

Owatonna City Council Minutes

December 19, 2023

On Tuesday, December 19, 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; Parks, Recreation & Facilities Director Tuma; Finance Director Moen; Human Resources Director Thamert; Communications Manager Sheely; IT System Administrator Sticken; Sergeant Zackary Schumaker; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone. Council Member Voss made a motion to approve the agenda as presented, Council Member Burbank 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 – December 5, 2023

Minutes - TNT Meeting - December 6, 2023

Library Board Meeting - November 16, 2023

Human Rights Commission Meeting - December 12, 2023

Police Crime Clock - November 2023

Exempt Permit - Raffle - St. Mary's School - April 20, 2024

Amend Exempt Permit - Ducks Unlimited - March 30, 2024

Change date of permit approved November 19, 2023 for April 6 to March 30, 2024.

Temporary Liquor Permit - Andrew Lawrence Chili Cook-Off - January 27, 2024

Annual Renewal - Tobacco Licenses:

<u>NAME OF BUSINESS</u>	<u>LOCAL ADDRESS</u>
Casey's General Store #2194	475 18th St
Casey's General Store #2418	590 State Avenue
Cah Wise #3014	495 W North Street
Cash Wise Liquor #7037	495 W North Street
Dollar General 21536	205 N Oak Avenue
Fareway Stores Inc #139	831 S Oak Avenue
Fareway Spirits and More #139	831 S Oak Avenue
Fire House Liquor	120 26th St NW
Fleet Farm Fuel	2121 W Bridge St
Holiday Stationstore #2746373	695 W Bridge Street
Holiday Stationstore #2746519	330 W North St

Hy-Vee	1620 S Cedar Avenue
Hy-Vee Gas #5511	1720 S Cedar Avenue
Hy-Vee Wine & Spirits	1620 S Cedar Avenue
J&B Liquor Inc.	202 S Oak Street
Kwik Trip #237	135 Landmark Drive
Kwik Trip #403	2270 46th Street NW
Kwik Trip #435	1075 West Frontage Rd
Kwik Trip #641	1220 S Oak Avenue
Kwik Trip #806	320 Mineral Springs
Kwik Trip #1088	410 Hoffman Drive
Kwik Trip Spirits #1088	410 Hoffman Drive
Lion's Den Adult Boutique	1178 W Frontage Rd
Medford Tobacco Plus, Inc	2350 43rd St NW #101
OT Smoke Shop Plus	1100 Frontage Rd, Ste 110
Owatonna Fuel & Food	401 N Cedar Avenue
Owatonna Smoke Shop	641 W Bridge St
Reggie's Brewhouse	218 N Cedar Avenue
Smoke N Vape Inc	1407 S Oak Avenue
Walgreens #9095	125 18th Street SE
Walmart #982	1130 West Frontage Road

Annual Renewal - Taxi Licenses:

First Choice Shuttle
Straight River Taxi

Annual Renewal - Garbage & Refuse Haulers Licenses:

Archambault Brothers Disposal
BinPro Dumpster Rental
GreenRU LLC
Junk Truck MN
Kruckeberg Fleet Services
LJP Waste Solutions
Skjeveland Enterprises
Stewart Sanitation
Thompson Sanitation Inc
Waste Management of Southern MN
West Central Sanitation Inc
Veit Disposal Systems

Event Permit - Corky's Early-bird Softball Tournament - May 3-5, 2024

Donation - Corky's Early Bird Softball Tournament 2023 - \$18,000 to Youth
Scholarship Fund

2023-2024 Sidewalk Snow Removal Agreement - From the Ground Up LLC

2024-2026 Compost Site Agreement - From the Ground Up LLC

Renew Annual Cleaning Service Agreements

Vanguard - Cleaning services at West Hills Commons

Coverall – Cleaning services at the Owatonna Public Library

Stormwater Facility Maintenance Easement - 400 Alexander Drive SW - FoamCraft Packaging

Liability Coverage Waiver - League of Minnesota Cities Insurance Trust (LMCIT) – Do not waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04

Adopt Crisis Communication Plan – this plan will provide guidance and tools for all departments to use to develop communications in crisis situations. It will serve as one component of future emergency preparedness training provided through the Human Resources, Fire and Police Departments. It will be saved in a central location with other emergency preparedness documents for relevant staff to access.

Council Member Voss made a motion to approve these Consent Agenda items, Council Member Burbank 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 \$2,592,090.69, Council Member Boeke made a motion to approve payment of all bills presented, Council Member Voss seconded the motion, all members voted aye in approval.

Resolution 118-23: VAR-13 Duplex Lot Size - 139 Rice St W

Community Development Director Klecker requested approval of Resolution 118-23 for VAR-13. This is a request received by Michael Spitzack for a lot size variance on an 8,712 square-foot lot where 10,000 square feet is the required minimum lot size for a two-family dwelling in the R-6, High Density Residential District. There is no documentation when the property was converted into a duplex, it was prior to 2005. The Planning Commission held a public hearing and there were no objections heard about this request 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 Raney made a motion for approval as recommended by the Planning Commission; Council Member Voss seconded the motion. Council Member Boeke commented that good rental properties are inspected to assure safety to all residents within the city. With no additional comments, all members voted aye for approval.

Resolution 119-23: VAR-14 Single-Family Converted Duplex Lot Size - 322 Elm Avenue South

Community Development Director Klecker requested approval of Resolution 119-23 , for VAR-14. This is a request received by Brycen Gregor, on behalf of Anna Lee, for a lot size variance on an 8,712 square-foot lot where 10,000 square feet is the required minimum lot size for a two-family dwelling in the R-6, High-Density Residential District. The rental property is currently licensed for one-unit occupancy, but the property owner would like to increase occupancy to two-units. The Planning Commission held a public hearing and they asked about parking and debris in the rear yard which have been addressed. Nobody spoke opposition during the public hearing, this is an older home which can be converted to a duplex to increase housing availability. They will be working with an engineer to modify the home. Parking in the rear yard is an option if there is on a hard surface, parking availability is one of the conditions recommended by the Planning Commission. The Planning Commission recommends approval with these conditions as listed within this resolution:

- 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.
- d) A code analysis by a MN Licensed Architect shall be submitted to the Building Inspections Department to determine approval of increased occupancy. In the case that alterations are required to increase occupancy to two units, building permits shall be applied for and approved of prior to alterations.
- e) An approved parking plan that meets all applicable City Code requirements shall be submitted prior to installation of parking stalls.
- f) The gate entrance for rear yard parking shall be moved to be located off the alley and a minimum of 20 feet from the east property line.
- g) The parking stalls shall be installed prior to the occupancy of a second unit.
- h) Debris and refuse shall be removed from the property or stored properly. The property shall be maintained in an adequate manner.
- i) All the above requirements shall be met before occupancy of a second unit is granted.

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

Resolution 120-23: Authorization to Sponsor Application for Federal Transportation Alternatives Program - East Side Corridor Trail

Public Works Director Murphy requested Council authorization to apply for a TAP (Transportation Alternatives Program) Grant to assist in the development of a trail segment along the future East Side Corridor, connecting the 26th St Trail and the 18th St Trail. The City will act as the sponsoring agency for the project known as the "East Side Corridor" and Steele County is the lead agency on this project. The Trail portion of the East Side Corridor is currently estimated at \$990,000, of which \$846,000 is grant-eligible and what will be requested in the application. There is a 20% local match with the grant leaving \$169,200 to be split between Steele County and City per agreement. The City and County are actively looking for other grant opportunities that may apply to the local match.

Council Member Svenby asked if the proposed East-Side Corridor Trail will connect with the trail on 26th Street. Murphy responded, yes, the current trail on 26th Street will be extended to connect with the new trail.

Council Member Boeke commented 29th Avenue alignment has not been identified, correct? Murphy responded correct, the project route has not been finalized but we had to include a proposed cost so 29th Avenue was used to estimate costs.

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

Resolution 121-23: Agreement to Maintain Facility - East Side Corridor Trail

Public Works Director Murphy presented Resolution 121-23. This resolution requires the City agree to maintain the facility (trail) developed with the use of a TAP grant. This resolution is a required document in the grant application for the East Side Corridor Trail. Council Member Voss made a motion for approval, Council Member Svenby seconded the motion, all members voted aye in approval.

Resolution 122-23: Decertify TIF 3-6 - Viracon

Finance Director Moen requested approval of Resolution 122-23 for decertification of Tax Increment Finance (TIF) District 3-6. This TIF district was formed as an economic development district in 2013. The developer invested over \$100 million in their facilities, increasing their square footage by 350,000 square feet to accommodate investments in state-of-the-art equipment and automation processes. They received tax increment assistance on a "pay-as-you-go" (PAYG) basis. The PAYG payments reimbursed the developer for site improvements, the City for the TIF bonds that were issued to assist with this project, and Owatonna Public Utilities for their contribution to this project. This district is required to be decertified by 12/31/2023 per state statute. The total market value of this property is estimated at \$27,997,500 for 2024. This includes \$2,241,000 for the land and \$25,756,500 for the building. This results in a tax capacity of \$559,200. The original tax capacity was \$239,152. The resulting difference of \$320,048 will be added to

the calculations of the City's net tax capacity for 2024 which represents 1% of the city's total tax capacity.

Council Member Boeke commented that when Viracon was considering their expansion, they were looking at other sites but decided to expand their Owatonna plant because they were able to secure TIF funds. Community Development Director Klecker added, the incentive to use TIF funds played an important part in their decision. Viracon had plants in Georgia, Utah and Minnesota and all were considered for expansion. The plant was expanded here and now their Georgia and Utah plants are no longer in operation.

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

Resolution 123-23: Final 2024 City Levy and Budget

Finance Director Moen presented Resolution 123-23 to set the 2024 Levy and adopt the 2024 Budget. Minnesota State Legislation, Truth in Taxation aims to improve transparency and accountability in the property tax system. Our Budget Process follows this state legislation and in addition to the above requirements, the City utilizes an online interactive budget, increasing the City's transparency and accountability. The 2024 budget is consistent with the City's strategic plan. The 2024 levy includes an increase of 8.0%, which is a decrease from the proposed levy increase of 9.05%. The City strives to have its levy increase follow growth; the current year's estimated growth rate is 6.76%. The city has made significant investments in its infrastructure spending planned for 2024. In addition, the operating levy required an increase as the City is not immune to inflation.

The proposed to be levied upon all the taxable property in the City of Owatonna a direct ad valorem tax in the amount of \$15,578,454 for general government, \$211,294 PERA rate change, and \$2,224,285 for debt retirement, which shall be spread upon the tax rolls and collected in the year 2024. The budget will be set at \$52,267,572 for expenditures for the fiscal year commencing January 1, 2024. This budget has been reviewed and potential funding sources identified as well as priorities and programs for 2024.

Council Member Raney made a motion for approval, Council Member Burbank seconded the motion. Council Member Dotson thanked Finance Director, City Administrator Busse and staff for their work to lower the final levy amount to 8%, some may have wanted to leave it higher and some wanted to see even lower so thankful for the work that was done. With no additional comments, all members voted aye for approval.

Resolution 124-23: Housing and Redevelopment Authority (HRA) 2024 Levy and Budget

Finance Director Moen requested approval of Resolution 124-23 to finalize the 2024 HRA Levy and Budget. The HRA is considered a special taxing district and its levy is adopted

separately from the City Levy. The amount of the levy shall be an amount approved by the governing body of the city, but not to exceed 0.0185 percent of estimated market value. Per the County Auditor & Assessor, the 2022 estimated market value was \$2,332,831,900. The allowable levy would be \$431,574 compared to the requested levy of \$200,000. A levy of \$200,000 represents a \$5,000 increase from 2023. Council Member Svenby made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

Resolution 125-23 Authorization of Intent to Provide Full Funding for WWTP Expansion (if needed)

Finance Director Moen requested approval of Resolution 125-23 to provide assurance to the State of Minnesota as it relates to the current amount of unfunded costs for the Wastewater Treatment Plant (WWTP) project. Earlier this year, the City began the multi-year expansion project of its WWTP plant. As the need for funding will be distributed throughout this three-year period, the funding will be determined in phases. The City has multiple financing options for this project as follows:

- Multiple grants through the PFA totaling \$8 million
- \$35 million loan through the PFA
- State bonding funds
- Cash on hand

In the process of completing the agreements for State bonding funds, the State of Minnesota needs a resolution from the City stating our intention to fully fund this project, if needed. This is similar to Resolution 96-22 which was approved last year. Council Member Boeke made a motion for approval, Council Member Dotson seconded the motion, all members voted aye in approval.

Requests to Defer Special Assessments

City Administrator Busse requested approval of two Deferment Requests received for assessments approved for the 2022 Street and Utility Project by Resolution 106-23 on November 7, 2023. The City's Special Assessment Policy provides for a deferment of a special assessment for those people who are 65 years of age or older or who are retired by permanent and total disability as long as they meet certain requirements. The applicants must be the owner and occupant of the property and their annual income from all sources shall not exceed the very low-income limits as determined for Steele County by the Department of Housing and Urban Development (HUD). If a deferment is approved, a lien will be filed against the property. The assessment and interest payments will become due upon the occurrence of any of the following events:

- 1) Death of the owner (if the spouse is not otherwise eligible).
- 2) Sale, transfer, or subdivision of the property.
- 3) Loss of homestead status of the property

- 4) Determination by the council that requiring an immediate or partial payment would impose no hardship.

Requests were received for:

Property Identification Number	Special Assessment Amount
17-148-0117	\$4,680.00
17-148-0202	\$4,680.00

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

Personnel Policy Changes

Human Resource Director Moen requested three changes in the Personnel Policy and Procedures Manual:

Ch. 5.1 Eligibility and Ch. 5.2 Calculation and Compensation of Overtime:

Language was updated to reflect the procedural change that was approved in 2018 with the implementation of UKG. Overtime is allowed to be accumulated based on hours in excess of 40 hours per week.

Ch. 6.10 Recognition:

Language was updated to include employee awards that highlight and acknowledge teams and employees who exemplify the purpose statement and core values.

Ch. 7.17 Earned Sick and Safe Leave:

New policy to ensure compliance with Minnesota's earned sick and safe time law that goes into effect on January 1, 2024. Note – The City's current PTO & Vacation policies meet the requirements of this law. The new personnel policy will ensure ESST is made available to eligible employees not currently receiving PTO or Vacation benefits.

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

School Resource Officer Agreement - Independent School District #761

City Administrator requested approval of the School Resource Officer Agreement with School District 761 for the 2023-2024 academic year. The City/Police Department has maintained a long-standing agreement to provide two police officers (School Resource Officers, or SRO) to the district during the academic year. The School District agrees to reimburse the City for wages and benefits at a cost negotiated for each academic year. For the 2023-2024 academic year, the School District agrees to reimburse the City \$85,457.40 for each position. A new provision added to this agreement is to receive overtime reimbursement that exceeds \$2,000 per SRO for school events outside of regular school hours. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion, all members voted aye in approval.

Vice President Raney took over the meeting, Council President Schultz recused himself, as he owns property adjacent to the SE Field Pond.

Proposal for Land Surveying & Civil Engineering Services SE Field Pond - Jones Haugh Smith

Public Works Director Murphy requested approval received from JonesHaughSmith for land surveying and civil engineering services for the SE field pond. This analysis will determine the treatment capacity of the pond due to the development of the new Owatonna High School. In the late 2000's the City purchased land from the Rypka Family south of 18th St SE and east of Field Stone Ave SE for stormwater management.

A pond was constructed as part of a response to the 2007 SE flooding. The pond served several roles:

- Collecting field tiles to the south and east, preventing stormwater from entering the city's street storm sewer system.
- Providing relief for City street drainage in high-flow rain events
- Treatment for future development

Once the new Owatonna High School was constructed, the current and future use of the pond was altered. Land was converted from agriculture to developed on the HS property, which has its own stormwater management. A majority of the field tiles were severed, reducing drainage to the pond. And land that's able to drain to the pond was reduced. Stormwater water quality treatment rules have also changed. The budget impact of the fieldwork and analysis is \$3,000.

Council Member Boeke made a motion for approval, Council Member Svenby seconded the motion. Council Member Boeke asked if this would affect the pond on Smith and 18th near Buecksler Park. Murphy responded no that the pond was dredged this summer and has no tie to the SE Field Pond. Council Member Burbank asked if the material dredged is treated as toxic matter, Murphy responded that an analysis is done and decisions made on the outcome of the analysis on how to handle or dispose of the sludge. With no additional comments, all six members voting, voted aye for approval.

Vice President turned the meeting back to Council President Schultz.

Annexation Agreement - Owatonna Township

Community Development Director Klecker requested approval of the Annexation Agreement with Owatonna Township for 2024. The City of Owatonna has had an annexation agreement with Owatonna Township since the late 1980s. This has allowed property to be annexed into the city in an orderly fashion based on certain criteria being met in the agreement. Owatonna Township has been very cooperative in assisting the city in accommodating growth and it is important to maintain that relationship for continued growth. The existing annexation agreement will expire on December 31, 2023 and staff met with Owatonna Township officials on the proposed annexation agreement

and both sides are comfortable with the current agreement. There are no changes proposed to the annexation agreement. Owatonna Township has approved the agreement. This agreement can be extended annually if both the city and the township agree. Council Member Dotson made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

STAFF COMMENTS

Community Development Director Klecker commented that the year-to-date valuation of the Building Permits issued through November was \$108 million. Twenty-five single family home permits have been issued and there are a few currently in process. Many projects are in progressing and you will see construction being done during the winter months.

Finance Director Moen said there have been a lot of development TIF projects. As tax payments are received from the county, our Finance staff calculates the progression of each TIF repayment. Included in tonight's Finance Report were disbursement of payments for TIF recipients. The City's 2024 Budget and Levy were approved tonight and she anticipates their office will receive a lot of questions; tomorrow morning, she and Mayor Kuntz are guests on the local radio station for Talk of the Town. At the end of the month, the Finance Office will be trading spaces with the Park and Rec Office in City Hall so our finance will now be the first point of contact to welcome people.

Human Resources Director Thamert commented that the staff's Annual Open Enrollment is done; the Employee Meetings were held in the Chambers and this space worked well. Staff are coordinating plans for the 2024 All Hands Meeting on January 17, 2024. Beginning the process for summer seasonal staff, each year the City employes about 130 workers. Rachel Boss, Human Resource Specialist, is the lead for Open Enrollment and new staffing, Rachel is here tonight and I want to thank her for the great job she is doing. Yesterday, Sam Baratto began duties as a Community Service Officer so we welcome Sam as he joins the City of Owatonna team.

Public Works Director Murphy commented that the posting for an Engineering Tech 2 or Tech 3 just closed and there are several candidates to interview during the next few weeks. Last week, there was an accident at the intersection of Oak Ave S and Main St W. The traffic signal cabinet was damaged beyond repair and the signal system is not operational. A four way stop sign has been installed at the intersection to help mitigate the signal outage. The electrical contractor will be setting the new cabinet tomorrow for the signal to be working later this week.

Communications Manager Sheely commented that she has been working with all departments to improve communications updates. The masthead on the City's E-Newsletter was just redesigned. She continues working with increase the new brand recognition including operational identifiers for Brooktree Golf Course and Clubhouse, the Tennis & Pickleball Center, River Springs Water Park, and the Owatonna Degner Regional Airport.

PUBLIC COMMENTS

Matt Sennett, 2519 Stoney Creek Drive commented during the last City Council Meeting he hear Steele County would follow the MnDOT outline for projects to avoid, minimize, and mitigate. There has been talk of avoidance in discussion of the proposed route for the east-side beltline for 29th Avenue, only 34th Avenue. Has minimize been considered, this highway project will be next to several homes, 29th Avenue was planned as a residential street and not a highway. There has been no discussion about mitigation but should be if following MnDOT Regulations. Everyone uses 29th Avenue as the preferred route but the study is not back so he questions why this reference is made.

Melissa Zimmerman, 2525 Stoney Creek Dr commented their neighborhood has grown and safety should be number one priority. This project currently has a 1-page proposal/study completed; twenty-five years ago, there was a 150-page report. Last July, they received notice of a public hearing about this project, during that meeting they were told the speed limit could be set to 55 mph when completed. The previous data was completed for a beltline and the project is now a corridor and not a beltline, more due diligence is needed for this project.

Brad Meier, Owatonna Chamber of Commerce President/CEO thanked the City for utilization of Tax Increment Financing (TIF) in development of the city. TIF has been an important piece to economic development in Owatonna and glad to see these partnerships in place. He thanked the Council for adopting the Final 2024 Levy at 8.0%, lower than the preliminary amount at 9.05%. The 8.0 % increase is appreciated by all business property owners. The Owatonna Chamber of Commerce (OCC) also sent a Letter of Support to Steele County for the East-Side Corridor Project, the OCC Board is encouraging all required process be followed and looking forward to completion of this road as it will be an important piece for development for the city.

Gary Jones, 995 Ridge Road distributed a map detailing incidents of deer/vehicle collisions that have incurred within the last five years. Most are in the residential neighborhoods near the city's parks and only a few near Kaplan Woods. He will present a proposal at a future City Council Meeting for a future Deer Management Program.

MAYOR AND COUNCIL COMMENTS:

Council Member Boeke: The weather has been great and last week he was able to spend some time in the city's parks, it was very nice. Council Members and staff received a lot of complaints during the proposal and construction of the Cedar Avenue Streetscape Project, I wasn't a member of the Council when this project started so I missed a lot of the grief and now I hear only compliments about this street improvement.

Council Member Voss commented he, Council Member Boeke, Mayor Kuntz and City Administrator Busse attended the Ribbon Cutting Ceremony for CDI this morning. He thanked CDI Owner Tom Peterson for his investment into the Owatonna Community and for serving on the City's EDA.

Council Member Dotson expressed condolences to the family of Mark Hall, who passed away December 9th. Mark served four years as a City Council Member and mentored me and has given me some good advice over the years, he will be missed.

Mayor Kuntz wished everyone a Merry Christmas and Happy New Year.

City Administrator Busse also wished everyone a Merry Christmas and thanked all staff members for their work and the Council for supporting them.

Council President Schultz thanked everyone for participating during tonight's meeting and wished everyone a Merry Christmas and Happy New Year.

At 8:06 p.m., Council Member Dotson made a motion to adjourn, Council Member Boeke seconded the motion and with no objection, the meeting ended.

Respectfully submitted,
Jeanette Clawson, Administrative Coordinator