

Owatonna City Council Minutes

July 16, 2024

On Tuesday, July 16, 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 Raney, Svenby, Dotson, Burbank, Boeke, Voss and Schultz; Mayor Kuntz; Community Development Director Klecker; Public Works Director Murphy, Parks and Recreation and Facility Director Tuma; Finance Director Moen, IT Technician Specialist Enz; City Attorney Walbran; City Administrator Busse and Administrative Coordinator Clawson.

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

Council Member Svenby commented he presented the proclamation for Rainbowatonna Pride Day on Saturday, July 13th at Darts Park. Celebrating Pride is a positive stance against discrimination and violence against those who identify as lesbian, gay, bisexual, transgender, queer, intersex and asexual (LGBTQ+) and to promote their self-affirmation, dignity, equal rights, increase their visibility as a social group, build community, and celebrate sexual identity, diversity and gender variance. The event promotes equal rights for all, regardless of sexual orientation or gender identity. During this event there were five food trucks, and 40 vendors present, and he encouraged everyone to attend this event next year. Jennifer Hansen, on behalf of the Board of Directors of Rainbowatonna thanked the Council for their support in making Owatonna a more inclusive place to live and work.

Mayor Kuntz made proclamation for Tuesday, August 6th as Night to Unite. This event is designed to give opportunity to get to know your neighbors, build neighborhood involvement by bringing police and communities together, and to bring an awareness to crime prevention. Neighborhood parties should register at the Law Enforcement Center for police and/or fire personnel to drop-in during your neighborhood event. Currently, 20 parties are registered, and we anticipate there will be more applications received prior to the event.

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 – City Council Meeting – July 2, 2024
- Minutes – Airport Commission Meeting – June 13, 2024
- Minutes – Joint Powers Board Meeting – June 5, 2024
- Building Inspection Report – June 2024
- Weed/Nuisance Inspection Report – July 10, 2024

Exempt Permit & Temporary Liquor License – Fly High Olivia Flores Family Benefit – July 27, 2024

Event Permit -Chatty 5k – Owatonna Cross Country – August 17, 2024

Event Permit – Federated Employees Event – September 19, 2024

Event Permit – 2025 Memorial Day Parade – May 26., 2025

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 Vice President Raney recapped payments made for amounts greater than \$20,000 during this period. The total amount of bills presented was \$3,422,924.99. Council Member Svenby made a motion to approve payment of all bills presented, Council Member Burbank seconded the motion. Community Development Klecker commented Tax Increment Financing (TIF) has been used for industrial and redevelopment projects. This tool helps to increase the tax base and create jobs. The TIF period for an industrial project typically lasts nine years and redevelopment TIF periods can last up to 26 years but often paid back in a shorter period of time. During the TIF period, the additional taxes generated from the increased valuation of the project are reimbursed to the developer to pay for TIF eligible expenses. The county, city and school continue to receive tax payment based on the property valuation prior to the improvement. TIF has been an instrumental tool to promote several projects. With no additional comments, all members voted aye for approval.

Proposed Ordinance 24-03: Park Closing Hours

Parks, Recreation and Facility Director Tuma presented the first reading of Proposed Ordinance 24-03 to amend City Code Section 91.01: Recreation and Leisure, General Park and Beach Regulations, Closing Hours. This will update the park's closing hours to 10 p.m. instead of 11 p.m. and continue to open at 6 a.m. Hard-surface lighted trails will remain open 24 hours. Exceptions to 10 p.m. closing would include programmed parks with City activities extending beyond 10 p.m.; activities approved by Park or Event Permit, and those scheduled by Parks & Recreation; Special Use Parks with posted hours (Brooktree, River Springs Water Park, Archery Range on Elm). The Park Board reviewed the proposed change in hours and do recommend this change in park hours.

Council Member Raney asked if the amenity lights at the parks would also go off at 10:00 pm; he spoke with several police officers about this change, and they support the earlier closing time. Council Member Svenby asked when the gates at Dartts Park and Lake Kohlmeier close, can someone get out if they were in the parking lot? Tuma explained there are sensors on the interior panel of the gates which will allow someone to leave the park but not enter. Council Member Raney made a motion for approval as recommended by the Park Board; Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Raney, Svenby, Voss, Dotson, Burbank, Boeke and Schultz; and with

no nay votes, the motion carried. The second/final reading will be heard during the next City Council Meeting on August 7th.

Resolution 70-24: Appoint Election Judges - 2024 Primary Election - August 13, 2024

City Administrator requested approval of Resolution 70-24 appointing Election Judges for the 2024 Primary Election. The resolution appoints judges and also authorizes assignment of Election Judge substitutes if needed. The 2024 Primary Election is Tuesday, August 13th with polls open from 7:00 a.m. to 8:00 p.m. Election Judges will work from 6:00 a.m. until after the polls close and files completed. Some will also serve as Health Care Facility Judges to take requested ballots to residents in the healthcare facilities. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, and all members voted aye for approval.

Resolutions 71-24 & 72-24: Award Sale of General Obligation Bonds 2024A and General Obligation Tax Abatement Bonds 2024B

Finance Director Moen advised the projects completed during 2024 require two types of bonds so there are two resolutions required. The bonds issued will finance the 2024 Street & Utility Project, the 2024 Mill and Overlay Project, acquisition of the Law Enforcement Center, and improvements at Merrill Hall. Doug Green, representing Baker Tilly was present to provide details of the bond sale held this morning. There were two bonds issued, the bonds for the Merrill Hall improvement are separate because there is a non-profit use at this location and federal tax laws require this process. Bonds issued will be:

- 1) 2024A: \$1.7 million amortized over 10 years, average maturity 6.3 years, at 3.2327% from BNY Mellon Capital Markets, LLC.
- 2) 2024B: \$4,875,000 amortized over 20 years, average maturity 12.2 years, at 3.6564%. Robert W Baird & Co. Inc.

During the bonding process the city's credit rating Aa1 was affirmed. Issuance of these bonds allows the City to be in compliance with its debt policy, necessary projects will be funded and there will be future debt service levies for improvements. Council Member Boeke made a motion to approve Resolution 71-24 to award the sale of the General Obligation Bonds 2024A, Council Member Dotson seconded the motion, all members voted aye in approval. Council Member Boeke made a motion for approval, Council Member Dotson seconded the motion, and all members voted aye for approval.

Council Member Raney made a motion to approve Resolution 72-24 to award the sale of the General Obligation Tax Abatement Bonds 2024B, Council Member Svenby seconded the motion, all members voted aye in approval.

Resolution 73-24 Premises Permit to Conduct Lawful Gambling at Buffalo Wild Wings Owatonna Youth Hockey

City Administrator Busse requested approval of Resolution 73-24 to approve the application for a Premises Permit received from Owatonna Youth Hockey (OYH) to conduct lawful gambling (pull tabs) under a lease agreement with Buffalo Wild Wings at 1100 W Frontage

Road. This will be OYH's fifth site, they currently hold Premises Permits at: Sparetime Entertainment, Foremost Brewing Cooperative, Wings Tavern & Grille, and Timber Lodge Steak House. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, and all members voted aye for approval.

Resolution 74-24 Authorize Sale of Property-State Avenue Parcels- R2 Holdings, LLC

Community Development Director Klecker requested approval of Resolution 74-24 for authorization to sell property on State Avenue to R2 Holdings, LLC. The Economic Development Authority owns two parcels on State Avenue that are for sale to attract new businesses and development. The city has received a purchase agreement for these two lots for \$200,000 from R2 Holdings, LLC. to construct a new building for a business looking to locate to Owatonna. Renneberg Hardwood Inc. is proposing to construct a 12,100 square foot facility; one lot is not large enough for the proposed building and loading area and the company would like room to expand. The company services the area already but wants a retail facility for their hardwood products. They are looking to start with 3 employees with plans to expand. This project came together within the last month and the EDA has not had a chance to review this proposed purchase; EDA will meet tomorrow. The company would like to proceed quickly and begin construction as soon as possible and the next Council Meeting is three weeks away. Staff recommends council approval contingent on EDA recommendation of approval. Council Member Raney made a motion for approval with this recommended contingency, Council Member Boeke seconded the motion, and all members voted aye for approval.

Revised Fund Balance Policy

Finance Director Moen requested council adopt a revised Fund Balance Policy. The purpose of having a fund balance policy is to enable realistic long-term planning, assist with effective development of annual budgets, and to promote clear communication with the general public, staff and administration. The City adopted its previous fund balance policy in 2012. Fund balance reserves are an important component in ensuring the overall financial health of a community, by giving the City a cushion to meet contingency or cash-flow timing needs.

The state auditor's office suggests a fund balance between 35-50% of fund operating revenues or no less than 5 months of expenditures (42%). At the time the previous policy was considered, a very conservative approach was taken, and the fund balance policy was set at the high end of 50% of next year's expenditures. Based on the City's past success with maintaining an unreserved fund balance of 50% and our commitment to conservative budgeting which allows the City to add to fund balance annually, staff is recommending lowering the fund balance policy to 45% of next year's expenditures. This will allow some more flexibility in the development of the City's annual budget as the community continues to grow. At the end of 2023, the city's fund balance was 53% of 2024 budgeted expenditures. Council Member Svenby made a motion for approval, Council Member Burbank seconded the motion, and all members voted aye for approval.

Agreement - Autumn Hills Place and Cedardale Drive Life Station Electrical Improvements - Advanced Engineering and Environmental Services, LLC

Public Works Director Murphy request approval of an agreement with Advanced Engineering and Environmental Services, LLC (AE2S) to provide professional engineering services for the Autumn Hills Place and Cedardale Drive Lift Stations Electrical Improvements. These lift stations need control panel replacement and electrical system updates. AE2S will provide professional services related to the design, bidding and construction administration. The total is not to exceed \$41,898 without prior approval from the City of Owatonna. Council Member Voss made a motion for approval, Council Member Dotson seconded the motion, and all members voted aye for approval.

Proposal - Merrill Hall Floors - Genuine Hardwood Floors

Parks, Recreation and Facility Director Tuma presented proposal from Genuine Hardwood Floor to refinish the floors in the Merrill Hall building. The ongoing mechanical Capital Improvement Project (CIP) at Merrill Hall has left the building almost empty, making accessing the first and second floors convenient. These floors have not been refinished for several years, so this presents an ideal opportunity to refinish them while the spaces are vacant. The city has received two bids for the project. Genuine Hardwood Floors has submitted the lowest bid and can meet the construction project timeline. Two bids were received:

Genuine Hardwood Floors \$ 38,310

Creative Hardwood Floors \$101,916

Council Member Dotson made a motion to accept the proposal from Genuine Hardwood Floors, Council Member Burbank seconded the motion, and all members voted aye for approval.

STAFF COMMENTS

Community Development Director Klecker commented the June Monthly Building & Inspection Reports show the number of permits issued year-to-date is 20% more than those issued last year at this time; however, the valuation is lower. The valuation of permits issued during the first 6 months of 2024 are valued at \$56 million. Currently there are many projects in process and permits are ready for Scooters Coffee as they will begin construction soon.

Public Works Director Murphy commented the Wastewater Treatment Plant Project is on track. Today, the roof on the secondary digester was being replaced; a large crane removed the old roof. The Street Department Crew will start the overlay project later this week in the southeast portion of town.

Finance Director Moen commented that this will be her last City Council Meeting in Owatonna; she will be leaving at the end of this month. She thanked the Council, Mayor, and City Administrator for the opportunity to serve as the City's Finance Director for the last 14 years. We have shared a good working relationship; she received a good opportunity to work in Florida. Council President Schultz thanked her for her years of service.

PUBLIC COMMENTS

Roger Wacek, 646 E Vine asked if anyone acted on his request made during the last Council Meeting to watch the 2015 PBS presentation, the Ethics of Cyber Security and also write our US Senators, US Representatives and the US President with recommendation to establish a cyber force as other countries have. A 911 cyber terrorism attack on our nation's electric grid would affect everyone. He recently asked Roger Wareheim, General Manager of Owatonna Public Utilities if we have a backup if the grid does go down.

Matt Sennott: 2519 Stony Creek Drive 2519 thanked Council for including proposed discussion in the current CIP Plan for a neighborhood park in the North Country Estates in 2026. He did not see mention of the east side corridor project in the current CIP Plan which had been included in the 2022 plan, he thought this was unusual to remove such a large project. Studies for the east side corridor (a county highway on the east side of town) are being reviewed and he requests consideration be given to the alternative routes. The current plan shows the highway will be fifteen feet from his neighbor's kitchen window and close to 150 homes. The alternative route will move this highway away from their established neighborhood.

Melissa Zimmerman, 2525 Stony Creek Drive thanked council for the proclamation of Pride Day on July 13th. She is not a member of the LGBTQ+ community but has many friends and loved ones who are. Unfortunately, members of a Baptist Church from Northfield were also present at their event in Darts Park oppositionally opposed and making it known. They claimed their actions are within their rights as Freedom of Speech; however, they were making threats and harassing people. Requests made to participants included request to unlive themselves. The Police said they couldn't do anything in fear of being sued. The LGBTQ+ community is four times more likely to attempt suicide, members of Rainbowatonna need to be better protected. Threats like this will lead to suicide attempts; they are people like you and me and deserve a happy life too.

Gary Jones, 995 Ridge Road commented during previous meeting comments he has expressed that a deer plan should include a deer count, a map detailing sites of auto/deer collisions and a list of defoliation occurrences. We need a plan to prove that a hunt is needed and if no plan is used, please limit the parks used to the remote parks with rugged terrain and close them for a two-week period. Remove Mineral Springs from the approved park list, there hasn't been a deer taken there during the last three years, and this park doesn't close, there are disc golfers and dog walkers all year round.

COUNCIL & STAFF COMMENTS:

Council Member Raney expressed disappointment that spray paint was used on the surface of N Cedar Avenue during the July Downtown Thursday event. The Event Permit application for the event did not request approval to mark spaces with spray paint and should not have happened. Last weekend, he rode along with Officer Julia Hansen for five hours. Julia has been an officer with Owatonna for almost one year, I saw first-hand what our officers do, and I really appreciate what they do to protect our citizens. Thank you to the Police Department and City Administration for allowing me this ride along opportunity.

Council Member Svenby thanked Finance Director Moen for her work to the community and wished her well.

Council Member Raney also thanked Finance Director Moen and wished her much success. The door to Rhonda's office was always open and she was always willing to help me get answers to my questions.

Council Member Voss commented that he stopped at the city booth in Central Park during the July Downtown Thursday event. Staff from Human Resources, Public Works, Administration, and Fire were present answering questions as was the new police squad car. He thought all was very impressive and good information shared with those stopping at the booth.

Council Member Dotson also thanked Finance Director for helping him over the years and wished her well.

Council Member Burbank commented it has been a pleasure to know Finance Director Moen and anticipate it will be a tough task to fill her shoes and then wished her best of luck.

Mayor Kuntz also thanked Finance Moen for the work she did.

City Administrator Busse commented Rhonda is one of the finest Finance Directors she has ever worked with and thanked her for her service. She then reminded everyone the date for the next City Council Meeting is Wednesday, August 7th as Tuesday, August 6th is Night to Unite.

At 7:54 p.m., Council Member Dotson made a motion to adjourn, Council Member Svenby seconded the motion, and the meeting ended.

Respectfully submitted,

Jeanette Clawson, Administrative Coordinator