PLANNING COMMISSION MEETING

Tuesday, October 8, 2024 at 5:30 PM
Council Chambers, City Hall at 540 West Hills Circle
Roll Call: Meier, Springer-Gasner, Rooks, Eickhoff, Wilson, Peake, Effertz

1. **Planning Commission Agenda**
   1.a. Planning Commission Agenda - October 8, 2024
2. **Roll Call: Meier, Springer-Gasner, Rooks, Eickhoff, Wilson, Peake, Effertz**
3. **Approval of Last Meeting Minutes**
   3.a. Planning Commission Minutes - September 24, 2024
4. **Public Hearings**
   4.a. Preliminary Plat of Aire Apartments Addition
   4.b. CUP-17
5. **Downtown Parking Committee Requests**
6. **Other Business**
   6.a. Hillcrest TIF Compliance Resolution
   6.b. Updates on Previous Items
7. **Next Meeting - October 22, 2024**
8. **Adjournment**

Owatonna Planning Commission Agenda

Tuesday, October 8, 2024
5:30 PM
Charles S. Crandall Center at West Hills*

Roll Call: Meier, Springer-Gasner, Rooks, Eickhoff, Wilson, Peake, Effertz

1. Approve minutes of the September 24, 2024 meeting

2. Public Hearings

   A. Preliminary Plat of Aire Apartments Addition

   B. CUP-17 by Darrin Stadheim, Stadheim Properties of Owatonna, LLC, a request for a conditional use permit to allow for construction of a four story apartment building. Code requires an additional five foot front and side yard setback for each additional story over three. The proposed project will contain a total of 73 units with 19 tuck under garages.

3. Downtown Parking Committee Requests

   A. None

4. Other Business

   A. TIF Compliance Resolution
   B. Updates on Previous Items

5. Next Meeting – October 22, 2024

6. Adjourn

OWATONNA PLANNING COMMISSION MINUTES FOR SEPTEMBER 24, 2024

The Owatonna Planning Commission met in regular session at 5:30 p.m. in the Crandall Center – Chambers with Chairperson Kelly Rooks conducting the meeting. Present at roll call were Commissioners Kelly Rooks, Rachel Springer-Gasner, John Eickhoff, Nick Peake, and Dave Effertz. Commissioner Mark Meier was absent. Community Development Manager Greg Kruschke and Senior Administrative Technician Kristen Kopp were also present.

A motion was made by Wilson and seconded by Springer-Gasner to approve the minutes of the regular meeting of August 27, 2024. All Commissioners voting Aye, the motion carried.

Imagine Owatonna 2050 Comprehensive Plan was presented by Community Development Manager Greg Kruschke. Phil Carlson with Stantec was also present. Kruschke said that the comments that were emailed to him have been printed and provided to the Commissioners. Phil said that they've been working on this for a year and a half. The final draft has been online and tonight is the opportunity to officially wrap it up. The Planning Commission's task is to hold a public hearing and make a recommendation to City Council. He said that he went over a summary of the plan during the Open House prior to the meeting tonight. Public hearing opened at 5:33 pm. No comments were made regarding this. Public hearing closed at 5:34 pm. Eickhoff said he appreciated this process—it's a big step for the community. He thanked Stantec for their help in putting this together and is in support of it. Effertz asked if there were any concerns or anything high level in the comments that Kruschke received. Kruschke said that there are some opinions in there. Comments are noted in the plan. If the Commission feels strongly enough to change anything, they can. Phil said that the Comprehensive Plan should not just sit unchanged for the next ten or twenty years. He recommended that they look at it at least once a year, and they may make changes. That's what it's there for—it's your plan. Peake said he appreciates the fluidity of the document. A motion was made by Eickhoff and seconded by Effertz to recommend City Council approval of the Imagine Owatonna 2050 Comprehensive Plan. All Commissioners voting Aye, the motion carried.

Community Development Manager Greg Kruschke said that the Council approved the parking recommendations on the Vine Street Parking Lot.

Community Development Manager Greg Kruschke said that they will be a public hearing the preliminary plat of Aire Apartments Addition as well as a related CUP and redevelopment TIF on October 8.

Community Development Manager Greg Kruschke formally thanked the Planning Commission for all of their work on the Comp Plan. He appreciates the extra time that they've put in and their willingness to work on it. It's a big step for the community. He also thanked Phil Carlson for his guidance through the process.

A motion was made by Springer-Gasner to adjourn and seconded by Wilson at 5:39 p.m. All Commissioners voting Aye, the motion carried.

Respectfully Submitted,

_____

Greg Kruschke
Community Development Manager

October 4, 2024

To: Planning Commission
From: Community Development Department
RE: Preliminary & Final Plat of Aire Apartments Addition

Background

Darrin Stadheim, Stadheim Properties of Owatonna, LLC, a request for preliminary and final plat approval of Aire Apartments Addition, a two lot and one outlot plat. The plat will be replatting the 605 Hillcrest property as well as the to be demolished Aire Apartments. The City is also considering a TIF project as well as a Conditional Use Permit for this project.

Application Review:

Applicant/Owner:	Darrin Stadheim, Stadheim Properties of Owatonna, LLC
Location of Property:	525 & 605 Hillcrest Avenue
Existing Zoning:	B-2, Community Business District
Existing Land Use:	The lots are currently occupied by businesses and vacant buildings as they prepare for this project.
Report Attachments:	1. Location Maps 2. Preliminary Plat 3. Final Plat

Proposed Development:

Size of Subdivision:	3.5± acres
Number of Lots:	To be platted into two lots and an outlot
Lot Configuration:	The lots are generally rectangular in shape.
Street Pattern:	No ROW changes are proposed.
Services:	Services are existing and available in Hillcrest Ave
Timing/Financing of Development:	The applicant will record the plat this soon in order to start demolition on the project.
Outstanding Assessments:	None.
Floodplain:	None.

Wetlands: The property does not have any wetlands.

Storm Water Drainage: A pond is being constructed in the SE corner.

Easements: Perimeter easements are being provided.

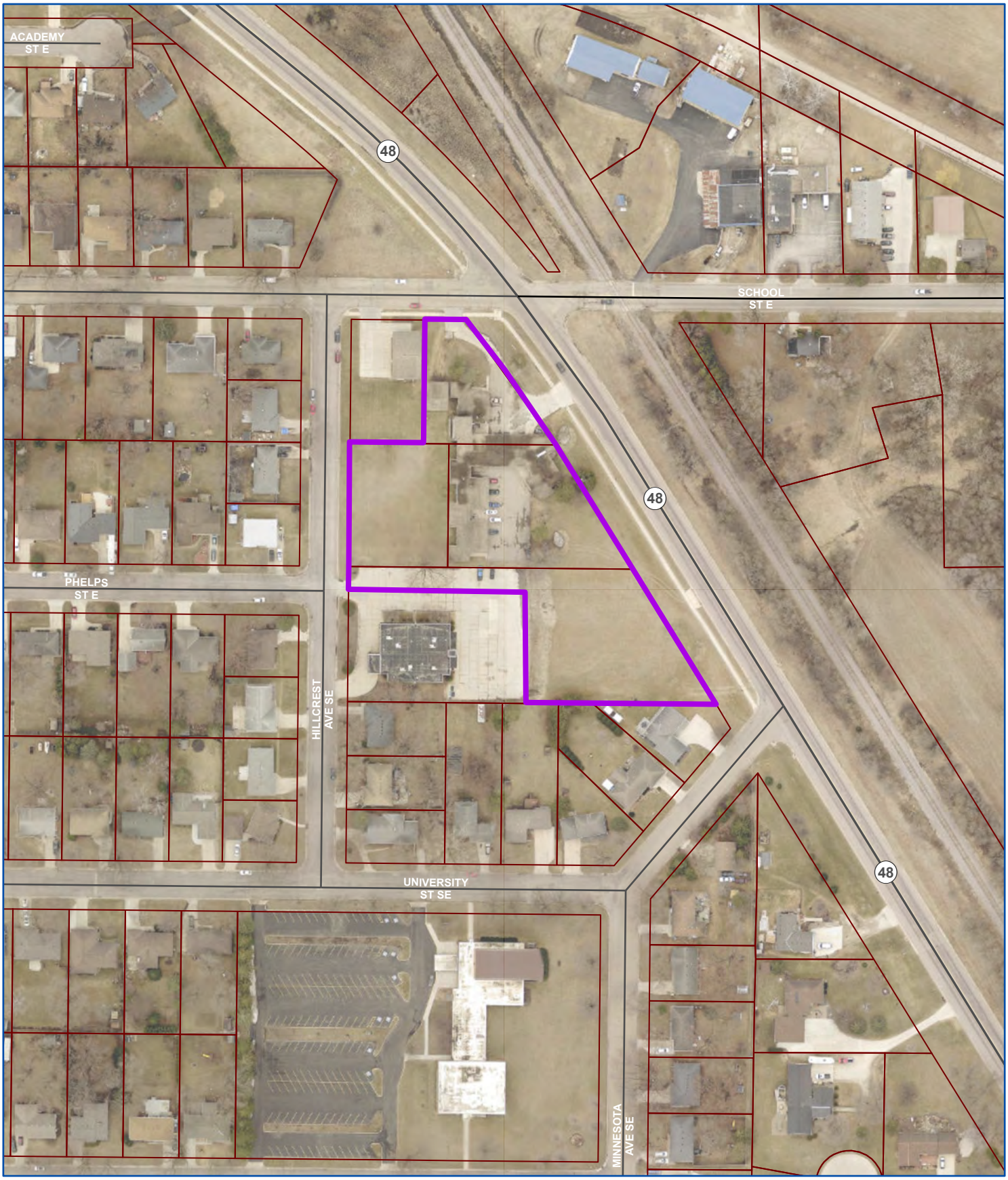
County/MNDOT Review: The County is reviewing the plat.

Staff Review:

Staff recommends approval of the preliminary plat of Aire Apartments Addition with the following conditions:

1) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
2) A shared parking, access, and maintenance agreement shall be recorded with the plat.
3) A public drainage easement shall be added to the plat to cover the overland flow from offsite so the City can ensure any future modification or grading is reviewed and approved

Aire Apartments Addition
City of Owatonna



CITY OF OWATONNA

Aire Apartments Addition

0 0.25 0.5 Miles

This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This information is a compilation of records, information, and data located in various city, county, and state offices and other sources, affecting the area shown, and is to be used for reference purposes only.

September 23, 2024

LEGEND

- 848 = EXISTING ELEVATION CONTOUR LINE
- = Catch Basin
- E = Electric
- = Fire hydrant
- G = Gas Main
- = Guy Anchor
- = Light Pole
- OH = Overhead
- = Power Pole
- RCP = Reinforced Concrete Pipe
- T = Telephone Pedestal
- T = Telephone
- W = Water Main

UTILITIES NOTE:
WATER MAIN, NATURAL GAS, AND ELECTRIC FACILITIES SHOWN PER OPU DIGITAL RECORDS

30 0 30
HORIZ. SCALE FEET
DRAWINGS ON 11x17 SHEETS ARE HALF SCALE

BENCHMARKS:
TNFH NW QUADRANT
HILLCREST AVE & PHELPS ST E
ELEVATION 1197.28

BENCHMARKS:
TNFH NE QUADRANT HILLCREST AVE & SCHOOL ST E
ELEVATION 1195.54

REV.	BY	DATE	REVISION DESCRIPTION
-	-	-	-

JONES HAUGH SMITH
Engineers + Surveyors
415 West North Street Owatonna, MN 507-451-4598

DESIGNED: JHS5
DRAWN: JHS5
CHECKED: BJ
Date: 4/25/24
DWG: 23-1107

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.
John H. Schulte V
License No. 44639 Date: 4/25/24

STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
EXISTING CONDITIONS

SHEET 1 OF 4

LEGEND

—848—	= EXISTING ELEVATION CONTOUR LINE
	= Catch Basin
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T	= Telephone Pedestal
T	= Telephone
W	= Water Main

OWNER INFORMATION

STADHEIM PROPERTIES
C/O DARRIN STADHEIM
11401 72ND AVE SW
ELLENDALE, MN 55026
507-456-1471
stadheimproperties@hotmail.com

LAND SURVEYOR

JONES HAUGH, & SMITH, INC.
SCOTT A. TUCHTENHAGEN
415 WEST NORTH STREET
OWATONNA, MN 55060
507-451-4598
SCOTTT@JHSENG.COM

ZONING

EXISTING ZONE: B-2 COMMERCIAL BUSINESS

SETBACKS:
ZONE: 30'
REAR: 20'
SIDE: 10'

EXISTING LEGAL DESCRIPTION

OUTLOT 1, OUTLOT 2 AND OUTLOT 3, BLOCK 3, KUETHER'S 3RD ADDITION, CITY OF OWATONNA, MINNESOTA;

AND

LOT 1 AND THE EAST 33.00 FEET OF LOT 2, BLOCK 9, KUETHER'S ADDITION TO THE CITY OF OWATONNA, MINNESOTA.

PARKING CALCULATION

AIRE APARTMENTS - 89 STALLS
6 STUDIO UNITS @ 1.0 PER UNIT
35 1-BDR UNITS @ 1.0 PER UNIT
32 2-BDR UNITS @ 1.5 PER UNIT

605 HILLCREST - 41 STALLS
12272 SF OFFICE SPACE @ 1.0 PER 300 SF

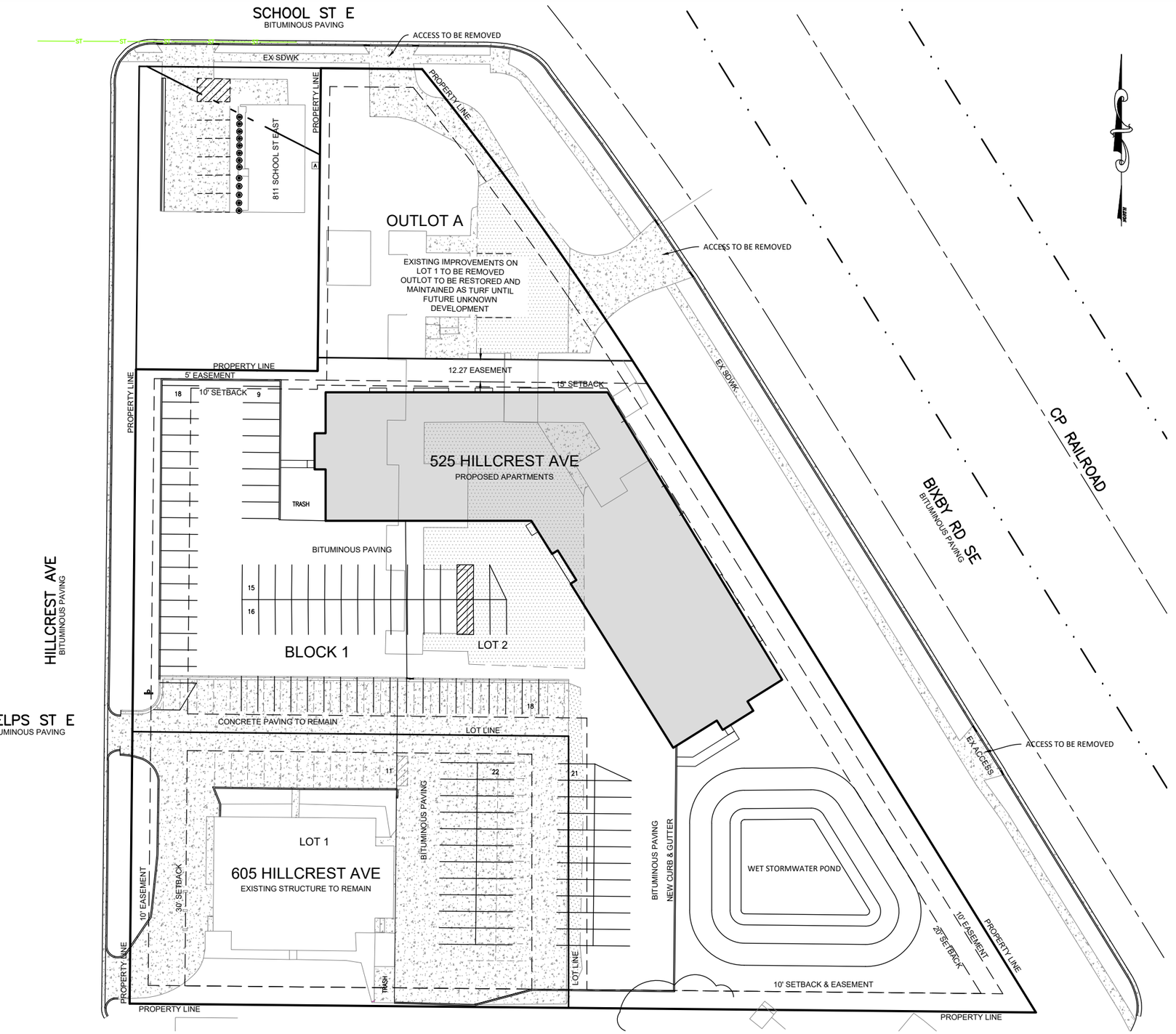
130 STALLS REQUIRED

131 SPACE SHOWN
19 GARAGE SPACES
112 SURFACE STALLS

5 ADA STALLS INLUDING 1 VAN ARE REQUIRED BASED ON NUMBER OF STALLS
4 STALLS SHOWN AT APARTMENTS
1 ADA STALLS SHOWN AND EXISTING AT 605 HILLCREST

UTILITIES NOTE:

WATER MAIN, NATURAL GAS, AND ELECTRIC FACILITIES SHOWN PER OPU DIGITAL RECORDS



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ELEVATION 1195.54

REV.	BY	DATE	REVISION DESCRIPTION
-	-	-	-

JONES HAUGH SMITH Engineers + Surveyors
415 West North Street Owatonna, MN 507-451-4598

DESIGNED: JHS5
DRAWN: JHS5
CHECKED: BJJ
Date: 4/25/24
DWG: 23-1107

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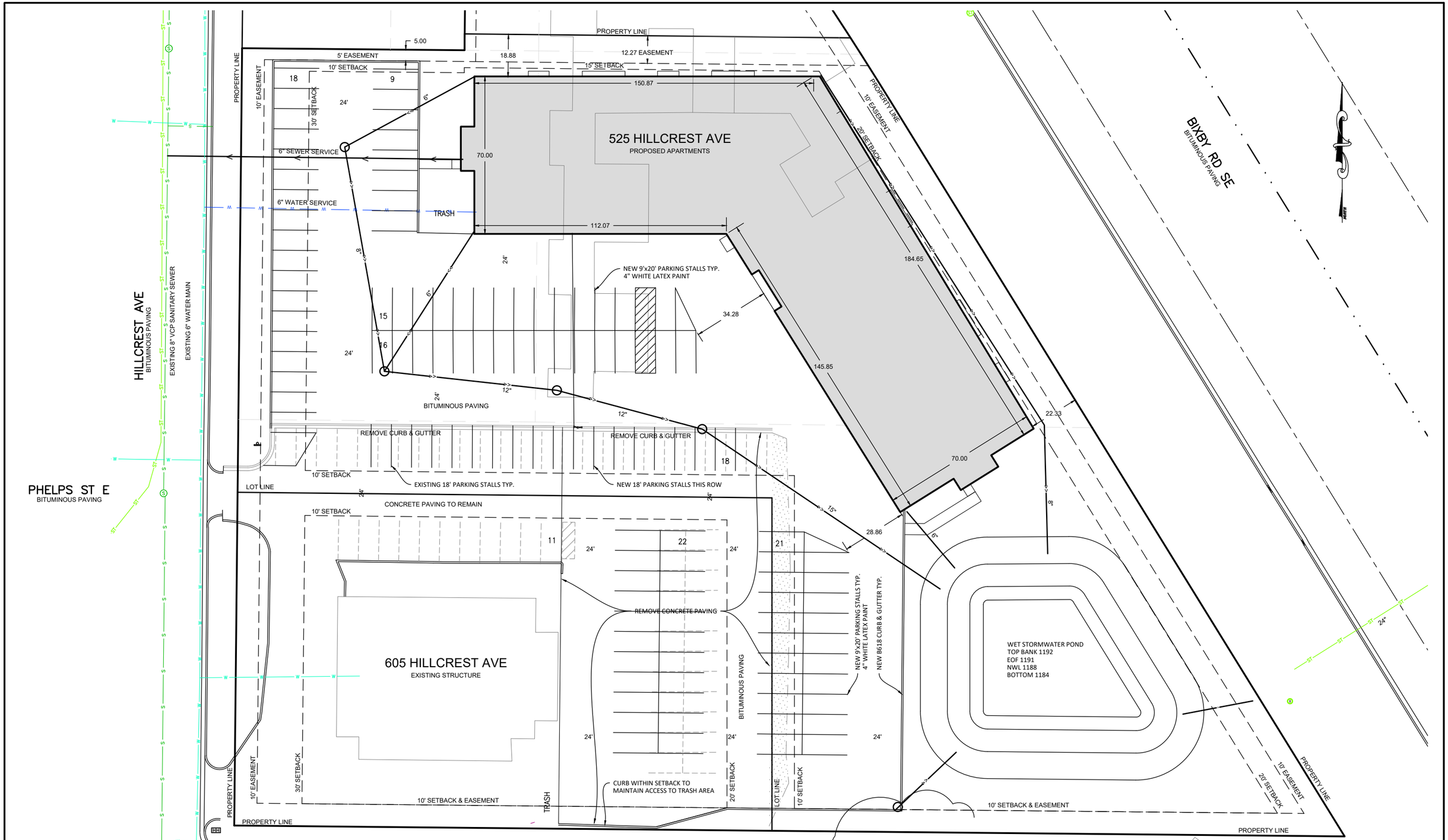
John H. Schulte V
License No. 44639 Date: 4/25/24

STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
OVERALL SITE PLAN

SHEET 2 OF 4



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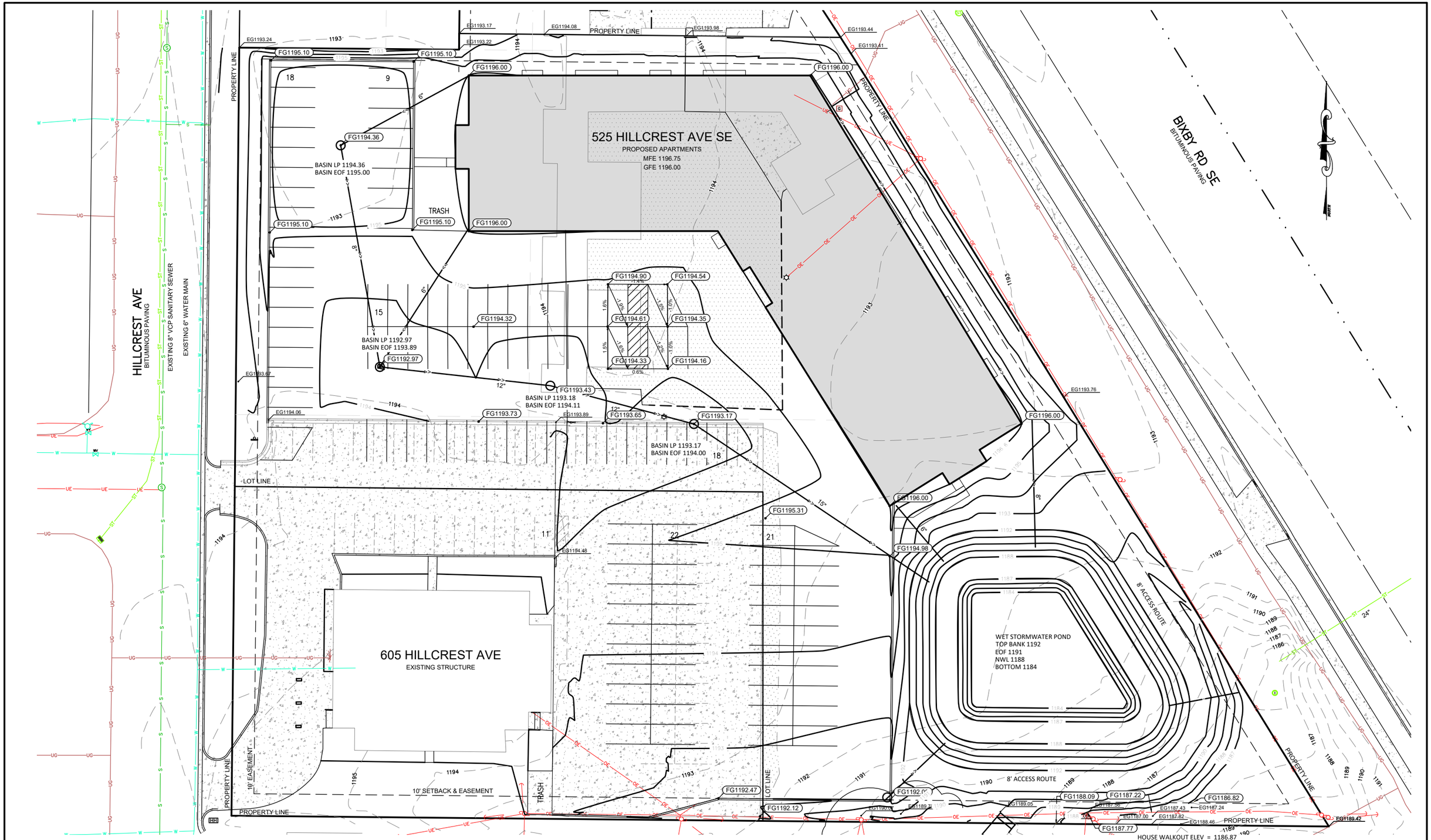
John H. Schulte V
License No. 44639 Date: 4/25/24

STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
DETAIL SITE PLAN

SHEET 3 OF 4



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John H. Schulte V
License No. 44639 Date: 4/25/24

STADHEIM ADDITION NO. 3

PRELIMINARY PLAT

STADHEIM PROPERTIES

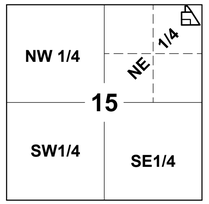
GRADING PLAN

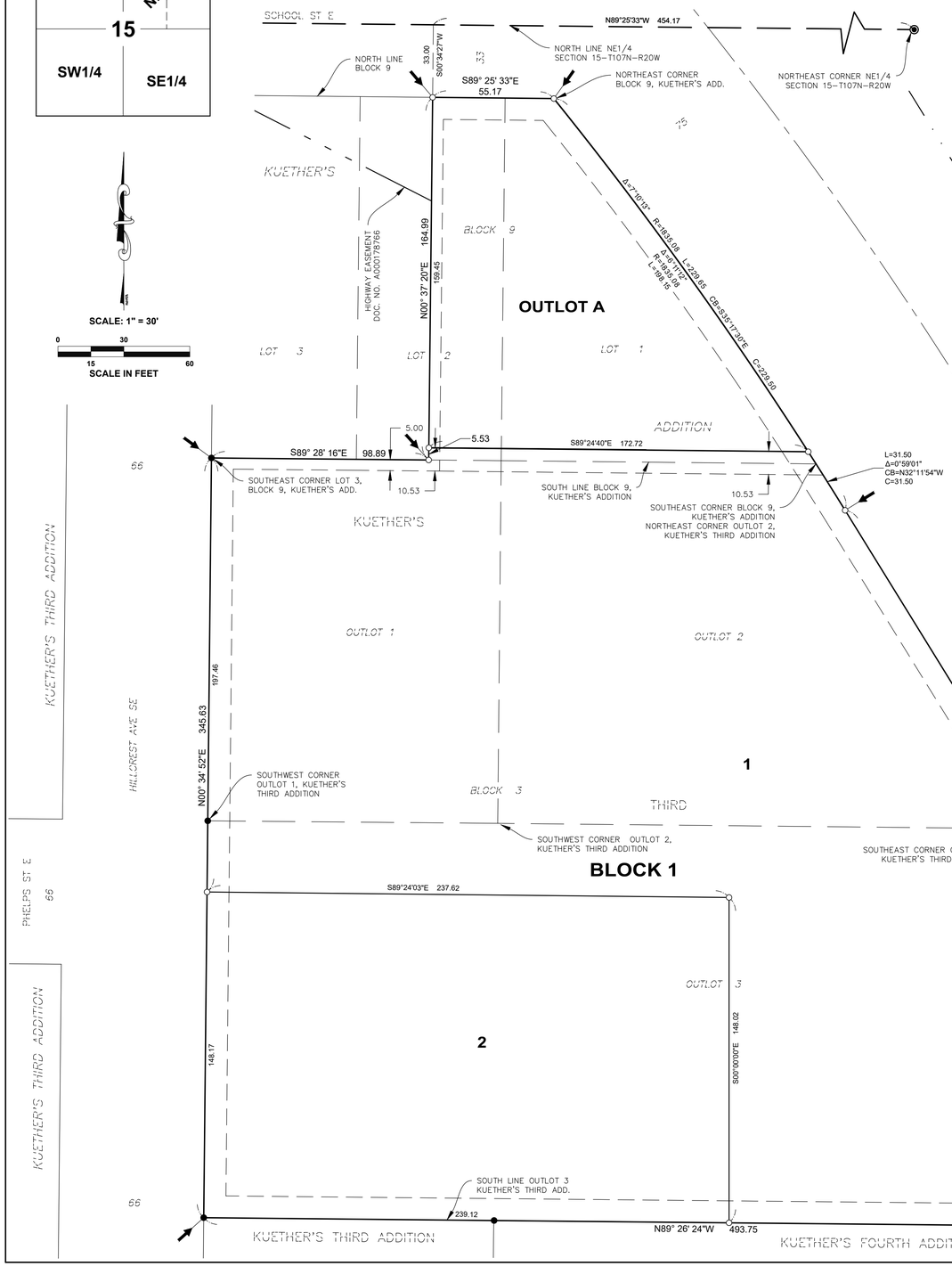
SHEET 4 OF 4

OFFICIAL PLAT

AIRE APARTMENTS ADDITION

VICINITY MAP
SECTION 15-107-20





KNOW ALL PERSONS BY THESE PRESENTS: That Stadheim Properties of Owatonna, LLC

OUTLOT 1, OUTLOT 2 and OUTLOT 3, Block 3, KUETHER'S 3RD ADDITION, CITY OF OWATONNA, MINNESOTA;

AND

Lot 1 and the East 33.00 feet of Lot 2, Block 9, KUETHER'S ADDITION TO THE CITY OF OWATONNA, MINNESOTA.

Has caused the same to be surveyed and platted as AIRE APARTMENTS ADDITION and does hereby dedicate to the public for public use the drainage and utility easements as created herewith, as shown on this plat. In witness whereof said Stadheim Properties of Owatonna, LLC has caused these presents to be signed by its proper partner this

_____ day of _____, 20____.

Stadheim Properties of Owatonna, LLC

_____

Darrin Stadheim Stadheim, President

STATE OF MINNESOTA

This instrument was acknowledged before me this _____ day of _____, 20____ Darrin Stadheim, Pressident of Stadheim Properties of Owatonna, LLC

_____
John Henry Schulte, Notary Public, State of Minnesota
My Commission Expires January 31, 2026

I, Scott A. Tuchtenhagen, hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a true and correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this _____ day of _____, 20____.

_____
Scott A. Tuchtenhagen, Licensed Land Surveyor
Minnesota License No. 52646

STATE OF MINNESOTA

This instrument was acknowledged before me this _____ day of _____, 20____ by Scott A. Tuchtenhagen, a licensed land surveyor.

_____
John Henry Schulte, Notary Public, State of Minnesota
My Commission Expires January 31, 2026

This plat of AIRE APARTMENTS ADDITION was approved and accepted by the City Council of the City of Owatonna, Minnesota at a regular meeting thereof held on the _____day of _____, 2023, and said plat is in compliance with the provisions of Minnesota Statutes, Section 505.03 Subd. 2.1

_____
Kris M. Busse, City Administrator

I hereby certify that in accordance with Minnesota Statutes, Section 505.021, Subd. 11, this plat has been reviewed and approved this _____ day of _____, 20____.

_____
Scott A. Tuchtenhagen, County Surveyor
Steele County, Minnesota

No delinquent taxes and transfer entered this _____ day of _____, 20____.

_____
Jennifer Mueller, Property Tax and Elections Director
Steele County, Minnesota

I hereby certify that taxes payable for the year 20____ on the land hereinbefore described have been paid this _____day of _____, 20____.

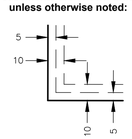
_____
Candi Lemarr, Finance Director
Steele County, Minnesota

Filed in the Office of the Registrar of Titles this _____ day of_____ 2024, at _____O'clock ____M., in Book _____ of Plats, Page_____, as Document Number_____

_____
Rick G. Kvien, County Registrar of Titles
Steele County, Minnesota

REGISTRAR OF TITLES STEELE COUNTY, MINNESOTA

Drainage and utility easements are shown thus unless otherwise noted:



BASIS OF BEARING SYSTEM

All bearings are based on the north line of the NW1/4 of Section 15-T107N-R20W bearing North 89°25'33" West

LEGEND

- = Steele County Monument-Found
- = 5/8Ø X 16 inch iron monument (capped LS 52646)-Placed
- = Iron monument - Found
- = Addition Corner

JONES HAUGH & SMITH, INC.
PROFESSIONAL ENGINEERS & LAND SURVEYORS

JONES HAUGH SMITH
Engineers + Surveyors

PRINCIPALS
Steven J. Thompson, P.L.S.
Brian J. Johnson, P.E.
Steven J. Penkava, P.E.
John H. Schulte V, P.E.
Scott A. Tuchtenhagen, P.L.S.

Established 1945

Drainage Memorandum
Aire Apartments
525 Hillcrest Ave
Lot 1 Block 1 Stadheim Addition No. 3
Prepared by: John H. Schulte V, PE

August 26, 2024

Introduction

Stadheim properties intends to redevelop a former motel at School Street and Bixby Road in Owaotnna into a 4-story multi-family residential apartment building. A part of the parking for the project will include reconstruction of a shared parking lot with the Hillcrest Professional Building to the south. The project is otherwise bounded by School Street to the west and north, and Bixby Road to the east.

Existing stormwater flows from this property drain west to Hillcrest Avenue or east to Bixby Road. Some Bixby road flows enter the curb and gutter system while others flow to a culvert which drains east under the road.

The site plan includes treating the flows for most of the site but excluding Outlot A, which will be part of future development. For the purposes of this project, Outlot A will only have its hard surfaces removed and reestablished with turf. A wet stormwater pond will treat flows from the site before discharging them to the existing low area upstream of the culvert flowing east under Bixby Road.

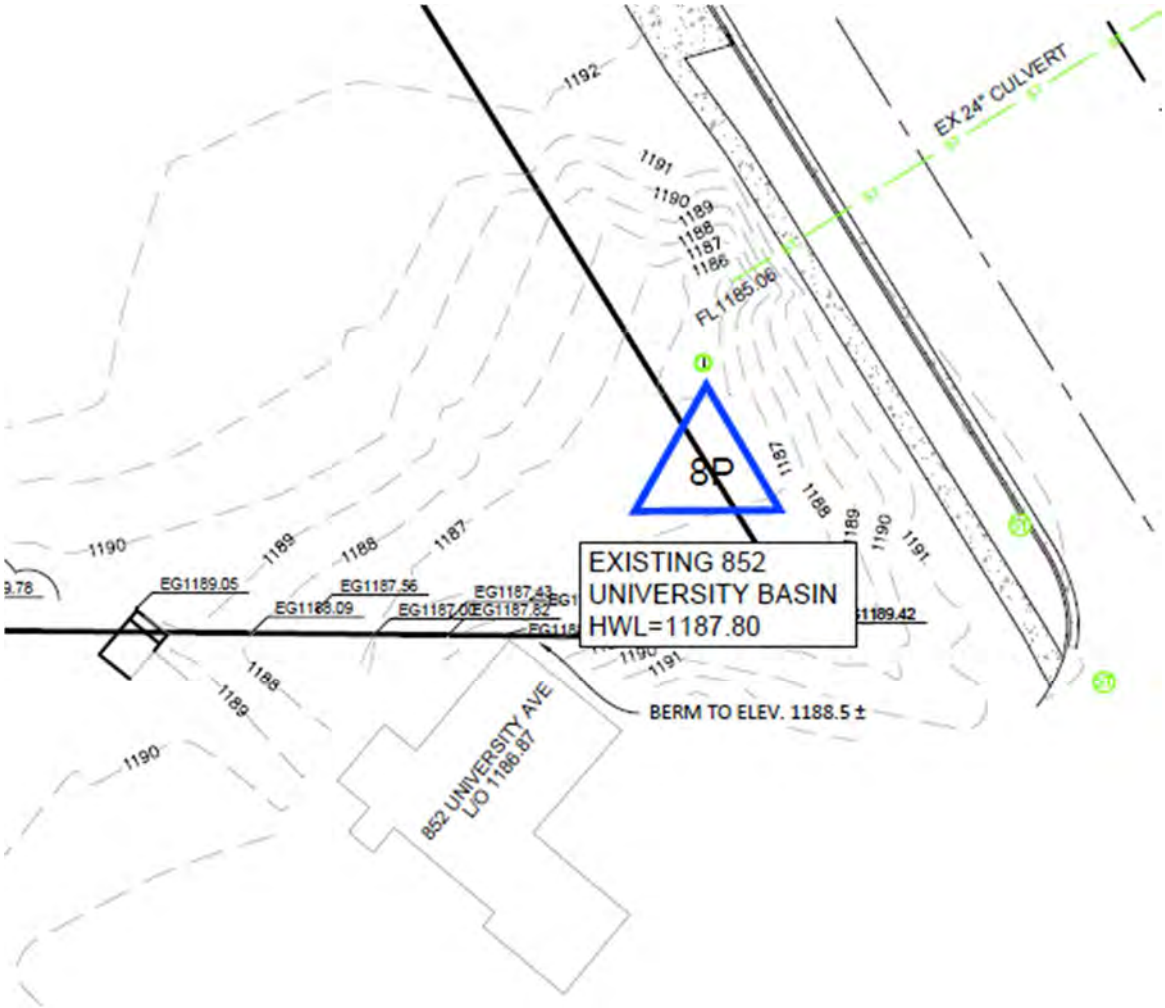
Below are the NPDES areas required to be treated for this project:

Site Area:	3.48 ac
Disturbed Area:	3.56 ac
Existing Impervious Surface:	1.33 ac
Proposed Impervious Surface:	2.26 ac
Fully Reconstructed Impervious Surface:	0.78 ac
Future Impervious Surface:	0.00 ac

Required WQV: 6172 cf
Provided WQV: 10673 cf

Existing Conditions

A drainage map is provided as an appendix to this report, but, as noted above, the existing site is flows westerly to Hillcrest Avenue or easterly to Bixby road. Flows reach Hillcrest Avenue unimpeded, and flow reaching the Bixby road basin are restricted by the 24” culvert.

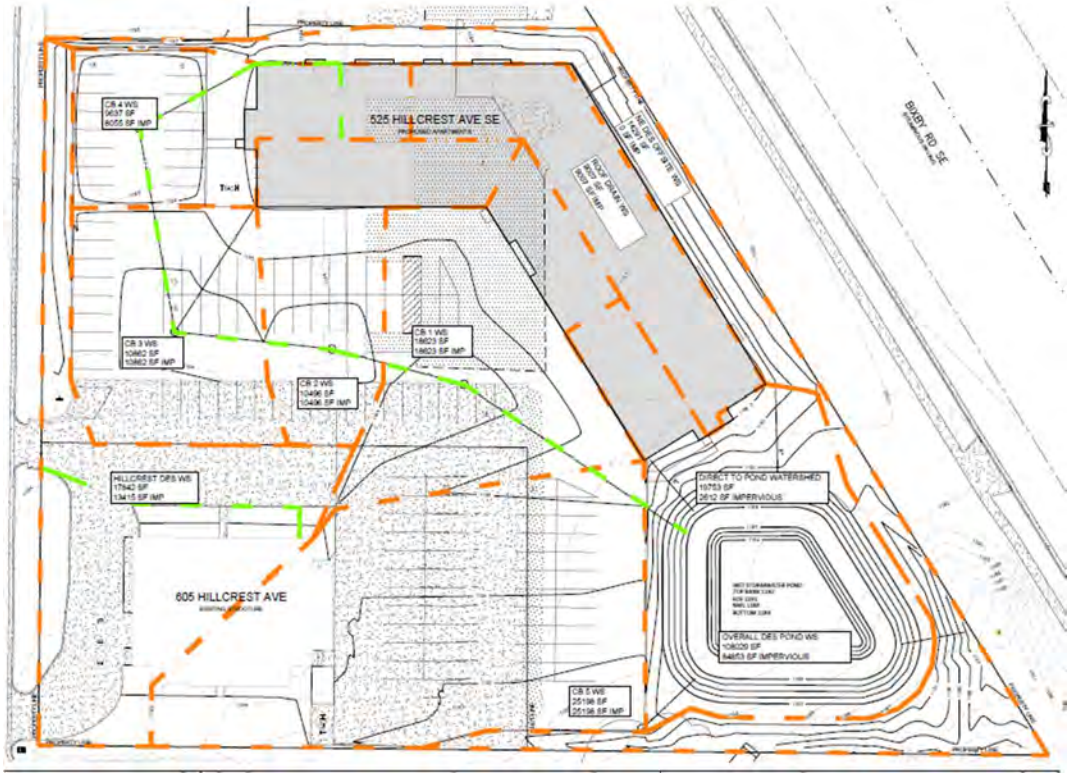


The nearby 852 University Ave residence contains a basement with lookout windows at elevation 1186.87. The structure is protected by a small berm reaching about elevation 1188.5. Basin high water levels are modeled at elevation 1187.80.

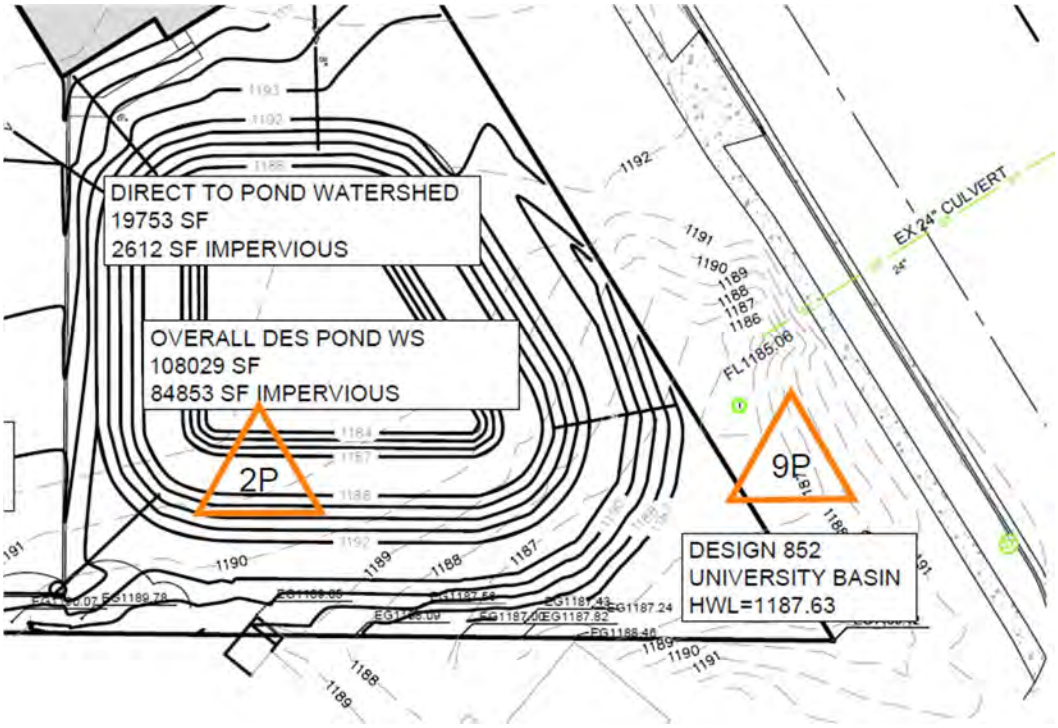
Proposed Plan

The drainage plan for the site includes

1. Removing hard surface areas from Outlot A, and restoring it to turf.
2. Reconstructing the site such that most flows will be treated via a wet stormwater pond near the 852 University Ave basin. Some flows will drain unimpeded to both Hillcrest Ave and Bixby Road.



The basin then discharges to a modified 852 University basin before crossing Bixby Road. Modeling indicates a design high water level of the modified 852 University basin of elevation 1187.63, an increase in flood protection of 0.17 feet.



Detailed Discussion of Permanent Stormwater Management

As the work on this site collectively disturbs more than 1 acre, an NPDES Construction Stormwater Permit is required. The site is also subject to the City of Owatonna's stormwater ordinance requiring a 1" infiltration volume goal and stormwater discharge rate control.

Volume Reduction Requirements

The proposed improvements include adding 0.92 acres of new hard surface and reconstructing 0.78 acres of existing hard surface, with an associated infiltration goal of 1" over the new hard surface of 6172 cf.

Soils at this site are not conducive to infiltration, with Webster soils being in place in the areas near the stormwater pond.

Volume reductions are provided via tree plantings as denoted on the landscape plan and provide a volume reduction of 462.77 cf.

Rate Reduction Requirements

Rate control is achieved via the aforementioned stormwater pond. Flows are reduced to less than existing. All proposed flows reaching either Hillcrest Ave or Bixby Road are reduced via watershed changes (Hillcrest Ave) or the stormwater basin (Bixby Road). The culvert under Bixby Road will remain the site's overall outlet. The flow rates for the site are summarized below:

Hillcrest Ave Peak stormwater flows (cfs):

	2-year	10-year	100-year
Existing Offsite	1.58	3.03	6.13
Design Offsite	0.62	1.27	2.73

Bixby Road Peak stormwater flows (cfs):

Existing Offsite	2.58	4.87	9.75
Direct Offsite	0.34	0.81	1.93
Stormwater Pond	0.56	1.38	6.84
	0.90	2.19	8.77

Pollutant Reduction Requirements

Pollutant removal is achieved via provision of the Water Quality Volume (WQV). The required water quality volume for this project IS 1" x 1.70 ac = 6172 cf

The project provides Water Quality Volume via the wet stormwater pond. The pond provides a water quality volume of 20378 cubic feet below elevation 1189.80.

Summary

In summary, the site's proposed stormwater pond reduces the proposed site's outflow rates and pollutant loadings to less than existing. Infiltration as a measure of volume control is not available at this site.

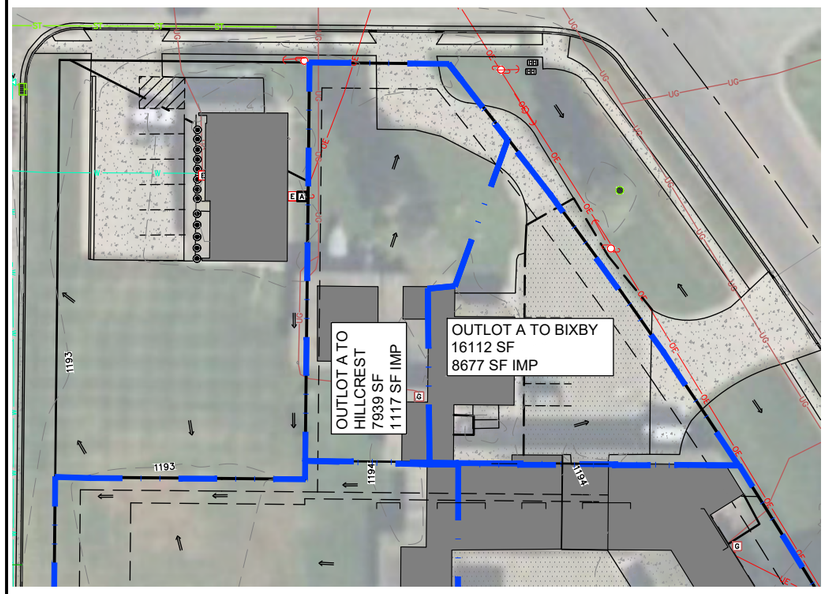
Certification

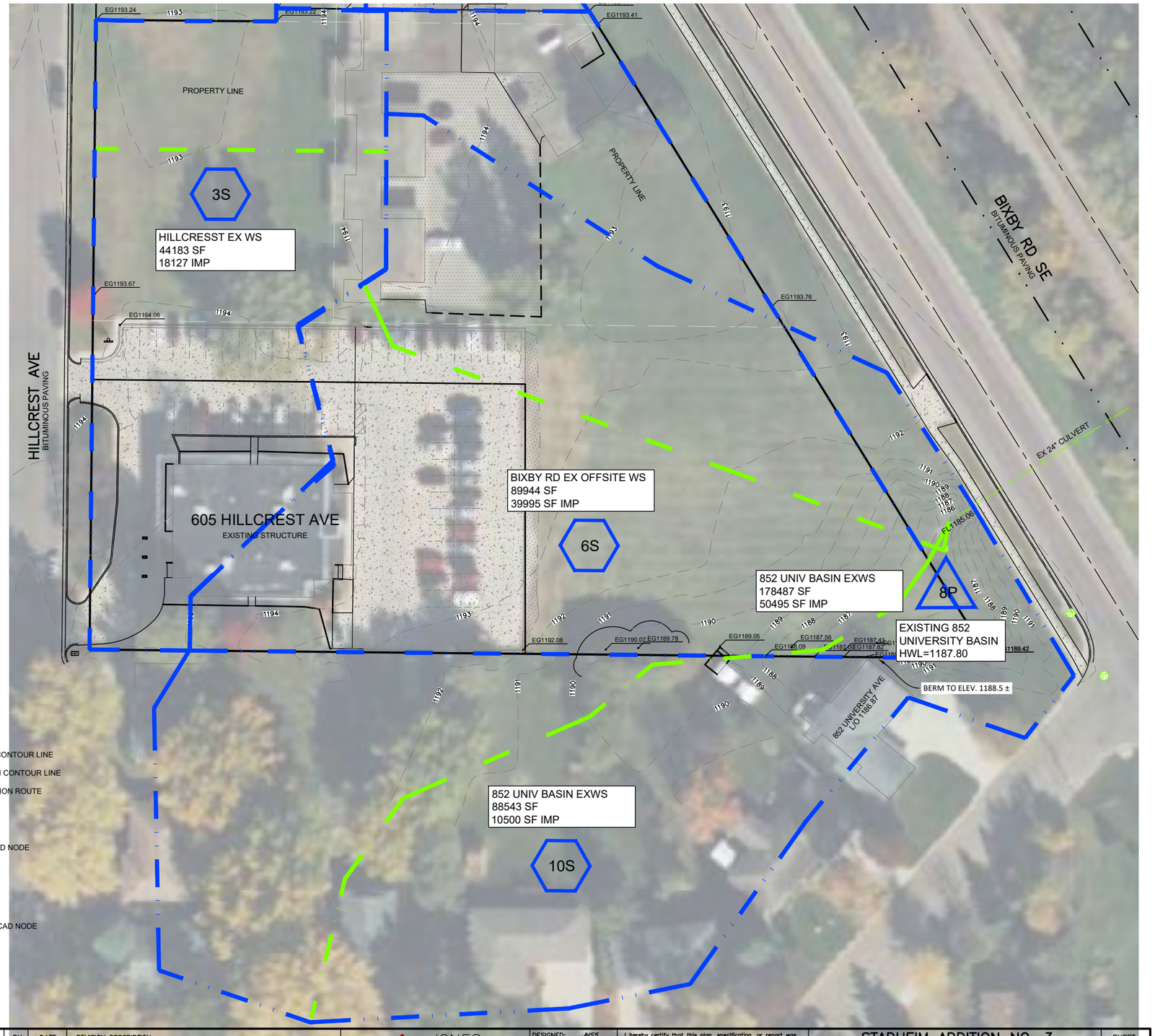
I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

_____

John H. Schulte V Date: 8/26/24

License No. 44639





LEGEND

- —848— EXISTING ELEVATION CONTOUR LINE
- —**848**— PROPOSED ELEVATION CONTOUR LINE
- TIME OF CONCENTRATION ROUTE
- 28S EXISTING HYDROCAD NODE
- 32P PROPOSED HYDROCAD NODE

30 0 30
HORIZ. SCALE FEET

DRAWINGS ON 11x17 SHEETS ARE HALF SCALE

BENCHMARKS:

TNFH NW QUADRANT
HILLCREST AVE & PHELPS ST E
ELEVATION 1197.28

BENCHMARKS:

TNFH NE QUADRANT HILLCREST AVE & SCHOOL ST E
ELEVATION 1195.54

REV.	BY	DATE	REVISION DESCRIPTION
-	-	-	-

JONES HAUGH SMITH
Engineers + Surveyors
415 West North Street Owatonna, MN 507-451-4598

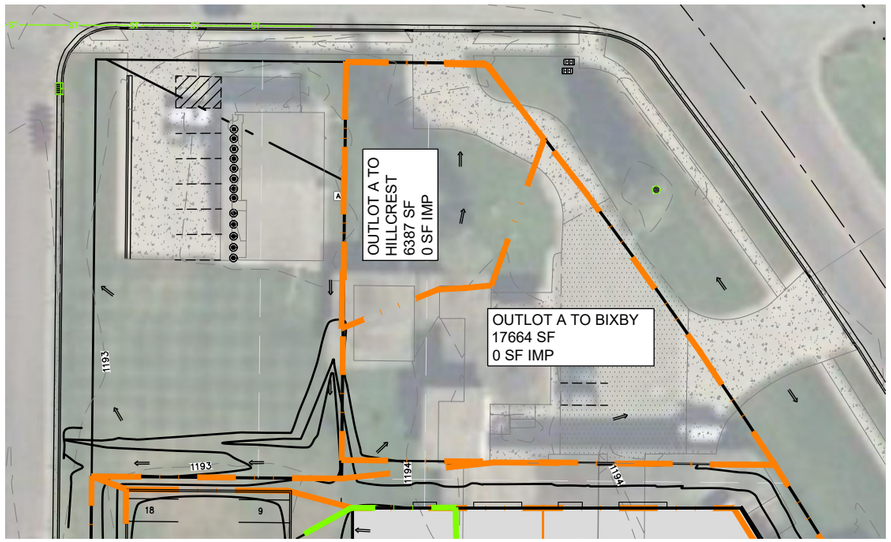
DESIGNED: JHS5
DRAWN: JHS5
CHECKED: BJJ
Date: 4/25/24
DWG: 23-1107

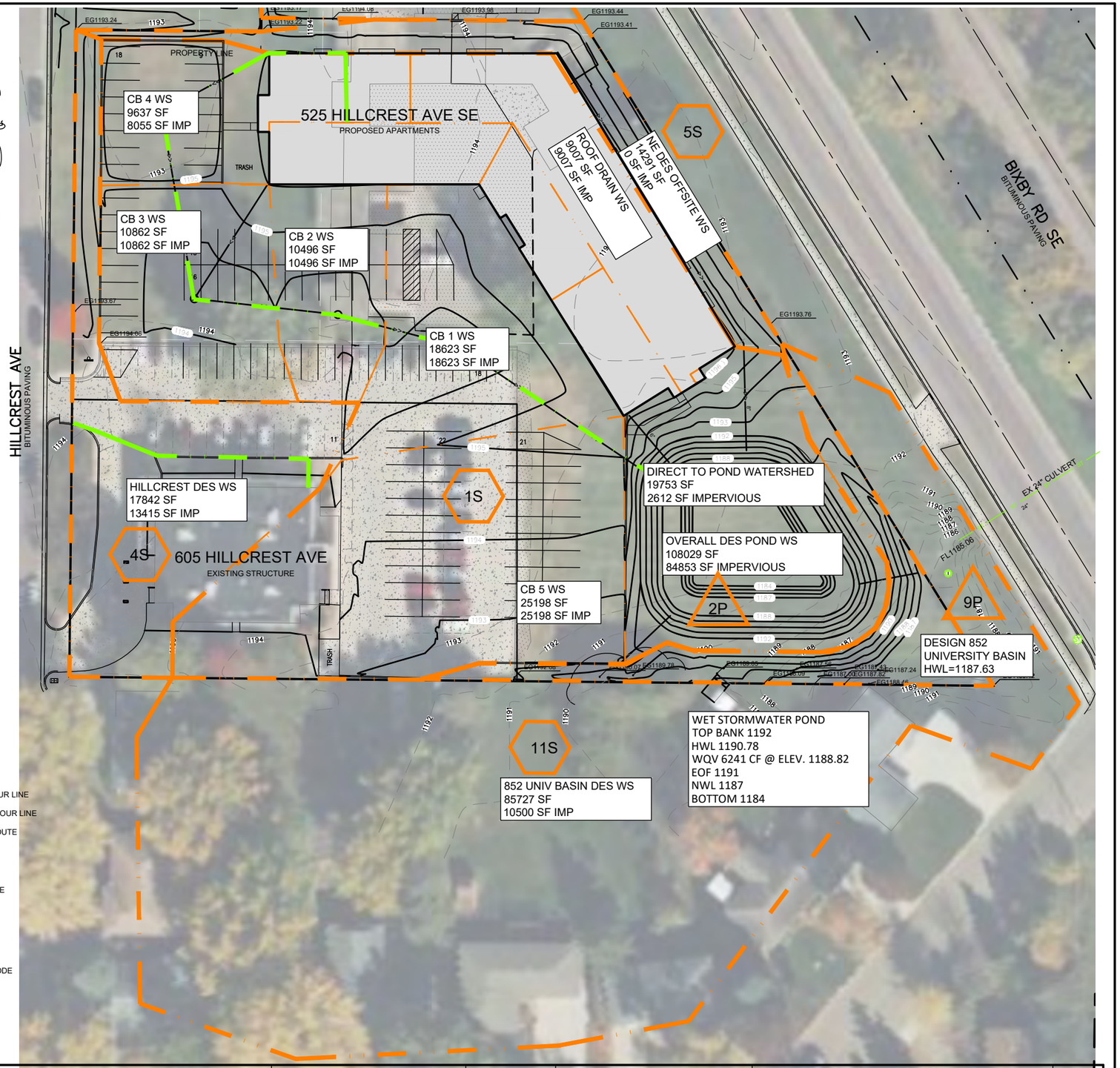
I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

John H. Schulte V
License No. 44639 Date: 4/25/24

STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
EX DRAINAGE MAP

SHEET 11 OF 14





LEGEND

- —848— EXISTING ELEVATION CONTOUR LINE
- —848— PROPOSED ELEVATION CONTOUR LINE
- TIME OF CONCENTRATION ROUTE
- 28S EXISTING HYDROCAD NODE
- 32P PROPOSED HYDROCAD NODE

30 0 30
HORIZ. SCALE FEET

DRAWINGS ON 11x17 SHEETS ARE HALF SCALE

BENCHMARKS:

TNFH NW QUADRANT
HILLCREST AVE & PHELPS ST E
ELEVATION 1197.28

BENCHMARKS:

TNFH NE QUADRANT HILLCREST AVE & SCHOOL ST E
ELEVATION 1195.54

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STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
DESIGN DRAINAGE MAP

SHEET 11 OF 14

CITY OF OWATONNA

Public Works Department

Date: 10/03/2024
Project: Aire Apartments Addition
Preliminary Plat Application #: PP-24-4

Staff Review Comments:

Engineering

1. Right of Way Permits from Steele County shall be acquired for all work within County Right of Way.
2. Construction of City infrastructure shall be inspected by the City or approved third party consultant.
3. Label all proposed permanent public easements “Drainage and Utility Easement”.
4. All concentrated drainage and flows routed onto and/or through the site from the adjacent properties shall be defined and contained within the documented easements. Specifically, the low area and upland drainage in the southeast corner that does not drain into the proposed pond.
5. Provide Low Opening elevation at 605 Hillcrest Ave structure.
6. Local emergency overflows shall be a maximum of 1.00’ and shall be a minimum of 1.00’ below FFE or low opening elevation of all structures. The City recommends maximizing the amount of freeboard for all nearby structures. 2.00’ is preferable.

Stormwater

7. All construction drawings, plans, reports, and documentation used to obtain the City Grading Permit shall be prepared in accordance with the most recent design standards, checklists, and guidance documents.
    a. Applicant is responsible to self-review and ensure the submissions are prepared and conform with these standards.
8. Designer shall ensure that all plan details, text, line weights, colors, hashing, symbols, etc. are clear and legible without overlap, sufficient to understand the construction plans. Separation and multiple sheets may be necessary.
9. Designer shall ensure a legend is included that clearly identifies all necessary information.
10. All development is subject to the items listed in this review document and the following provisions:
    a. City of Owatonna Stormwater Management Code 52.00.
    b. City of Owatonna Grading Permit and associated design requirements.
    c. Minnesota Pollution Control Agency (MPCA) NPDES/SDS MS4 Permit MNR040000 post construction stormwater management criteria.
    d. MPCA NPDES/SDS Construction Stormwater General Permit MNR100001.
    e. MN Stormwater Manual recommendations and guidance.
11. All existing and proposed utilities within 150 feet shall be clearly labeled with grades, size, material, and dimensions.
12. All existing and proposed contours shall be shown to a minimum of 150 feet into adjacent properties.
    a. Existing and/or contours shall be extended beyond Bixby Road and railroad ditch sections.
13. All critical elevations shall be provided including:
    a. Emergency overflow elevations, locations, directions, and routing for the development shall be shown in the preliminary plat.
    b. 100-yr HWL for all low areas and areas of ponding water.

c. Elevations of nearby structure low openings.
d. Spot/control elevations and slope percent for all swales, ditches, and drainage paths.

14. An enlarged detailed grading and utilities plan shall be included for the following areas:
    a. Outlot A and surrounding area.
    b. Areas of proposed stormwater conveyance and treatment practice.
    c. Entrances/access points at Hillcrest Avenue SE.
    d. Area of removed access off Bixby Road SE.
15. Stormwater BMPs shall be designed to meet all applicable requirements for development:
    a. Attenuation of peak discharge rates for (Atlas 14) 2-yr, 10-yr, and 100-yr 24-hr rain events.
    b. Onsite treatment of required water quality volume calculated as an instantaneous volume of 1" times the new and fully reconstructed impervious surface areas.
    c. A full BMP summary table must be included in plan and in the Stormwater Management Report.
    d. Structure details, cross sections, etc. for storm sewer and treatment system shall include accurate and specific elevation data.
16. Volume reduction practices (e.g., infiltration or other) to retain the water quality volume on-site must be considered first when designing the permanent stormwater treatment system.
    a. Feasibility of infiltration shall be summarized, and documentation shall be provided with a Geotechnical Report.
    b. Soil borings shall be performed in the proposed practice location.
    c. Geotechnical Report shall be prepared and signed by a licensed professional engineer or geologist.
17. All construction drawings, plans, reports, and documentation used to obtain the City Grading Permit shall be prepared in accordance with the most recent design standards, checklists, and guidance documents.
    a. Applicant is responsible to self-review and ensure the submissions are prepared and meet these standards.
18. All permanent stormwater facilities require a Stormwater Facility Maintenance Agreement signed by the property owner and executed with the City.
19. The City will record the easement/agreement document with the County Recorder's office.
20. All permanent stormwater facilities require a site-specific Operations, Inspections, and Maintenance Plan.
    a. This includes the property owner's plan to fund the future maintenance costs.
21. All grading permit termination requirements shall be met including:
    a. Payment of any outstanding fees, fines, or penalties related to the construction project.
    b. Submission of SWPPP Self-inspection records and project completion photographs.
    c. Final topographic survey, As-built, and updated Record Drawing will be required. The record drawing and as-built information shall be submitted as .pdf and GIS compatible format that includes geospatial reference data (CAD or shapefile is acceptable).
    d. Submission of the Engineer's Certification of Stormwater Compliance form.

Please provide a written response to each review item in this document. Include the applicant's comments in distinct text color along with each comment provided by the City. All plan revisions shall be summarized, signed, and dated accordingly. When uploading new plans, the submission date shall be included in the title. It is the responsibility of your project team to review each City standard applicable to this project for inclusion and accuracy in submitted documents, plans, drawings, and application details.

Sean Murphy, PE
Director of Public Works and City Engineer

October 4, 2024

To: Planning Commission
From: Community Development Department
RE: Darrin Stadheim, Stadheim Properties of Owatonna, LLC, a request for a conditional use permit to allow for construction of a four story apartment building. Code requires an additional five foot front and side yard setback for each additional story over three. The proposed project will contain a total of 73 units with 19 tuck under garages.

Application Review:

Applicant/Owner:	Darrin Stadheim, Stadheim Properties of Owatonna, LLC
Location of Property:	525 Hillcrest Avenue SE
Zoning Map:	B-2, Community Business District
Zoning Ordinance:	Section 157.028 (A)(6) states this is a conditional use permit.
Report Attachments:	1. Location Map 2. Aerial Photo 3. Site Plan 4. Landscape Plan 5. Building Elevations 6. Floor Plans

Proposed Development:

- Darrin Stadheim, Stadheim Properties of Owatonna, LLC, a request for a conditional use permit to allow for construction of a four story apartment building. Code requires an additional five foot front and side yard setback for each additional story over three. The proposed project will contain a total of 73 units with 19 tuck under garages.
- The property is 2.26 acres (98,445 sq ft) in size. Code requires a minimum of 1000 sq ft per unit of total lot area.
- The proposed building will have 6 studio apartments, 31 one bedroom apartments, and 32 two bedroom units.
- The proposed building is 38’6” to the top of the side wall. The roof is a 4/12 pitch hip style roof. Total height to the peak is approximately 61’.
- Since this building is proposed to be a 4 story structure code requires an increase in the front and rear yard setbacks to a 35’ front and a 15’ side yard setback. The side yard setback to the north is 17’7” where 15’ is required. The front yard setback is 97’6” to the west property line where a 35’ setback is required.
- For reference there is a 22’ setback to the east property line.

Parking & Access

- Access to the property will be from a singular, shared access point on Hillcrest Avenue. The access will be shared with the office building at 605 Hillcrest.
- Since the access and parking areas will be shared, a joint parking, access and maintenance agreement will be required to be recorded along with the plat.

- All other access points will be closed as part of this project.
- Parking is required at a rate of one stall for each studio and one bedroom unit and two stalls for each two bedroom unit.
- The office building requires 1 stall for every 300 square feet of gross floor area.
- The apartment project requires 101 off street parking stalls. The office building requires 37 off street parking stalls for a total of 138 stalls for the project.
- The project is providing 19 garage stalls and 130 surface parking stalls

Grading / Utilities / Stormwater

- Sewer and water services will be provided from Hillcrest Avenue.
- Stormwater will be treated on site. A pond is being provided in the SE corner of the property.
- Stormwater piping will be added throughout the parking lot and will connect the roof drains.

Architecture

- The applicant is proposing a 73 unit apartment building with 19 tuck under garages.
- Each unit has a deck or patio associated with it.
- The building has community spaces within it. There is a fitness room and a community room on the first floor of the structure.
- The proposed building will be constructed using a combination of cultured stone, metal lap siding and windows.
- The roof will be finished with asphalt shingles.

Landscaping & Lighting

- Code requires one tree for every 40' of parking lot adjacent to the ROW. The applicant only shows 3 trees along Hillcrest Avenue. Since there is just over 160' they will need to provide a minimum of 4 trees in this location.
- The applicant is proposing numerous other plantings throughout the site to assist with stormwater and to provide a finished appearance.
- The trash enclosure will be located by the SE corner of the building.
- The project will be providing wall packs in addition to parking lot lights.
- All lighting levels will meet the standards that are required by the City's photometrics standards.

Signage

- The property is zoned B-2, Community Business District.
- No signage has been proposed at this time.
- All signs will be required to meet the Business District standards and will be checked as they go through the sign permitting process.

Findings

- According to the ordinance, a conditional use permit may be granted if the following findings are met:

    a) The establishment or operation of the proposed conditional use will not be detrimental to or endanger the public health, safety, morals, comfort or general welfare.
    b) The architectural appearance and functional plan of the building and site

reflects the building character of the area and will not be so dissimilar to the existing buildings or area as to cause impairment in property values or constitute a blighting influence within a reasonable distance of the lot.The proposed development will be compatible with existing and planned use of the area and conflicts will not be created between the proposed use and existing and intended future uses of the surrounding area.

c) The traffic generated by this use shall be channelized and controlled in a manner that will avoid congestion on public streets, safety hazards or excessive traffic through residential areas. The traffic generated will not raise traffic volumes beyond the capacity of the surrounding streets. Vehicular access points will be limited, and will create a minimum amount of conflict with through traffic movements and will be subject to the approval of the City Engineer. Vehicular drive up ingress lanes will be large enough to accommodate peak auto use on the same lot without requiring the stopping or waiting of vehicles on public right-of-way. Ingress lanes will be from the least heavily traveled street wherever possible.

d) Public services, including but not limited to sewer, water, gas, police, and fire protection, are available at an adequate level and capable of servicing the proposed land use. In addition, adequate access, drainage, and any other necessary support facilities shall be provided.

e) All such other or further factors as the City shall deem a requisite or consideration in determining the effect of such use on the general welfare, public health and safety.

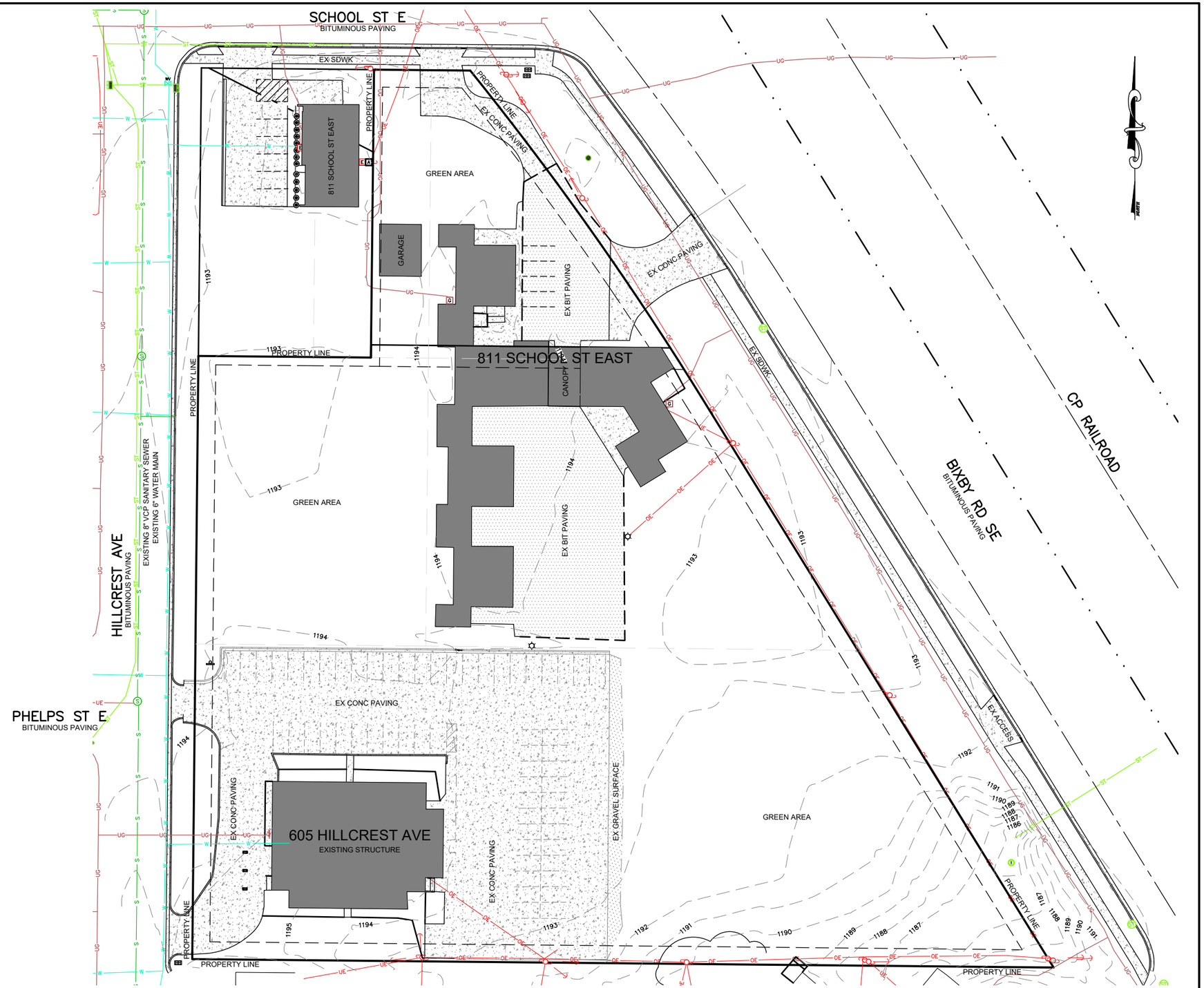
Staff Review:

Staff is recommending approval of these conditional use permits to allow for construction of the 73 unit apartment building. Absent any new information presented at the meeting, staff would recommend approval ofthis conditional use request with the following conditions.

1) All exterior signage shall meet all provisions of the sign ordinance and shall apply for and receive sign permits.
2) Prior to issuance of the building permit, the City and Owatonna Public Utilities shall approve all grading, drainage, and utility plans.
3) A joint parking, access, and maintenance agreement will be required to be recorded along with the plat.
4) A total of four trees shall be provided along Hillcrest Avenue north of the access point to meet code requirements.

LEGEND

- 848 = EXISTING ELEVATION CONTOUR LINE
- = Catch Basin
- E = Electric
- = Fire hydrant
- G = Gas Main
- = Guy Anchor
- = Light Pole
- OH = Overhead
- = Power Pole
- RCP = Reinforced Concrete Pipe
- T = Telephone Pedestal
- T = Telephone
- W = Water Main



UTILITIES NOTE:
WATER MAIN, NATURAL GAS, AND ELECTRIC FACILITIES SHOWN PER OPU DIGITAL RECORDS

30 0 30
HORIZ. SCALE FEET
DRAWINGS ON 11x17 SHEETS ARE HALF SCALE

BENCHMARKS:
TNFH NW QUADRANT
HILLCREST AVE & PHELPS ST E
ELEVATION 1197.28

BENCHMARKS:
TNFH NE QUADRANT HILLCREST AVE & SCHOOL ST E
ELEVATION 1195.54

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STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
EXISTING CONDITIONS

SHEET 1 OF 4

LEGEND

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OWNER INFORMATION

STADHEIM PROPERTIES
C/O DARRIN STADHEIM
11401 72ND AVE SW
ELLENDALE, MN 55026
507-456-1471
stadheimproperties@hotmail.com

LAND SURVEYOR

JONES HAUGH, & SMITH, INC.
SCOTT A. TUCHTENHAGEN
415 WEST NORTH STREET
OWATONNA, MN 55060
507-451-4598
SCOTTT@JHSENG.COM

ZONING

EXISTING ZONE: B-2 COMMERCIAL BUSINESS

SETBACKS:
ZONE: 30'
REAR: 20'
SIDE: 10'

EXISTING LEGAL DESCRIPTION

OUTLOT 1, OUTLOT 2 AND OUTLOT 3, BLOCK 3, KUETHER'S 3RD ADDITION, CITY OF OWATONNA, MINNESOTA;

AND

LOT 1 AND THE EAST 33.00 FEET OF LOT 2, BLOCK 9, KUETHER'S ADDITION TO THE CITY OF OWATONNA, MINNESOTA.

PARKING CALCULATION

AIRE APARTMENTS - 89 STALLS
6 STUDIO UNITS @ 1.0 PER UNIT
35 1-BDR UNITS @ 1.0 PER UNIT
32 2-BDR UNITS @ 1.5 PER UNIT

605 HILLCREST - 41 STALLS
12272 SF OFFICE SPACE @ 1.0 PER 300 SF

130 STALLS REQUIRED

131 SPACE SHOWN
19 GARAGE SPACES
112 SURFACE STALLS

5 ADA STALLS INLUDING 1 VAN ARE REQUIRED BASED ON NUMBER OF STALLS
4 STALLS SHOWN AT APARTMENTS
1 ADA STALLS SHOWN AND EXISTING AT 605 HILLCREST

UTILITIES NOTE:

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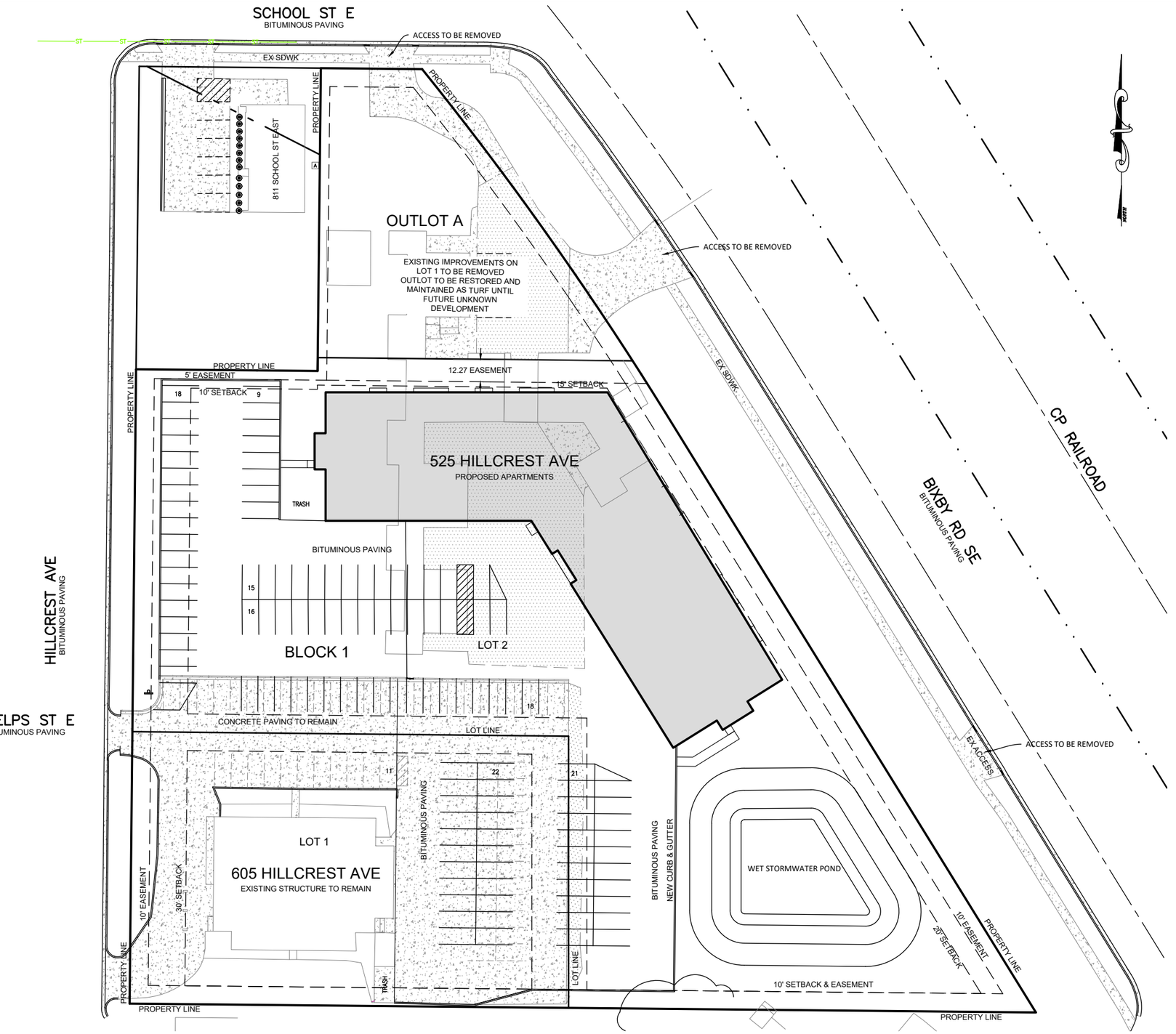

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STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
OVERALL SITE PLAN

SHEET 2 OF 4

HILLCREST AVE
BITUMINOUS PAVING

EXISTING 8" VCP SANITARY SEWER

EXISTING 6" WATER MAIN

PHELPS ST E
BITUMINOUS PAVING

PROPERTY LINE

10' EASEMENT

30' SETBACK

5' EASEMENT

10' SETBACK

5.00

18.88

PROPERTY LINE

12.27 EASEMENT

15' SETBACK

18

9

24'

6"

6" SEWER SERVICE

6" WATER SERVICE

TRASH

150.87

525 HILLCREST AVE
PROPOSED APARTMENTS

70.00

112.07

8"

6"

24'

NEW 9'x20' PARKING STALLS TYP.
4" WHITE LATEX PAINT

34.28

15

16

24'

145.85

12"

24'

BITUMINOUS PAVING

12"

REMOVE CURB & GUTTER

REMOVE CURB & GUTTER

18

10' SETBACK

EXISTING 18' PARKING STALLS TYP.

NEW 18' PARKING STALLS THIS ROW

LOT LINE

24'

24'

CONCRETE PAVING TO REMAIN

10' SETBACK

11

24'

22

24'

21

REMOVE CONCRETE PAVING

605 HILLCREST AVE
EXISTING STRUCTURE

BITUMINOUS PAVING

24'

24'

24'

NEW 9'x20' PARKING STALLS TYP.
4" WHITE LATEX PAINT

NEW B618 CURB & GUTTER TYP.

CURB WITHIN SETBACK TO
MAINTAIN ACCESS TO TRASH AREA

10' SETBACK & EASEMENT

TRASH

20' SETBACK

LOT LINE

10' SETBACK

PROPERTY LINE

10' EASEMENT

30' SETBACK

PROPERTY LINE

10' SETBACK & EASEMENT

PROPERTY LINE

PROPERTY LINE

10' EASEMENT

20' SETBACK

BIXBY RD SE
BITUMINOUS PAVING

22.33

70.00

8"

6"

15"

28.86

WET STORMWATER POND
TOP BANK 1192
EOF 1191
NWL 1188
BOTTOM 1184

24"

10' EASEMENT

20' SETBACK

PROPERTY LINE

10' SETBACK & EASEMENT

PROPERTY LINE

20 0 20
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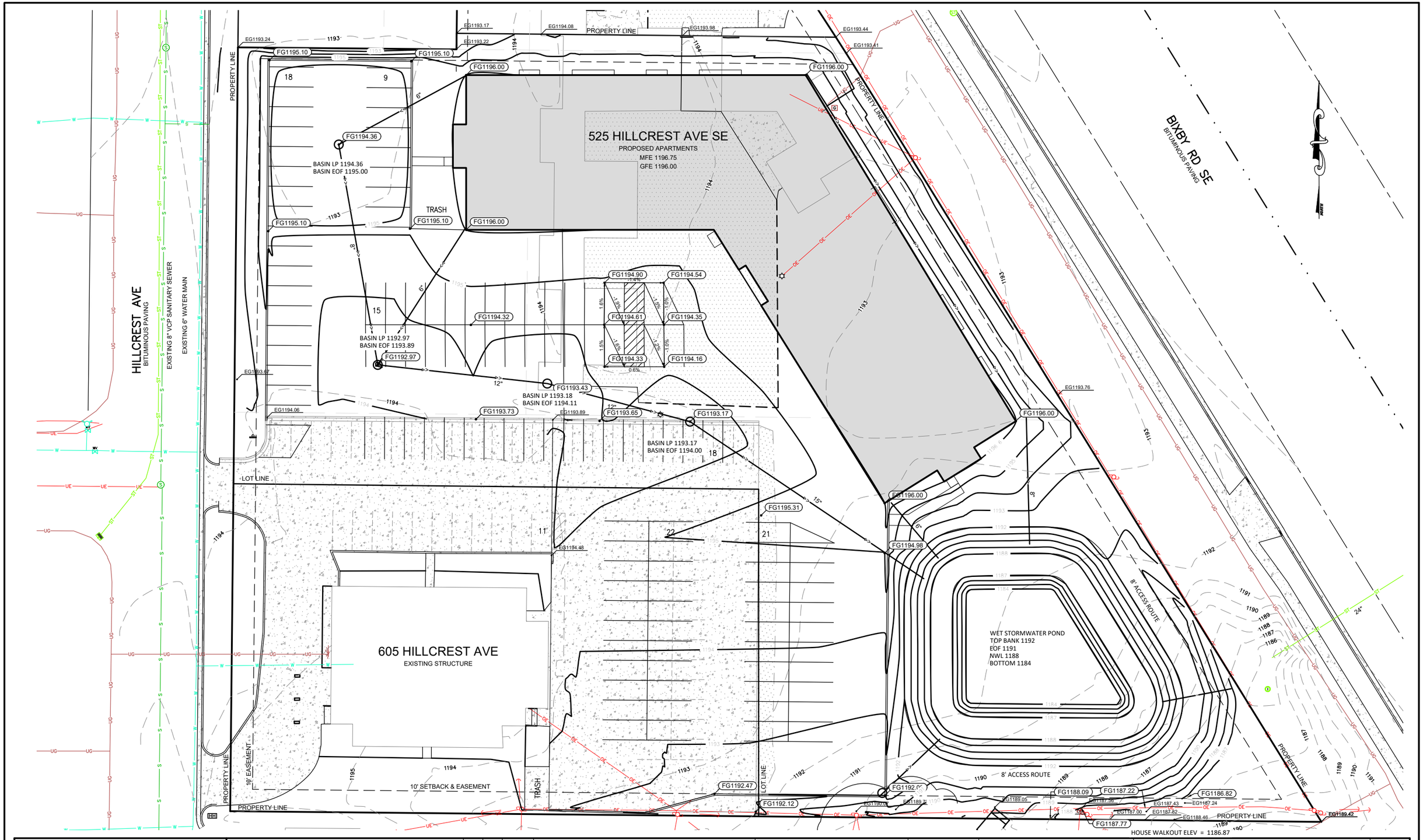
STADHEIM ADDITION NO. 3
PRELIMINARY PLAT
STADHEIM PROPERTIES
DETAIL SITE PLAN

SHEET 3 OF 4



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STADHEIM ADDITION NO. 3

PRELIMINARY PLAT

STADHEIM PROPERTIES

GRADING PLAN

SHEET 4 OF 4

3 skyline honeylocust

6-Astilbe

8 October Glory Grass, Flower full hydrangea

3-August Moon hosta

5 Happy return Daylily, 1-Wine &roses weigela, 5 patriot hosta

2 berry white hydrange, 6 alluim, 3 lowscape aronia

4-bobo hydrangea, 2 creme Phlox

Rock with vinyl edgin and plants

Sod or seed

3 magic carpet spirea

7 double doozie spirea, 5 little blue stem, 3 catmint, 1 boulder

6 karl foester, 6 alluim, 3 Mini Globe Arborvitea

Lawn seed

Stormwater natives

2 Accolade Elm, 2-Sienna Glen Maple

4-Black Hill Spruce

525 HILLCREST AVE
PROPOSED APARTMENTS

605 HILLCREST AVE
EXISTING STRUCTURE

HILLCREST AVE
BITUMINOUS PAVING

PHELPS ST E
BITUMINOUS PAVING

BIXBY RD SE
BITUMINOUS PAVING

EXISTING 8" VCP SANITARY SEWER

EXISTING 6" WATER MAIN

PROPERTY LINE

5' EASEMENT

10' SETBACK

10' EASEMENT

30' SETBACK

20' SETBACK

6" SEWER SERVICE

6" WATER SERVICE

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NEW 9'x20' PARKING STALLS TYP.
4" WHITE LATEX PAINT

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REMOVE CURB & GUTTER

EXISTING 18' PARKING STALLS TYP.

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NWL 1188
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5.00 | 18.88 | 12.27 EASEMENT | 15' SETBACK | 150.87 | 70.00 | 112.07 | 184.65 | 34.28 | 145.85 | 22.33 | 70.00 | 28.86

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STADHEIM PROPERTIES
DETAIL SITE PLAN

SHEET 3 OF 4

AIRE APPARTMENTS

OWATONNA MINNESOTA

PRICING SET

PLANS ISSUED: AUGUST 9, 2024

SITE LOCATION MAP

GENERAL CONTRACTOR

MOHS CONTRACTING
1330 STATE AVENUE NW
OWATONNA, MINNESOTA 55060
CONTACT: SCOTT MOHS, PRESIDENT
PHONE NUMBER: (507) 446-0023
EMAIL: smohs@mohscontracting.com

ARCHITECT

CRW ARCHITECTURE + DESIGN GROUP, INC.
211 11th AVENUE NORTHWEST
ROCHESTER, MINNESOTA 55901
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PHONE NUMBER: (507) 206-6201
EMAIL: tmccormack@crwarchitecture.com

CIVIL ENGINEER

JONES HAUGH SMITH
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OWATONNA, MINNESOTA 55901-3297
CONTACT: JOHN H. SCHULTE V
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STRUCTURAL ENGINEER

STRUCTURAL SERVICE AND DESIGN, INC.
1125 RIVERWOOD DRIVE SOUTHWEST
ORONOCO, MINNESOTA 55960
CONTACT: JEFF GISI, P.E.
PHONE NUMBER: (507) 367-2653
EMAIL: ssdi@bevcomm.net

OWNER

STADHEIM PROPERTIES
11401 SW 72ND AVE
ELLENDALE, MINNESOTA 56026
CONTACT: DARRIN STADHEIM
PHONE NUMBER: (507) 456-1471

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ARTIST RENDERINGS

RENDERINGS ARE FOR ILLUSTRATIVE PURPOSES ONLY – FINAL EXTERIOR DESIGN IS SUBJECT TO CHANGE

VIEW FROM NORTH - NORTHEAST

VIEW FROM SOUTHWEST @ HILLCREST AVE

ENLARGED VIEW FROM SOUTHWEST @ HILLCREST AVE

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TERESA THORESON MCCORMACK
21247 — NUMBER
08-09-2024 — DATE

AIRE
APARTMENTS
OWATONNA, MINNESOTA

PROJECT NUMBER	23-042
DATE	08-09-2024
DRAWN BY	ASH
CHECKED BY	____
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COVER SHEET

SHEET NUMBER

A0.0

OF ___ SHEETS

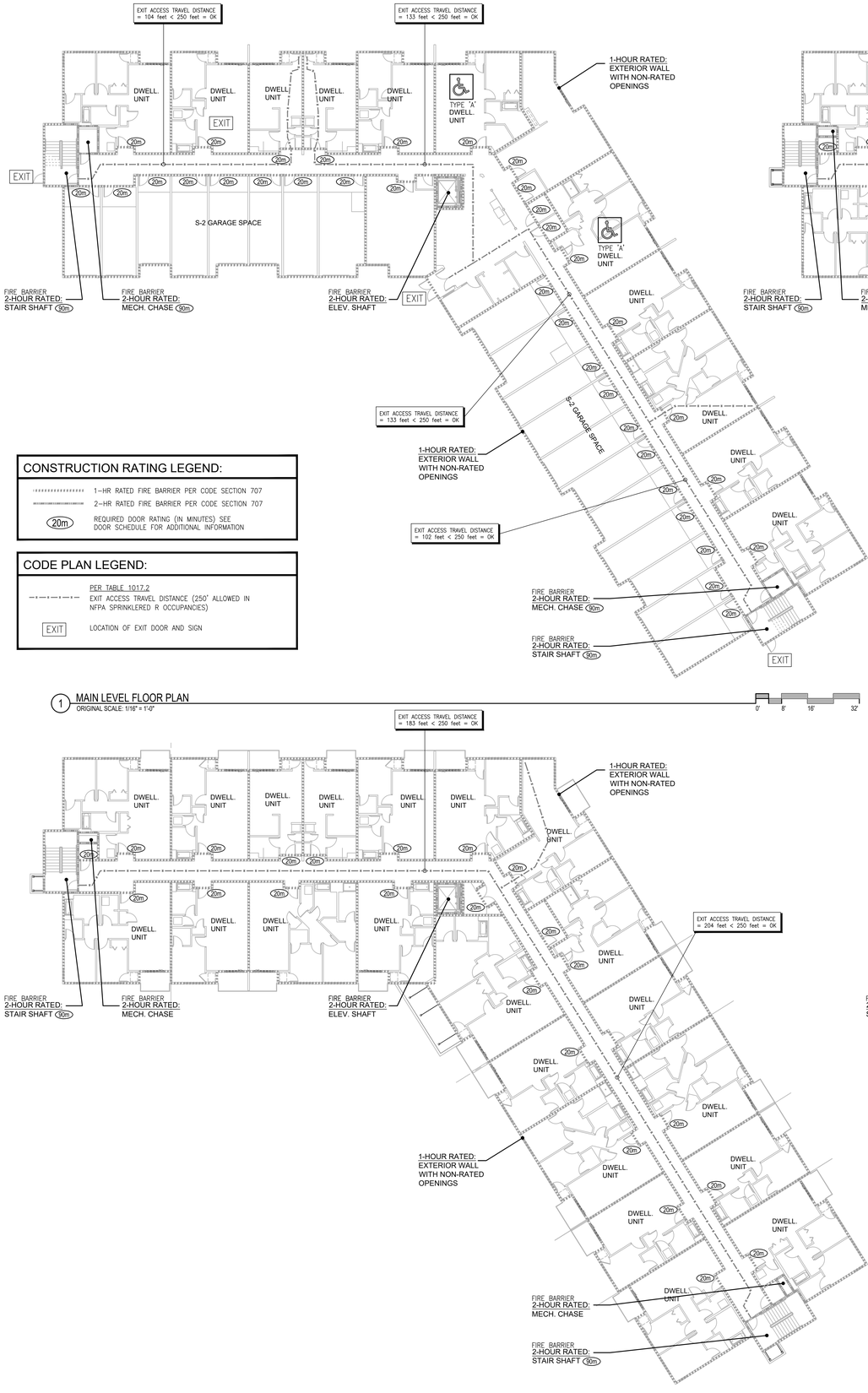
Andrew Hagstrom P:\2023\23-042 Hillcrest Owatonna\Working Files\CAD\Drawing Sheets\A0.0 COVER SHEET Thursday, August 15, 2024 1:23:10 PM

CONSTRUCTION RATING LEGEND:

- 1-HR RATED FIRE BARRIER PER CODE SECTION 707
- 2-HR RATED FIRE BARRIER PER CODE SECTION 707
- 20m — REQUIRED DOOR RATING (IN MINUTES) SEE DOOR SCHEDULE FOR ADDITIONAL INFORMATION

CODE PLAN LEGEND:

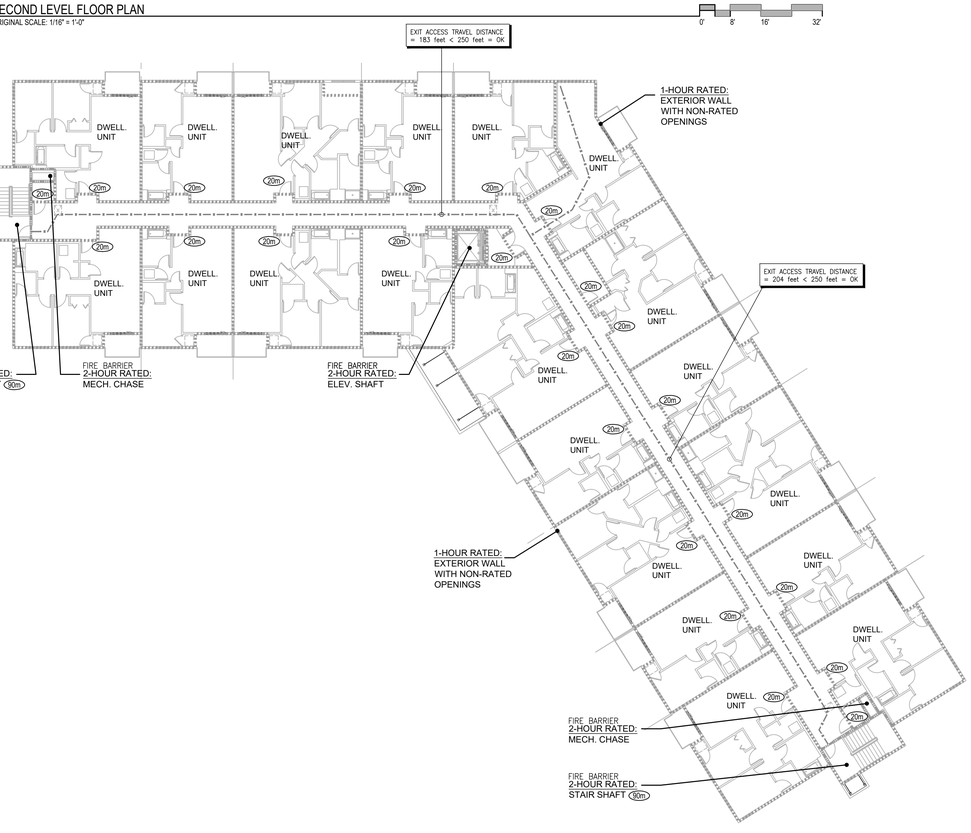
- PER TABLE 1017.2 — EXIT ACCESS TRAVEL DISTANCE (250' ALLOWED IN NFPA SPRINKLERED R OCCUPANCIES)
- EXIT — LOCATION OF EXIT DOOR AND SIGN



1 MAIN LEVEL FLOOR PLAN
ORIGINAL SCALE: 1/16" = 1'-0"
0' 8' 16' 32'

2 SECOND LEVEL FLOOR PLAN
ORIGINAL SCALE: 1/16" = 1'-0"
0' 8' 16' 32'

4 THIRD LEVEL FLOOR PLAN
ORIGINAL SCALE: 1/16" = 1'-0"
0' 8' 16' 32'



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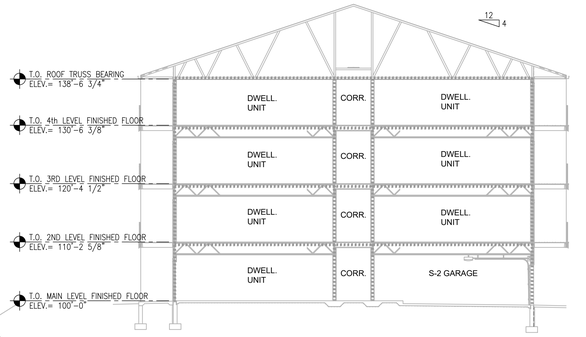

3 BUILDING SECTION B
ORIGINAL SCALE: 3/32" = 1'-0"
0' 4' 8' 16'

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rochester, mn 55901
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21247 — NUMBER
08-09-2024 — DATE

AIRE APARTMENTS
OWATONNA, MINNESOTA

PROJECT NUMBER: 23-042
DATE: 08-09-2024
DRAWN BY: ASH
CHECKED BY:
ISSUE / REVISION HISTORY

CODE ANALYSIS DIAGRAMS
SHEET NUMBER
A0.3
OF

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Cadsite Ref: \Views\23-042 aire sections.rvt
Andrew Hogstrom P:\2023\23-042 Hillcrest Owatonna\Working Files\CAD\Drawing Sheets\A0.3 CODE ANALYSIS DIAGRAMS Thursday, August 15, 2024 11:32:07 AM

1 NORTH ELEVATION
ORIGINAL SCALE: 1/8" = 1'-0"

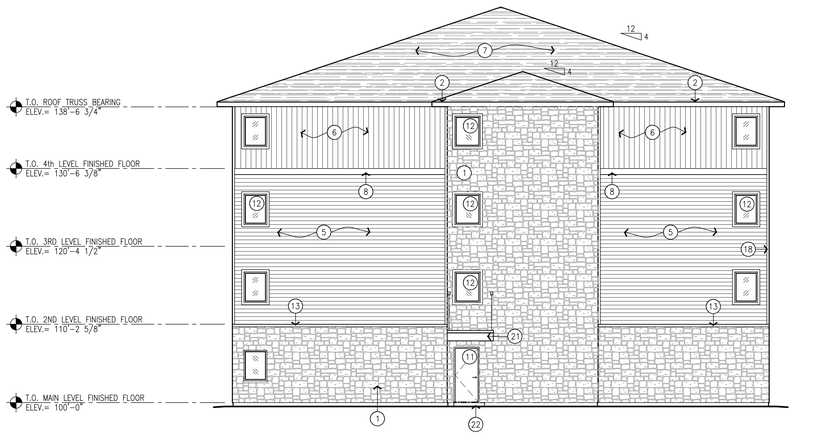
0' 1' 2' 4' 6' 8'

TYPICAL ELEVATION NOTES:

1. CULTURED STONE VENEER APPLICATION
2. AZEK FASCIA BD. – COLOR: TBD
3. PREFINISHED ALUMINUM STOREFRONT W/ 1" INSULATED GLAZING – SEE SCHEDULE
4. 4" NOM. AZEK TRIM BD. – COLOR: TBD
5. METAL LAP SIDING – SIDING 7" NOM. EXPOSURE – COLOR: TBD
6. METAL VERTICAL PANEL WITH BATTEN 12" OC. – COLOR: TBD
7. ASPHALT SHINGLES
8. 10" NOM. AZEK FRIEZE BD. – COLOR: TBD
9. PREFABRICATED, PREFINISHED ALUMINUM RAILING – TYP.
10. TYPICAL PATIO DOOR – SEE SCHEDULE WITH 4" NOM. AZEK TRIM BD'S
11. H.M. DOOR & FRAME – PAINT
12. TYPICAL WINDOW, VINYL OR FIBERGLASS W/ 4" NOM. TRIM BD'S – SEE SCHEDULE
13. 4" CAST STONE CAP BANDING
14. FRAME BALCONIES ON SITE – TYP. – SEE STRUCT. – WRAP WITH AZEK TRIM BOARD – COLOR TBD
15. 6" DIA. STEEL PROTECTION BOLLARD W/ COVER – COLOR AS SELECTED BY ARCH.
16. INSULATED STEEL OVERHEAD GARAGE DOOR W/ ELECTRIC OPENER
17. MECHANICAL GRILLE – PAINT COLOR TO MATCH ADJACENT WALL SYSTEM FINISH
18. 6" NOM. AZEK CORNER TRIM. BD. – COLOR: TBD
19. CONTINUOUS RIDGE VENT
20. TYPICAL EXTERIOR LIGHT – SEE ELECT. PLANS
21. FLAT ROOF CANOPY SLOPE TO DRAIN SEE DETAILS 16, 17, 18/A5.2
22. CONC. STOOP – SEE STRUCT.

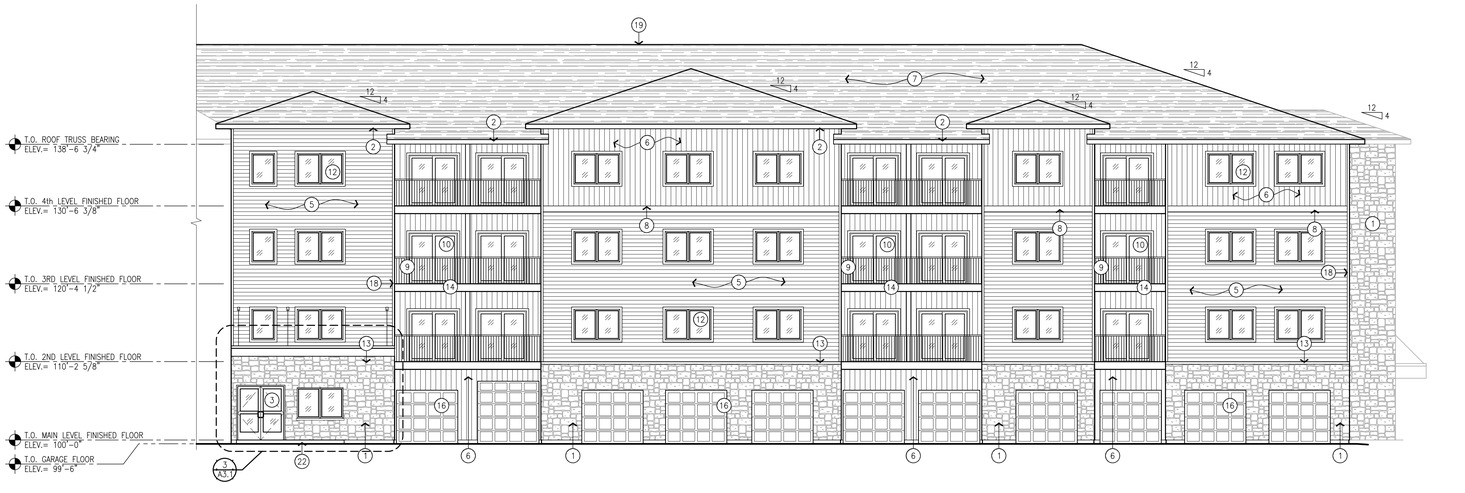
2 NORTHEAST ELEVATION
ORIGINAL SCALE: 1/8" = 1'-0"

0' 4' 8' 16'



3 SOUTHEAST ELEVATION
ORIGINAL SCALE: 1/8" = 1'-0"

0' 4' 8' 16'



4 SOUTHWEST ELEVATION
ORIGINAL SCALE: 1/8" = 1'-0"

0' 4' 8' 16'

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08-09-2024 — DATE

AIRE APARTMENTS
OWATONNA, MINNESOTA

PROJECT NUMBER: 23-042
DATE: 08-09-2024
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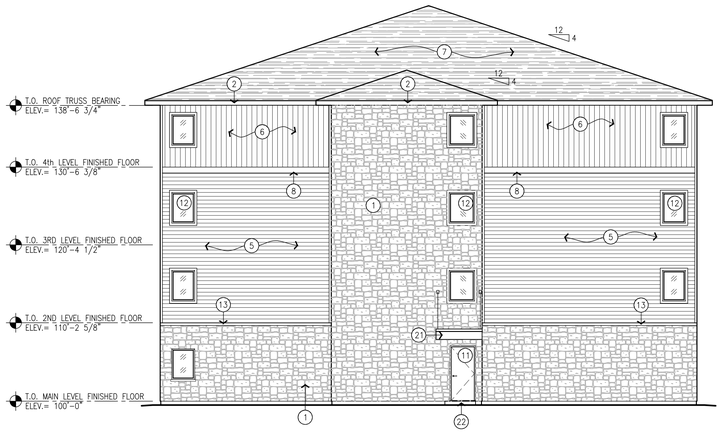
NOT FOR CONSTRUCTION

EXTERIOR ELEVATIONS

SHEET NUMBER
A3.0

Contains Xref .\Xref\23-042 xref window elevations
Contains Xref .\Xref\23-042 Xref floor plans
Contains Xref .\Xref\23-042 Xref typical ext. elev. notes
Andrew Hogstrom P:\2023\23-042 Hillcrest Owatonna\Working Files\CAD\Drawing Sheets\A3.0 EXTERIOR ELEVATIONS Monday, August 19, 2024 1:35:39 PM

1 SOUTH ELEVATION
ORIGINAL SCALE: 1/8" = 1'-0"



2 WEST ELEVATION
ORIGINAL SCALE: 1/8" = 1'-0"

TYPICAL ELEVATION NOTES:

1. CULTURED STONE VENEER APPLICATION
2. AZEK FASCIA BD. – COLOR: TBD
3. PREFINISHED ALUMINUM STOREFRONT W/ 1" INSULATED GLAZING – SEE SCHEDULE
4. 4" NOM. AZEK TRIM BD. – COLOR: TBD
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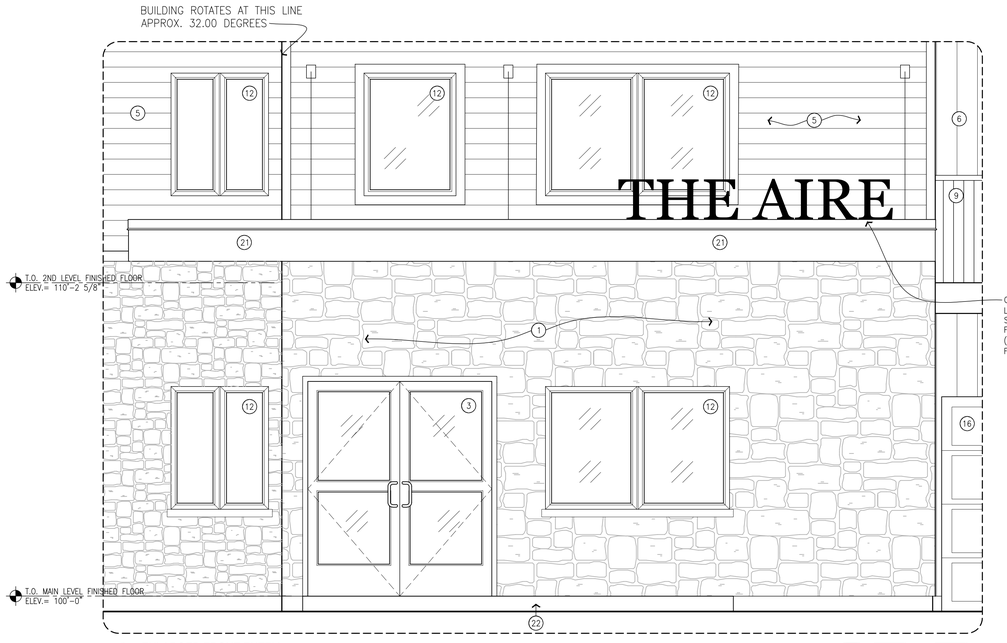
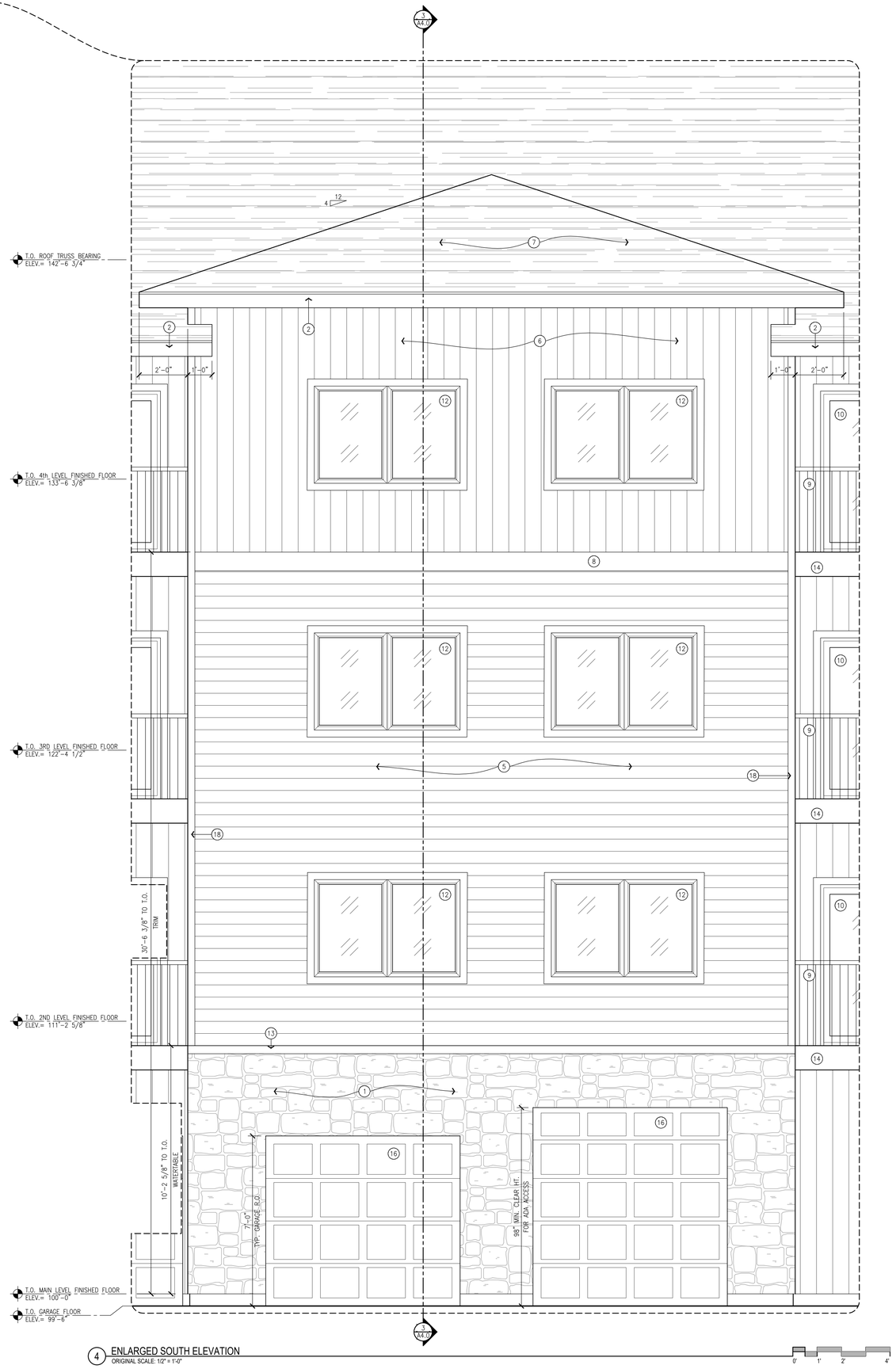


3 ENLARGED FRONT ENTRY
ORIGINAL SCALE: 1/2" = 1'-0"



4 ENLARGED SOUTH ELEVATION
ORIGINAL SCALE: 1/2" = 1'-0"

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Contains Xref. \\Xref\23-042 ref window elevations
Contains Xref. \\Xref\23-042 Xref floor plans
Contains Xref. \\Xref\23-042 Xref typical ext elev notes
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CITY OF OWATONNA

Engineering Department

Date: 10/1/2024
Project: Aire Apartments Addition
Address: 811 School St E
Conditional Use Permit: CUP-17

Staff Review Comments:

1. Generally, Engineering Department does not have concerns with the height of the structure.
2. All construction activity shall be consistent with the most current Stormwater Management Code 52.00, design standards, and guidance documents, which are subject to change.
3. All development and redevelopment standards (reconstruction) related to post construction stormwater management shall be reviewed and approved as part of plat approval and prior to any issuance of a Grading Permit, Building Permit, Certificate of Occupancy, and/or permit termination as applicable.
4. MPCA NPDES/SDS Construction Stormwater General Permit MNR100001 coverage is required.
5. City Grading Permit coverage is required.
6. A full Stormwater Management Report, drainage plans, and supporting calculations shall be provided at time of plat.
7. All permanent stormwater facilities require a Stormwater Facility Maintenance Agreement that will be executed with the City and recorded with the County Recorder's office.
8. All permanent stormwater facilities require a site-specific Operations, Inspections, and Maintenance Plan.
9. All typical grading permit termination requirements shall be met including:
    a. Submission of SWPPP Self-inspection records and project completion photographs.
    b. Final topographic survey, As-built, and updated Record Drawing will be required. As-built shall be submitted as .pdf and GIS compatible format (CAD or shapefile is acceptable).

Should you have any questions, please call 507.444.4350.

Thank You

Sean Murphy
Director of Public Works and City Engineer

DATE: October 4, 2024

TO: Planning Commission

FROM: Community Development Dept. – Greg Kruschke

SUBJECT: Hillcrest TIF Compliance

Purpose:

The Planning Commission is required to adopt a resolution for any TIF project declaring that the project is in compliance with the City's Comprehensive Plan.

Attached is a copy of the resolution, the TIF Plan for the Hillcrest apartment project and a copy of the City's Future Land Use Plan.

PLANNING AND ZONING COMMISSION
CITY OF OWATONNA, MINNESOTA

RESOLUTION NO. _____

RESOLUTION OF THE PLANNING AND ZONING COMMISSION FINDING THE DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 20 AND THE TAX INCREMENT FINANCING PLAN FOR TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 20-1 (HILLCREST) CONFORM TO THE GENERAL PLAN FOR THE DEVELOPMENT AND REDEVELOPMENT OF THE CITY

WHEREAS, the City of Owatonna, Minnesota (the "City") has proposed to establish Development District No. 20 (the "Development District") within the City; and

WHEREAS, the City proposes to establish Tax Increment Financing (Redevelopment) District No. 20-1 (Hillcrest) (the "TIF District") within the Development District; and

WHEREAS, the City has prepared a Development Program (the "Development Program") and has prepared a Tax Increment Financing Plan (the "TIF Plan") for the TIF District and has submitted the Development Program and the TIF Plan to the to the City Planning and Zoning Commission pursuant to Minnesota Statutes Section 469.126 and Section 469.175, Subd. 3, and

WHEREAS, the Planning and Zoning Commission has reviewed said Development Program and TIF Plan to determine their conformity to the general plan for the development or redevelopment of the City as described in the comprehensive plan for the City; and

WHEREAS, the Planning and Zoning Commission is in agreement with the Development Program and the TIF Plan.

NOW, THEREFORE, BE IT RESOLVED by the Planning and Zoning Commission of the City of Owatonna, Minnesota that the proposed Development Program and the TIF Plan conform to the general plan for the development or redevelopment of the City as a whole and the Commission recommends the Development Program and the TIF Plan to the City Council of the City of Owatonna for its approval.

Adopted by the Planning and Zoning Commission of the City of Owatonna, this 8th day of October, 2024.

_____
Chair
Planning and Zoning Commission of the
City of Owatonna, Minnesota

CITY OF OWATONNA, MINNESOTA

DEVELOPMENT PROGRAM FOR DEVELOPMENT DISTRICT NO. 20

AND TAX INCREMENT FINANCING PLAN FOR

TAX INCREMENT FINANCING (REDEVELOPMENT)

DISTRICT NO. 20-1 (HILLCREST)

Proposed to be Adopted by City of Owatonna

PUBLIC HEARING DATE: _____, 2024

PLAN APPROVED: _____, 2024

REQUEST FOR CERTIFICATION: _____, 2024

TIF DISTRICT CERTIFIED: _____, 2024

Northland Securities, Inc.
150 South Fifth Street, Suite 3300
Minneapolis, MN 55402
(800) 851-2920
Member NASD and SIPC
Registered with SEC and MSRB

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ARTICLE I – INTRODUCTION AND DEFINITIONS

SECTION 1.01 INTRODUCTION

The City of Owatonna proposes to provide tax increment financing assistance to assist with revelopment within the City. This document contains the plan for achieving the objectives of the Development Program for Development District No. 20 through the establishment and use of Tax Increment Financing District No. 20-1 within its boundaries. This document contains the Tax Increment Financing Plan for Tax Increment Financing (Redevelopment) District No. 20-1, which is the first district to be established within the boundaries of Development District No. 20.

SECTION 1.02 DEFINITIONS

The terms defined below, for purposes hereof, and for purposes of Development District No. 20 and the Development Program related thereto and for Tax Increment Financing District No. 20-1 and the Tax Increment Financing Plan related thereto which is established and approved within Development District No. 20, shall have the following respective meanings, unless the context specifically requires otherwise.

1. "Authority" means the City of Owatonna, Minnesota.
2. "City" means the City of Owatonna, Minnesota.
3. "City Council" means the City Council of the City.
4. "County" means Steele County, Minnesota.
5. "Developer" means a private party undertaking construction within the TIF District.
6. "Development" means the redevelopment of property and the construction by the Developer of approximately 74 rental housing units to be located at Hillcrest Avenue SE in the City.
7. "Development District" means Development District No. 20 in the City, created and established pursuant to and in accordance with the Development District Act.
8. "Development District Act" means Minnesota Statutes, Sections 469.124 through 469.133, as amended and supplemented from time to time.
9. "Development Program" means the Development Program for the Development District, as amended and supplemented from time to time.
10. "Public Development Costs" means the cost of the Development, including administrative expenses, and interest as a financing cost, which will be paid or financed with tax increments from the TIF District, but not to exceed the estimated tax increment generated by the development activity expected to occur within the Development District and TIF District.
11. "Property" means the four parcels located at Hillcrest Avenue SE in the City, inclusive of parcels numbers: 17-143-0901; 17-177-0001; 17-177-0002; and 17-177-0003 .
12. "Project Area" means the geographic area of the Development District.
13. "Project Costs" means Public Development Costs.
14. "School District" means Owatonna Public Schools, Independent School District No. 761.
15. "State" means the State of Minnesota.

16. "Tax Increment Bonds" means any tax increment bonds as defined in Section 469.174, subdivision 3 of the TIF Act, issued by the City to finance Public Development Costs, and any obligations issued to refund such bonds, pursuant to Section 469.178 of the TIF Act.
17. "TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794 as amended, both inclusive.
18. "TIF District" means Tax Increment Financing (Redevelopment) District No. 20-1 (Hillcrest).
19. "TIF Plan" means the tax increment financing plan for the TIF District (this document).

SECTION 1.03 EXHIBITS

The following exhibits are attached to and by reference made a part of the Development Program and Tax Increment Financing Plan:

- Exhibit I: Present Value Analysis.
- Exhibit II: Projected Tax Increment
- Exhibit III: Impact on Other Taxing Jurisdictions
- Exhibit IV: Estimated Tax Increment Over Life of District
- Exhibit V: Map of Development District and TIF District

SECTION 1.04 PLAN PREPARATION

This document was prepared for the City by Northland Public Finance, part of Northland Securities, Inc.

ARTICLE II - DEVELOPMENT PROGRAM

SECTION 2.01 OVERVIEW

The City hereby establishes Development District No. 20 and the related Development Program as a tool to achieve the objectives described in Section 2.02. The Development District serves as the "Project Area" for the tax increment financing districts established within its boundaries. The Development Program describes the City's objectives for the development of this area and the use of tax increment financing.

SECTION 2.02 STATEMENT OF OBJECTIVES

The establishment of the Development District pursuant to the Development District Act is necessary and in the best interests of the City and its residents and is necessary to give the City the ability to meet certain public purpose objectives that would not be obtainable in the foreseeable future without intervention by the City in the normal development process.

The City intends, to the extent permitted by law, to accomplish the following objectives through the implementation of the Development Program:

1. Provide for the acquisition of land and construction and financing of the private development in the Development District which are necessary for the orderly and beneficial development of the Development District and adjacent areas of the City.
2. Encourage the redevelopment of blighted and under-utilized areas of the City.

3. Facilitate the removal of deteriorated structures and encourage redevelopment in commercial areas providing high levels of property maintenance and private investment.
4. Provide parking needed to support development and encourage use of shared parking to promote additional private development.
5. Build, maintain improve, and reconstruct public improvements and utilities needed to support development.
6. Promote and secure the prompt and unified development of certain property in the Development District, which property is not now in productive use or in its highest and best use, with a minimum adverse impact on the environment, and thereby promote and secure the desirable development of other land in the City.
7. Promote and secure additional employment opportunities within the Development District and the City for residents of the City and the surrounding area, thereby improving living standards and reducing unemployment and the loss of skilled and unskilled labor and other human resources in the City.
8. Secure the increase in values of property subject to taxation by the City, the School District, the County, and other taxing jurisdictions in order to better enable such entities to pay for governmental services and programs that they are required to provide.
9. Promote the concentration of new unified development consisting of desirable industrial and other appropriate development in the Development District so as to maintain these areas in a manner compatible with its accessibility and prominence in the City.
10. Encourage the expansion and improvement of local business, economic activity and development, whenever possible.
11. Create a desirable and unique character within the Development District through quality land use alternatives and design quality in new buildings.

SECTION 2.03 BOUNDARIES OF DEVELOPMENT DISTRICT

The boundaries of the Development District are conterminous with the boundaries of the TIF District as shown in Exhibit V.

SECTION 2.04 DEVELOPMENT ACTIVITIES

The City will perform or cause to be performed, to the extent permitted by law, all project activities pursuant to the Development District Act, the TIF Act, and other applicable state laws, and in doing so anticipates that the following may, but are not required, to be undertaken by the City:

1. The making of studies, planning, and other formal and informal activities relating to the Development Program.
2. The implementation and administration of the Development Program.
3. The rezoning of land within the Development District.
4. The acquisition of property, or interests in property, by purchase or condemnation, which acquisition is consistent with the objectives of the Development Program.
5. The preparation of property for use and development in accordance with applicable Land Use Regulations and the Development Agreement, including demolition of structures, clearance of sites, placement of fill and grading.
6. The resale of property to private parties.

7. The construction or reconstruction of site improvements to property within a tax increment financing district.
8. The construction, improvement and maintenance of parking facilities.
9. The construction, improvement and maintenance of streets, sidewalks, alleys, and public utilities.
10. The issuance of Tax Increment Bonds to finance the Public Development Costs of the Development Program, and the use of tax increment revenue available to the City to pay or finance the Public Development Costs of a tax increment financing district, as provided in a tax increment financing plan, incurred or to be incurred by it pursuant to the Development Program.
11. The use of tax increment revenue to pay debt service on the Tax Increment Bonds or otherwise pay or reimburse with interest the Public Development Costs of a tax increment financing district, as provided in a tax increment financing plan.

SECTION 2.05 PAYMENT OF PUBLIC DEVELOPMENT COSTS

Public Development Costs and the plan for their payment will be described in the tax increment financing plans for the tax increment financing districts established within the Development District. It is anticipated that the Public Development Costs of the Development Program will be paid primarily from tax increment revenues from tax increment financing districts within the Development District. The City reserves the right to utilize other available sources of revenue, including but not limited to special assessments, user charges and financial assistance from other units of government, which the City may apply to pay a portion of the Public Development Costs.

SECTION 2.06 ENVIRONMENTAL CONTROLS; LAND USE REGULATIONS

All municipal actions, public improvements and private development shall be carried out in a manner consistent with existing environmental controls and all applicable land use regulations.

SECTION 2.07 PARK AND OPEN SPACE TO BE CREATED

Park and open space within the Development District, if so created, will be created in accordance with the City's Comprehensive Plan and zoning and subdivision ordinances.

SECTION 2.08 PROPOSED REUSE OF PROPERTY

The Development Program provides that the City may acquire property and reconvey the same to another entity. All parcels in the Development District are eligible for acquisition. In acquiring land, the City will require the execution of a binding development agreement with respect thereto and evidence that tax increment revenues or other funds will be available to repay the costs associated with the proposed acquisition of property. It is the intent of the City to negotiate the acquisition of property whenever possible. Appropriate restrictions regarding the reuse and redevelopment of property shall be incorporated into any development agreement to which the City is a party.

SECTION 2.09 ADMINISTRATION AND MAINTENANCE OF DEVELOPMENT DISTRICT

Maintenance and operation of the Development District will be the responsibility of the City Administrator or designee of the City who shall serve as administrator of the Development

District for the City. Each year the Administrator will submit to the City the maintenance and operation budget for the following year.

The Administrator will administer the Development District pursuant to the provisions of Section 469.131 of the Development District Act; provided, however, that such powers may only be exercised at the direction of the City Council. No action taken by the Administrator pursuant to the above-mentioned powers shall be effective without authorization by the City Council.

SECTION 2.10 AMENDMENTS

The City reserves the right to alter and amend the Development Program, subject to the provisions of state law regulating such action. The City specifically reserves the right to enlarge or reduce the size of the Development District, the Development Program and the Public Development Costs of the Development Program.

ARTICLE III - TAX INCREMENT FINANCING DISTRICT AND PLAN

SECTION 3.01 STATUTORY AUTHORITY

Tax Increment Financing (Redevelopment) District No. 20-1 and the TIF Plan are established under the authority of the TIF Act.

SECTION 3.02 PLANNED DEVELOPMENT

3.02.1 Statement of Objectives

The objectives which the City seeks to achieve through the implementation of the TIF District are set out in the Development Program.

3.02.2 Development Program

In addition to achieving the objectives of the City's plans and Development Program, the proposed development is consistent with and works to achieve the development objectives of the City. The TIF Plan for the TIF District conforms to the general plan for development of the City as a whole.

3.02.3 Development Description

The Project within the TIF District includes the redevelopment of property and the construction by the Developer of approximately 74 rental housing units to be located at Hillcrest Avenue SE in the City.

3.02.4 City Plans and Development Program

In addition to achieving the objectives of the Development Program, the Development is consistent with and works to achieve the development objectives of the City. The TIF Plan for the TIF District conforms to the general plan for development of the City as a whole.

3.02.5 Property Acquisition

The City does not plan to acquire property within the TIF District.

3.02.6 Development Activities

As of the date of approval of the TIF Plan, there are no development activities proposed in the TIF Plan that are subject to contracts.

3.02.7 Need for Tax Increment Financing

In the opinion of the City, the Development would not reasonably be expected to occur solely

through private investment within the foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the Development after subtracting the present value of the projected tax increments for the maximum duration of the TIF District permitted by the TIF Plan.

The reasons and facts supporting this finding include the following:

- The Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of the project by private enterprise.
- The Development requires public financial assistance to offset the cost of land acquisition and site improvements, to allow for the Developer to proceed with the Development.
- A comparative analysis of estimated market values both with and without establishment of the TIF District and the use of tax increments has been performed as described above and is shown in Exhibit I. This analysis indicates that the increase in estimated market value of the proposed development (less the present value of the projected tax increments for the maximum duration permitted by the TIF Plan) exceeds the estimated market value of the site prior to the establishment of the TIF District.

SECTION 3.03 TAX INCREMENT FINANCING DISTRICT

3.03.1 Designation

The TIF District is designated Tax Increment Financing (Redevelopment) District No. 20-1 (Hillcrest).

3.03.2 Boundaries of TIF District

The boundaries of the TIF District includes an approximately 3.3 acre site inclusive of the current parcels, which includes a portion of one of the parcels, listed and described below. The property within the boundaries of the TIF District is in the process of being replatted and new parcels will be created. The boundaries of the TIF District are shown in Exhibit V.

- PID 17-143-0901, BLK 9 LOT 1 PLUS E 33' OF LOT 2 TORRENS PROPERTY
- PID 17-177-0001, BLK 3 OUTLOT 1 KUETHERS'S 3RD ADDN TORRENS PROPERTY
- PID 17-177-0002, BLK 3 OUTLOT 2 KUETHERS 3RD TORRENS PROPERTY
- Portion of PID 17-177-0003, BLK 3 OUTLOT 3 KUETHER'S 3RD ADDN TORRENS PROPERTY

3.03.3 Type of District

The TIF District is established as a "redevelopment district" pursuant to Section 469.174, subdivision 10 of the TIF Act. The City has determined that the property in the TIF District meets the statutory criteria for a redevelopment district.

Section 469.174, subdivision 10 (a) (1) of the TIF Act requires two tests for occupied parcels be met to qualify as a "redevelopment district": a conditions test and coverage test. For a "redevelopment district" more than 50% of the buildings, not including outbuildings, must be found to be structurally substandard to a degree requiring substantial renovation or clearance.

The conditions test for structurally substandard is defined under Section 469.174, subdivision 10(b) of the TIF Act. For purposes of that subdivision, "structurally substandard" means containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Section 469.174, subdivision 10(c) of the TIF Act. A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15% of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. Items of evidence that support such a conclusion that the building is not disqualified include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence.

Furthermore, parcels consisting of 70% of the area of the district must be occupied by buildings, streets, utilities, or paved or gravel parking lots to meet the required coverage test. The coverage required by the parcel to be considered occupied is defined under Section 469.174, subdivision 10(e) of the TIF Act. For purposes of such subdivision, a parcel is not occupied by buildings, streets, utilities, or paved or gravel parking lots unless 15% of the area of the parcel contains building, streets, utilities, or paved or gravel parking lots.

As summarized in the table below, 81.3% of the area of the TIF District is occupied and 100% of the buildings within the TIF District are found to be substandard. The substandard building is reasonably distributed.

The detailed results of the building inspection and analysis performed by Ken Back, City Inspector is contained in the report dated September 11, 2024. The report and supporting documetnation is on file at the City. In summary the findings detailed in the report are as follows:

Number of Parcels*	4
Site Area Included (square feet without roads)	116,555
Area of Improved Parcels (square feet)	97,775
Percent of Area Improved	81.3%
Number of Parcels with Buildings	2
Number of Buildings found Substandard	1
Percent of Buildings found Substandard	100.0%

* See Section 3.03.2 for description of property within the TIF District.

SECTION 3.04 PLAN FOR USE OF TAX INCREMENT

3.04.1 Estimated Tax Increment

The original tax capacity of value of the TIF District will be set by the County upon request for certification. The original tax capacity value may change over time based on the use and tax classification of each parcel. For the purposes of the TIF Plan, the estimated original tax capacity is estimated at $12,098 based on the estimated market value of $967,800 of the Property as described in Section 3.03.2 of the TIF Plan.

The total tax capacity value of the property after completion of the Development is estimated to be $138,244 (for pay 2028 taxes). This amount is based on a total estimated market value of $11,059,500 classified as apartment or “4a”. The market value amount is an estimate for purpose of estimating tax increment for the TIF Plan. The actual market value and classification of property, as will be assessed by the County, may vary from this estimate.

The difference between the total tax capacity value and the original tax capacity value is the captured tax capacity value for the creation of tax increment. It is the City's intent to retain 100% of the captured tax capacity value for the life of the TIF district.

The original tax rate for the TIF District, as certified by the auditor of the County, will be the sum of all the local tax rates excluding that portion of the school rate attributable to the general education levy (under Minnesota Statutes Section 126C.13) that apply to property in the district. Tax increment estimates included in the TIF Plan are based on a local tax rate of 129.64%, which is the local tax rate for taxes payable in 2024. The original tax rate for the District will be based on the current tax rate based on the actual certification date for the TIF District and will vary from the tax rate used to estimate tax increment in the TIF Plan.

Pursuant to Section 469.177, subdivision 2 of the TIF Act, it is found and declared that all of the captured tax capacity generated within the TIF District is necessary to finance or otherwise make permissible expenditures authorized by Section 469.176, subdivision 4 of the TIF Act.

Under these assumptions, the estimated annual tax increment upon completion of the Development is $162,941 (for pay 2028 taxes, estimated to be the seond year of the TIF District). This amount is after deducting the State Auditor's Office fee of 0.36% of the tax increment distribution. The actual tax increment will vary according to the certified original tax capacity value and original tax rate, the actual property value produced by the proposed development and the changes in property value and state laws that govern calculation of property taxes over the life of the district. Exhibit II contains the projected tax increment over the life of the TIF District.

3.04.2 Public Development Costs

The City plans to use tax increment to pay the Public Development Costs. The Public Development Costs eligible for reimbursement from tax increment pursuant to the TIF Act may include land acquisition, site improvements and preparation costs, utilities, among other qualified costs, and costs related to the establishment of the TIF District and other administration costs.

3.04.3 Estimated Sources and Uses of Funds

The estimated sources of revenue, along with the Public Development Costs of the TIF District, are itemized in Figure 3-1. These estimates are based on the best available information for the sources and uses of funds. Such costs are eligible for reimbursement from tax increment from the TIF District. The City reserves the right to administratively adjust the amount of any of the Project Costs line items listed in Figure 3-1, so long as the Estimated Project Costs is not increased, not including Interest Expense.

Figure 3.1
City of Owatonna
Tax Increment Financing District No. 20-1
TIF Plan Estimated Sources and Uses of Funds
Hillcrest

	Total
Estimated Tax Increment Revenues (from tax increment generated by the district)	
Tax increment revenues distributed from the county	$4,769,624
Interest and investment earnings	$20,000
Total Estimated Tax Increment Revenues	$4,789,624
Estimated Project/Financing Costs (to be paid or financed with tax increment)	
Project costs:	
Land/building acquisition	
Site improvements/preparation costs	$2,181,881
Utilities	$0
Other qualifying improvements	$0
Administrative costs	$476,962
Estimated Tax Increment Project Costs	$2,658,843
Estimated financing costs:	
Interest expense	$2,130,781
Total Estimated Project/Financing Costs to be Paid from Tax Increment	$4,789,624
Estimated Financing	
Total amount of bonds to be issued	$2,658,843

3.04.4 Administrative Expense

The City will use tax increments to pay for and reimburse the City for costs of administering the TIF District and interest expense pursuant to the limitations within the TIF Act. The TIF Act provides that not more than 10 percent of the tax increment revenues distributed form the County may be used to pay administrative expense. Anticipated administrative expenses of the TIF District include annual audit of the fund for TIF District, preparation of annual reporting, legal publication of annual report, and administration of the development agreement. The City may also reimburse itself for costs associated with the establishment of the TIF District.

3.04.5 County Road Costs

The Development will not substantially increase the use of county roads and necessitate the need to use tax increments to pay for county road improvements.

3.04.6 Bonded Indebtedness

Tax Increment Bonds issued in connection with "any project for which tax increment financing has been undertaken" must be one of the types of bonds expressly authorized by Section 469.178 of the TIF Act. The types of bonds include general obligation bonds supported by tax increment, revenue bonds (including pay-as-you-go, or PAYG, obligations); and interfund loans or advances.

The total amount of bonds estimated to be issued to pay Public Development Costs is shown in Figure 3.1. The City does not intend to issue general obligation bonds as a result of the TIF Plan. The City plans to use tax increments to reimburse itself for administrative costs and to reimburse the Developer on a pay-go basis for certain Public Development Costs, with interest.

The City plans to approve an interfund loan to reimburse itself for Public Development Costs it will incur for utility (storm water) improvements for the Development. The City may advance or loan money to finance expenditures, under Section 469.176, subdivision 4 of the TIF Act, from the general funds of the City or any other legally authorized fund to finance qualified expenditures, subject to the following provisions:

(a) Not later than 60 days after money is transferred, advanced, or spent, whichever is earliest, the loan or advance must be authorized by resolution of the City or of the Authority, whichever has jurisdiction over the fund from which the advance or loan is authorized.

(b) The resolution may generally grant to the City the power to make interfund loans under one or more tax increment financing plans or for one or more districts. The resolution may be adopted before or after the adoption of the tax increment financing plan or the creation of the tax increment financing district from which the advance or loan is to be repaid.

(c) The terms and conditions for repayment of the loan must be provided in writing. The written terms and conditions may be in any form, but must include, at a minimum, the principal amount, the interest rate, and maximum term. Written terms may be modified or amended in writing by the City before the latest decertification of any tax increment financing district from which the interfund loan is to be repaid. The maximum rate of interest permitted to be charged is limited to the greater of the rates specified under Minnesota Statutes, Section 270C.40 or 549.09 as of the date the loan or advance is authorized, unless the written agreement states that the maximum interest rate will fluctuate as the interest rates specified under Minnesota Statutes, Section 270C.40 or 549.09 are from time to time adjusted. Loans or advances may be structured as draw-down or line-of-credit obligations of the lending fund.

(d) The City shall report in the annual report submitted under Section 469.175, subdivision 6 of the TIF Act: (1) the amount of any interfund loan or advance made in a calendar year; and (2) any amendment of an interfund loan or advance made in a calendar year.

3.04.7 Duration of TIF District

The duration to collect and spend tax increments on eligible purposes is set at the maximum duration of twenty-five (25) years after the date of receipt of the first tax increment or twenty-six (26) years of tax increment collection. The estimated first year of tax increment collect is 2027. The estimated decertification date is 12/31/2052. There is no election made as to the first year of tax increment collection.

3.04.8 Estimated Impact on Other Taxing Jurisdictions

Exhibits III and IV show the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City finds that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified and the development therein becomes part of the general tax base.

The City anticipates minimal impact of the proposed development on city-provided services. A slight increase in water and sewer usage is expected. It is anticipated that there may be a slight but manageable increase in police and fire protection duties due to the development.

3.04.9 Prior Planned Improvements

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District. The City will include this statement with the request for certification to the County Auditor. If building permits had been issued during this time period, then the County Auditor would increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

ARTICLE IV – ADMINISTERING THE TIF DISTRICT

SECTION 4.01 FILING AND CERTIFICATION

The filing and certification of the TIF Plan consists of the following steps:

1. Upon adoption of the TIF Plan, the City shall submit a copy of the TIF Plan to the Minnesota Department of Revenue and the Office of the State Auditor.
2. The City shall request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements.
3. The City shall send the County Assessor any assessment agreement establishing the minimum market value of land and improvements within the TIF District and shall request that the County Assessor review and certify the assessment agreement as reasonable. The City does not expect to enter into an assessment agreement in connection with the Development.

SECTION 4.02 MODIFICATIONS OF THE TAX INCREMENT FINANCING PLAN

The City reserves the right to modify the TIF District and the TIF Plan. Under current State law, the following actions can only be approved after satisfying all the necessary requirements for approval of the original TIF Plan (including notifications and public hearing):

- Reduction or enlargement in the geographic area of the Development District or the TIF District.
- Increase in the amount of bonded indebtedness to be incurred.
- Increase in the amount of capitalized interest.
- Increase in that portion of the captured net tax capacity to be retained by the City.
- Increase in the total estimated Public Development Costs, including administrative costs of the City.
- Designation of additional property to be acquired by the City.

Other modifications can be made by resolution of the City. In addition, the original approval process does not apply if (A) (1) the only modification is elimination of parcels from the TIF District and (2) the current net tax capacity of the parcels eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or (B) the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

SECTION 4.03 CORRECTING REDEVELOPMENT CONDITIONS

Section 469.176, subdivision 4j of the TIF Act requires that at least 90% of the revenues derived from tax increments from the TIF District be used to finance the cost of correcting conditions that allow designation of the TIF District as a redevelopment district. These costs include, but are not limited to, acquiring properties containing structurally substandard buildings or improvements or hazardous substances, pollution, or contaminants, acquiring adjacent

parcels necessary to provide a site of sufficient size to permit development, demolition and rehabilitation of structures, clearing of the land, the removal of hazardous substances or remediation necessary for the development of the land, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the City, including the cost of preparation of the development action response plan, may be included in the qualifying costs.

SECTION 4.04 FOUR-YEAR KNOCKDOWN RULE

The provision of the TIF Act referred to as the Four-Year Knockdown Rule requires development activity to take place on each parcel within a tax increment financing district within four years from the date of certification of the original net tax capacity of such tax increment financing district. If development activity on a parcel has not begun within the required time frame, no additional tax increment may be collected from that parcel and its value must be excluded from the district's original net tax capacity.

Development activity includes demolition, rehabilitation, renovation or site improvement, including a qualified improvement of an adjacent street, on a parcel located within the TIF District. If no development activity has occurred within four years from the date of certification then that parcel shall be excluded from the TIF District and the original net tax capacity shall be adjusted accordingly. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall recertify to the County Auditor that such activity has commenced and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

SECTION 4.05 POOLING AND FIVE-YEAR RULE

An amount equal to at least 75% of the total revenue derived from tax increments paid by properties in the TIF District must be expended on activities in the TIF District or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the TIF District or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25% of the total revenue derived from tax increments paid by properties in the TIF District may be expended, through a development fund or otherwise, on activities outside of the TIF District but within the defined geographic area of the Project Area except to pay, or secure payment of, debt service on credit enhanced bonds.

Revenue derived from tax increments paid by properties in the TIF District are considered to have been "spent" within the TIF District if such amounts are:

- actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or

- used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

It is anticipated that all revenue derived from tax increments paid by properties in the TIF District will be spent or obligated within the first five years after certification of the TIF District and spent on Public Development Costs within the boundaries of the TIF District.

SECTION 4.06 FINANCIAL REPORTING AND DISCLOSURE REQUIREMENTS

The City will comply with the annual reporting requirements of the TIF Act pursuant to the guidelines of the Office of the State Auditor. Under current law, the City must prepare and submit a report on the TIF District on or before August 1 of each year. The City must also annually publish in a newspaper of general circulation in the City an annual statement for the TIF District, in the format as prescribed by the Office of the State Auditor.

The reporting and disclosure requirements outlined in this section begin with the year a tax increment financing district is certified, and shall end in the year in which both the district has been decertified and all tax increments have been spent or returned to the County for redistribution. Failure to meet these requirements, as determined by the State Auditors Office, may result in suspension of distribution of tax increments.

SECTION 4.07 BUSINESS SUBSIDY COMPLIANCE

The City will comply with the business subsidy requirements specified in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended.

Exhibit I
City of Owatonna
Tax Increment Financing District No. 20-1
Present Value Analysis As Required By Section
469.175(3)(2) of the TIF Act

1	Estimated Future Market Value w/ Tax Increment Financing	14,042,630 [1]
2	Payable Pay 2024 Market Value	967,800
3	Market Value Increase (1-2)	13,074,830
4	Present Value of Future Tax Increments	2,424,075
5	Market Value Increase Less PV of Tax Increments	10,650,755
6	Estimated Future Market Value w/o Tax Increment Financing	1,241,138 [1]
7	Payable Pay 2024 Market Value	967,800
8	Market Value Increase (6-7)	273,338
9	Increase in MV From TIF	10,377,418 [2]

[1] *Assume 1.00% annual appreciation over 26 year life of district.*

[2] *Statutory compliance achieved if increase in market value from TIF (Line 9) is greater than or equal to zero.*

Exhibit II
City of Owatonna
Tax Increment Financing District 20-1 (Redevelopment)
Hillcrest
Projected Tax Increment Financing (TIF) Cash Flow

TIF District Year	Taxes Payable Year	Taxable Market Value	Tax Capacity	Base Tax Capacity	Captured Tax Capacity for TIF	Original Tax Rate	TIF from District	PV Available TIF from District
1	2027	8,212,500	102,656	12,098	90,559	129.64%	116,973	106,856
2	2028	11,059,500	138,244	12,098	126,146	129.64%	162,941	248,532
3	2029	11,170,095	139,626	12,098	127,529	129.64%	164,727	384,859
4	2030	11,281,796	141,022	12,098	128,925	129.64%	166,530	516,037
5	2031	11,394,614	142,433	12,098	130,335	129.64%	168,352	642,260
6	2032	11,508,560	143,857	12,098	131,760	129.64%	170,191	763,714
7	2033	11,623,646	145,296	12,098	133,198	129.64%	172,049	880,577
8	2034	11,739,882	146,749	12,098	134,651	129.64%	173,927	993,023
9	2035	11,857,281	148,216	12,098	136,119	129.64%	175,822	1,101,217
10	2036	11,975,854	149,698	12,098	137,601	129.64%	177,737	1,205,320
11	2037	12,095,612	151,195	12,098	139,098	129.64%	179,670	1,305,483
12	2038	12,216,568	152,707	12,098	140,610	129.64%	181,623	1,401,857
13	2039	12,338,734	154,234	12,098	142,137	129.64%	183,596	1,494,583
14	2040	12,462,121	155,777	12,098	143,679	129.64%	185,587	1,583,798
15	2041	12,586,743	157,334	12,098	145,237	129.64%	187,600	1,669,636
16	2042	12,712,610	158,908	12,098	146,810	129.64%	189,632	1,752,222
17	2043	12,839,736	160,497	12,098	148,399	129.64%	191,684	1,831,680
18	2044	12,968,134	162,102	12,098	150,004	129.64%	193,758	1,908,127
19	2045	13,097,815	163,723	12,098	151,625	129.64%	195,851	1,981,676
20	2046	13,228,793	165,360	12,098	153,262	129.64%	197,967	2,052,438
21	2047	13,361,081	167,014	12,098	154,916	129.64%	200,102	2,120,516
22	2048	13,494,692	168,684	12,098	156,586	129.64%	202,259	2,186,013
23	2049	13,629,639	170,370	12,098	158,273	129.64%	204,438	2,249,025
24	2050	13,765,935	172,074	12,098	159,977	129.64%	206,639	2,309,647
25	2051	13,903,594	173,795	12,098	161,697	129.64%	208,861	2,367,968
26	2052	14,042,630	175,533	12,098	163,435	129.64%	211,106	2,424,075
						TOTAL =	4,769,624	2,424,075

Key Assumptions for Cash Flow:

1 Taxable market value (TMV) is assumed to increase by 1.0% annually.
2 Original Tax Capacity Rate estimated based on Taxes Payable Year Pay 2024.
3 Election for captured tax capacity is 100.00%.
4 Base Tax Capacity is calculated based on estimated taxable market value of $967,800 for PID 17-143-0901,17-177-0001,17-177-0002, and a portion of 17-177-0003.
5 Present Value (PV) calculated based on semi-annual payments, interest rate 5.0%, dated date 1/1/2026.
6 TIF from District is after deduction of State Auditor fee of 0.36%
7 Taxable Market Value (TMV) includes estimated value of all property in district. Taxable market value of building estimated based on 73-unit building, with all units classified as 4a at TMV of $10,950,000 as of 2024 adjusted for assumed annual growth in TMV (see item #1 above).

Exhibit III
City of Owatonna
Tax Increment Financing District No. 20-1
Impact on Other Taxing Jurisdictions
(Taxes Payable Pay 2024)

Annual Tax Increment

Estimated Annual Captured Tax Capacity (Full Development)	$163,435
Payable Pay 2024 Local Tax Rate	129.635%
Estimated Annual Tax Increment	$211,869

Percent of Tax Base

	Net Tax Capacity (NTC)	Captured Tax Capacity	Percent of Total NTC
City of Owatonna	33,651,269	163,435	0.49%
Steele County County	67,134,131	163,435	0.24%
ISD #761	49,709,839	163,435	0.33%

Dollar Impact of Affected Taxing Jurisdictions

	Net Tax Capacity (NTC)	% of Total	Tax Increment Share	Added Local Tax Rate
City of Owatonna	58.752%	45.321%	96,022	0.285%
Steele County County	45.308%	34.950%	74,049	0.110%
ISD #761	25.575%	19.728%	41,799	0.084%
Other	0.000%	0.000%	0	
Totals	129.635%	100.000%	211,870	

NOTE NO. 1: Assuming that ALL of the captured tax capacity would be available to all taxing jurisdictions even if the City does not create the Tax Increment District, the creation of the District will reduce tax capacities and increase the local tax rate as illustrated in the above tables.

NOTE NO. 2: Assuming that NONE of the captured tax capacity would be available to the taxing jurisdiction if the City did not create the Tax Increment District, then the plan has virtually no initial effect on the tax capacities of the taxing jurisdictions. However, once the District is established, allowable costs paid from the increments, and the District is terminated, all taxing jurisdictions will experience an increase in their tax base.

Exhibit IV

City of Owatonna

Tax Increment Financing (Redevelopment) District No. 20-1

Estimated Tax Increments Over Maximum Life of District

Based on Pay Pay 2024 Tax Rate = *129.635%* *58.752%* *45.308%* *25.575%*

TIF District Year	Taxes Payable Year	New Taxable Market Value	New Tax Capacity	Base Tax Capacity	Captured Tax Capacity	Estimated Total Tax Increments	City TIF Related Share	County TIF Related Share	School TIF Related Share
1	2027	8,212,500	102,656	12,098	90,559	117,396	53,205	41,030	23,160
2	2028	11,059,500	138,244	12,098	126,146	163,530	74,113	57,154	32,262
3	2029	11,170,095	139,626	12,098	127,529	165,322	74,926	57,781	32,615
4	2030	11,281,796	141,022	12,098	128,925	167,132	75,746	58,413	32,973
5	2031	11,394,614	142,433	12,098	130,335	168,960	76,575	59,052	33,333
6	2032	11,508,560	143,857	12,098	131,760	170,806	77,411	59,698	33,697
7	2033	11,623,646	145,296	12,098	133,198	172,671	78,257	60,349	34,065
8	2034	11,739,882	146,749	12,098	134,651	174,555	79,110	61,008	34,437
9	2035	11,857,281	148,216	12,098	136,119	176,457	79,972	61,673	34,812
10	2036	11,975,854	149,698	12,098	137,601	178,379	80,843	62,344	35,191
11	2037	12,095,612	151,195	12,098	139,098	180,319	81,723	63,022	35,574
12	2038	12,216,568	152,707	12,098	140,610	182,279	82,611	63,707	35,961
13	2039	12,338,734	154,234	12,098	142,137	184,259	83,508	64,399	36,351
14	2040	12,462,121	155,777	12,098	143,679	186,258	84,414	65,098	36,746
15	2041	12,586,743	157,334	12,098	145,237	188,278	85,330	65,804	37,144
16	2042	12,712,610	158,908	12,098	146,810	190,317	86,254	66,517	37,547
17	2043	12,839,736	160,497	12,098	148,399	192,377	87,187	67,237	37,953
18	2044	12,968,134	162,102	12,098	150,004	194,458	88,130	67,964	38,364
19	2045	13,097,815	163,723	12,098	151,625	196,559	89,083	68,698	38,778
20	2046	13,228,793	165,360	12,098	153,262	198,682	90,045	69,440	39,197
21	2047	13,361,081	167,014	12,098	154,916	200,825	91,016	70,189	39,620
22	2048	13,494,692	168,684	12,098	156,586	202,990	91,997	70,946	40,047
23	2049	13,629,639	170,370	12,098	158,273	205,177	92,989	71,710	40,478
24	2050	13,765,935	172,074	12,098	159,977	207,386	93,990	72,482	40,914
25	2051	13,903,594	173,795	12,098	161,697	209,616	95,000	73,262	41,354
26	2052	14,042,630	175,533	12,098	163,435	211,869	96,022	74,049	41,799
Total						4,786,857	2,169,457	1,673,026	944,372

Note: The Estimated Total Tax Increment shown above is before deducting the State Auditor's fee, which is payable at a rate of 0.36% of the Total Tax Increment collected. Exhibit II provides Estimated Total Tax Increment after deducting for the State Auditor's fee.

Exhibit V

Boundaries of Development District and TIF District

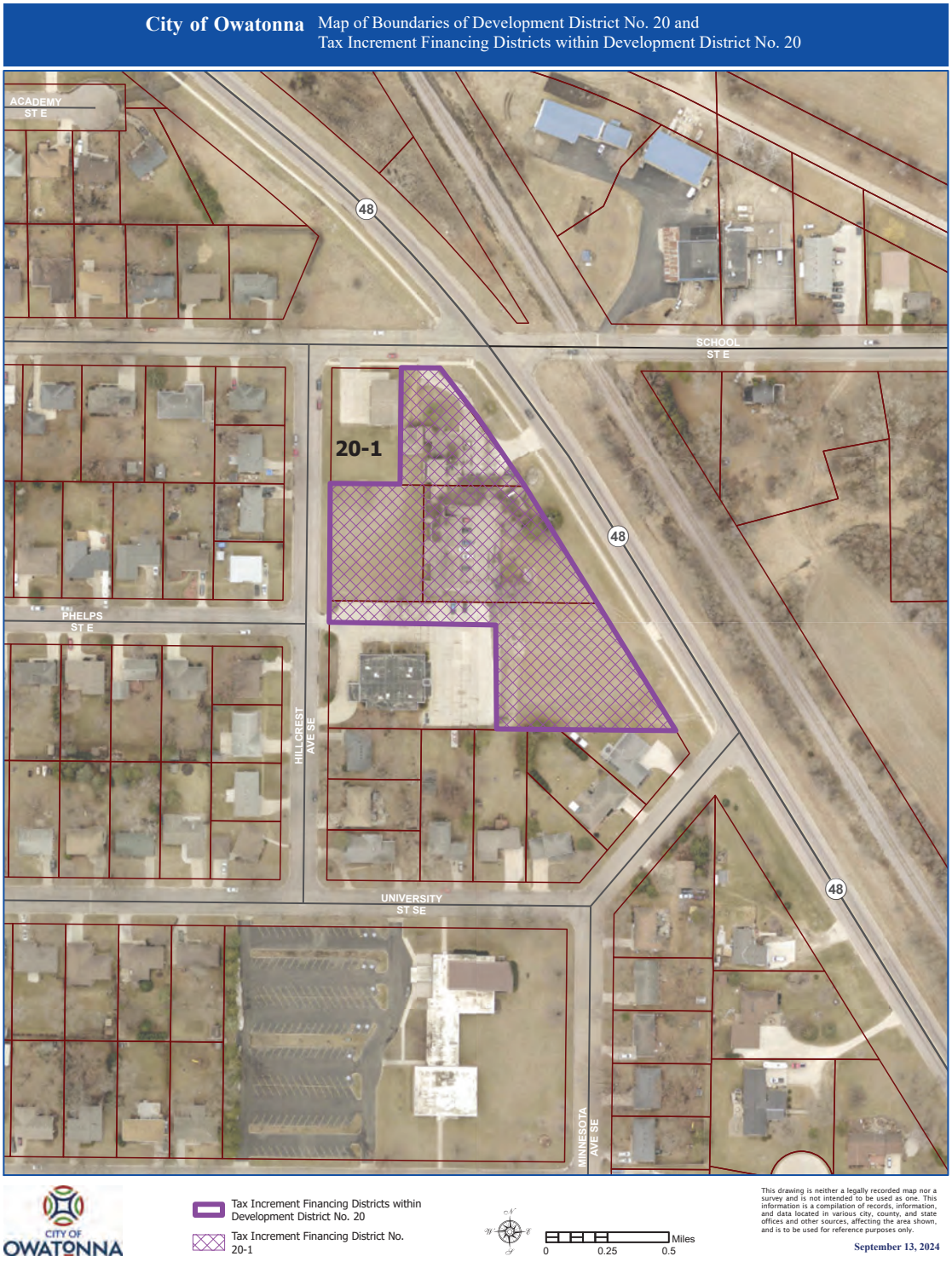
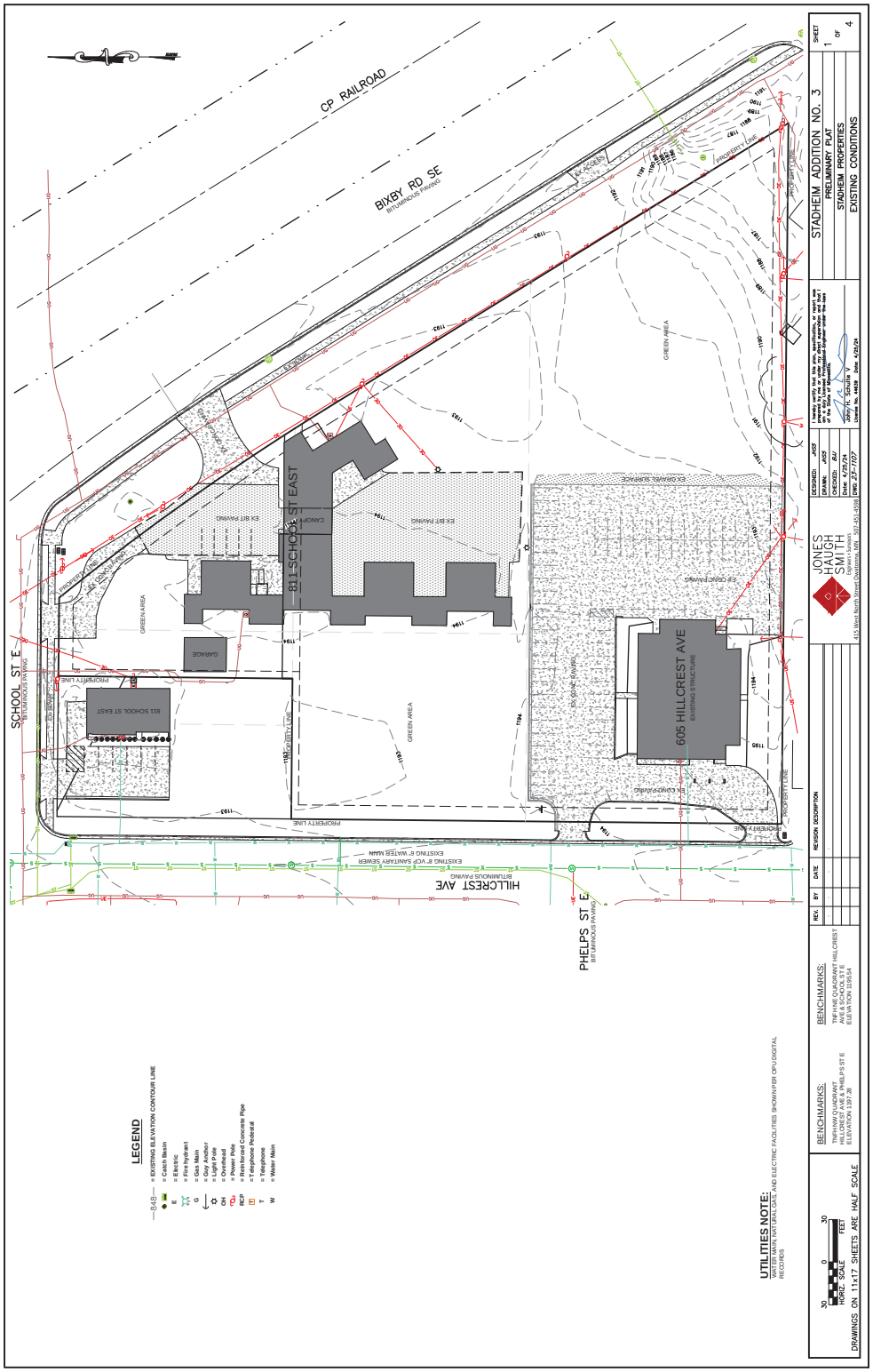
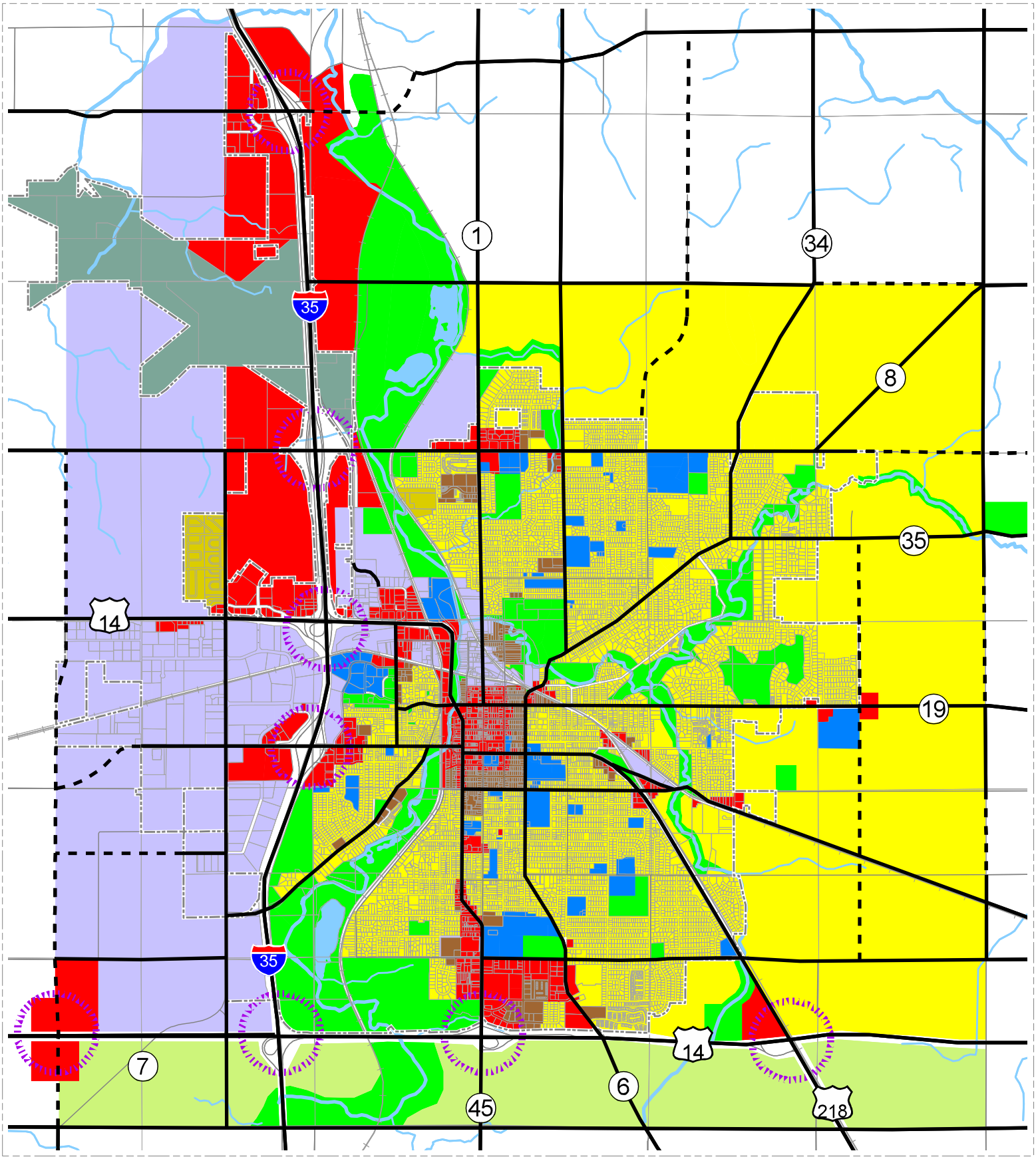


Exhibit V - Continued

Boundaries of Development District and TIF District
As Shown within Preliminary Plat (Information in Drawing Subject to Change)





Development Plan

City of Owatonna, Minnesota

City Boundary
Highway Intersections
Major Transportation Corridors
Future Transportation Corridors
Railroad
Low Density Residential
High Density Residential
Mobile Homes
Commercial
Industrial
Park/Open Space
Public/Institutional
Airport
Agricultural
Open Water

2,000 0 2,000 4,000 6,000 Feet

N

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