23: Preliminary Plat of Cedar Mill Addition

Community Development Director presented Resolution 83-23 for approval. Steele County requests approval of the Preliminary Plat of Cedar Mill Addition, a two-lot commercial plat. The property is currently platted as five lots. The County is proposing to construct a new correction building on the eastern lot and the west lot is currently occupied by the County Attorney's office. The garage currently on the east lot will be demolished and the two lots will share parking and access. Council Member Svenby made a motion for approval, Council Member Voss seconded the motion, all members voted aye for approval.

Resolution 84-23: CUP-9 Jail Annex Loading Zone CUP

Community Development Director Klecker requested approval of Resolution 84-23 to authorize CUP-9. Allison Timmins, Wold Architects, on behalf of Steele County, is requesting a structured loading area with doors facing the public right of way at the Jail Annex at 2500 Alexander Drive SW. City Code requires the structure be 200' away from the public right of way and plans provide only 120' for this structure. Steele County plans to construct an 8,900 sq ft addition to the east side of the jail annex for four garage stalls for the Sheriff's Department. Parking stalls and a new drive loop are also being added to the site. A new access is being proposed on the north side of the site off

of 24th Avenue SW. with the proposed driveway aligned with the driveway on the east side of 24th. A CUP is required for the loading area on the east side of the addition. A row of screening trees is proposed along the east side of the loop drive as required by code and there is ample parking on the site. Council Member Burbank made a motion for approval, Council Member Dotson seconded the motion, all members voted aye for approval.

Resolution 85-23: CUP-10 Minor PUD Amendment for Mineral Springs Estates

Community Development Director requested approval of Resolution 85-23 to approve CUP-10 requested by Craig Britton, Widseth, on behalf of Chad Lange and Prairie La Salle Partners. This is a request for a minor PUD Amendment for Mineral Springs Estates. The amendment is to change the block of fourteen single family attached homes proposed on the Preliminary Plat in Block 4 to nine single family detached units. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

Resolution 86-23: Final Plat of Mineral Springs Estates

Community Development Director requested approval of Resolution 86-23 approving the revised Final Plat of Mineral Springs Estates. Council Member Voss made a motion for approval, Council Member Svenby seconded the motion, all members voted aye for approval.

Resolution 87-23: Authorize Grant Agreement Submission - General Obligation Bonding Funds - Minnesota Public Facilities Authority

Finance Director Moen requested approval of Resolution 87-23 authorizing the City of Owatonna to submit information to the Minnesota Public Facilities Authority (MPFA) to receive \$11 million of General Obligation Bonding funds from the State of Minnesota. During the 2023 Minnesota legislative session, the state allocated these funds to the City of Owatonna to use towards the Wastewater Treatment Plant expansion. This resolution authorizes submission of the required application and information to the MPFA for these funds. Council Member Svenby made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

Resolution 88-23: Authorize Grant Agreement Submission - General Funds - Minnesota Public Facilities Authority

Finance Director Moen presented Resolution 88-23 for approval. This resolution authorizes the City of Owatonna to submit information to the Minnesota Public Facilities Authority (MPFA) to receive \$11 million of General Funds from the State of Minnesota. During the 2023 Minnesota legislative session, the state allocated these funds to the City of Owatonna to use towards the Wastewater Treatment Plant expansion. This resolution authorizes submission of the required application and information to the MPFA for these state funds. Council Member Raney made a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

Resolution 89-23 Declare Costs to be Assessed - Weed and Nuisance Compliance

City Administrator Busse requested approval of Resolution 89-23 to declare the cost to be assessed and order preparation of the Proposed Assessments for unpaid weed and

nuisance expenditures incurred by the City during 2023. The Owatonna Fire Department enforces the City's codes for mowing of weeds and grass, other harmful vegetation, and other services by using a mowing service to bring noncompliant properties into compliance. The cost for this service is billed to the property owner and several invoices have not been paid. The total assessment amount of \$2,475.98 will reimburse the city for the cost of weed and nuisance enforcement. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, all members voted aye for approval.

Resolution 90-23 Set Date for Public Hearing - Proposed Assessments - Weed and Nuisance Compliance

City Administrator Busse requested approval of Resolution 90-23 to set the date for a public hearing to consider the proposed assessments for unpaid weed and nuisance expenditures incurred by the City during 2023. The Public Hearing will be held during the City Council Meeting on October 17, 2023. Council Member Dotson made a motion for approval, Council Member Svenby seconded the motion, all members voted aye for approval.

Resolution 91-23: 2024 Proposed City Budget and Levy

Finance Director Moen presented Resolution 91-23 to set the City Levy for 2024 and adopt the 2024 Proposed Budget. An overview of the 2024 proposed budget was presented to the Council on August 15. A more detailed presentation of the budget and levy was presented to the Council during Budget Workshops on August 22, 30 and September 12. This proposed budget is consistent with the City's strategic plan. The 2024 proposed levy includes an increase of 9.05% which reflects the current growth mode of the City. The City strives to have its levy increase follow growth. After several years of steady growth and moderate levy increases, the City continues to align its levy increases with growth. The current year's estimated growth rate is 7.0%. This follows growth of 17% in 2023.

The primary drivers of the levy are related to personnel and capital needs. Low unemployment rates and strong competition for the workforce require the City to provide employees compensation and benefits that encourage retention. The 2024 budget will include an annual increase in wages and steps equivalent to roughly 4.5 percent of the overall levy (roughly \$700,000).

The City is making some significant advances in addressing an extensive backlog of urgent deferred maintenance on City-owned buildings. Plans are being developed for investing in these buildings to help position the City long-term to address and plan infrastructure needs in a way that delivers the highest value for taxpayers.

The total proposed City levy is \$18,391,113. The final levy amount and budget will be presented on December 5th at 6:00 p.m. The Council can approve a final levy amount that is lower but not greater than the proposed levy amount.

Council Member Dotson commented he agrees the City's intention is to follow tax capacity with the levy amount but questions this proposed levy which is at a higher amount. The majority of the City's expenses are personnel cost and some of the positions proposed within the 2024 Budget will not be filled at the beginning of the year. He then made a motion to adjust the proposed levy to a maximum of 8%.

Council Member Svenby commented he planned to approve the proposed 9.05% levy amount during this meeting; but, based on the discussion during the study session prior to this meeting relating to some of the proposed staffing which will not be in place in January, he also believes the proposed levy amount should be set at an amount lower than 9.05%. He then seconded Council Member Dotson's motion to adjust the Proposed Levy to 8.0%.

Council Member Raney commented that the proposed levy amount is the maximum amount which could be approved during the budget approval process which will happen two months from now. He prefers approving the proposed 9.05% amount to give staff and council time to review and adjust prior to final approval in December.

Council Member Voss thanked City Administrator Busse, Finance Director Moen and City staff for their work in preparing the 2024 Proposed Budget and Levy. He also believes the budget can be adjusted to allow a levy amount of 8%.

Council President Schultz commented this is the proposed levy amount which can be adjusted lower prior to approval in December. Staff prepared this proposed budget and levy over several months and he believes everyone is committed to lowering this proposed levy amount prior to approval. He believes it is unfair to make changes to the proposed amount based on a brief conversation prior to this meeting.

Council Member Burbank concurred with Council Member Schultz's statement and said he would also support the proposed levy amount at 9.05% knowing the final amount can be at a lower amount.

With no additional comments a roll call vote was taken on Council Member Dotson's motion to change the proposed levy to 8%. Voting aye were Council Members Svenby, Voss, and Dotson and no votes were cast by Council Members Burbank, Boeke, Raney, and Schultz; the motion failed.

Council Member Raney made a motion to approve Resolution 91-23 approving the Proposed 2024 Budget and setting the Proposed Levy at 9.05%. Council Member Burbank seconded the motion. The motion was carried out with a roll call vote, voting aye were Council Members Voss, Burbank, Boeke, Raney and Schultz, voting no were Council Members Svenby and Dotson, the motion carried.

Resolution 92-23 Housing & Redevelopment Authority (HRA) Proposed 2024 Levy and Budget

Finance Director Moen requested approval of Resolution 92-23 setting the proposed 2024 HRA Levy and Budget. The HRA is considered a special taxing district and its levy is adopted separately from the City levy. A detailed presentation of the HRA budget and levy was presented to the council during the August 22nd Budget Workshop. The allowable HRA Levy shall not exceed 0.0185 percent of estimated market value; Steele County Auditor and Assessor estimated the 2022 Market Value at \$2,332,831,900. This value would allow an HRA Levy of \$431,573; the requested levy amount is \$195,000. The final levy amount and budget will be presented on December 5th at 6:00 p.m. Council can approve a final levy amount that is lower but not greater than this proposal. Council Member Raney made a motion for approval, Council Member Burbank seconded the motion, and a majority of members voted for approval.

3-Year Strategic Plan: 2024-2026

City Administrator Busse requested approval of the three-year strategic plan for 2024-2026. Earlier this year, the City Council and staff completed an annual update of the Strategic Plan through a facilitated planning session. The City Council reviewed the draft plan at the July 5th Study Session. The City's four Key Focus Areas have remained the same; however, the action plans for each were updated to prepare for the community's expected growth as Owatonna is increasingly becoming more of a regional hub for southern Minnesota and the City is preparing to accommodate the community's evolving needs. The Strategic Plan will continue to be updated annually. Our 2050 Comprehensive Planning process, which recently kicked-off, includes public engagement opportunities to advise on future strategic planning processes and an update to our Vision Statement. The Strategic Plan is the guiding document for the City Budget. It serves as the road map to navigate the challenges ahead, make informed decisions and allocate resources wisely. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

Wastewater Treatment Facility Expansion Change Order #7 - Rice Lake Construction

Public Works Director Murphy requested approval of Change Order #7 for the Wastewater Treatment Facility Expansion Project. The plans and specifications had conflicting information for coating systems. The coating systems that were bid were based on a partially incorrect schedule in the specifications. The budget impact is \$115,116.46 and will come from the sewer fund. Council Member Dotson made a motion for approval, Council Member Voss seconded the motion, all members voted aye for approval.

STAFF COMMENTS

Public Works Director Murphy commented the annual Straight River Clean-Up event was held last Saturday. He thanked Brad Rademacher, Wastewater Manager, for helping to organize this event at which 30 volunteers pulled debris from the river. He then gave brief project updates: 2022 Street & Utility Project is considered done with only a few minor punch list items left; 2023 Street & Utility has all three roads with work in process and anticipating this project will be completed during this construction season.

Finance Director Moen commented that she has been very busy with the Debt Issuance Process. A Rating Call was held with Moody's last week and those results will be received this Thursday. The City's General Obligation Bonds will be sold on October 3rd and a report on the sale will be made during the Council Meeting that evening. Staff are working to get the 2024 Budget information out; we want people to comment and provide input now during the budget process. A Public Hearing will be held on December 5th and the budget and levy will be adopted two weeks later on December 19th. Comments are welcome during this budget process and there is an interactive budget document available on the City's website.

Community Development Director Klecker commented that the August Building Inspection Report shows valuation of Building Permits this year is over \$80,000 million, he hopes this will reach \$100 million prior to year-end. He then gave brief updates on

several development projects: Lake Meadow Apartments behind Kohls - all five buildings have work in process, they are at varying stages but now all have been started; Cemstone – a Temporary Certificate of Occupancy is being issued and they have a ribbon cutting event planned on October 5th; CDI – construction nearly complete, anticipating occupancy in October; 26th Street Apartments – close to completion; Jersey Mikes and Roma's are now open; Kamp Automation - the building is enclosed and parking lot poured; Waltram Dental - permits are pulled; Home2Suites - foundation work almost done, Rise Modular is making the units for this project; Thompson Sanitation - building nearly enclosed; Ascend (Riverfront Project) - footings being placed behind the large mound of dirt, 30% of the foundation work is done and soon they will be starting to place the walls.

Park & Recreation and Facilities Director Tuma commented that the outside waters will be turned off on October 15th. Staff applied for a DNR ReLeaf Community Forestry Grant for \$500,000. This will assist with our tree assets in our parks and boulevards. Projects in process for Pavement Management are the Straight River Trail, Kaplan's Wood Parking and Lake Kohlmeier boat launch. Working with in-town contractors to complete these projects.

PUBLIC COMMENTS

Brad Meier, 2592 Mossy Creek Drive and CEO of the Owatonna Chamber of Commerce thanked council and staff for their time to prepare the preliminary budget. The Chamber surveyed their members asking what they believe is prohibiting growth within the city and many responses were the accumulative impact of increased taxes. He commented Chamber staff and boards could assist in the budget process.

Andy Michaletz, 1840 White Oak Lane, read a Thomas Jefferson quote, "The wants of government are infinite" He commented he believes the city needs to do a better job of setting priorities. We have had several years with continued raises in the tax levy and the taxpayers need a break. We should try to stay with the 7% Growth Rate and consider some local/state aid funds that are available. He encouraged Council Members to look at a levy less than the proposed 9.05%.

Dave Pfiefer 2572 Mossy Creek Drive commented that he is a business owner and from what he heard during tonight's meeting, he would like to have seen the Preliminary Levy pass at 8%. He then encouraged Council and staff to get this down to 8% prior to approval to better meet the needs of our businesses and homeowners.

Matt Sennott, 2519 Stoney Creek Drive expressed concerns on the County's East Side Corridor Project. He is opposed to the current proposal to use East 29th Avenue and prefers the use of 34th Avenue.

Melissa Zimmerman, 2525 Stoney Creek Drive also expressed concerns about the county's East Side Corridor Project and also encouraged use of 34th Avenue for this project.

Greg Spatenka, 2933 SE 28th Street, commented his mom is 86 years old and she is going to be forced out of her home if her taxes continue to go up. Recent projects have beautified the city but he doesn't believe they are practical and asked where everyone thought all the money was going to come from to pay for them. He does a lot of work for older people in town, and many are concerned their taxes will be increased. He believes the condition of streets in the City is poor and that should be thought about prior to building a new building.

COUNCIL COMMENT AND GENERAL INFORMATION

Council Member Voss thanked Officer Oltjenbruns for attending the Council Meeting.

Council Member Dotson thanked City staff members in preparing the 2024 Budget and encouraged Finance Director Moen to do some magic to decrease the final budget and levy amounts.

Council Member Raney clarified that the building proposed during tonight's meeting is a county building and not a city building. He then congratulated Dave Furness who joined the Owatonna Hall of Fame last week. Dave has been instrumental in building the Owatonna Soccer Program.

Council President Schultz thanked everyone for attending and their comments.

ADJOURNMENT

At 8:18 p.m., Council Member Raney made a motion to adjourn, Council Member Boeke seconded the motion, and with no objection heard the meeting ended.

Respectfully submitted,
Jeanette Clawson, Administrative Coordinator