



## 2021 Small Cities Development Program Application

**Applicant:** City of Owatonna

**Author:** Morgan Hill (ISG) & Greg Kruschke (City of Owatonna)

<b>SCDP Amount Requested</b>	<b><u>\$600,000</u></b>
<b>Amount of Other Funds</b>	<b><u>\$3,855,755.38</u></b>
<b>SCDP Program Income</b>	<b><u>\$_____</u></b>
<b>Estimated Total Project Cost</b>	<b><u>\$4,455,745.38</u></b>

**Application Description:**

**Brief Description of the overall Application:**

The Cedar Avenue Streetscape Project is an integral part of the City of Owatonna’s long-term goals, which are to expand quality of life, attract and retain a quality workforce, and remain a strong competitor in economic development. For a business district that is more than 150 years old, changes must occur to revitalize and update the area. The last streetscape project was completed nearly 40 years ago. Since then, the downtown corridor has served the community well, but it is time for improvements to ensure the downtown continues to thrive.

The City of Owatonna has nearly \$204M of development projects connected to the completion of this \$4.5M project, two of which include a \$20M hotel project (106 room Courtyard by Marriot that includes restaurant/bar amenities) and a 43-unit apartment project. All of these development projects are expected to create over 900 long-term, high-quality jobs. From housing to senior living, and riverfront redevelopment to distribution centers and industrial expansions, this project has an impact on them all.

SCDP funds would provide assistance in funding key streetscape infrastructure improvements on the corridor, which include an increased focus on ADA accessibility and overall pedestrian safety and connectivity throughout, improved traffic flow and means of multi-modal transportation, wayfinding signage, the addition of planters and seating, new energy efficient and pedestrian-friendly street lighting, as well as the expansion and improvement of sidewalk space for greater pedestrian and retailer uses.

This project has been well-thought out. From a strong emphasis on community engagement to a coordinated focus on cost effectiveness and overall project efficiency, the Cedar Avenue Streetscape project has garnered excitement throughout the Owatonna community, support from a number of key stakeholders and a plan for a vibrant and sustainable downtown corridor for many years to come. With an application request of \$600,000 in SCDP funds, out of a nearly \$4.5million project, this project has adequate investment from a number of sources, commitment from the City and the Owatonna community, and, because of this, is a strong project for federal funding assistance.

By signing above, the Applicant certifies to the best of their knowledge that the data and information provided in the Application is true and correct.

**Signature of Authorized Official:**

**Date:**

\_\_\_\_\_  
**Thomas A. Kuntz, Mayor**

\_\_\_\_/\_\_\_\_/\_\_\_\_

**Signature of Authorized Official (Partnering Community):**

\_\_\_\_\_

**Date:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**Signature of Authorized Official (Partnering Community):**

\_\_\_\_\_

**Date:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**Signature of Primary Administrator:**

\_\_\_\_\_

**Date:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**Signature of Secondary Administrative Entity**

\_\_\_\_\_

**Date:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**Signature of Engineering firm for Public Facility Projects**

\_\_\_\_\_

**Date:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**Grantee Summary Information Sheet  
Small Cities Development Program – State of Minnesota**

Please complete all sections that apply to the proposed project. If the same person is responsible for multiple duties, their contact information should only be listed once.

<b>Authorized Official and Environmental Certifying Officer Information (mayor or board chair)</b>	
Name	Thomas Kuntz
Title	Mayor
Address	540 West Hills Circle
City, State, zip	Owatonna, MN 55060
Phone	507-456-5080
Email	<a href="mailto:Thomas.Kuntz@ci.owatonna.mn.us">Thomas.Kuntz@ci.owatonna.mn.us</a>
Federal ID#	41-6005444
State ID#	8024489
State Vendor #	197708
Applicant DUNS #	077630341

<b>Applicant (proposal) Author</b>	
Name	Morgan Hill
Title	Market Strategist
Address	7900 International Drive, Suite 550 Minneapolis, MN 55425
Phone	612-518-7900
Email	<a href="mailto:Morgan.Hill@ISGinc.com">Morgan.Hill@ISGinc.com</a>

<b>Primary Implementation Agency</b>	
Name of Organization	City of Owatonna
Name	Greg Kruschke
Title	Community Development Manager
Address	540 West Hills Circle
City, State, zip	Owatonna, MN 55060
Phone	507-774-7317
Email	<a href="mailto:Greg.Kruschke@ci.owatonna.mn.us">Greg.Kruschke@ci.owatonna.mn.us</a>

<b>Environmental Coordinator</b>	
Name of Organization (if different than primary)	ISG
Name	Nick McCabe
Title	Senior Environmental Scientist
Phone	507-387-6651
Email	<a href="mailto:Nick.McCabe@SIGinc.com">Nick.McCabe@SIGinc.com</a>
List experience with federal or state rehabilitation programs	Environmental reviews for HUD grant funding (i.e. Rice County Habitat for Humanity – several years/projects), as well as environmental reviews for State RLF projects and USA Rural Development-funded wastewater projects.

<b>Fair Housing/Equal Opportunity Coordinator</b>	
Name of Organization (if different than primary)	City of Owatonna & Owatonna Housing Authority
Name	Ghassan Madkour
Title	Housing Manager
Phone	507-774-7318
Email	<a href="mailto:Ghassan.Madkour@ci.owatonna.mn.us">Ghassan.Madkour@ci.owatonna.mn.us</a>
List experience with federal or state rehabilitation programs	Managed a HUD funded property.

<b>Rehabilitation Coordinator</b>	
Name of Organization (if different than primary)	City of Owatonna & Owatonna Housing Authority
Name	Troy Klecker
Title	Community Development Director
Phone	507-774-7316
Email	<a href="mailto:Troy.Klecker@ci.owatonna.mn.us">Troy.Klecker@ci.owatonna.mn.us</a>
List experience with federal or state rehabilitation programs	Managed SCDP rehabilitation grants, when received for Owatonna.

<b>Labor Standards Coordinator</b>	
Name of Organization (if different than primary)	ISG
Name	Reese Sudtelgte & Andy Brandel
Title	Project Manager, Civil Engineer & Vice President
Phone	952.426.0699
Email	<a href="mailto:Reese.Sudtelgte@ISGinc.com">Reese.Sudtelgte@ISGinc.com</a> , <a href="mailto:Andy.Brandel@ISGinc.com">Andy.Brandel@ISGinc.com</a>
List experience with federal or state rehabilitation programs	Experience with Federal Aid projects, including Bridge Street Reconstruction (Owatonna), CSAH 45 Rice County, CSAH 45 City of Faribault, TH 60 Faribault, CSAH 11 Rice County, in addition to State Aid projects (specific to Owatonna) including: CSAH 1945 (through MnDOT), as well as MN DEED Funding for Owatonna Regional Pond project.

<b>Property Inspector</b>	
Name of Organization (if different than primary)	N/A to this project– as instructed by Natasha Kukowski
Name	
Title	
Phone	
Email	
List experience with federal or state rehabilitation programs	

<b>Income Verification Coordinator</b>	
Name of Organization (if different than primary)	N/A to this project– as instructed by Natasha Kukowski
Name	
Title	
Phone	
Email	
List experience with federal or state rehabilitation programs	

<b>Rent Limit and Rental Notice Coordinator</b>	
Name of Organization (if different than primary)	N/A to this project– as instructed by Natasha Kukowski
Name	
Title	
Phone	
Email	
List experience with federal or state rehabilitation programs	

**Co-funding contact information:** list all agencies also supporting the proposed project, both committed and pending (examples may include: MN Housing, Greater MN Housing, Public Facilities Authority, Rural Development, and local sources of if other than applicant).

<b>Agency</b>	Owatonna Public Utilities
Name of primary point of contact	Roger Warehime, General Manager
Address	208 South Walnut Avenue
Phone	507-451-2480
Email	Roger.Warehime@owatonnautilities.com

<b>Agency</b>	
Name of primary point of contact	
Address	
Phone	
Email	

<b>Agency</b>	
Name of primary point of contact	
Address	
Phone	
Email	



## Small Cities Development Program (SCDP)

### 2021 Streetscape Application

#### Application Deadline

Friday, March 12, 2021, 4:30 PM

*One original and one copy of the application must be received by DEED on or before 4:30 pm, Friday March 12<sup>th</sup> 2021.*

*Faxed or e-mailed applications will not be accepted.*

**Small Cities Development Program (SCDP)** guidance must be downloaded from the DEED website (<https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp>). This application packet is only for a Public Facility - Streetscape Rehabilitation. Other eligible program component applications are available on the same website.

Communities with preliminary proposals deemed 'competitive' or 'marginally competitive' will be asked to submit an application. Communities choosing to submit an application must submit **one original and one copy**, including necessary attachments, to Minnesota Department of Employment and Economic Development, 1<sup>st</sup> National Bank Building, 332 Minnesota Street, Suite E200, St. Paul, MN 55101-1351, Attn. Community Finance Division, SCDP.

## **Streetscape (public facility category)**

### Grant notes

- Funds are used for eligible items that includes, decorative streetlights, garbage cans, signage, trees, benches, ADA sidewalks/bump outs, and monuments.
- Streetscapes are considered public facility projects - \$600,000 is the max request for public facility projects for one community.
- The streetscape activity must be a part of a renewal plan adopted by the city.
  - Can be newly created or reference as part of the city's comprehensive plan.
  - Attach the plan, show evidence of the plan being adopted by the city, and a rendering of streetscape elements (include maps, photos, and relevant supporting documentation).
- Federal objective must be met.

### Federal Objective

The federal objective used for streetscape projects is to benefit low and moderate income people on an area basis (LMA), or to prevent/eliminate slum and blight conditions. A low and moderate income (LMI) person resides in households with household incomes that are up to 80% of county median income. The federal objective can be met through the U.S. Census data, or by establishing a slum and blighted area and meet the Minnesota HRA statute definition of 'blighted area'.

### U.S. Census data methodology and Survey

- The census determination can only-be used for project when the benefiting area is city-wide
- The federal objective is met if census data shows that 51% or more of the people in the community are LMI
- A community survey must be conducted if city LMI is not at least 51%

Resources: community census data and a community survey sample is available on the DEED website.

### Slum and blight

- Must meet definition of 'blighted area' per Minnesota HRA statute definition (469.002, subdivision 11)
- Slum and blight area designated through council resolution (resolution template available on DEED website)
- Slum and blight area must be designated with clear bounding areas
- Attachments – attach all of the items listed below to the application.
  - Provide an overall application budget sheet, this can be found on the SCDP website
  - Grantee summary information sheet – available on SCDP website
  - City/County resolution – must indicate and provide the authority to apply for funding. A sample resolution is available on the DEED SCDP website.
  - Citizen Participation Plan – the community must adopt the plan, a sample form is available on the DEED SCDP website.
  - Public hearing minutes - a public hearing must be held to obtain citizen input on community develop needs and the proposed activities in the application. The following must be reviewed and/or discussed at the public hearing:
    - Citizen input on identifying community development and housing needs of the community; including the needs of very low and low income persons.
    - Proposed SCDP activities within the application and the benefiting location(s)
    - Overall costs and project financing



- Implementation schedule
    - Past performance of staff proposed to carry out the project
    - Compliance with historic requirements. Include whether or not there are or may be historic or potential historic buildings in the project area and how the community intends to address compliance with federal regulations governing historic properties
  - Conflict of Interest Disclosure Form - Mayors/County Board Chairs must disclose any conflicts, perceived conflicts, or potential conflicts of interest.
    - Those with a conflict of interest or potential conflict of interest must recuse themselves from voting on the local government resolution to apply for funding and all other actions related to the grant.
  - Timeline – a timeline that includes projected date of environmental clearance, project bid and award dates, and date of grant closeout, SCDP grants have a 30 month period of performance
  - Cooperative agreements – If two or more cities are applying together a local government resolution identifying the secondary community and roles and responsibilities must be submitted. Sample fillable resolutions are available on the SCDP website.
  - Slum and blight resolution & map – A resolution is required if applying for federal objective through slum and blight designation, a template resolution language is available on the SCDP website. A map that includes; the boundaries, building inventory, number of standard, substandard, and dilapidated buildings. The Minnesota HRA statute definition of “blighted area” is (469.002, subdivision 11).
- Scoring - applications will be evaluated and awarded up 240 total points, 30 points for demographic make-up of community and 210 points in each of the available categories (housing, public facilities, and comprehensive projects).
    - Demographic points (30) - points will be assigned by best available statistics from the Minnesota State Demographer and are based on:
      - Number of residents at or below the poverty level in the jurisdiction
      - Percentage of residents at or below the poverty level in the jurisdiction
      - Per capita assessed valuation of the area, points are awarded in inverse relationship to applicant’s per capita assessed valuation
    - Public Facilities Project Evaluation- a project that includes one or more infrastructure activities which serve a neighborhood area or community.
      - Project Need – 90 Points: The public facilities category competition shall be based on evaluation of the extent to which the proposed activities are necessary to improve provision of public services to low and moderate income persons or to eliminate an urgent threat to public health or safety.
      - Project Impact – Up to 90 of the points available in this category competition shall be awarded based on evaluation of the extent to which the proposed activities will impact the LMA community.
      - Cost Effectiveness – Up to 30 of the points available in this category competition shall be awarded based on:
        - evaluation of the extent to which the proposed activities will make cost effective use of grant funds including coordination with and use of funds from other public and private sources
        - evidence that the cost of the proposed activities benefiting the community is reasonable.

**Project Description:**

Provide a short description of project; include need and issues

With a population of over 26,000, Owatonna, Minnesota, is a small, thriving city that consistently ranks among the most livable small towns in the Country. With easy access to a number of major metropolitan centers, 800 acres of parks and trails, and the home to major companies like Federated Insurance, Bosch, Daikin Applied, Viracon, Jostens, and Wenger Corporation, Owatonna is on pace for sustained growth; however, they know that continual and consistent improvement, which includes reimagining and redesigning for the changing needs of the community, is the only way to ensure that happens. Key streetscape improvements are vital to the sustainability of the businesses along Cedar Avenue, as well as the attraction of new businesses and residents along the corridor, as well as throughout the City of Owatonna.

The City of Owatonna has nearly \$204M of development projects connected to the completion of this \$4.5M project, two of which include a \$20M hotel project (106 room Courtyard by Marriot that includes restaurant/bar amenities) and a 43-unit apartment project. All of these development projects are expected to create over 900 long-term, high-quality jobs. From housing to senior living, and riverfront redevelopment to distribution centers and industrial expansions, this project has an impact on them all.

SCDP funds would provide assistance in funding key streetscape infrastructure improvements on the corridor, which include an increased focus on ADA accessibility and overall pedestrian safety and connectivity throughout, improved traffic flow and means of multi-modal transportation, wayfinding signage, the addition of planters and seating, new energy efficient and pedestrian-friendly street lighting, as well as the expansion and improvement of sidewalk space for greater pedestrian and retailer uses. Additionally, this streetscape project is long overdue, as the least one was completed nearly 40 years ago. With a focus on accessibility, connectivity and usability, the Cedar Avenue Streetscape Project is an integral part of the City's goals, which are to expand quality of life, attract and retain a quality workforce, and remain a strong competitor in economic development.

Proposed budget and source of funding table

If this is a comprehensive project, include budget for other SCDP projects into the shaded cells, add more if needed

Budget Item/Activity	# of Units	SCDP Cost per Unit	Total SCDP	Program Income (if applicable)	Total Leveraged Sources	Source of Leveraged Funds (use "c" after source if committed)	Total Costs
Utility Infrastructure					\$645,574.05	Cash from OPU (c), Bonding (c)	\$645,574.05
MultiModal Infrastructure					\$2,469,043.67	Bonding (c)	\$2,469,043.67
<b>Streetscape Improvements</b>			<b>\$600,000</b>		<b>\$681,137.66</b>	<b>TIF Funds, Bonding (c)</b>	<b>\$1,281,137.66</b>
Administrative Expenses					60,000	Bonding, Operations Budget (c)	60,000
<b>Totals</b>			<b>\$600,000</b>		<b>\$3,855,755.38</b>		<b>\$4,455,755.38</b>
<b>Total SCDP</b>							

If SCDP is the only source of funding, describe why other funds are not available to assist with the project.

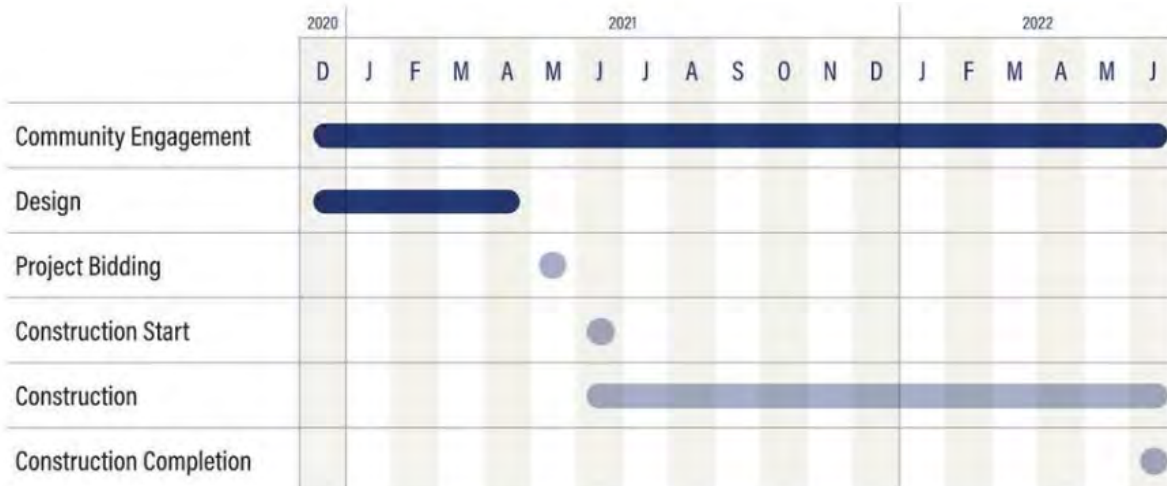
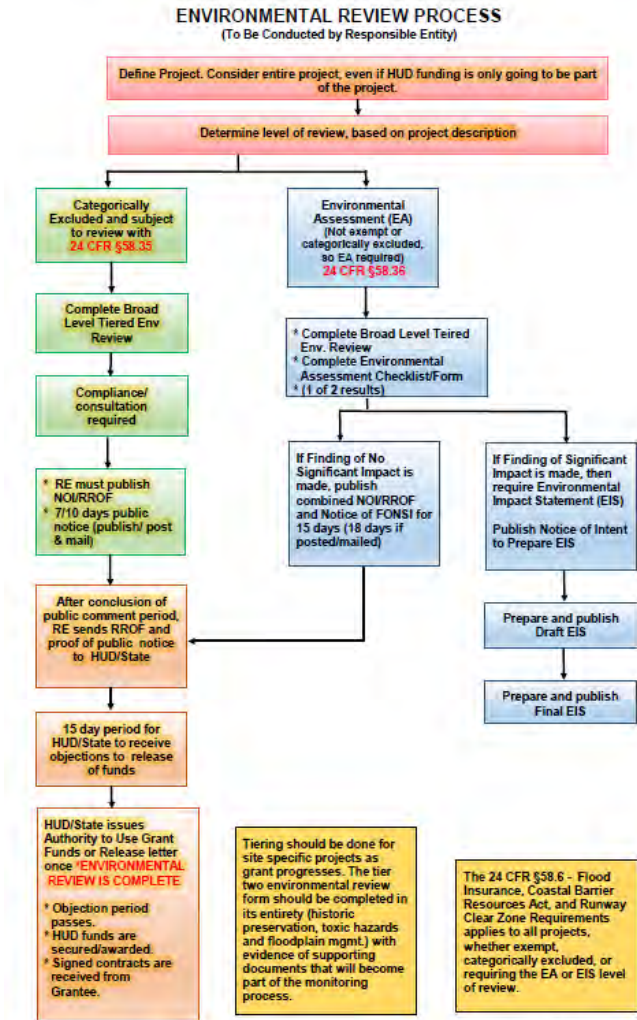
N/A

**Community questions:**

City/Project Area:	city-wide <input type="checkbox"/> specific area within the city <input checked="" type="checkbox"/> city and residents outside of city <input type="checkbox"/>
Was the federal objective met through U.S. Census data or a slum and blight?	Slum & Blight
According to the U.S. Census, is the LMI for the community at least 51%	Y/N Identify LMI percentage
According to the community survey was the LMI for the community at least 51% (attach copy of survey)	Y/N Identify LMI percentage
Provide the U.S. Census county and tract code of the proposed project. <a href="http://www.ffiec.gov/Geocode/default.aspx">http://www.ffiec.gov/Geocode/default.aspx</a>	
U.S. Census 3-digit county code	147
Tract code (XXXX.XX)	9604.00
Have cost estimates considered Davis-Bacon wage rates and implementation costs?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the streetscape part of a street resurfacing or street reconstruction project?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If so, is another agency (such as MNDOT) requiring streetscape elements as part of the street project?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is MNDOT funding part of this project? If yes, attach the MNDOT timeline.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Do plans conform to any necessary ADA standards?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
How will the maintenance costs of the streetscape be financed? The City of Owatonna plans to reserve the right to assess property owners, however, any property assessments would need to be approved by the City Council and would not include any funding from DEED.	
Will property owners be assessed for any local portion of the streetscape project? DEED funds cannot be assessed.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
How many property owners will be assessed? DEED Funds will not be assessed.	<b>46</b>
Provide an estimate of the average assessment for an impacted property owner	\$52/ft
Please provide a list of items that you plan to fund with a SCDP grant: <ul style="list-style-type: none"> <li>• Decorative Pavement (stamped concrete and/or concrete/permeable pavers): \$77,100</li> <li>• Light Poles (approx. 28): \$210,000</li> <li>• Street Signs &amp; Posts (approx. 26): \$8,900</li> <li>• Wayfinding Signs &amp; Posts (approx. 8-12): \$20,000</li> <li>• Site Furniture &amp; Planters: \$150,000</li> <li>• Plants (Trees, Shrubs): \$70,000</li> <li>• Drip Irrigation System: \$14,000</li> <li>• Decorative Lighting: \$50,000</li> </ul>	
<b>Total Streetscape Improvements utilizing SCDP Funding: \$600,000</b>	

**Project Timeline:** timeline that includes projected date of environmental clearance, project bid and award dates, and date of grant closeout, SCDP grants have a 30 month period of performance

- Assumed Funding Award (if possible): 5/1/2021
- Projected date of environmental clearance: 7/23/2021, unless additional assessment or remediation is necessary (expected process highlighted below).
  - Broad Level Tiered Environmental Review (Anticipated Environmental Categorical Exclusion): 5/3/2021 – 6/7/2021
  - Compliance/Consultation: 6/14/2021
  - Public Notice + Comment Period: 6/14/2021 - 7/9/2021
  - Environmental Review Complete: 7/16/2021
- Project Bid Date: 6/4/2021
- Construction Start: 6/21/2021
- Project Closeout: 6/30/2022



### Description of project need

The Cedar Avenue Streetscape Project is an integral part of the City of Owatonna's long-term goals, which are to expand quality of life, attract and retain a quality workforce, and remain a strong competitor in economic development. For a business district that is more than 150 years old, changes must occur to revitalize and update the area. The last streetscape project was completed nearly 40 years ago. Since then, the downtown corridor has served the community well, but it is time for improvements to ensure the downtown continues to thrive.

SCDP funds would provide assistance in funding key streetscape infrastructure improvements on the corridor, which include an increased focus on ADA accessibility and overall pedestrian safety and connectivity throughout, improved traffic flow and means of multi-modal transportation, wayfinding signage, the addition of planters and seating, new energy efficient and pedestrian-friendly street lighting, as well as the expansion and improvement of sidewalk space for greater pedestrian and retailer uses.

Not only is this project long overdue, but with the development of a new 106-room hotel, in addition to the rehabilitation of existing structures, in order to open up two new restaurants, an investment in the streetscape will provide much needed flow and access to all of the incredible businesses along Cedar Avenue. This project is vital to the continued and sustained success of the core of Owatonna. SCDP Funds will be used to fill the gap between the \$3.9M the City of Owatonna has committed to this project and the total cost of the project, which is estimated to be a total of \$4.5M.

### Description of community impact.

Cedar Avenue is home to many businesses and, unique for a city of this size, boasts over 2,000 employees in its downtown core. Additionally, Owatonna has a total of more than 500 retail, wholesale, and professional firms supporting its large industrial base. Owatonna's business community provides jobs for a labor force in excess of 17,000 people. The City of Owatonna has nearly \$204M of development projects connected to the completion of this \$4.5M project, two of which include a \$20M hotel project (106 room Courtyard by Marriot that includes restaurant/bar amenities) and a 43-unit apartment project. All of these development projects are expected to create over 900 long-term, high-quality jobs. From housing to senior living, and riverfront redevelopment to distribution centers and industrial expansions, this project has an impact on them all.

In order to ensure that this streetscape project supports the sustainability of the downtown businesses, as well as the entire Owatonna community, there has been a strong emphasis on community engagement throughout the entire process. From direct outreach to each business along the corridor to public information sessions/open houses to consistent and timely updates to the project website, input and engagement from the community is imperative to the success of this project.

### Description of cost effectiveness of project

Much thought was put into this project, in terms of both cost effectiveness and return on investment. Streetscape elements, such as decorative pavement, larger breathable areas for trees to thrive and strategically placed planters and benches are all common elements used in streetscape design. These elements, however, were tailored to fit the community's personality, long-term vision and needs. Local products, specifically those manufactured and/or readily available in Minnesota, have been chosen, as they will not only have the biggest impact on the community, but will provide the sustainability that the community desires.

In addition to the intentional selection of streetscape elements and design, the City of Owatonna, as well as the downtown business community, has advocated for seamless construction (vs. a staged approach), as it will reduce the need for additional mobilization, temporary structures, and staging areas. Additionally, it will result in significant savings in both construction time and costs.

All SCDP Funds will be used for streetscape elements, as administrative expenses will be managed and paid for using city bonding and/or taken out of the City of Owatonna's operating budget. With an application request of \$600,000 in SCDP funds, out of a nearly \$4.5million project, this project has adequate investment from a number of sources, commitment from the City and the Owatonna community, and, because of this, is a strong project for federal funding assistance.

Application Signatures

By signing below, the individuals understand the activities contained in the application, the identified target areas, and required policies and procedures, will be expected to be followed if approved for grant funding.

Signature of authorized official:

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Signature of partnering community authorized official:

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Signature of partnering community authorized official:

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Signature of executive officer of the administrative agency (if applicable)

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## Feedback

Please provide any comments or suggestions on the application process. This is voluntary and has no bearing on the selection of your application and will be used by SCDP staff to develop a better application process for our customers.

- What do you like or dislike about the preliminary proposal and application format?
- Were the time frames to complete the application adequate?
- Should we have asked for other information?
- Other comments/concerns