

Owatonna City Council Minutes

March 19, 2024

On Tuesday, March 19, 2024, at 7:00 p.m., Council Vice President Raney called the regular session of the Owatonna City Council to order in the Chambers of the Charles S. Crandall Center. Present were Council Members Voss, Burbank, Boeke, Svenby and Raney; Mayor Kuntz; Public Works Director Murphy; Community Development Director Klecker; Finance Director Moen; It System Administrator O'Connor; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson. Council Members Dotson and Schultz were unable to attend.

Following the Pledge of Allegiance, Council Vice President Raney welcomed everyone and extended prayers and condolences to Council President Schultz's family as his mother passed away. Raney advised one item, a Cooperative Agreement between the Cities of Bethel Saint Peter, Hutchinson, and Owatonna has been added to tonight's agenda. Council Member Svenby made a motion to approve the agenda with this item added. Council member Burbank seconded the motion; all members present voted aye in approval.

City Administrator Busse introduced Libby Kantner, Associated Attorney at Kennedy and Gravens Chartered. Their company serves as the city's bond consultant to provide guidance in the issue of bonds. The Ecumen Group owns several senior housing communities within Owatonna, Ecumen Brooks at 2480 St. Paul Road and Ecumen CountrySide, at 650 El Dorado Street. Ecumen Group and wish to restructure their current debt and make capital improvements to their facilities in Owatonna, Hutchinson, and Saint Peter. The City of Bethel will issue one or more series of tax-exempt and taxable revenue obligations in the principal amount not to exceed \$25,000,000 and loan the proceeds to the Ecumen Group. Bonds issued by the City of Owatonna will be refinanced and capital improvements made at these Owatonna facilities and other senior housing communities they own located in Hutchinson and Saint Peter, Minnesota. The City of Owatonna is required to grant "host approval" to the issuance of the Bonds, following a duly noticed public hearing. Ecumen will serve as the agent of the Ecumen Obligated Group but will not be a financial member. The Bonds will not constitute a general or moral obligation of the City and will not be secured by or payable from any property or assets of the City and will not be secured by any taxing power of the City. The Bonds will not be subject to any debt limitation imposed on the City and the issuance of the Bonds will not have any adverse impact on the credit rating of the City, even if the Borrowers encounter financial difficulties with respect to the Owatonna Project and the other facilities to be financed and refinanced. The issuance of the Bonds by the Issuer will not affect the City's ability to issue general obligations or conduit revenue bonds in the calendar year 2024. Furthermore, the issuance of the Bonds by the Issuer will not affect

the ability of the City to issue and designate bonds as qualified tax-exempt obligation in calendar year 2024.

At 7:04 p.m., Council Vice President Raney opened a public hearing for comments on issuance of bonds for benefit of the Ecumen Obligated Group. With no comments heard, at 7:05 p.m., Council Member Boeke made a motion to close the public hearing, Council Member Voss seconded the motion, and all members present voted aye in approval.

Resolution 23-24: Grant Host Approval - City of Bethel to Issue Revenue Obligations for Ecumen Obligated

Council Member Burbank made a motion to approve Resolution 23-24 consenting to and approving the issuance by the City of Bethel of Revenue Obligations to refinance revenue obligations issued by the City of Owatonna and to finance and refinance projects located in the City of Owatonna. Council Member Voss seconded the motion, and all members present voted aye in approval.

Cooperative Agreement - Cities of Bethel, Saint Peter, Hutchinson and Owatonna

City Administrator Busse presented a Cooperative between the Cities of Bethel, Saint Peter, Hutchinson, and Owatonna in regard to the bonds proposed for Ecumen Obligated Group. Council Member Voss made a motion for approval, Council Member Boeke seconded the motion, and all members present voted aye in approval.

Consent Agenda Items

Council Vice President Raney 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 – March 6, 2024

Minutes - HRA Board Meeting - February 26, 2024

Minutes - EDA Meeting - February 21, 2024

February Dashboard - Police Department

Renew Annual Tree Trimmers Licenses

Temporary Liquor License - Mineral Springs Brewery at Souba Greenhouse's Spring
Open House - April 27, 2024

Exempt Permit - Bingo - Steele County Humane Society - July 27, 2024

Static Display Loan Agreement - National Museum US Air Force: this is a 5-year agreement for the aircraft static display on loan from the National Museum of the United States Air Force. This is the bomb-burst formation of three jets displayed along I35 at the airport.

AET Soil Boring Agreement – WWTF: The City of Owatonna is considering rebuilding the existing retaining wall on the northeast side of the Owatonna Wastewater Treatment Facility site. Staff requested a proposal for geotechnical engineering including field exploration, soil laboratory testing and classification and a final geotechnical report. The cost for these services will be invoiced upon completion at a fixed fee of \$18,575.

Council Member Svenby made a motion to approve these Consent Agenda items, Council Member Voss seconded the motion, all members present voted aye for approval.

Finance Report

Council Member Voss recapped payments made for amounts greater than \$20,000 during this period. The total amount of bills presented was \$3,407,229.52, Council Member Boeke made a motion to approve payment of all bills presented, Council Member Burbank seconded the motion, all members present voted aye in approval.

Resolution 24-24: Joint Resolution Marthaler Annexation - Owatonna Township

Community Development Director Klecker requested approval Resolution 24-24 approving the joint resolution with Owatonna Township for annexation of the Ihlenfeld land to be platted as Marthaler Addition. This is 4.26 acres of land located to the south of 26th Street NW and the west of State Avenue NW and East of the east frontage road. A joint resolution is required with Owatonna Township, all parties have agreed to the joint resolution, so a public hearing is not required. Owatonna Township will be holding a meeting on March 13th to act on the joint resolution. The annexation agreement with Owatonna Township requires the township to be reimbursed for 10 years of the township share of property taxes upon annexation. The Applicant will reimburse the township \$202.50 by June 1, 2024. The applicant desires to be annexed to develop the subject property which is proposed to be zoned B-2, Community Business District. Water, and sewer are available to this site. Council Member Voss made a motion to approve this resolution, Council Member Svenby seconded the motion, all members present voted aye for approval.

Resolution 25-24 Preliminary Plat - Marthaler Addition

Community Development Director Klecker requested approval of Resolution 25-24 to approve the Preliminary Plat of Marthaler Addition. John Ihlenfeld, the property owner requests this be platted as one lot, a commercial lot for the purposes of constructing an automotive dealership and ancillary uses. The property owner has also requested annexation of this parcel. The Planning Commission held a public hearing and recommended approval with these conditions:

- 1) Final plat approval shall not occur until the annexation has been finalized.
- 2) The final plat shall be approved within one year of the date of approval of the preliminary plat.
- 3) The title opinion shall be approved by the City Attorney prior to recording of the Final plat.
- 4) The developers shall enter into a development agreement with the City prior to recording of the final plat.
- 5) MN Plumbing code requires an open trench for sanitary sewer that is installed within private property. The noted trenchless method is not permitted within private property.
- 6) Fire hydrants shall be installed every 400' along State Avenue NW.

- 7) All plantings shall occur on the private property, outside of any drainage or utility easements.
 - 8) A utility easement will need to be recorded with the final plat for the sanitary sewer main at a width determined by the City Engineer.
 - 9) All comments of the City Engineer's memo shall be met.
- Council Member Svenby made a motion for approval, Council Member Burbank seconded the motion, all members voted aye for approval.

Resolution 26-24: Transfer Funds and Fund Balance Commitment

Finance Director Moen requested approval of Resolution 26-24 to transfer funds and commit those funds for future property acquisitions. Due to higher revenues than anticipated and a significant amount of salary savings due to vacant positions, the general fund had a healthy surplus for 2023. There have been multiple opportunities for the City to acquire land adjacent to current City property in recent months and it is prudent to set aside funds for these potential property purchases. These property acquisitions will allow the City to enhance the services it provides. Council Member Voss made a motion for approval, Council Member Boeke seconded the motion, all members voted aye for approval.

Resolution 27-24: MnDOT Cooperative Agreement - Signal System Revisions

Public Works Director Svenby presented Resolution 27-24 to approve a cooperative agreement between Minnesota Department of Transportation, Steele County, and the City of Owatonna for signal revision construction. The County will perform revise signal system construction and other associated construction upon, along, and adjacent to Trunk Highway No. 35 at the intersection with Hoffman Drive (County State Aid Highway No. 2/northbound ramp) and at the intersection with West Bridge Street (southbound ramp) according to County-prepared plans, specifications, and special provisions designated by the County as State Aid Project No. 074-602-007 and No. 153-109-015 and by the State as State Project No. 7480-138 (TH 35-390) (Project). This agreement will be effective on the date the State obtains all signatures required and will expire when all obligations have been satisfactorily fulfilled. The City's cost is anticipated to be \$55,325, which will be paid using State Aid Funds. Continued maintenance as stipulated in the agreement for sidewalks and crosswalks, as well as signal system maintenance will also be required. Council Member Boeke made a motion for approval, Council Member Voss seconded the motion, all members present voted aye in approval.

Resolution 28-24: Approve Plans and Specifications 2024 Street & Utility Project

Public Works Director Murphy requested approval of Resolution 28-24 to approve the plans and specifications, and authorization to advertise for bids for the 2024 Street & Utility Project. The project involves various levels of reconstruction on McKinley Street SW and Anderson Place SW. Council authorized staff to prepare the plans and specifications for this project with Resolution 18-24 following the Public Hearing held on

March 6, 2024. The proposed bid opening date is April 10, 2024, with approval of bids by council on April 16, 2024. The 2024 Street & Utility Project will be financed through a combination of City Funds, OPU Funds and Special Assessments. The total cost is estimated to be \$1,855,930.97 which includes an estimate of \$90,516.40 to be assessed affecting 24 property owners. Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion, all members present voted aye in approval.

On-Sale Liquor License with Sunday Sales – El Tequila of Owatonna, Inc – 258 18th St SE

City Administrator Busse presented the application received from Karina Garcia for an On-Sale Liquor License with Sunday Sales for El Tequila of Owatonna, Inc. Ms. Garcia is planning to move her restaurant currently located at 1830 S Cedar Avenue to property recently purchased at 369 18th St SE. Modifications are in process with plans for business to begin within the next month. This license will replace their current On-Sale Liquor License with Sunday Sales. Council Member Burbank made a motion for approval contingent on issuance of a Certificate of Occupancy as recommended by Ken Beck, Building Official. Council Member Boeke seconded the motion, and all members present voted aye in approval.

On-Sale 3.2% Liquor and Wine Licenses – Home 2 Suites – 230 Allan Avenue

City Administrator Busse presented the application received from Bruce Kinseth for On-Sale Malt Liquor and Wine Licenses for Kinseth Hospitality Company Inc. to operate Home 2 Suites at 230 Allan Avenue. Construction is nearing completion; they hope to open during April. Ken Beck, Building Official recommends license approval contingent on issuance of a Certificate of Occupancy. Council Member Burbank made a motion for approval as recommended, Council Member Boeke seconded the motion, and all members present voted aye in approval.

STAFF COMMENTS

Finance Director Moen commented she has been preparing for two audits, the HRA Audit is in process this week and the City Audit will be done next week. An application for a Finance Accounting Technician will be posted later this week. She has also been preparing the bonding application for the 2024 improvement projects.

Community Development Director Klecker commented that the recent warm weather has allowed construction projects to continue. Lake Meadows completed their first building and work continues in the additional buildings. Home2Suites Hotel should open late April; Ascend has poured floors in the parking garage and several floors are in place with the trades doing rough ins; West Bank has the foundation in place and some steel placed for their building structure; Foam Craft has the framing set on their new building in the Industrial Park. Our Building Inspectors will be available to answer questions this weekend, they have a booth at the Home Show in the Four Seasons Center. Staff is preparing to host a contractors meeting on April 30th; this will be an

opportunity for contractors to ask general questions about our online permit processes, the City Code and Stormwater matters.

Public Works Director Murphy commented OPU will participate in the Contractors Meeting offering information to increase efficiencies. Tomorrow, the 2024 Street and Utility Project will be sent out for bids and plans for the 18th Street Trail Project will be submitted to the federal office for review. Plans in process for the 2024 Overlay Project and work continues on the Expansion Project at the Wastewater Treatment Plant. The forecast for this weekend is predicting 10-12 inches of snow in Owatonna; remember to give the plows room to maneuver as they work. He then reminded everyone the City's Winter Parking Ordinance is in force until April 1st. Council Member Raney asked if the signs currently on the sidewalks along 18th Street SE near the fairgrounds are part of a city project. Director Murphy responded that the fair board is removing portions of the racetrack to make room for the 18th Street Trail.

Vice President Raney thanked City Attorney Walbran for his services. Attorney Walbran commented he has been kept busy with items from the Community Development Department.

PUBLIC COMMENTS

Roger Wacek, 646 E Vine Street commented about an article he read in the March 2024 Owatonna Public Utility Customer Update titled "Renewable Natural Gas". All underground natural gas, produced by anaerobic digestion of organic material by microorganisms is renewable. Anaerobic (without oxygen) digestion of organic material by microorganisms produced what was called swamp gas or biogas. Biogas, produced in the digester at Owatonna's Sewage Treatment Plant is 45-75% natural gas; CH₄ or methane. The biogas is then burned to generate electricity & to heat water. The process is known as Combined Heat & Power or CHP. He repeated his former request for City Council members require the City Administrator, City Engineer, Sewage Treatment Plant Supervisor, or someone knowledgeable about biogas & CHP schedule an Owatonna Community Education Class tour of Owatonna's Sewage Treatment Plant.

Melissa Zimmerman, 2525 Stoney Creek Drive commented when learning what individuals seek when relocating to a community, she found the current perception of Owatonna is a B Grade overall. Positive attributes include the cost of living, housing affordability and a rich historical background. The city faces challenges of employment opportunities, infrastructure maintenance, transportation options, and amenities and accessibility. Specifically, there is no community center or indoor entertainment options for all ages so many travel to other areas. The closest park to our neighborhood is three miles away. Development of 29th Avenue will add to challenges faced by our neighborhood, but use of 34th Avenue will help current and future residents.

Gary Jones, 995 Ridge Road commented he has spoken to other cities about what they do to control the deer population within their communities. Most do nothing or may do a short-term hunt depending on the count. Drones should be used to determine where the deer population is. Instances of collisions show where they are, tracking

complaints received and counts done by a third party with use of a drone will show where the deer are in the community. The DNR shows the acceptable number of deer within a square mile is 15-20 so Owatonna is 15.2 miles would allow 220 deer. Use of these different pieces will allow preparation of a plan like what other cities are doing.

COUNCIL & STAFF COMMENTS:

Council Member Burbank commented he saw images on Facebook asking about use of the SWAT vehicle last week during a drug investigation. This Bear Cat tactical unit is used to prevent officer injury, many citizens did not realize we have access to one. Owatonna approved partial purchase of this vehicle which is stored in Waseca. Officers can request use when uncertain of what they are getting into, there is ballistic glass on the windshield to protect them.

Council Member Voss commented we are fortunate we have great officers and first responders serving Owatonna.

Mayor Kuntz commented that this spring we are looking for members to appoint to the Human Rights Commission and the Airport Commission. The application form is now available online, there will be two seats to fill on the Airport Commission and three seats on the Human Rights Commission.

At 7:44 p.m., Council Member Boeke made a motion to adjourn, Council Member Voss seconded the motion, and the meeting was closed.

Respectfully submitted,
Jeanette Clawson, Administrative Coordinator