

## Owatonna City Council Minutes - Draft Copy

The Owatonna City Council met in regular session on Tuesday, February 2, 2021 at 7:00 p.m. in Council Chambers at City Hall. Council Vice President Raney called the meeting to order and welcomed everyone in attendance. Attending were Council Members Dotson, Burbank, Okerberg, Svenby, Voss, and Raney. Also attending were: Mayor Kuntz; City Attorney Walbran; Senior Accountant Loken; Airport Director Dave Beaver; Assistant City Engineer Pekuri; IT System Administrator Sticken; City Administrator Busse and Administrative Specialist Clawson. Council President Schultz was unable to attend.

Following the Pledge of Allegiance, Vice President Raney read a statement advising of options for virtual participation during this meeting and COVID-19 compliance requirements. The meeting was accessible by TEAMS at 507-242-3225 with Conference ID 880 380 798#. Council Member Okerberg made a motion to approve the Agenda as presented, Council Member Svenby seconded the motion and all members voted aye in approval.

Council Vice President Raney reviewed the process of holding a public hearing during a Council Meeting. Senior Accountant Loken advised the hearing is to receive comments on the proposed Five-Year Street Reconstruction Plan (2021 – 2025) and the City's intent to issue Street Reconstruction Bonds for a portion of the costs for these projects. Annually, the City prepares a Five-Year Capital Improvement Plan which lists the streets which the City intends to reconstruct. The projects are listed in the Street Reconstruction Plan by year and more detail by project is included in the 2021-2025 Five-Year CIP. There are various financing options available to the City, the maximum planned to issue as bonds during 2021 has been set at \$4,000,000. The 2021 projects are mostly all large projects with several other funding sources (i.e. federal grants, state grants, MSA, and utility funds); the actual debt issued will be unknown until bids are received.

At 7:06 p.m., Council Vice President Raney opened the public hearing. There were no comments heard from those present within chambers. VP Raney asked for virtual participants comments; IT System Administrator O'Conner advised there were currently none online. At 7:07 p.m. Council Member Dotson made a motion to close the public hearing; Council Member Svenby seconded the motion and all members voted aye in approval. Council Member Dotson made a motion to approve Resolution 20-21 approving the Street Reconstruction Plan (2021-2025) and giving preliminary approval to the issuance of Street Reconstruction Bonds. Council Member Voss seconded the motion, all members voted aye in approval.

Mayor Kuntz made proclamation for February 15-19, 2021 to be National Entrepreneurship Week in Owatonna. Entrepreneurship is vital to Owatonna's growth and prosperity. Owatonna recognizes and supports entrepreneurship as an economic equalizer crucial to the long-term growth of our local community, the state, and the nation. National Entrepreneurship Week provides Owatonna an opportunity to celebrate and support entrepreneurs within our community as pillars of strength and development.

Jeff Elstad, Superintendent of ISD #761 was present to give an update on construction of the new high school and address some current COVID-19 concerns. He acknowledged the on-going partnership between the City and School and thanked City Administrator Busse for being instrumental in several projects which he believes will move the community forward. Plans for the new high school building are now in the final stages, construction documents are done and will be out to the public later this week for bids. Bids will be due during the first week of March; Construction Managers, Kraus-Anderson, believe this project is hitting the market at a prime time and anticipating bids will be extremely competitive which should save on our project costs. We hope to break ground mid-April for construction to begin early May. Hopefully, everyone will see a building on site this summer. There have been thousands of hours from volunteers, staff and students offering input for what they want the daily activities at this building to be. A quick COVID-19 update: Preschool and elementary students returned to in-person classes every day since January 11<sup>th</sup>. This has been going well and it seems parents are glad to have these students back in the classrooms. The next step is to get the secondary learners back to in-person training and away from the hybrid sessions. A major hurdle we face is our obligation to the MN Department of Education to offer a distance learning option for our students; if we do return to in person training for our secondary students; it would be as 4-day sessions each week with Wednesdays as on-line learning for all students. We want the kids back in our classrooms so we continue to work with the Department of Education to finalize when that can happen. Staff is beginning to receive COVID-19 vaccinations, 161 staff members have received their first shots. We have 880 staff which includes bus drivers to receive vaccinations. Just this week, Steele County Public Health began administering our vaccination program so we hope we can now establish a system to get this done quickly.

Mayor Kuntz asked if returning the Senior Class to in-person training is a priority. Superintendent Elstad responded he hopes all secondary students will return to in-person training. Classes were last together on March 15, 2020, almost a full year ago. Distance learning works for only a small percentage of families, the district has been making it work with hybrid sessions which requires in-person at least two days a week but kids learn better with face to face interaction with their instructors and each other. It is hard for middle school students to learn on-line time management; this is an age appropriate development skill and 12 and 13 year-olds struggle with prioritizing tv, phone and schoolwork when parents are at work. The sooner we can get all students back in the hallways will be better for us, Seniors are a current priority, but he hopes it will be all students.

Mayor Kuntz asked if a group is being organizing to discuss what can be done with the current building. Superintendent Elstad commented this is Phase 2 which was approved as question 2 on the 2019 Bond Referendum. They will offer an on-line community engagement tool, Bang the Table, beginning April 1<sup>st</sup> for ideas. Then they will pull a group together to review the suggestions received. We have some current ideas on how to use the building, we may centralize our Administration and Maintenance Departments and would then consider sale of our Bridge Street Office and our Rose Street Building. We hope we receive suggestions that we have not even thought of; this group will review them and try to determine what can be implemented from the suggestions received. We hope to partner with the City to determine how we can

provide a nice civic location for all of our taxpayers. He added he wanted to address a misunderstanding on money available for the school construction project. When the construction bonds were approved, we assumed the interest rate would be 4% but they were sold with an interest rate just a little over 2%. The achieved savings of 25 million dollars went immediately back to the taxpayers; most taxpayers saw their school taxes decrease on their 2021 Tax Statements unless their property incurred a valuation increase adjustment. These funds did not increase the amount of bonds available to spend, the School Board can only offer bonds in the amount approved by the voters.

Council Member Svenby asked about the neighborhood meeting held with property owners near the new building site last week. Superintendent Elstad confirmed a virtual meeting was held to discuss proposed placement of streets and sidewalks. Nobody asked about water; soil samples have come back good. Overall, he thought this was a good session with a lot of good questions asked and conversations.

Council Vice President Raney explained council members review the Consent Agenda items prior to the meeting for approval in one motion. Current Consent Agenda items include:

- Minutes - Council Meeting – January 19, 2021.
- Minutes – Park Board Meeting – January 11, 2021.
- Minutes – OPU Meeting – December 22, 2020.
- Minutes – Airport Commission Meeting – January 21, 2021.
- Minutes – EDA Commission Meeting – December 16, 2020 and January 20, 2021.
- Minutes – Planning Commission Meeting – December 8, 2020 (no January meeting).
- Minutes – Library Board Meeting – December 15, 2020 and January 19, 2021.
- Minutes – Human Rights Commission – January 12, 2021.
- Fire Department 2020 Dashboard and Monthly Activity Report.
- Renew Contract – Public School Fire Inspections – 2021-2024.

Council Member Voss made a motion to approve these Consent Agenda items; Council Member Burbank seconded the motion, all members voted aye in approval.

Council Member Okerberg recapped expenses for the period. Bills presented for payment totaled \$625,867.84. Council Member Voss made a motion to approve payment, Council Member Svenby seconded the motion, all members voted aye to approve payment of these expenses.

Airport Manager Dave Beaver requested approval of Resolution 21-21 to approve the plans and specifications and order advertisement for bids for the T-hangar and Taxi-lane project at the airport. The 2021 phase for this project involves the construction of up to a 10 unit T-Hangar, concrete footings, and floor as well as bituminous apron and taxi-lanes. The development is identified on the approved airport CIP and Master Plan to accommodate existing and projected growth. Project plans and specifications including bid documents have been prepared by the airport engineering firm Bolton and Menk based on previous Council approved 2020 design engineering work. The project cost estimate has increased during the design process due to the discovery and necessary removal of poor soils in the project area. In addition, the engineer is monitoring the cost increases of steel due to COVID. Because of these anticipated increases, the

bid documents now include alternate design and bid schedules allowing for flexibility in award of contract based on available funding. The Airport Commission has reviewed the plans and specifications and recommends approval. The local (5%) share of the construction costs is estimated to be \$81,195.00 based on the engineers estimate. The overall construction cost is estimated to be \$1,623,850.00, 90% will be Federal funds, 5% State and 5% local. We will use some Allocated Federal Non-Primary Entitlement Funds (NPE) Funds were borrowed from the cities of Aitkin and Long Prairie to supplement Owatonna’s NPE fund balance. In addition, the general fund has allocated \$600,000.00 to the project, to be paid back using future federal NPE funds. All project costs are contingent upon securing 90% federal grant funding for federally eligible project costs and 5% state funding anticipated from MnDOT Office of Aeronautics. Plans are also being prepared for a smaller building if bids are too high. Council Member Voss asked where the new hangar will be placed, Mr. Beaver responded it is planned to the west of Row 2 so across from the runway so it will all be in line. Council Member Okerberg asked what the smaller building would be; Mr. Beaver explained this is a bid-alternate to allow for a smaller size building, an 8-unit hangar and not the proposed 10-unit structure. Council Member Dotson made a motion to approve Resolution 21-21, Council Member Svenby seconded the motion; all members voted aye in approval.

Airport Manger Beaver requested approval of the 2021 Airport Rates and Charges Schedule as shown below. The Airport Commission reviewed the facility charges and rates fees and recommend approval with plans to review these annually. A number of cost and market based factors were considered including review of rates currently being charged at other airports in the area and region. The Airport Commission determined the rates to be comparable within the range and consistent with these findings and recommended adjustments as needed. As part of the T-Hangar rate review, a significant increase is proposed for the five end garage units situated on the ends of the three T-Hangar buildings. These are smaller units not suitable for aircraft storage. The use of these five smaller units has evolved over time to now include the accommodation of more non-aeronautical public storage. Therefore, a more market per square foot rate based on similar local facilities for like storage is proposed. Upon approval, the rate structure will take effect for all hangar and facility lease renewals and new agreements unless deviated from by Council action. Airport leases will be adjusted at renewals according to approved schedule with combined facility, land lease, and service revenues projected to increase.

<u>Description</u>	<u>2020</u>	<u>2021</u>
<b>T-Hangar Rental</b>		
T-Hanger #1 (2001 Building)		
Full Size Units	\$160/month	\$170.00/month
Half Units (\$0.30/SF)	\$110/month	\$210.00/month
Large End Bay	\$400/month	\$400.00/month
T-Hangar #2 (2005 Building)		
Full Size Units	\$160/month	\$170.00/month
Half Units (\$0.30/SF)	\$110.00/month	\$210.00/month

Description	2020	2021	
<b>T-Hangar #3 (1995 Building)</b>			
Full Size Units (North Facing)	\$125.00/month	\$130.00/month	
Full Size Units (South Facing)	\$135.00/month	\$145.00/month	
Half Units (\$0.30/SF)	\$110.00/month	\$210.00/month	
<b>Common Heated Hanger</b>			
Based on Aircraft Footprint (LxW)	\$0.31/SF monthly	\$0.31/SF monthly (\$3.75 annual)	
<b>Private Hangar Land Lease</b>			
Non-Commercial Standard Lot	\$0.15/SF annual	\$0.17/SF annual	
Commercial Lot	\$0.28/SF annual	\$0.28/SF annual	
<b>Commercial Terminal Office Space</b>	\$8.00/SF annual	\$8.00/SF annual	
<b>Airport Farmland Lease Rate</b>	\$225.00/acre	\$215.00/acre	
<b>Keys</b>			
Issuance	\$0.00	\$0.00	
Lost Key (new)	\$25.00	\$25.00	
Re-Core	\$0.00	\$40.00	
<b>Aerial Applicator Permit Fee</b>	\$0.00/applicant	\$200.00/applicant (waived w/100gal.)	
<b>Aviation Fuel</b>			
100LL	\$4.34/gallon	Determined by Load	
Jet A	\$3.59/gallon	Determined by Load	
<b>Aviation Oil</b>			
Phillips XC20W-50	\$6.26/qt.	Cost + 15%	
Aeroshell 15W-50	\$8.27/qt.	Cost + 15%	
Aeroshell W100	\$8.27/qt.	Cost + 15%	
<b>Heated Hangar (Daily Rate)</b>			
Single Engine	\$50.00	\$50.00	
Light Twin (Baron, C-310, Seneca)	\$75.00	\$75.00	
Cabin Twin (Airstair Type)	\$100.00	\$100.00	
Turbo-Prop (King Air 90, Cheyenne)	\$125.00	\$125.00	
Turbo-Prop (King Air 200, PC12)	\$150.00	\$150.00	
Jet	\$175.00	\$175.00	
<b>Un-Heated Hangar (Daily Rate)</b>			
Single Engine	\$25.00	\$25.00	
Twin Engine	\$50.00	\$50.00	
<b>Facility Fee Current and Proposed</b>			
Aircraft Type	(Typical Aircraft Class Description)	Facility Fee	Minimum Gallons
Turbo Prop.	(King Air, Cessna 425, Cessna 441, Piper Cheyenne, Pilatus, etc.)	\$30.00	30 gal.
Light Jet	(Up to 8 Pas. Capacity– CJ1, Lear 35, Beechjet, Cit. Encore, etc.)	\$60.00	60 gal.
Medium Jet	(9-11 Pas.Capacity – Lear 60, Cit. Sovereign, Hawker 800, etc.)	\$80.00	80 gal.
Heavy Jet	(12+ Pas. Capacity – Challenger, Falcon 50, 900, G4/G5, G. Exp., etc.)	\$100.00	100 gal.

Description	2020	2021
<b>Ice/Coffee</b> (facility amenities)		
With Paid Facility Fee	Included	Included
Without Paid Facility Fee		
Ice	\$0.00/bag	\$1.50/bag
<b>Ramp Fees</b>		
Tie Downs		
Less than 30 days	\$0.00	\$0.00
More than 30 days	\$25.00/month	\$25.00/month
Electrical Plug-In	\$15.00	\$15.00/daily
<b>Call-In Fees (After Hours)</b>	\$50.00	\$50.00 (waived w/200 gallons)
<b>Conference Room</b>		
General	\$0.00	\$0.00 up to 4 hours + \$0.00 each additional hour
Tenants and airport organizations	\$0.00	\$0.00
<b>Catering</b>		
Processing Order Request	+15% of order total	+15% of order total

Mayor Kuntz asked when these new rates will be effective, Mr. Beaver responded immediately for service items and facility and hangar rents at renewal, when leases come due, they will be advised of the new rates and given option to renew. Council Member Okerberg made a motion to approve this Schedule for Airport Rates and Charges, Council Member Voss seconded the motion, all members voted aye in approval.

Airport Manager Beaver requested approval of agreements with the cities of Long Prairie MN and Aitkin, MN for waiver, transfer and repayment of Federal Airport Entitlement Funds, commonly referred to as Non-Primary Entitlement (NPE) funds. Statutory provisions require that a portion of FAA Airport Improvement Program (AIP) dollars be apportioned by formula each year to National Plan of Integrated Airport System (NPIAS) airports including the Owatonna Degner Regional Airport. The City of Owatonna is apportioned \$150,000 per year of NPE funds and can bank these funds for up to three years to help fund federally eligible projects. If funds from the “first” year of banked funds are not used (4<sup>th</sup> year) they expire and are turned back. Design costs of our hangar project were 100% federal funds and will be 90% construction costs. The remaining 10% will be 5% state funds and 5% local funds, we can use NPE funds towards our 5% funding. MnDOT Aeronautics encourages communities with expiring NPE funds to transfer to other communities within the state that could benefit by accepting additional federal funds to assist with needed project funding. It is anticipated that additional federal NPE funding will be needed above the banked NPE funds currently available for the airport to complete the T-Hangar Taxi-lane construction project identified in the City 2021 CIP. The cities of Long Prairie and Aitkin have available NPE funds and are willing to enter into transfer agreements. The agreements provide for the repayment transfer of future Owatonna NPE funding back to these cities. These

transfers are part of the anticipated funding plan for this project. The agreements provide for transfer of \$150,000 of expiring NPE funds from the Cities of Long Prairie and Aitkin with a stipulation that the City of Owatonna will transfer \$150,000 of future available NPE funds back to Long Prairie in 2022 and to Aitkin in 2023. In the event that there is no FAA NPE funding program in these years, this provision is waived. Council Member Okerberg asked if Long Prairie and Aitkin have established plans for use of these funds, Mr. Beaver explained they do have CIP Plans approved which anticipate use of these funds. Council Member Dotson made a motion to approve these agreements for the NPE Fund Transfers. Council Member Voss seconded the motion, all members voted aye in approval.

Airport Manager Beaver requested approval of two agreements for operation of Accelerated Aviation Instruction, LLC (Accelerated Aviation) at the airport: a lease agreement with their parent corporation, NavFleet Holdings, LLC, and a sublease which also includes John Klatt Airshows, Inc. Mr. Beaver introduced Clayton Peterson and Jim Jacobson, Managers of NavFleet Holding, LLC and Accelerated Aviation. Accelerated Aviation has been operating a commercial flight school at the airport since February 2020 under a Commercial Use Terminal and Hangar Space Agreement, they now have six aircraft and nine instructors. With anticipated growth, they wish to acquire a commercial hangar at the airport currently owned by John Klatt Airshows, Inc. (JKAI)., COVID currently restricts airshows and Mr. Klatt is planning his retirement so has his hangar for sale. NavFleet Holdings, LLC requests to sublease the JKAI facility for an initial five-year term and then purchase the facility in whole from JKAI. NavFleet Holding, LLC would then own the hangar on airport land and continue commercial operations in the facility under a Commercial Lease Agreement with the City. They plan to continue providing primarily flight training and aircraft rental service and want the ability to grow into other commercial activities such as aircraft sales and flying for charter or hire as provided for in these agreements. The initial term of the agreement is for a five (5) year Sublease under the existing JKAI agreement. At the expiration of the five-year sublease the new NavFleet Holdings, LLC lease would begin providing for an additional thirty-year term. The initial term of the sublease is for five years and provides for the airport commercial land lease rate of \$0.28 per square foot of land leased (\$3,094.00 for the first year). The rental rate will then be adjusted annually based on a standard economic index rate escalator calculation. At the expiration of the sublease term and the anticipated assumption of the thirty year term of the NavFleet Holdings, LLC Land Lease, the rate will continue to accrue based on this calculation. The Airport Commission reviewed the proposed scope of services along with the basic lease terms and conditions contained within the agreements and recommends approval. The lease has been reviewed by all parties, City Attorney Walbran made a slight change in the insurance requirement and all have agreed. Council Member Dotson made a motion to approve both agreements with NavFleet Holdings, LLC, Council Member Burbank seconded the motion, all members voted aye in approval.

During Staff Comments, Airport Manager Beaver commented 2020 brought many trials and tribulations but the airport has fared well. To flight schools have been in operations with on-going activities, so the budget looks good. The airport is in great shape and he believes this is

something the community can be proud of and hoping the airport is meeting the community's needs. Senior Accountant Loken gave a brief update on the ERP Process, Requests for Proposals went out last week and five vendors have submitted proposals. The Finance portion closes on February 26<sup>th</sup> and the Community Development portion ends on March 12<sup>th</sup> so they will update when more information available. Assistant City Engineer Bill Pekuri reported staff is preparing for a busy construction season. Project bids will be coming in within the next few weeks for the Truman Avenue and Bridge Street Projects. He is currently working with Andrew Sorenson, Civil Engineer to complete design of the stormsewer project planned this summer. IT Specialist O'Connor advised IT has also been really busy: IT Director Brown assisting Finance with the ERP Process; completing conversion to the new phone system; annual update for PC purchases to replace equipment which is outdated or out of warranty, and the printer contract is soon to expire so completing a full review of current printers and printer needs.

During Public Comment, Jim Jacobson, Accelerated Aviation Instruction, LLC said their company really likes the Owatonna Airport. They previously operated in Albert Lea but had outgrown the facility, Owatonna offers about five times the classroom space and it is nice to have an attached heated hangar to prep airplane for flights. They hope to double their size in flight school, pilots have mandatory retirement at age 65 so there is always a need for new pilots. It is nice being closer to the twin cities, there are not a lot of multi-engine trainers in the cities so hoping to pull in some of this market share. They bought their own fleet of airplanes, so they have nice clean modern planes for use and are looking forward to the new hangar at the airport.

Tom Brick, owner of Owatonna Shoe gave a brief update on the move planned for the mural in the former Jerry's Restaurant. Originally, many wanted to keep the mural in the current building, but the new building plan does not allow an opportunity and it could someday be painted over. Plans have been made to move this mural to the Steele County History Center. He was one of those opposed to moving the mural, he preferred it stay in the 200 Block of N Cedar, but he is now promoting this move project. The first estimate of cost to move the mural was \$4,000 and a Go-Fund Me Account was established without his knowledge which did meet this goal within 24 hours. After further review, we realized this was a low estimate, it did not include lighting, cleanup repair, paint touchup on the walls, City inspections, anchors to cable this to the roof as the walls will not support it, points at the ceiling or transport costs. The current project is estimated at \$18,000 and within the last 24 hours, \$15,000 has been raised. We have received inquiries from others and recommend if you wish to contribute to the project, contact the History Center to donate. This project came together within the last week, Viracon will have a vehicle available tomorrow morning and we have 12 volunteers ready to help roll this mural out at 9:30 tomorrow morning. If anyone has information on the artist, Del Rich, please contact the History Center, he was not a Jostens's artist and unsure of his connection to the area when he created this 20 x 5 ½ foot mural 60 years ago, rendition of the late 1800's cityscape of the downtown area. This will be great for the community for years; more than 300 people have contributed. The artwork and lanterns left in the building are owned by Greg Wencil, the property owner for the next 30 days, so if anyone has questions about these items, they should contact Greg directly.



During Council Comments, Council Member Voss thanked the owners from Accelerated Aviation for their company operating at the airport, he also thanked the Park and Rec staff for the Bold and Cold Weekend Activities, he saw many participating in the fishing contest on Saturday and the ice sculptures are in Central Park until it warms up and they melt; he then encouraged everyone to get out and enjoy the local restaurants now open for limited dine-in service. Council Member Okerberg commented he has received two phone calls asking when the library will open to the public and he hopes this is being considered soon. Mayor Kuntz commented two information session on the Downtown Streetscape Project will be tomorrow at Torey's Restaurant, RSVP's required are available on the City's website. Mayor Kuntz and Council received a thank you from the United States Census Bureau in appreciation for the efforts make in making the Partnership Program a success and helping to achieve a successful 2020 Census, he thanked Director Library Mark Blando for directing the census count within Owatonna. City Administrator Busse reminded everyone the annual Strategic Planning Sessions planned for next week for City Department Directors to meet with Council and Mayor.

At 7:56 p.m., Council Member Dotson made a motion to adjourn the meeting, Council Member Svenby seconded the motion, all members voted aye in approval.

Dated: February 3, 2021

Respectfully Submitted,  
Jeanette Clawson, Administrative Specialist