

Owatonna City Council Minutes

October 3, 2023

On Tuesday, October 3, 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 Director Klecker; Public Works Director Murphy; Park and Rec, and Facilities Director Tuma; Finance Director Moen; IT System Administrator Sticken; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson.

Council Agenda

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting. Council Member Svenby made a motion to approve the agenda as presented, Council Member Burbank seconded the motion, and all members voted aye for approval.

Mayor Kuntz commented that the City's procedure for proclamations was changed this spring. Mayor's Proclamations will be listed on Council Agenda, shared in the Council Packet, and posted on the City's website; but will not be read in full during the Council Meeting. Tonight, there are four proclamations:

Proclamation – Owatonna Foundation Week - October 2 - 6, 2023

Proclamation - Manufacturing Week - October 6 - 14, 2023

Proclamation - 2023 Fire Fighter of the Year - Mitchell A. Terpstra

The Exchange Club of Owatonna will host the 2023 Firefighter's Banquet on Thursday, October 12th at the Owatonna Eagles.

Proclamation - Domestic Violence Awareness Month - October 2023

Missie Boone, Domestic Violence Program Coordinator at the Crisis Resources Center of Steele County was present to receive this proclamation and thanked Mayor Kuntz and Council Members. She encouraged everyone to become more aware of domestic violence programs to improve victim safety. Last year, twenty-four homicides in Minnesota were results of domestic abuse.

Mayor Kuntz commented that there are current openings on the HRA and Park Board. Application for board membership is available on the City's website.

CONSENT AGENDA

Minutes – City Council Meeting – September 19, 2023

Minutes - HRA Meeting - August 8, 2023

Minutes - Airport Commission Meeting - August 10, 2023

Minutes - OPU Meeting - August 29, 2023

Exempt Permit - Turkey Bingo - Owatonna Fire Relief Association - November 11, 2023

Excluded Bingo - Purse Bingo - Early Edition Rotary - November 10, 2023

Change Order #4 - Truman Avenue Project - Northland Grading & Excavating

Change Order No. 4 upsized the structures CB-29 and ST-13 to satisfy pipe opening requirements. The proposed structures per plan were 48-4020 MH's. The additional expense, \$8,187.74 to upsize the MHs included cost of materials (precast), bedding, labor, brick, and concrete.

Finance Report

Council Member Raney recapped payments made for amounts greater than \$20,000 during this period. The total amount of bills presented was \$1,251,864.52. Council Member Voss made a motion to approve payment of all bills presented, Council Member Boeke seconded the motion, and all members present voted aye in approval.

Second/Final Reading Proposed Ordinance 23-18: RZ-6 - 121 Mill Street E - Steele County

Community Development Director requested Council approve Proposed Ordinance 23-18 authorizing Application No. RZ-6 . Steele County requests the property at 121 Mill Street East be rezoned from B-2, Community Commercial District to B-3, Central Business District to require less setback for a Corrections Building near the current County Attorney's Office. The council approved the first reading of this proposed ordinance during their September 19th meeting and there have been no changes since. Council Member Raney made a motion for approval, Council Member Burbank seconded the motion. With a roll call vote, voting aye were Council Members Voss, Dotson, Burbank, Boeke, Raney, Svenby and Schultz; no nay votes; and the motion carried. This will be known as Ordinance 1657 to be effective upon publication.

Second/Final Reading Proposed Ordinance 23-19: Adopt S-7 Supplement to the 2015 Ordinance Code

Marissa Wunderlich, Attorney at Walbran and Furness Law Firm commented there have been no changes to Proposed Ordinance 23-19 since Council's approved the first reading during their last meeting. This ordinance will adopt the S-7 supplement prepared by American Legal Publishing Corporation to the City's 2015 Code of Ordinance. S-7 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. This will be known as Ordinance 1658 to be effective upon publication.

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

Community Development Director Klecker presented Resolution 61-23 which was tabled during the July 5, 2023 Council Meeting. This variance will allow continued operation of a five-unit structure at 511 S Elm which is currently compliant for only two units. Brycen Gregor, the new owner of this property, requested additional time for a property survey to confirm the property lines and lot size for use in preparing options to meet the required number of parking spaces needed. The new survey confirms there is not parking available on the south side of the building but there is opportunity on the north side to construct a drive aisle and three additional off-street parking stalls required for a structure with five one-bedroom units. Staff spoke with the contractor planning to complete this project and are now anticipating this project may not be completed until next spring. Staff recommends approval of this resolution to approve this variance with required completion of the required parking stalls by May 31, 2024. If the stalls are not constructed, the variance is waived and three units must be vacated on June 1, 2024. Council Member Dotson made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

Resolution 93-23: Award Sale of General Obligation Street Reconstruction Bonds 2023B

Finance Director Moen commented sale of the Series 2023B bonds that was completed this morning. These bonds were issued to finance the 2022 Street & Utility project; the 2023 Street & Utility project; and the 2023 Havana Road project. Moen introduced Steve Scharff, Sr manager, Public Finance at Baker Tilly US to present the bid proposals received. Bonds were sold on the lowest true interest costs bid, six companies submitted proposals. BOK Financial Securities, Inc. submitted the low bid with a true interest cost of 3.9908%. Bids were tight and strong with three bids received between

3.9908% and 4.0377%. During the bond sale process, the City's Investment Grade was improved from Aa2 to Aa1, this is the second highest rating offered. The City of Owatonna is now one of 15 cities within Minnesota with an Aa1 rating which is only one of two these cities out of the metro-area. Factors contributing to this improved rating are the city's growing local economy, low leverage borrowing, incomes above average, diverse economy, tax base growth with increase in value of existing homes, new homes and developments within the community. The City's financial position is robust and likely to remain strong in the near term with the current fund balance and conservative budgeting policies. Doug Green, Director, Baker Tilly asked him to thank city staff for providing the information needed during the rating call and participating. Council Member Raney made a motion to approve Resolution 93-23 to award the sale of these bonds to BOK Financial Securities, Inc., Council Member Boeke seconded the motion, all members voted aye in approval.

Resolution 94-23: Declare Costs for the 2022 Street & Utility Project

Public Works Director Murphy requested approval of Resolution 94-23 declaring the costs for the 2022 Street and Utility Project at \$2,402,651.97. This project included improvements to 15th Street NE, Linn Avenue and Selby Avenue. This final project cost includes a contract with JJD Companies, Change Orders, Quantity Changes and Engineering costs which will be paid from a combination of City Funds, OPU Reimbursement and Special Assessments. Council Member Boeke made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

Resolution 95-23: Set Public Hearing Date for the 2022 Street & Utility Project

Public Works Director Murphy requested Resolution 95-23 be approved setting a public hearing on Tuesday, November 7th for comments on the Proposed Assessments for the 2022 Street and Utility Project. Proposed Assessments total \$363,616.76, 15.1% of the declared project cost of \$2,402,651.97. Council Member Raney made a motion for approval, Council Member Dotson seconded the motion, all members voted aye in approval.

Resolution 96-23: Declare Costs for the 2023 Havana Road Project

Public Works Director Murphy requested approval of Resolution 96-23 declaring the costs for the 2023 Havana Road Project at \$1,017,507.04. This project included improvements to Havana Road between Truman Avenue SE and Smith Avenue SE. This final project cost includes a contract with Wencil Construction, Change Orders, Quantity Changes and Engineering costs which will be paid from a combination of City Funds, OPU Reimbursement and Special Assessments. The project is now considered substantially completed with a warranty begin date of September 27, 2023. Council Member Burbank made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

Resolution 97-23: Set Public Hearing Date for the 2023 Havana Road Project

Public Works Director Murphy requested Resolution 97-23 be approved setting a public hearing on Tuesday, November 7th for comments on the Proposed Assessments for the 2023 Havana Road Project. Proposed Assessments total \$99,638.76, 9.79% of the declared project cost of \$1,017,507.04. Council Member Dotson made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

Resolution 98-23: Remove No Parking and School Zone Signs - Adjacent to the former OHS at 333 School St E

Public Works Director Murphy presented Resolution 98-23 to authorize removal of "No Parking and School Zone" signs adjacent to the former Owatonna High School. These signs were previously installed adjacent to the former OHS solely for the operation of the school. No Parking was instituted

to preserve on-street parking for the residents in the area during school hours. Transportation modes and trends shifted over time, and due to a lack of off-street parking at the OHS, nearby neighborhoods were filled by student parkers. Since the high school has been relocated, there is no longer a need to restrict parking in this area. These signs will be removed from these streets:

Prospect St SE, University St SE, Phelps St SE - From Elm Ave S to Lincoln Ave S

School St E - From Elm Ave S to Chambers Ave SE

Academy St E - From Grove Ave S to Lincoln Ave S

Rice St E - From Elm Ave S to Grove Ave S

Grove Ave S - From Rice St E to South St E

Harriet Ave SE - From School St E to South St E

Lincoln Ave S - From Academy St SE to University Ave SE

With removal of these parking restrictions, the winter Even-Odd parking restrictions will now be in effect on these streets. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

Resolution 99-23: Merrill Hall Energy Efficiency Project Agreement

Council President Schultz advised this agreement is under review with legal counsel. Council Member Raney made a motion to table this resolution, Council Member Boeke seconded the motion, all members voted aye in approval.

Resolution 100-23: Purchase Property - 139 East Pearl Street

Community Development Klecker requested approval of Resolution 100-23 to authorize the purchase of property at 139 East Pearl Street. Staff were approached about the owner's interest in selling their property directly east of the Marriot Courtyard Hotel, which is an area for potential redevelopment. Staff viewed the property and determined that too much money would have to be invested to make it rentable and recommend demolishing the building to make it a green space in the short term while staff pursues a future project. The purchase price of the property is \$106,500 and an estimated cost of \$20,000 to demolish the building will be paid from funds set aside for blighted properties. Council Member Voss made a motion to approve Resolution 100-23 approving the Purchase Agreement with Lorraine Kim for her property at 139 E Pearl Street, Council Member Burbank seconded the motion, all members voted aye in approval.

Resolution 101-23 Joint Powers Agreement - Third Judicial District Court - State of Minnesota

Police Chief Mundale requested approval of Resolution 101-23 to update and renew a Joint Powers Agreement (JPA) between the State of Minnesota acting through the Third Judicial District and city on behalf of its Police Department. This agreement will allow use of the city's Criminal Justice Data Communications Network (CJDN) to conduct state and national criminal history database searches when a person applies for a name change through the Court. The Bureau of Criminal Apprehension's (BCA) Minnesota Justice Information Services (MNJIS) operates the Criminal Justice Data Communications Network. The FBI Criminal Justice Information Services (CJIS) security policies require an interagency Agreement between the parties accessing criminal justice information within Minnesota. Council Member Dotson made a motion to approve Resolution 101-23, Council Member Burbank seconded the motion, all members voted aye in approval.

Resolution 102-23: Joint Powers Agreement - Criminal Justice Network

Police Chief Mundale presented Resolution 102-23 to renew Criminal Justice System Service Agreement between the Criminal Justice Network (CJN), the City of Owatonna and its Police Department. CJN uses the latest technology to link timely public safety information and sharing as possible in a secure CJN environment that meets the FBI Criminal Justice Information Services Security Policy (CJIS Security Policy). The City of Owatonna Police Department ("Agency") has been

a member agency with Criminal Justice Information Integration Network (CJIIN) since 2009; currently, there are 26 member agencies supporting 2,060 users. The 2024 budgeted annual subscription fee is \$7,678.00. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval. The term of this Agreement, expiring on December 31, 2026.

Purchase 2023 John Deere Motor Grader - RDO Equipment Co

Public Works Director Murphy requested the Council approve purchase of a 2023 John Deere Motor Grader with plow wing from RDO Equipment Co. A 2003 John Deere Motor Grader will be used in trade towards the purchase price of \$407,600. The 2003 motor grader has a trade-in value of \$70,000; but this equipment was purchased with a Federal grant and State funds through the Airport which may require payback to the State if sold. That equipment is now twenty years old, and staff anticipates that the City will receive the full trade-in value but Dave Beaver, Airport Manager is currently verifying. The new motor grader is anticipated to be delivered and operational as part of the City's fleet for this winter season. Council Member Svenby made a motion to approve purchase of this equipment, Council Member Dotson seconded the motion, all members voted aye in approval.

Change Orders #5 and #6 - Ebert Construction - Council Chamber Renovation Project

Park and Recreation and Facilities Director Tuma requested approval of Change Order # 5 and #6 received from Ebert Construction for the Council Chambers Renovation Project. Change Orders 5 & 6 reflect several on-site adjustments to HVAC, ductwork, demo and removal of old wiring and piping, dias changes to the staff seating area and wall repairs. Teresa McCormack from CRW is here tonight to answer any questions about these changes. These change orders will be paid through the project's contingencies; the amount of Change Order #5 is \$15,962.51 and Change Order #6 is \$58,876.64. This project is nearing completion, and we plan to hold the November 7th City Council Meeting in the new chambers. Council Member Dotson made a motion to approve these change orders, Council member Burbank seconded the motion, all members voted aye in approval.

Addendum #1 - Work Order #9 - Bolton & Menk - Airport Hangar and Taxi-lane Project

Community Development Director Klecker requested approval of Addendum No. 1 to Work Order No. 9 with Bolton & Menk Inc. for professional engineering services for the 10 Unit T-Hangar and Taxi-lane project. In early 2022 project Change Order No. 2 was approved which included design modifications needed to provide additional storm water construction in order to meet the City of Owatonna MS4 storm water permit requirements. The engineering and construction work to meet those requirements have since been completed. While the change order modified the construction contract an addendum is needed to document the change to the engineering work order for the previously approved work and for FAA grant documentation. The previously approved Change Order No. 2 resulted in additional engineering costs of \$10,500.00 as reflected in this addendum, these costs are eligible for 90% federal funding reimbursement. Addendum No. 1 has been reviewed by the Airport Commission and approval is recommended. Council Member Raney made a motion to approve Addendum #1 for this airport project, Council Member Burbank seconded the motion, all members voted aye in approval.

Change Order #4 - Everstrong Construction - Airport Hangar and Taxi-lane Project

Community Development Director Klecker requested approval of Change Order #4 received from Everstrong Construction for the Airport T-Hangar and Taxi-lane Project. This change order documents the liquidated damage due to delays in construction and adds one year of warranty to the hangar floor. The T-Hangar was not fully complete by August 1, 2022, the date of completion provided for in the contract. Liquidated damages per the contract documents were incurred at \$1,000 per day beginning on October 24, 2022 for a total of 40 days and a total sum amount of \$40,000. The

change order does allow for an additional seven working days and a deduct for additional electrical work for liquidated damages and a net change order decreases the contract amount by \$25,660. Additional work on the hangar floor was also required in order to meet contract specifications. The contract provides that the warranty with respect to work repaired or replaced will run for one year from the date of repair. Therefore, the additional warranty for the work completed on the floors is included in the change order. The engineer has documented the additional project costs, reviewed the process of payment, and ensured conformance with contract and FAA requirements. Bolton and Menk Inc., the airport engineering consultant, has prepared and recommends approval of Change Order No. 4. The Airport Commission has reviewed this change order and recommends approval. Council Member Svenby Made a motion to approve this change order, Council Member Voss seconded the motion, all members voted aye in approval.

Addendum #2 - Work Order 9 - Bolten and Menk - Airport Hangar and Taxi-lane Project

Community Development Director Klecker requested approval of Addendum No. 2 to Work Order No. 9 with Bolton & Menk Inc. for the 10 Unit T-Hangar and Taxi-lane project in the amount of \$20,655.75. This amendment covers the additional engineering and architectural costs for the additional hangar floor work required to meet project specifications. The engineer documented the additional project costs, reviewed the process of payment, and ensured conformance with contract and FAA requirements. The Airport Commission has reviewed this addendum and recommends approval contingent on approval of Change Order No. 4 with the contractor for liquidated damages. Change Order #4 with Everstrong Construction will cover the cost of this addendum. Council Member Boeke made a motion for approval, Council Member Dotson seconded the motion, all members voted aye for approval.

STAFF REPORTS

Community Development Director Klecker commented the September Building Permit Report shows valuation of new construction permits issued year-to-date is \$96 million. This is the second highest amount ever issued through September and we are currently on pace to break the annual record amount. This year, nine single-family home permits have been issued, three more are in review and another three are in planning so we have a total of 15. There is talk of a few more this year which will be more than the 16 issued last year but not near the 40 issued during 2022. Next year, the new subdivision will start building east of the waterpark, and with a developer pushing for more units, we should see a higher number of single-family homes being built. Currently, there are 420 rental units under construction. All five buildings of West View Meadows are in process with plans to open the first building in January. The River Front Project has 69 units which should be done next fall. Unique Apartments on the corner of Cedar and 26th Street opened on Sunday and have 30 units filled. They worked really hard to get life safety issues resolved to obtain the temporary Certificate of Occupancy by October 1st. For this project, our staff has completed 125 inspections, there have been 140 hours spent doing these inspections and does not include the number of hours for plan review. Just during last week, we spent 22 hours completing inspections. Mark Schwanke, Plan Inspector, worked on Saturday so the contractor could meet all the check items needed which allowed families to move in on Sunday, October 1st. A big shout out to our Building and Inspection staff for getting the work done for this contractor to reach their goal.

Police Chief Mundale commented that he and the Police Captains have been working to initiate an Honor Guard within the department for special occasions. They plan to apply for membership with LEMA, the Minnesota Law Enforcement Memorial Association Honor Guard to participate in parades and officer funeral processions. He and three officers who will be participating have ordered uniforms which will be introduced at a future Council Meeting. The style of the polo shirts worn by the Community Service Officers will be changing; the badge was removed to separate them from a uniformed officer. There is a currently an application posted for a Police Officer, there have been

several applications received but hoping to receive more. Our Task Force Agent will be stepping down around November 1st; we receive 50% reimbursement for this position's wages from the Sheriff's Office, so we want another officer assigned to this position for a smooth transition.

Public Works Director Murphy commented that the 2023 Street & Utility Project is moving along. All utilities are done on Riverview and Butternut and concrete was poured this past week. Work has also started on School Street, so they are making a smooth transition from one street to the next. On the WWTP project, they plan to get into the aeration basins later this week as they begin this phase of the project. They will transition our aeration basins to make the updates and upgrades needed for those. Within the next month, all of our WWTP staff will be relocated to one of our process buildings as work begins on the administration building. The Cured in Place Pipe System (CIPPS) Project has started, they are currently out cleaning and televising pipelines. They will begin the lining process in a few weeks, we plan for about 6,500 feet of lining to be completed this year.

Park and Recreation and Facilities Director Tuma commented work was completed on the North Straight River Trail and Lake Kohlmier trail with filling and crack sealing. There will also be some work done later this month on the trail on 26th Street by Lemond and Kenyon Road. Last week, Brooktree Golf Course celebrated its 60th anniversary and hosted a golf tournament with 72 participating. This was a fun version of a golf tournament and we have received a lot of good comments about this event and the direction the golf course is currently taking.

Communications Manager Sheely commented communications coverage was provided to all the projects mentioned during this meeting. Additional coverage given Fire Prevention Week, Fire Fighter of the Year, and a video will be posting tomorrow about Housing. She encouraged everyone to sign up for Notify Me to be notified when a new item is posted. Three projects used Engage Owatonna for community engagement: Comprehensive Plan, Night to Unite and Name the Regional Park. Feedback on these projects provided information on how to better use the tools available for our communication options. She encouraged everyone to sign up for Notify Me to receive notification when new items are posted such as city newsletters, city videos and news releases. Currently 2,558 people are following the City's Facebook page, this amount has more than doubled since July, 2022. Posting by the Police Department to their Facebook have reached many people; a posting on a missing person reached 7,134 and more than 6,500 were reached by a notice advising police were at the scene of a recent incident.

Finance Director Moen commented that the bonds sold today were issued with an interest rate just below 4%. The State Statute requires interest rate on assessments be set 1.5% to 2% over the city's bonding rate. Special assessment approval will be at the next several Council Meetings, she will propose the interest rate for these assessment projects be set at 5.5% to 6%.

PUBLIC COMMENTS

Matt Sennott, 2519 Stoney Creek Dr spoke on behalf of residents in the North Country Estates area who are opposed to the development of 29th Avenue as the city's east side corridor. There are 150 homes in this neighborhood with 20 homes along the proposed stretch between Dane Road and Rose Street. Several homes are only 15' feet from the edge of the road right-of-way. This road was intended to be a residential road and not a superhighway which would allow speeds up to 45 miles per hour. He hopes the City will assist in stopping the county's proposed plan for this roadway.

Melissa Zimmerman, 2525 Stoney Creek Dr commented residents will have their safety taken from them if this road is built so close to their homes. The proposed project plan allows homes 15 feet from the road's right of way but previously proposed projects for this road required right of way at 150 feet or 800 feet. There is often wildlife in this area and many children play in their backyards, she doesn't believe there will be sufficient space to safely stop a wayward vehicle that is traveling 45 miles per hour.

COUNCIL COMMENT AND GENERAL INFORMATION

Council President Schultz thanked Attorney Wunderlich for attending tonight's meeting.

ADJOURNMENT

At 8:31 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