Owatonna City Council Minutes
May 7, 2024

On Tuesday, May 7, 2024, 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 Voss, Burbank, Boeke, Dotson, Raney and Schultz; Mayor Kuntz; Public Works Director Murphy; Community Development Director Klecker; Finance Director Moen; Library Director Blando; Park & Rec and Facilities Director Tuma, IT System Administrator Sticken; Detective Hunt; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson. Council Member Svenby was not able to attend.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting. Council Member Boeke made a motion to approve the agenda as presented. Council Member Voss seconded the motion, all members present voted aye in approval.

Council President Schultz explained the process for the public hearings planned regarding issuance of bonds. Finance Director Moen introduced Doug Green, Director at Baker Tilly and the City's Advisor for bonds. Green presented an overview of the three financing options the City would be utilizing to fund its 2024 capital projects. These projects include the annual street and utility project, the acquisition of Steele County's half of the law enforcement center, and the mechanical and electrical upgrades at Merrill Hall. Tonight's public hearings are for the City's Five-year Street Reconstruction Plan, Capital Improvement Plan and Property Tax Abatement. These hearings are the first step required in the process for the City to issue bonds at a later date to finance the aforementioned projects.

Public Hearing – Property Tax Abatement

Finance Director Moen advised the maximum amount of taxes proposed to be abated by the city is set at $6,500,000 for a period of 20 years. The actual amount will be closer to $5,370,000. This financing will fund the mechanical and electric upgrades and roof replacement necessary at Merrill Hall. At 7:10 p.m., the public hearing was opened. With no comments heard, at 7:11 p.m., Council Member Raney made a motion to close the public hearing, Council Member Boeke seconded the motion, all members present voted aye in approval.

Resolution 42-24: Proposed Tax Abatement

This resolution approves the property tax abatement and identifies the qualified users of the project. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, all members present voted aye in approval.

Public Hearing - Capital Improvement Plan

Finance Director commented the public hearing is for comments regarding the adoption of a five-year capital improvement plan and the issuance of general obligation capital improvement plan bonds to finance capital improvements described in the Plan, including but not limited to improvements to and renovation of the law enforcement center in the city, all pursuant to Minnesota Statutes, Section 475.521, as amended. The maximum amount of capital improvements bonds to be issued is $3,000,000, the actual amount will be closer to $735,000. At 7:13 p.m., the public hearing opened. With no comments heard, at 7:14 p.m., Council Member Boeke made a motion to close the public hearing, Council Member Burbank seconded the motion, all members present voted aye in approval.

Resolution 43-24: Capital Improvement Plan
This resolution adopts the five-year Capital Improvement Plan and authorizes the issuance of General Obligation Bonds for such. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members present voted aye in approval.

Public Hearing - Street Reconstruction Plan with Intent to Issue Bonds
At 7:14 pm a Public Hearing opened for comments regarding the adoption of a five-year street reconstruction plan and the issuance of general obligation street reconstruction bonds to finance the reconstruction of certain streets in the city, all pursuant to Minnesota Statutes, Section 475.58, subdivision 3b, as amended. The Street Reconstruction Bonds will be issued in a principal amount not to exceed $2,000,000, plus any premium received. The actual amount will be closer to $1,105,000.00. With no comments heard, at 7:15 p.m., Council Member Raney made a motion to close the public hearing, Council Member Voss seconded the motion, and all members present voted aye in approval.

Resolution 44-24: Street Reconstruction Plan
This resolution adopts the street reconstruction plan and authorizes issuance of General Obligation Bonds thereunder. Council Member Burbank made a motion for approval, Council Member Boeke seconded the motion, all members present voted aye in approval.

Board/Commission Member Reappointments & New Member Appointments
Mayor Kuntz recommended for reappointment:

Fire Code Board of Appeals & Fire Civil Service Board - Paul Smith
Housing & Development Authority - Lindsay Schultz
Park & Rec Board - Gina McGuire & Sara Baird
Planning Commission - Mark Wilson & Nicholas Peake
Public Library Board - Karen Malin
Public Utilities Commission - Doug Zirngible
West Hills Commission - Arlan Burmeister & Jan Mittlestadt Tippett

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

Mayor Kuntz recommended four new member appointments:

Human Rights Commission - Julia Seykora, Jennifer Hansen & Jessica Bjore
Airport Commission - Greg Krueger

Council Member Boeke made a motion for approval, Council Member Voss seconded the motion, all members present voted aye in approval. Julia Seykora and Jennifer Hansen were present to receive the Oath of Office from Mayor Kuntz.

Proclamations

Mayor Kuntz commented he made proclamation for the Day of Prayer on May 2, 2024, the Travis Ardolf Day on May 9, 2024, Officer Ardolf was selected as the Police Officer of the Year and Poppy Days will be May 17 & 18, 2024.

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 – April 16, 2024
Minutes - OPU Commission Meeting - March 25, 2024
Minutes - HRA Board Meeting - March 25, 2024
Minutes - HRA Board Meeting - March 25, 2024
Minutes - Planning Commission Meeting - April 9, 2024
Minutes - Planning Commission Meeting - April 23, 2024
Building Inspections Monthly Report - April 2024
Retail Fireworks License – Target
Retail Fireworks License - Lowe's
Retail Fireworks License - Hy-Vee Tent
Retail Fireworks License – Walmart
Retail Fireworks License - Walmart Tent
Outdoor Public Fireworks Display - Steele County Agricultural Society - July 4, 2024
Exempt Permit - Owatonna Soccer Association Raffle - June 24, 2024
Exempt Permit - Community Pathways of Steele County - July 12, 2024
Exempt Permit - Raffle - Ducks Unlimited Steele County Chapter 5 - Sept 19, 2024
Resolution 45-24: Authorize Contract for Purchases - Fame Awards
GIS Small Government Enterprise License Agreement – ESRI

The City or Owatonna and Owatonna Public Utilities have shared Environmental Systems Research Institute, Inc's (ESRI's) Small Government Enterprise License Agreement (SGEA) for GIS software and services. The SGEA has centralized the city’s GIS to one sustainable platform enhancing the City of Owatonna’s and OPU’s ability to collaborate through software streamlining and information sharing. The SGEA contract allows for unlimited deployment and use of ESRI software in a contained shared cost.

GIS Software Sharing Agreement - Owatonna Public Utilities

The past nine years the City and OPU have been working in a GIS software agreement sharing an Small Government Enterprise License Agreement (SGEA) from Environmental Systems Research Institute, Inc. (ESRI). The City/OPU agreement allows for unlimited app deployment and use of ESRI software in a contained shared cost. If either Party wishes to purchase any ESRI software that is not included in the SGEA, they may do so and will be solely responsible for additional costs.

Stormwater Facility Maintenance Easement Agreement - Yellow Company, LLC

Agreement for their new facility located at 2500 State Avenue NW. The City requires that on-site stormwater management must be maintained by the property owner to meet the requirements of the MS4 permit held by the City.

Council Member Voss recused himself from voting as he is the owner of Fame Awards. Council Member Boeke made a motion to approve these Consent Agenda items, Council Member Dotson seconded the motion, all members present voted aye for approval.

Finance Report

Council Vice President Raney recapped payments made for amounts greater than $20,000 during this period. The total amount of bills presented was $1,701,693.07.
Council Member Dotson made a motion to approve payment of all bills presented, Council Member Voss seconded the motion, all members present voted aye in approval.

Resolution 46-24: MnDOT Variance 18th Street SE Trail Extension Project

Public Works Director Murphy requested approval of Resolution 46-24 requesting a variance from the standard for State Aid Operation for the 18th Street SE Trail Extension Project, the trail being designed along 18th Street SE from Linn Avenue to Austin Road. Minnesota Rules for State Aid Operation require 60-degree angled parking in areas of average daily traffic exceeding 3,000 to have a distance of 19 feet between the driving lane and parking stalls. The City's current design entails a distance of 8.4' feet between the driving lane and parking stalls. The justifications for the variance request are to promote consistent driver expectations for traffic operation, mitigate environmental impacts of the project by reducing impervious cover, maintaining significant tree canopy cover, avoid Section 4f resource impacts, and maintain parking counts for the adjacent recreational resource. Council Member Raney made a motion to approve Resolution 46-24; Council Member Boeke seconded the motions, all members present voted aye in approval.

Resolution 47-24: Accept Bids and Award Contract - 2024 Street Maintenance

Public Works Director Murphy requested approval of Resolution 47-24 to accept the bids received for the 2024 Street Maintenance Project and award contract. Two bids were received on May 1, 2024, for this project:

Pearson Bros, Inc of Hanover, MN	$202,067.00
Allied Blacktop Company of Maple Grove, MN	$342,265.40

The contracted project cost will be $202,067; however, staff will work with the Contractor to add additional segments to utilize the entire budgeted amount reserved for this work ($260,000). Murphy commented that Pearson Bros was awarded the 2023 Street Maintenance Project and worked well. Council Member Raney made a motion for approval, Council Member Boeke seconded the motion, all members present voted aye for approval.

Resolution 48-24: Accept Bids and Award Contract - North Cedar Overlay

Public Works Director Murphy requested approval of Resolution 48-24 to accept the bids received for the North Cedar Overlay Project and award contract. One bd was received on May 1, 2024, for this project:

Crane Creek Asphalt Division of Mathy Construction Company of Faribault, MN $282,115.30.

The bid was slightly higher than the Engineer's Estimate for this project of $279,606.90 but recommends proceeding. Council Member Voss asked if a timeline has been prepared for this project. Murphy responded that will be established with the contractor after awarding the contract. Information in the bid advised the project should be done during the summer as this road receives a lot of traffic when school is in session. This project is estimated to take five to six weeks to complete. Council Member Raney made a motion for approval, Council Member Voss seconded the motion, all members present voted aye for approval.

Resolution 49-24: Reject Bids – 2024 CIPPS

Public Works Director Murphy advised two bids were received for the 2024 CIPPS Project.

SAK Construction, LLC of O'Fallon, MO	$346,424.00
Insituform Technologies USA, LLC of Chesterfield, MO	$347,867.36

Both bids were more than 30% higher than the Engineer's Estimate for this project, $263,425.60. Our bid was sent later than similar projects throughout the state which may be the reason for the higher bids. Murphy recommended rejecting these bids and proposed a larger CIPPS project be proposed next year. Each year, the city's project includes approximately 7,000 feet to be lined. Approximately 72% of the old clay lines within the city have been lined so it will take approximately more than 30 years to complete this project. Council Member Boeke made a motion to approve Resolution 49-24 rejecting the bids received for this project, Council Member Voss seconded the motion, and all members present voted aye in approval.

Resolution 50-24: Authorize Property Purchase – 506 Maple Drive

Community Development Director Klecker commented that the city has pursued flood mitigation efforts through removal of structures in the floodplain for nearly 20 years. In that time, the city removed 32 homes and one business from within the floodplain. Efforts were concentrated on Lemond Road, Walnut Avenue, North Elm, and Mineral Springs Road where 29 of the 32 targeted homes were acquired and removed. More recently, properties on North Oak Avenue were pursued, and two properties acquired, and structures removed.

Staff is now looking at Maple Drive where one house was previously removed and now there is an opportunity to acquire another property. The property at 506 Maple Drive was listed for sale and staff have a signed Purchase Agreement for $195,000. The city has an existing grant from the DNR to pay all the costs to purchase and remove this house. The basement of this house, a rambler built in 1957, was flooded during the 2010 flood event. Staff is looking into options if the house could be moved to another lot within the city. Council Member Raney commented that the map shows there may be a shared driveway with the adjacent property to the north; Klecker commented that the portion of the driveway for this home will be removed. Council Member Boeke made a motion to approve Resolution 50-24, Council Member Voss seconded the motion, all members present voted aye for approval.

Resolution 51-24: Authorize Property Purchase - Parcel on Mineral Springs Parkway
Community Development Klecker presented Resolution 51-24 regarding purchase of a portion of a parcel along Mineral Springs Parkway. Council President Schultz commented he owns property adjacent to this property and recused himself. Vice President Raney took over the meeting. Council Member Dotson commented he will also recuse from vote, as he is related to the current property owners, Christopher and Julie Fiske. Klecker commented that the City recently purchased property on the west side of Mineral Springs Parkway and removed an old, dilapidated house to clear a small area for overflow parking for Mineral Springs Park. Current property owners contacted staff asking if the city was interested in buying their lot. Staff don't believe the entire lot would benefit the park for the proposed cost; but believe the southern portion of that lot could expand the overflow parking area or could make an area large enough for other park possibilities. The remainder of the lot is large enough for the current owners as a buildable lot. The price for the southern portion of the lot is $28,850, which is the same price per square foot of the lot purchased in 2020. Council Member Boeke made a motion to approve Resolution 51-24 authorizing this property purchase, Council Member Burbank seconded the motion. The four members voting all voted aye for approval.

Council President returned to his seat to resume direction over the meeting.

On Sale Wine and Beer Licenses - Oscar Sanchez dba Owatonna Taqueria Jalisco LLC - 206 W Rose Street
City Administrator Busse requested approval of applications received for On-Sale Beer and Wine Licenses from Oscar Sanchez for his new restaurant, Taqueria Jalisco, LLC. Renovations have been completed at 206 W Rose Street and the Certificate of Occupancy has been issued to allow them to open. A background verification was completed with no objection from Chief Mundale to issuance of these licenses for this applicant. The required Certificate of Insurance and payment of fees have been received. Council Member Dotson made a motion for approval, Council Member Burbank seconded the motion, all members present voted aye for approval.

Accept Proposals and Award Contract - Overlay Prep Project
Public Works Director Murphy requested approval of the proposals received and the award of the contract for the Overlay Prep Project. Two proposals were received on May 1, 2024, for this project:

Steve James Excavating of Owatonna MN	$ 82,000.00
Ims Contracting, LLC of Dodge Center MN	$112,980.54

The lowest bid is 7% higher than the Engineer's Estimate of $76,614.00, will be paid from the current Operating Budget. Council Member Boeke made a motion for approval, Council Member Burbank seconded the motion, all members present voted aye for approval.

Engineering Services Agreement - WWTF Biogas Tax Credit - Nero Engineering
Public Works Director Murphy requested approval of an Engineering Services Agreement with Nero Engineering for a Biogas Tax Credit Proposal. In 2022, the Inflation Reduction Act was signed into law which included a broad range of incentives to encourage the transition to renewable energy sources. The city's current WWTF Expansion Project includes improvement elements to the production and utilization of biogas, which the city has been using as a renewable energy source since 1988. Owatonna may qualify for investment tax credits (ITC) on portions of the WWTF Expansion Project that involve the production and utilization of this renewable energy source.

As currently defined, qualified biogas property projects are eligible for up to 30% of the capital improvement of eligible components and possibly up to 50%. Nero, with the help of Baker Tilly, have roughly estimated $8.2 million worth of components to be eligible and at 30% the ITC return would be roughly $2.5 million. The process will determine the total return, but Nero estimates the absolute minimum return to $1.2 million. Council Member Raney made a motion for approval, Council Member Voss seconded the motion, all members voted aye in approval.

Wastewater Treatment Facility Tax Credit Agreement – Baker Tilly
Public Works Director Murphy requested approval of the agreement with Baker Tilly for IRA Renewal Tax Credit Consulting Services. Nero Engineering will assist with coordination with the city and Baker Tilly to identify known processes that utilize biogas, assess equipment and process eligibility, tax credit application process, and PFA loan coordination. Murphy commented that nothing is guaranteed but is recommending this as it may be very beneficial. Council Member Dotson made a motion for approval, Council Member Voss seconded the motion, all members present voted aye in approval.

Land Development Agreement - Yellow Company, LLC
Community Development Director Klecker requested approval of a Land Development Agreement with Yellow Company, LLC. for the Marthaler Addition project. The proposed agreement lays out the roles and responsibilities of the developer as well as the city, including any expectations that need to be met. The Developer is responsible for the construction of the public improvements. A 1% fee is being charged by the city to

compensate for the oversight of the public improvements. This project includes several fire hydrants installed along the street to this new site. Council Member Voss made a motion for approval, Council Member Burbank seconded the motion, all members present voted aye in approval.

STAFF COMMENTS

Library Director Blando commented that tonight's City Council Meeting is the first meeting launched live on the City's PEG Channel which can be accessed via the city's website. There will also be an On-Demand component to allow view of the meeting at later times. Blando invited everyone to join him on Monday, May 20th, at the **Steele County History Center** at 5:00 p.m. for a book signing, and Author Program at 6:00 pm. Patty Welterling and Joy Baker, co-authors of Dear Jacob: A Mother's Journey of Hope will be present. This spring, staff launched a podcast, WhoDewey Think We Are, and the second podcast was just released. The podcast equipment was part of the grant received from T-Mobile and will be available for public use later this month. People will be able to take equipment to the small room on the 3rd Floor at the Library to prepare a podcast. There are a lot of events happening at the library, staff is preparing for Christmas in July and the Summer Reading Program.

Finance Director Moen commented that she has been busy preparing for the start of the debt process during tonight's public hearings. Today, during the Department Director's Meeting, she and City Administrator Busse reviewed the initial steps for preparation of the 2025 Budget.

Community Development Director Klecker commented that the warm Spring weather allowed many construction projects to begin sooner than originally expected. The number of construction permits issued this year is 30% more than last year at this time, there have been three permits issued for single-family homes. The year-to-date permit valuation is currently $49 million which appears to be on track to meet our annual goal of $100,000 million.

Public Works Director Murphy commented that the Contractor Development and Information Session held last week was well received, Information about the city's new permitting system and department updates were shared. Surveys were sent to attendees in response to improve future meetings as this will continue to build better relationships with our contractors. The Federal Government has accepted the needs report for the East Side Corridor Project. Transportation results and evaluation criteria were included which will allow Steele County consultants to start looking at alternative routes and select a location for the project. These are the first two big steps for this project which will hopefully be completed by the end of the year. He congratulated Greg Ilkka, Steele County Engineer who just announced he plans to retire, he will become part-time in June until a new County Engineer is named.

PUBLIC COMMENTS

Gayle Jorgenson, 249 E Main Street, commented that the central downtown areas were not represented as small park areas on the City's Comprehensive Plan which she believed should be. Also, there are many historic homes which should receive some attention and historic preservation in the city.

Tyrel Alastair Hunter, 2595 Mossy Creek Drive commented the City's Comprehensive Plan shows a future public school on 29th Avenue which may be proposed as a major highway. He asked if many will want their child to attend a school next to a highway?

Matt Sennott: 2519 Stony Creek Dr. commented he has been contacted with questions about use of 29th Avenue in documents proposing the East Side Corridor Project. Currently, 29th Avenue does not exist and is shown as an alternative route but questioning why 29th Avenue is used and not 34th Avenue.

Gary Jones, 995 Ridge Road commented he prepared a list of vegetation that deer do not like. He shared this list with city staff, a list of 85 plants which can be planted to deter deer. When he moved to his current home, he lost several plants which he has replaced with vegetation on this list. Many of these plants are herbs which give off a slight order/smell that deer do not like.

COUNCIL & STAFF COMMENTS:

Council Member Boeke asked about the City's new credit rating. Finance Director Moen commented that the city now has a AA1 credit rating. Only two greater Minnesota cities have received this high credit rating.

Council Member Voss thanked Mayor Kuntz, Pastor Brent Carlson, Revered Nate Palmer and other clergy for hosting the National Day of Prayer Service on May 2nd. He also commented that the repair on N Cedar will be a big project and publicity should be sent to let the public know of the plans.

Council President Schultz commented he joined the council in 2011 anticipating he would be on the Council for no more than ten years. In 2020, when he met his 10-year plan, he received a lot of encouragement to run for re-election. 2020 was the year of high covid concerns so he ran for office with the intention that this would be his last term. He confirmed he has decided not to run for re-election this fall and wants to let everyone know of his decision so others can consider running for Council Member representing the Second Ward. He commented that anyone with questions about running for office can contact him if they have questions. Council Members and those present gave President Schultz a round of applause in appreciation for the service he has provided during his tenure on the Council.

At 8:35 p.m., Council Member Raney made a motion to adjourn, Council Member Dotson seconded the motion, and the meeting ended.

Respectfully submitted,
Jeanette Clawson, Administrative Coordinator