

Owatonna City Council Minutes

November 21, 2023

On Tuesday, November 21, 2023 at 7:00 p.m., Council President Schultz called the regular session of the Owatonna City Council to order in the Chambers of the Charles S. Crandall Center. Present were Council Members Raney, Voss, Burbank, Boeke, Dotson, Svenby and Schultz; Mayor Kuntz; Community Development Director Klecker; Public Works Director Murphy; Communications Manager Sheely; IT System Administrator O'Connor; Sergeant Zackary Schumaker; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson.

Michaela Kruger sang the National Anthem; Council President Schultz thanked her saying this added to tonight's meeting as did the ribbon-cutting event for the Charles S. Crandall Center held prior to tonight's study session. Council Member Dotson made a motion to approve the agenda as presented, Council Member Svenby 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 – November 7, 2023

- EDA Meeting - September 20, 2023

- Planning Commission Meeting - October 10, 2023

- EDA Meeting - October 18, 2023

- HRA Board Meeting - October 23, 2023

- Planning Commission Meeting - October 24, 2023

- Exempt Permit - Ducks Unlimited Steele County - Raffle at Torey's Restaurant - February 15, 2024

- Exempt Permit - Steele County Purple Ribbon Club - August 18, 2024

- Exclusive Beverage Agreement - Gillette Pepsi

The current Beverage Provider Agreement with Gillette Pepsi expires on December 31, 2023. Proposals were received from Gillette Pepsi Bottling Company of Rochester and Reyes Coca-Cola Bottling of Owatonna. Both proposals included comparable pricing, annual rebate payments, free use of equipment and equipment maintenance service. This is a 3-year agreement with Gillette Pepsi, from January 2024 through December 2026. This agreement would extend to any contractor, vendor, and user group who sells beverages on City properties. Based on current sales volume, the City will receive \$3,000 annually in funding from Pepsi-Cola and up to 5 printed banners annually to promote events. All equipment and maintenance services on the equipment are provided as part of the agreement.

Coffee Service Agreement - SeniorPlace Inc

SeniorPlace Inc, requests to provide Coffee Service at West Hills Social Commons to the members of the City's Adult Leisure Pursuits senior programming program, to add to the social ambience of the programming space. This service was previously provided by SeniorPlace Inc but discontinued since the Covid 19 Pandemic. Reimplementing this program is in response to member's requests. It is the responsibility of the SeniorPlace Inc Board of Directors to fully manage the program and maintain liability insurance during the term of this agreement. The City will provide the plumbed-in water source and connection to the Coffee Machine. SeniorPlace Inc will be responsible for all operations and expenses associated with the Coffee Service program.

Statement of Work – Audit Services – CliftonLarsonAllen LLP

The City is required to submit to the state auditor's office audited financial statements that have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year. This agreement will allow the City to comply with this requirement. The base fee will be \$34,350 for the upcoming 2023 financial statement audit.

Statement of Work - HRA Audit Services - CliftonLarsonAllen LLP

CliftonLarsonAllen, LLP will provide HRA audit services for 2023. HRA Financial statements must be submitted to the state Auditor's Office which have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year. The base fee will be \$12,150 for the upcoming 2023 financial statement audit.

Change Order 7 - Council Chamber Project - Ebert Construction

Change Order 7 supports a combination of project adjustments resulting in cost savings credits and additional work for fire sprinkler pipe adjustment, wall tile, and electrical gear equipment. A detailed report is attached with itemized changes. Net financial change of \$1,466.22 for this change order.

Change Order - City Hall Parking Lot Design - CRW Architecture

To improve the accessibility at the City Hall and the Charles S. Crandall Center, the northwest parking lot is identified as an opportunity. This ADA update will improve access to the Crandall Center and the City Hall staff entrance. The project is proposed to be completed in 2024. Design work is the first step in completing the project. Cost of this change order for design services will be \$2,750.

Council Member Boeke made a motion to approve these Consent Agenda items, Council Member Voss seconded the motion, all members 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 \$3,980,188.77. Council

Member Voss made a motion to approve payment of all bills presented, Council Member Burbank seconded the motion, all members voted aye in approval.

Proposed Ordinance 23-20 – Amend Sewer Rates

Public Works Director Murphy presented the first reading of the ordinance to adjust the sewer rates. Annual adjustments of the sanitary sewer rates are necessary to maintain adequate funding for future operations and to fund the costs of the wastewater treatment facility expansion. The rates proposed will increase the average residential customer \$39.24 next year, approximately \$4.00 per month. Council President Schultz commented the anticipated increases were discussed during the Study Session held on November 7, 2023. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion. With a roll call vote, voting aye were members Burbank, Boeke, Raney, Svenby, Voss, Dotson and Schultz. There were no nay votes, the motion carried. The second/final reading of this proposed ordinance will be heard during the next City Council Meeting on December 5, 2023.

Resolution 113-23: CUP-11 & VAR-10 - 301 Pine Ave N

Community Development Director Klecker requested approval of Resolution 113-23 for CUP-11 & VAR-10. This is a conditional use permit request received by Jeff Bogut for the conversion of a single-family dwelling to a 3-unit, multi-family dwelling, as well as a lot size variance request on a 8,580 square foot lot where 13,000 square feet is the minimum lot size for a single-family to multi-family conversion in the R-3, Single- and Two-Family Residential District. This property has been a tri-plex for some time and the Renter's License lapsed; current code requirements are required for renewal. The Planning Commission held a public hearing on this request with no objections heard and recommend approval with these conditions:

- a) The units shall be registered with the Rental Registration program.
- b) The property shall not contain more than 3 units at any one time.
- c) All units shall be inspected and approved within the Rental Registration process. If any repairs are needed, they shall be completed to be in full compliance with the Rental Registration License.
- d) Building permits shall be applied for before any alterations are made.

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

Resolution 114-23: VAR-12 Duplex Lot Size - 2041 Greenwood Dr NE

Community Development Director Klecker requested approval of Resolution 114-23 for VAR-12. This is a request received by Kent Kleeberger for a lot size variance on a 9,600 square foot lot where 10,000 square feet is the required minimum lot size for a two-family dwelling in the R-3, Single- and Two-Family Residential District. This property was built and is being used as a duplex and current renewal of the Renter's License requires compliance with current code specifications. There have been no issues with use as a

duplex and there is sufficient parking available. The Planning Commission held a public hearing on this request with no objections heard and recommend approval with these conditions:

- a) The units shall be registered with the Rental Registration program.
- b) The property shall not contain more than 2 units at any one time.
- c) All units shall be inspected and approved within the Rental Registration process. If any repairs are needed, they shall be completed to be in full compliance with the Rental Registration License.

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

Resolution 115-23: Final Plat - Cedar Mill Addition

Community Development Director Klecker presented Resolution 115-23 to finalize the plat for the Cedar Mill Addition. This is a 0.84+ acre tract which will be a two-lot commercial plat owned by Steele County. The county is proposing to construct a new office building on the eastern lot. The west lot is currently occupied by the County Attorney's office. There have been no changes since Council approved the Preliminary Plat on September 18, 2023 via Resolution 83-23. The Planning Commission is recommending approval with these conditions:

- 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) All unused water and sewer services shall be disconnected at the main.
- d) All comments in the City Engineer's memo shall be adhered to.

The Council previously approved zoning to allow for setbacks and this plat will change the parcel boundaries to allow them to construct their building. Council Member Svenby made a motion for approval, Council Member Dotson seconded the motion, all members voted aye in approval.

Resolution 116-23: SPLT-2 Formal Lot Split - Cedar Cove

Community Development Director Klecker requested approval of Resolution 116-23 for approval of Application SPLT-2. This is a request for a lot split by Bryan Tucker, SummerGate Development for the property located at 162 Cedar Cove Lane NW. The proposed split will split and recombine the four current units into three units. This offers a good transition between the current duplex and 4-plex parcels. The Planning Commission held a public hearing on this request with several neighboring property owners present wanting information but did not object to this proposal. The Planning Commission is recommending approval with this condition:

- a) Any covenants or declarations shall be amended to recognize the changes in lots and legal descriptions.

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

Resolution 117-23 - Amend Development Agreement - 134 Southview Street - Mayo Clinic Health System - Owatonna

Community Development Director Klecker requested approval of Resolution 117-23 authorizing execution of the First Amendment to the Development Agreement with Mayo Clinic Health System, Fareway Stores, the Sacred Heart Church and the City. This 2012 development agreement is for redevelopment of the old hospital site. Under that agreement, Mayo Clinic would take over a portion of the old hospital building and renovate it into part of the clinic property and would receive \$200,000 in tax increment financing (TIF) over a 25-year period provided the clinic building remains medical offices during that timeframe. Mayo Clinic has since consolidated all of its medical operations into its main clinic building on 26th Street NW and has this Southview building for sale. There is a pending sale of the property to a non-profit and, therefore, the building will no longer be used for medical offices. Mayo Clinic has agreed to forgo any additional TIF dollars under the agreement to accommodate the sale of their property. Council Member Raney asked if the amendment would remain valid if the sale of property fails. Klecker confirmed this amendment removes Mayo from the development agreement, their intent is to sell this property. Council Member Raney made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

Purchase Tandem Axle Plow Truck - Truck Center Companies with Towmaster Truck Equipment

Public Works Director Murphy requested authorization to amend the purchase a 2024 Western Star tandem axle truck chassis with Towmaster Truck Equipment outfitting for plowing and dumping. This purchase was previously approved by Council on April 19th, 2022 with original quote dated February 2nd, 2022 cost has increased due to inflation since receiving this quote. Increased costs in material and labor, the Towmaster Truck Equipment outfitting package cost has risen, \$39,930. Our Maintenance Manager has attributed most of the cost increase to the hydraulic components of the buildout. The Towmaster Truck Equipment Package increased from \$146,558 to \$186,488. The all-in cost of the outfitted tandem axle truck is \$328,241 with an expected trade-in of our 2013 International tandem axle truck of \$45,000. Murphy commented that the trade-in value and base chassis costs have not changed. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, all members voted aye in approval.

Adopt 2023 Owatonna Wastewater Collection System Study

Public Works Director Murphy requested adoption of the 2023 Owatonna Wastewater Collection System Study by Nero Engineering and AE2S. The City went through an extensive planning process and facility plan with our WWTF that ultimately led to our Expansion Project. Our treatment facility is one major component of the treatment system, the other is our collection system. Identifying and planning for future needs

in our collection system is crucial to our City's growth and viability to welcome new businesses. The plan set and achieved a multitude of goals including:

- Providing an updated planning and service area map for the City's future wastewater collection system
- Built out a comprehensive wastewater collection system hydraulic model that's integrated with our GIS system that characterizes current flow patterns and helps project future flow patterns
- Identified the City's existing collections system capacity and required improvement areas
- Identified wastewater collection system improvements required for projected new service and population growth
- Providing a recommended CIP for a 30-year growth period detailing the projects, schedule, and estimated cost

The study is comprehensive in all aspects, from existing system evaluation to future planning. It will provide a great roadmap for the City moving forward that can be updated at any time. If variables change in large contrast to what assumptions and projections were based off of, our hydraulic model can easily be updated to shift to the trends at the time. The study was presented to the Council during the Study Session on May 16th and no significant changes have occurred since then. The study did not project to the north side of the city as there is a current lift there. This study includes a 30-year CIP Plan with projected costs for reference when planning. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

STAFF COMMENTS

Community Development Director Klecker commented that the Comprehensive Plan is ongoing, the Public Engagement piece is completed and the consultants are now preparing a draft. Staff has been reviewing ordinances for amendment consideration, tonight's study session was about storage containers within city limits. Demolition of the former Monson Eye Clinic should be completed tomorrow as the parking lot project progresses. Staff is beginning to work on 2024 projects and we have received inquiry about all types of projects including some single-family residential developments. Hopefully, the weather will allow the airport's fence/gate project to be completed over the next few weeks or this contract does allow for this to be done in the spring.

Public Works Director Murphy commented that the roundabout on County Highway 48-Bixby Road at 18th Street Southeast should be open soon. Construction was delayed by the railroad but now all complete and should be opened within a week.

Communications Manager Sheely shared the Communication Plan for the Charles S. Crandall Center. This plan evolved over the last eighteen months and was completed tonight with the Ribbon Cutting Event. The plan includes detail of communication

elements, the goals and objectives, identifying the audience and deliverables. The objective of all communication plans is to drive the audience to our website for information. She has been assisting staff as they begin using the new brand, there working with staff to update to the new brand. There is a video available on BrandingOwatonna.com to tell the story of the new brand across Owatonna and beyond.

PUBLIC COMMENTS

Melissa Zimmerman, 2525 Stoney Creek Dr commented the proposed East-side Corridor Project on 29th Street has been in discussion over the last one and half years. Just within the last two-week period, the County Engineer realized homes have been built in the right-of-way so she and her neighboring property owners wonder if other details have been overlooked. In 1995, a study was completed with a final report 195 pages long and currently, only one route has been in discussion. The proposed alternate route 500' away hasn't been considered. They realize every project hopes to avoid conflicts, minimize effect, and mitigate changes and hope due diligence will be done so other items haven't been missed in consideration of this proposed project.

MAYOR AND COUNCIL COMMENTS:

Council Member Burbank wished everyone a Happy Thanksgiving and then asked Officer Schumacher about the City's Winter Parking Ordinance. Officer Schumacher confirmed warnings had been issued over the last two weeks and parking citations will now be issued for violations. Council Member Burbank asked residents to advise their holiday guests about the City's odd/even parking restriction.

Council Member Raney commented that the final ribbon-cutting ceremony to celebrate the opening of Highway 14 between New Ulm to Nicollet was held this morning near Courtland. This project converted the two-lane highway to a continuous four-lane divided highway between New Ulm and Rochester. The ribbon cut was the "Highway 14 Finish Line". The project has been in discussion since the 1950's with many elected officials lobbying for completion of this road. Special thanks to former Owatonna City Council Member Les Abraham and Robert "Bob" Beussman, previous New Ulm Mayor who each served as the President of the Highway 14 Partnership pushing this project along. He also thanked local businesses, the Owatonna Chamber of Commerce and the Owatonna Peoples Press for their support of this road project. He then reminded everyone to drive safely and enjoy the Thanksgiving holiday. Council President Schultz thanked Council Member Raney for serving on the Highway 14 Coalition and for speaking during this event today as their current President.

Council Member Dotson wished everyone a Happy Thanksgiving.

Council President Schultz commented the ribbon-cutting event held today was a nice way to end the Chamber Renovation Project and then wished everyone a Happy Thanksgiving.

Adjournment

At 7:46 p.m., Council Member Boeke made a motion to adjourn, Council Member Raney seconded the motion and with no objection, the meeting ended.

Respectfully submitted,

Jeanette Clawson, Administrative Coordinator