

## Owatonna City Council Minutes - Draft Copy

The Owatonna City Council met in regular session on Tuesday, March 20, 2018 at 7:00 p.m. in Council Chambers. Council President Schultz called the meeting to order and welcomed everyone in attendance. Attending were Council Members Voss, Schultz, Dotson, Burbank, Svenby, Okerberg and Raney; Mayor Kuntz; Community Development Director Klecker; Public Works Director Skov; City Attorney Walbran; City Administrator Busse and Administrative Specialist Clawson.

Following the Pledge of Allegiance, Council Member Svenby made a motion to approve the agenda as presented, Council Member Okerberg seconded the motion; all members voted aye in approval.

Mayor Kuntz made proclamation for April 2018 as “Sexual Assault Awareness Month” and “Child Abuse Prevention Month”. The Crisis Resource Center of Steele County requesting public support and assistance as they continue to work toward a society where all women, children and men can live in peace from violence and exploitation.

Community Development Director Klecker advised the use of tax increment financing has been requested to assist with the costs for redevelopment of property at 115 East Vine Street. Equity Growth Owatonna, LLC is proposing to demolish the building at 115 East Vine Street and construct a 54-unit market rate apartment building. The building would be five stories tall with first floor indoor parking, a fitness room and community room and an outdoor terrace on the fifth floor. Preliminary estimates of the total investment into the property would be approximately \$8 million; the total TIF amount for this project is \$829,513.

At 7:06 p.m., a public hearing opened for comments regarding the establishment of Development District No. 12, establishment of Tax Increment District 12-1 and use of tax increment finance for this project. With no comments heard, at 7:07 p.m., Council Member Dotson made a motion to close the public hearing, Council Member Okerberg seconded the motion, all members voted aye in approval.

Community Development Director Klecker presented Resolution 29-18 to establish Development District No. 12. Council Member Raney made a motion to approve Resolution 29-18, Council Member Burbank seconded the motion; all members voted aye in approval.

Community Development Director Klecker presented Resolution 30-18 approving Increment Financing District No. 12-1 and the use of Tax Increment Financing. Council Member Dotson made a motion to approve Resolution 30-18, Council Member Voss seconded the motion; all members voted aye in approval.

Council President Schultz explained council members review the Consent Agenda Items prior to the meeting for approval in one motion. Consent Agenda Items for approval include:

- Minutes – Council Meeting March 6, 2018.

- Exempt Permit – Ducks Unlimited Steele County – Raffle at 2018 SCFF.

- Exempt Permit – Duck Unlimited Steele County – Raffle – September 27<sup>th</sup>.

- Event Permit – Relay for Life – July 20<sup>th</sup> - includes Exception to City’s Noise Ordinance.

- \*Event Permit - Street Dance – Reggie’s – August 4<sup>th</sup> – includes Exception to City’s Noise Ordinance and Temporary Extension of Premise for Liquor License.

- \*Event Permit - Corky’s Early Bird Tournament – May 3<sup>rd</sup>-6<sup>th</sup> - includes Temporary Liquor License for Knights of Columbus.

- Event Permit – 11 @ 7 – Summer Concerts – Thursday evenings beginning May 31<sup>st</sup>.

- Event Permit – Car Show at Crazy Days – July 26<sup>th</sup>.

- Event Permit – From the Heart – Run/Half Marathon – May 5<sup>th</sup>.

- Event Permit – 2018 Farmer’s Market – Saturday Mornings May through October.

- Event Permit – Memorial Day Parade – American Legion Post #77 – May 28<sup>th</sup>.

- Event Permit – Gus’ Station Annual Car Show – Steele County Historical Society - July 21<sup>st</sup>.

Event Permit – 2018 Recycling Collection at The Retrofit Companies – June 2<sup>nd</sup>.

Event Permit – Art in the Hills – Owatonna Arts Center – July 28<sup>th</sup> & 29<sup>th</sup>.

Temporary Liquor Permit – Smoke n Steele – Knights of Columbus – May 31- June 2<sup>nd</sup>.

2018 Tree Trimmer Licenses:

Dave’s Tree Care, Owatonna

Johnson Construction & Tree Service, LLC, Austin MN

Owatonna Groundsmasters, Inc., Owatonna MN

Knutson Brothers Tree Service, Ellendale MN

Boyum Tree Service, LLC, Owatonna MN

Wolff & Son’s, Inc., Owatonna MN

Meixner Tree service, LLC, Medford MN

Strobel’s Tree & Boom Services, LLC, Kilkenny, MN

Carr’s Tree Service Inc., Ottertail MN

Suemnick’s Final Cut Tree Service, LLC, Elysian, MN

2018 Ice Cream Vendor License – Kona Ice, Faribault MN.

2018 Retail Fireworks Permit – TNT Fireworks.

2018 Retail Fireworks Permit – Mills Fleet Farm.

Minutes – Library Board Meeting – February 20, 2018

Minutes – Human Rights Commission Meeting – February 12, 2018.

Airport Farmland Lease Agreements – Crop Year 2018.

\*Staff requested these two Event Permits (Reggie’s Street Dance and Corky’s Early Bird Softball Tournament) be tabled to allow additional review/recommendations. Council Member Okerberg made a motion to approve the Consent Agenda Items with the exception of these two Event Permits; Council Member Voss seconded the motion. Council Member Svenby acknowledged his affiliation with the From the Heart Committee. With members voting aye, these Consent Agenda Items were approved.

Vice President Raney recapped the expenses for the period. Bills presented for payment totaled \$366,047.96. Council Member Svenby made a motion to approve these payments; Council Member Dotson seconded the motion; all members voted aye for approval.

Eric Anderson, Recreation Manager, requested approval to purchase and install a Play Structure at the River Springs Water Park. Last fall, quotes were received for a new body slide and \$95,000 was included in the 2018 Capital Improvement Budget. Unfortunately, the slide quote did not include an additional pump, plumbing and electrical set up necessary for operation. Park and Recreation staff investigated other options and believe it would be better to purchase a play structure for the zero depth play area for the swimmers aged 5-9. Two quotes were received and the lower bid of the two quotes is included in the proposal from Signature Aquatics. The quote, \$95,000 is to purchase and install an Explorer Forms Play Structure. Council Member Dotson asked when the installation would be completed; Anderson replied he hoped it would be installed by May 15<sup>th</sup>, prior to the opening of the 2018 Season. City Administrator Busse advised City Attorney Walbran has requested approval contingent on finalization of insurance coverage language. Council Member Dotson asked if the structure carried a warranty for its many moving parts; Anderson replied yes the structure has a full warranty. Council Member Raney questioned if the current infrastructure was sufficient and compatible with this proposed equipment, Anderson confirmed this has been reviewed and meets the requirements. Council Member Raney made a motion to approve the contract to purchase this Play Structure contingent on finalization of insurance coverage, Council Member Burbank seconded the motion; all members voted aye.

Community Development Director Klecker presented a Development Agreement with B&B Cole Properties, LLC for relocation of Torey’s Restaurant. A public hearing was held for this during the March

6<sup>th</sup> Council Meeting with no opposition to the Establishment of the Development District and Tax Increment Financing for this project. Ed Tschida, Consultant at Advance Resources drafted the agreement and recommends two minor changes prior to approval:

1) Recommend a maximum term for repayment of 26 years as allowed by statute. This TIF has a capped dollar amount of \$413,061 and will only last for 26 years if the project underperforms, it is estimated the life of TIF District will be approximately 16 years. This will be a Pay as you go TIF.

2) Remove the zero percent of interest in Exhibit A, there is no need for this language, as all principal will apply towards the note.

Consulting cost for writing the TIF Plan and Development Agreement will be paid by the EDA. All cost incurred by the EDA will be reimbursed through tax increment financing. Council Member Svenby made a motion to approve the Development Agreement with B&B Cole, LLC as recommended including the two proposed changes; Council Member Okerberg seconded the motion; all members voted aye in agreement.

Community Development Director Klecker presented a Development Agreement with Equity Growth Owatonna, LLC for project to construct a 5-story, 54-unit market rate apartment building on the 100 block of East Vine Street. During the public hearing, held at the beginning of this meeting, there was no opposition heard towards this project. The total amount of the TIF for the project will be \$829,513 over the life of the loan, which is estimated to be ten years. Council Member Okerberg made a motion to approve the Development Agreement with Equity Growth Owatonna, LLC, and Council Member Raney seconded the motion; all members voted aye in approval.

Community Development Director Klecker presented the first reading of Proposed Ordinance 2-18 regarding Garage Sales. Definition of a garage sale would be added to the City's Zoning Ordinance No. 157 and limiting the number of days of operation per calendar year at any residential location to ten. The Planning Commission held a public hearing with no comments heard and recommending adoption of the proposed ordinance to allow staff enforcement of this time limitation for garage sales. The Nuisance Inspector at the Fire Department will develop a system to document garage sales and complaints. Council Member Dotson made a motion to approve the first reading of this proposed ordinance; Council Member Svenby seconded the motion. With a roll call vote, voting aye were Council Members Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; there were no nays, the motion carried. The second reading of Proposed Ordinance 2-18 will be heard during the April 3<sup>rd</sup> Council Meeting.

Community Development Director Klecker presented the first reading of Proposed Ordinance 3-18, a request to vacate a portion of a utility easement at 1151 Mineral Springs Road NE for Richard & Connie Markell. During a recent title search, it was discovered the house is within the easement and the title company requires the house be removed from within the easement area. City Engineering and Stormwater Departments are concerned that a portion of this easement may be needed for future drainage and are against vacating it in its entirety. Staff recommends vacating 5' of the easement to keep a clean easement line and removal of the structure from the easement, this will have no effect on the existing street or utilities in the area. The Planning Commission held a public hearing on this request and recommend approval as staff recommended. The portion recommended to vacate is the northeasterly 5.00 feet of the southwesterly 10.00 feet of the northwesterly 105.00 feet of Lot 2, Block 1, Spring Park Addition No. 4. Council Member Dotson made a motion to approve the first reading of this proposed ordinance; Council Member Raney seconded the motion. With a roll call vote, voting aye were Council Members Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; there were no nays, the motion carried.

Community Development Director Klecker presented the first reading of Proposed Ordinance 4-18, a request to vacate a portion of a utility easement at 222 State Avenue for Ron & Laura Romnes. The applicants plan to replat the property and will rededicating easements in locations approved by the City and OPU where the facilities are currently located. City Staff requests a portion of the easement remain for future drainage and support vacation of 5' of the current easement. The following is the new description recommended for the vacation: All utility easements in Lot 33, Block 1, Victory Village Park Addition, as dedicated and recorded in the Office of the Steele County Recorder, Steele County MN. This will have no effect on the existing street or utilities in the area. The Planning Commission held a public hearing on this matter with no comments opposing the request. The Planning Commission is recommending council approval as recommended by staff. Council Member Okerberg made a motion to approve the first reading of Proposed Ordinance 4-18 as recommended by the Planning Commission; Council Member Svenby seconded the motion. With a roll call vote, voting aye were Council Members Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; there were no nays, the motion carried.

Community Development Director Klecker presented the first reading of Proposed Ordinance 5-18, a request to vacate a portion of a utility easement at 1285 Kilworth Drive Mohs State Properties, LLC. The applicant plans to construct a new office and shop on the property, the property will be replatted and the easements will be rededicated in locations approved by the City and OPU. CenturyLink has a cable in this easement and the developer is working with them. The portion of the easement recommended to vacate is the East 10.00 feet of the South 290.00 feet of Outlot D, Brady Homestead Addition, Owatonna, MN. The Planning Commission held a public hearing on this request and recommend council approve as staff recommends. Council Member Dotson made a motion to approve the first reading of Proposed Ordinance 5-18 as recommended by the Planning Commission; Council Member Burbank seconded the motion. With a roll call vote, voting aye were Council Members Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; there were no nays, the motion carried.

Community Development Director Klecker presented the first reading of Proposed Ordinance 6-18, a request to rezone property at 1330 State Avenue. Scott Mohs, Mohs State Properties, LLC request this property be changed from I-2, Heavy Industrial District and I-1, Light Industrial District to B-2, Community Business District for construction of an office, shop and storage area for his construction business. The Planning Commission held a public hearing on this request and recommend council approval to rezone this property. Council Member Raney made a motion to approve the first reading of Proposed Ordinance 6-18 as recommended by the Planning Commission; Council Member Dotson seconded the motion. With a roll call vote, voting aye were Council Members Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; there were no nays, the motion carried.

City Administrator Busse presented the first reading of Proposed Ordinance 7-18, to authorize an increase in the salaries of the City's Elected Officials. Ordinance 1540, approved July 5, 2016, requires quadrennial review of our city official's salaries; the elected official's salaries were last changed effective January 1, 2015. Statue requires changes become effective following the next General Election; the proposed \$50 increases would become effective January 1, 2019: Council Members to \$700/month; Council Vice President to \$800/month; Council President to \$850/month and Mayor to \$900/month. Council Member Burbank made a motion to approve the first reading of Proposed Ordinance 7-18; Council Member Voss seconded the motion. With a roll call vote, voting aye were Council Members Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; there were no nays, the motion carried. The second reading of Proposed Ordinance 7-18 will be heard during the April 3, 2018 Council Meeting.

City Administrator Busse presented Resolution 26-18 to adopt a Multi-Hazard Mitigation Plan. This plan is a requirement of the Federal Disaster Mitigation Act of 2000. The development of a local government plan is required in order to maintain eligibility federal disaster assistance and hazard mitigation funding programs and to be eligible for future mitigation funds. Steele County is vulnerable to a variety of potential natural disasters, which threaten the loss of life and property in the county. Hazards such as tornadoes, flooding, wildfires, blizzards, straight-line winds, ice storms, and droughts have the potential for inflicting vast economic loss and personal hardship. This Multi-Hazard Mitigation Plan represents the efforts of Steele County and its local governments to fulfill the responsibility for hazard mitigation planning. The intent of the plan is to reduce the actual threat of specific hazards by limiting the impact of damages and losses. This is a multi-jurisdictional plan that covers Steele County, including the cities of Blooming Prairie, Ellendale, Medford, and Owatonna. The Steele County risks and mitigation activities identified in this plan also incorporate the concerns and needs of townships, school districts, and other entities participating in this plan. Members from each of these jurisdictions actively participated in the planning process by attending workgroup meetings, providing information, suggesting mitigation strategies and reviewing the plan document. Each jurisdiction will adopt the plan by resolution after approval by FEMA. Council Member Okerberg made a motion to approve Resolution 26-18, Council Member Dotson seconded the motion; all members voted aye in approval.

Public Works Director Skov presented Resolution 27-18 to approve the plans and authorize bids for the 2018 Park Drive Project. Plans are to complete reconstruction of Park Drive from St. John Drive to 21<sup>st</sup> Avenue NW and from 24<sup>th</sup> Avenue NW to 32<sup>nd</sup> Avenue NW. In addition to the reconstruction sections, a new watermain will be installed from Bridge Avenue to St. John Drive. Due to increasing costs, the project will be bid with an alternate for bituminous pavement from 24<sup>th</sup> Avenue to 32<sup>nd</sup> Avenue. Bids will be received on April 11, 2018 and brought to Council during the April 17<sup>th</sup> Council Meeting. Council Member Dotson made a motion to approve Resolution 27-18, Council Member Svenby seconded the motion; all members voted aye for approval.

Public Works Director Skov presented Resolution 28-18 to proceed with advertisement for bids for the 2018 Street and Utility Project. Plans are for a complete reconstruction of Mill Street from Cedar Avenue to Oak Avenue and Caleta Place NE. The proposed work includes replacement of the aggregate base and bituminous pavement. Bids will be received on April 11, 2018 and brought to the April 17<sup>th</sup> Council Meeting. Council Member Raney made a motion to approve Resolution 28-18, Council Member Voss seconded the motion; all members voted aye for approval.

Community Development Director Klecker presented Resolution 31-18 to approve the Preliminary Plat of Lord Manor Addition. Ron and Laura Romnes own both lots, which are currently platted in two different subdivisions. This 3.59 acres is two single-family residential lots, they propose to move land from 306 State Avenue to their residence at 222 State Avenue. The Planning Commission held a public hearing on this request and recommend approval with the following four conditions:

1. The final plat shall be approved within one year of the date of approval of the preliminary plat.
2. All drainage and utility easements shall be provided as shown on the preliminary plat.
3. The title opinion shall be approved by the City Attorney prior to recording of the final plat.
4. The plat shall be contingent upon approval of the easement vacation.

Council Member Svenby made a motion to approve Resolution 31-18 as recommended by the Planning Commission; Council Member Burbank seconded the motion; all members voted aye in approval.

Community Development Director Klecker presented Resolution 32-18 to approve the Preliminary Plat of Mohs Addition. This 4.4 acres is located at 1330 State Avenue, Scott Mohs, Mohs State Properties, LLC is proposing to build a new construction office and shop. The property currently is part of two different plats and has one lot that is currently an outlot. The properties have \$30,148.12 in outstanding assessments after interest is added which will need to be paid in full or an agreement reached with the City Council on repayment. The Planning Commission held a public hearing on this request and recommend approval with the following eight conditions:

1. The final plat shall be approved within one year of the date of approval of the preliminary plat.
2. All drainage and utility easements shall be provided as shown on the preliminary plat.
3. The title opinion shall be approved by the City Attorney prior to recording of the final plat.
4. The plat shall be contingent upon approval of the easement vacation.
5. The plat shall be contingent upon approval of the zone change to B-2, Community Commercial.
6. The applicant shall provide detailed stormwater plans as recommended by the City Engineer prior to approval of the final plat.
7. Steele County shall approve any access on State Avenue in accordance with their access policy.
8. All assessments shall be paid in full or an agreement shall be approved by the City Council prior to recording of the final plat.

Council Member Dotson made a motion to approve Resolution 32-18, Council Member Raney seconded the motion; all members voted aye in approval.

Public Works Director presented Resolution 33-18 to approve the bids and award the contract for the Mosher Avenue Sanitary Sewer Project. Seven bids were received on March 14<sup>th</sup> with the lowest responsible bidder Alcon Construction Crop of Rochester, MN. Their bid of \$240,431.90 was 1.4% over the Engineer's Estimate. This will be a concrete pavement project removing sidewalks and driveways. Cost of this project will be paid from Wastewater Funds. Skov advised this is the first project this contractor will complete for the City; he reviewed their references and does recommend approval. Council Member Raney made a motion to approve Resolution 33-18, Council Member Dotson seconded the motion; all members voted aye in approval.

Public Works Director presented Resolution 34-18 to approve the bids and award the contract for the McKinley Street Project. On March 14, 2108, seven companies submitted bids for this project. The lowest responsible bidder was James Brothers Construction Inc. of Elysian, MN. Their bid of \$131,111.88 was 0.6% over the Engineer's Estimate. The cost of this project will be paid for from State Aid Funds and a contribution from the Owatonna School District. Council Member Dotson made a motion to approve Resolution 34-18, Council Member Voss seconded the motion; all members voted aye for approval.

Community Development Director Klecker presented Conditional Use No. C-14000 for approval. This is a request from Federated Mutual Insurance Company to allow for construction of an off-site parking facility for an adjacent commercial use on the subject properties. The applicant is proposing to purchase four properties, 222-240 East Main Street to construct a 73-stall parking lot. Purchase agreements are pending on all four properties contingent upon City zoning approvals. The project includes demolition of four homes and acquisition of a grading permit requiring they show how they are going to meet all stormwater requirements for the project; the applicant has stated they intend to do underground storage. A minimum of one tree for every 40' of street frontage is required; six trees along E Main Street with the existing boulevard trees preferred. Screening will also be required on the west and east sides of the proposed

parking lot. The parcels will be combined into one lot and parking lot lighting will need to meet the City's photometric standards. Main Street is also Steele County Road 48 so the applicant will also need an access permit from Steele County. The Planning Commission held a public hearing on this request and heard concerns about removing four "affordable housing" units and encouragement to consider build parking spaces up and not out. Staff concurs property is limited and affordable housing is a concern; however, costs to build a parking ramp is 5-6 times more expensive. The Planning Commission is recommending approval of this Conditional Use with the following ten conditions:

- 1) The applicant shall have a demolition permit for each property.
- 2) After demolition, all properties shall be combined into one parcel.
- 3) The applicant shall receive and access permit from Steele County.
- 4) The applicant shall have a grading permit for the project.
- 5) All stormwater requirements shall be met.
- 6) A minimum of six trees shall be provided along the south property line.
- 7) Screening shall be provided along the east and west property lines.
- 8) A landscaping plan shall be approved by the City prior to construction.
- 9) A photometrics plan shall be approved by the City prior to construction.
- 10) Any additions to the parking lot shall be required to have an amendment to this conditional use permit.

Council Member Dotson asked if Federated has responded to the conditions recommended by the Planning Commission. Present from Federated Mutual Insurance Company were Dan Madden, Physical Services Manager and Julie Rethemeier, VP Director of Public Affairs; they advised the company will meet these conditions and added they have not spent any time on the parking lot design; their first step is City approval of this conditional use. Council Member Raney suggested they include additional landscaping and green screening in the project design. Council Member Svenby commented he originally struggled with this requested use because the proposed property site is not adjacent to the company; however, it is adjacent to a company parking lot which council previously approved. Council Member Svenby also suggested Federated complete a parking study to determine if there were other parking options available in the downtown and also recommended additional green space be added along Main Street to allow for additional trees. Mr. Madden responded the company would consider these suggestions as they begin to design this parking lot. Council Member Raney made a motion to approve Conditional Use C-1400 as recommended by the Planning Commission; Council Member Okerberg seconded the motion; all members voted aye in approval.

During Public Comment, Roger Wacek, 646 E Vine Street, encouraged Council to consider additional green spaces in the City and suggested the City sponsor a bus trip with Community Education to Badgersett Research Farm in Canton MN which practices Permaculture, an effective use soil conservation methods and soil health techniques. Scott Limberg, 422 S Cedar, said he recently heard a radio show discussing the lack of affordable housing throughout Minnesota and suggested future projects consider relocation of the structures to a slab on a vacant lot to keep the home. Several of the four homes to be demolished in this Federated project are older structures split into multi-family homes offering affordable housing to 32 residents.

During Council Comment, Council Member Okerberg wished everyone a Happy Easter. Council Member Dotson thanked Mayor Kuntz for coaching the "Suits" team during the Hospice House fundraiser event on Sunday. Council Members Voss, Svenby and Dotson played in the 2<sup>nd</sup> annual "Suits vs Sneakers" Basketball game. Council Member Raney thanked Michael (a Boy Scout) for attending this meeting, the meeting was a bit long but had been an exciting meeting for the City's future and hopefully this boy's future. Council Member Raney also commented he and Mayor Kuntz spoke during a History Class at OHS

today, saying it is always good to interact with the students. Mayor Kuntz said he has been contacted by Hamid Tobapour looking for support to bring a concert to Owatonna on April 17<sup>th</sup>; sponsors and potential vendors should contact Hamid about this pending event. City Administrator Busse reminded everyone of the Volunteer Recognition Reception planned prior to the next City Council Meeting on April 3<sup>rd</sup> at 5:30 p.m in the Owatonna Arts Center. Council President Schultz said CGMC Legislative Action Day attended by the Mayor and Council last week offered opportunity to lobby at the capital and also meet individually with Senator Jasinski and House Representative Petersburg to discuss local concerns.

At 8:02 p.m., Council Member Raney made a motion to adjourn, Council Member Dotson seconded the motion and the meeting adjourned.

Dated: March 27, 2018

Respectfully submitted,  
Jeanette Clawson, Administrative Specialist