

Owatonna City Council Minutes – Draft Copy

The Owatonna City Council met in regular session on Tuesday, March 2, 2021 at 7:00 p.m. in Council Chambers at City Hall. Council President Schultz called the meeting to order and welcomed everyone in attendance. Present were: Council Members Dotson, Burbank, Svenby, Voss, Raney, and Schultz; Mayor Kuntz; City Attorney Walbran; City Engineer Skov; Community Development Director Klecker, Parks & Rec, Building and Grounds Director Tuma; Police Officers Brein and Vogel; IT System Administrator Connor; City Administrator Busse and Administrative Specialist Clawson. Council Member Okerberg was attending remotely.

Following the Pledge of Allegiance, President Schultz read a statement advising of options for virtual participation during this meeting and COVID-19 compliance requirements; one council member is participating remotely so all votes will be done by a roll call. This meeting was accessible by TEAMS at 507-242-3225 with Conference ID 998 420 284#. Council Member Burbank Dotson made a motion to approve the Agenda as presented, Council Member Svenby seconded the motion; with a roll call vote all members voted aye for approval.

Council President Schultz reviewed the process of holding a public hearing during a Council Meeting. Community Development Director Klecker advised this is to receive comments on the City's grant application to the Minnesota Department of Employment and Economic Development (DEED) for the North Cedar Streetscape Project. The City is applying for a \$600,000 grant with assistance from ISG. Morgan Hill, ISG Market Strategist was attending remotely and introduced to give an overview of the project, including project activities and project boundaries. There was also discussion of the federal objective this project meets, Slum & Blight, and its role in overall community development. Additionally, overall project costs and proposed means of financing the project, as well as implementation scheduled were presented.

The project team, including those responsible for primary implementation, environmental coordination, fair housing/equal opportunity coordination, rehabilitation coordination and labor standards coordination, was presented and background and past performance with program administration discussed. This Project Team includes:

Mayor Thomas A. Kuntz

Primary Implementation Agency: Owatonna Community Development Manager Greg Kruschke,
Environmental Coordinator: Nick McCabe, ISG

Fair Housing/Equal Opportunity Coordinator, Ghassan Madkour, Owatonna Housing Manager

Rehabilitation Coordinator: Troy Klecker, Owatonna Community Development Director

Labor Standards Coordinator: Reese Sudtelgte and Andy Brandel, ISG

It was presented that the Owatonna Cedar Avenue Streetscape project is not expected to have any impact on historic elements throughout the corridor. If awarded with SCDP Funds, the City of Owatonna will be required to complete a full environmental review, which includes all NEPA compliance laws.

At 7:13 p.m., a public hearing opened for questions and/or comments. With no comments heard, at 7:14 p.m., Council Member Raney made a motion to close the public hearing, Council Member Voss seconded the motion, all members present voted aye in approval.

Council Member Raney asked if this would be the only grant available for this project. Ms. Hill responded this is the only current grant identified which fits the scope of this project. Council Member Svenby questioned if she felt this application would be approved to which she responded this grant application process is very competitive with some unique qualifications and believes this project is well positioned for favorable consideration.

Community Development Klecker presented the Citizen Participation Plan for approval. The Plan includes three items:

- 1) Hold a Public Hearing for comments on community development and housing needs, proposed Community Development Block Grant (CDBG) activities and past CDBG Performance.
- 2) Public Information and Records of this project will be available at City Hall.
- 3) Written Comments and Response will be to written complaints and grievances in writing, in a timely manner, when possible such responses will be made within fifteen working days.

Council Member Burbank made a motion to approve this plan, Council Member Raney seconded the motion; with a roll call vote, all members voted aye for approval.

Community Development Director Klecker presented a Conflict of Interest Disclosure Statement. Council Member Raney made a motion to approve with statement “I or my grant organization “Does Not” have an actual, potential or perceived conflict of interest Council Member Voss seconded the motion; with a roll call vote, all members voted aye for approval.

Community Development Director Klecker presented Resolution 35-21 authorizing the application to the Minnesota Department of Employment and Economic Development for funding of the North Cedar Streetscape Project. This is a request for \$600,000 of the 2021 Small Cities Development Program funds to use towards the estimated total project cost of \$4,455,745.38. Council Member Voss made a motion to approve Resolution 35-21, Council Member Svenby seconded the motion; with a roll call vote, all members voted aye in approval.

Mayor Kuntz made proclamation for March to be Business and Professional Women’s Month. Business women have made significant and increasing contributions to the growth and strength of Owatonna. This year, the Owatonna Business Women’s 49th Annual Woman of Achievement event will be held virtually during the entire month of March and will honor “All Resilient Women of 2020” as the 2021 Woman of Achievement.

Council President Schultz 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 – February 16, 2021.
- Minutes – Park Board Meeting – February 8, 2021.
- Minutes – Human Rights Commission Meeting – February 9, 2021.
- Minutes – EDA Meeting – February 17, 2021.
- Minutes – HRA Meeting – February 22, 2021.
- Minutes – OPU Meeting January 26, 2021.
- Minutes – Library Board Meeting – February 16, 2021.
- Minutes – Airport Commission Meeting – February 11, 2021.
- January 2021 Report and Dashboard – Fire Department.
- 2021 Fireworks Permit- Mills Fleet Farm.
- Merchant Processing Agreement – Payroc.

Department of Homeland Security/FEMA Grant Application - \$11,353.36 for COVID-19 PPE Equipment for the Fire Department .

T-Hangar Agreement – Matt Reed, Burnsville MN

Council Member Burbank made a motion to approve these Consent Agenda items; Council Member Dotson seconded the motion; with a roll call vote, all members present voted aye for approval.

Council Member Raney recapped expenses for the period. Bills presented for payment totaled \$1,025,536.77 0. Council Member Svenby made a motion for approval, Council Member Voss seconded the motion; with a roll call vote, all members voted aye to approve these payments.

Public Works Director Skov requested approval of the first reading of Proposed Ordinance 21-2 to amend Chapter 35, Appendix A: Fee Schedule © Sewer Rates, Charges and Fees. Changes are proposed in these four subsections:

- (1) Industrial Sewer Rates and Charges Established
- (2) Domestic Sewer Rates and Charges Established
- (3) Sewer Hook-up Charges
- (4) Industrial Wastewater Discharge Permit Fee

During the September 29, 2020 Study Session, results of the Sanitary Sewer Rates Study were presented to Council. A brief summary of the proposed changes includes:

Rates

- Residential – One classification for residential – no longer based on meter size. Continued use of December, January, and February average to determine basis for flow charge
- Commercial and industrial– One classification for commercial, Light Significant Industrial User (SIU) and Heavy SIU – no longer based on meter size. Monthly water bill based on flow.
- Modifications to charges per 1,000 lbs. for BOD and TSS

Sewer Access Charge

- Reduction of residential sewer access charge
- Multi-family charge at 80% of single family charge
- Commercial based on meter size
- Industrial based on projected daily flow

The new rates would be effective June 1, 2021. This is an average increase of 2.5% for residential properties. A major change will be the amount charged new connections; the current fee is \$2,000 per connection but this will change to charges based on the residential amount; a single family connection will be \$1,669 and multi-family units will be charged \$1,025 per unit. Commercial connections will be based on the meter size; the lines included in the Streetscape Project will not be affected as they are not metered lines. Council Member Okerberg made a motion to approve the first reading of Proposed Ordinance 21-2, Council Member Raney seconded the motion; With a roll call vote, voting aye were Council Member Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz for approval. The second/final reading of this proposed ordinance will be heard during the March 16, 2021 Council Meeting.

Public Works Director Skov requested approval of Resolution 34-21, authorizing a Cooperative Agreement with Steele County for a roundabout at the intersection of 26th Street NW (CSAH 34) and State Avenue which was tabled from the previous meeting. The Council Meeting Packet included a summary of options identified in the CSAH 34 Traffic and Infrastructure Improvement

Needs Study requested by Steele County in 2015. At that time, the intersection was an all-way stop and experienced the most traffic delay of any primary intersection within the study area. A solution to this issue was to install a temporary signal in 2016 to address the immediate need while the decision to build a railroad overpass could be evaluated. This study also recommended that if the railroad overpass were not made, a permanent solution such as a roundabout could be built. Skov commented this Report Summary acknowledges the safety need/concern: “Significantly higher traffic is expected in the future, and the roundabout is the best solution to address the long term operational and safety needs for the intersection. While installing a permanent signal system to simply replace the temporary signal is significantly cheaper, it does not address the long-term operations or safety needs of the intersection.” Council Member Raney asked when this project would occur, Skov responded, Steele County hopes to bid this project this summer, this is an intersection of two county roads within City Limits, and the County is requesting the City contribute 25% of the improvement costs as agreed in our Framework for Construction Project Cost Sharing on County Routes within City Limits. Council Member Voss asked if this project could be delayed until after the Transportation Study on the eastside beltline is received and reviewed as he is concerned about this cost and several other big ticket projects pending. Council Member Dotson commented previously it was cheaper to build a roundabout and not install traffic lights and wires; but, this an estimated \$2 million construction project. Skov commented this project is mainly being considered for safety concerns as the number of instances of crashes at this site are exceeding the number permissible. Council President commented this is the first project identified in the 26th Street Study completed a few years ago and asked if additional projects are being considered along 26th Street. Skov advised the next project would be improvement on the west side of I-35 but that will be dependent on development of this area; it is good both the County and City are working on a Transportation Plan at the same time for cost efficiencies. Council Member Okerberg commented he has received calls from residents saying they do not want another roundabout and asked when public comments were last received on projects in this area; Skov commented Public comments were last heard during 2015 Study. Council Member Raney commented the roundabout will potentially change things and hopes plans will include elimination of smaller road connecting to 26th Street. Skov confirmed these plans were filed with the state to move access of the frontage road to State Avenue and not 26th Street to eliminate a small-isolated piece of roadway. Council Member Svenby thanked Public Works Director for providing the intersection information and said he will support approval of this agreement as this project is the first step of the 26th Street Corridor and does address safety concerns. Council Member Burbank asked if the roadway will be raised at the tracks; Skov confirmed Union Pacific would bring in a ballast to elevate the tracks 6”. Council Member Raney questioned what the timeline of this project would be; Skov responded construction plans have not been made, there are two options being considered: to shut down traffic to allow construction to be completed quicker or to allow traffic as done during the project at the intersection of Cedar and 26th Street. Council Member Svenby made a motion to approve Resolution 34-21 to approve this Cooperative Agreement with Steele County, Council Member Burbank Seconded the motion. With a roll call vote, Council Members Dotson, Burbank, Raney, Svenby, and Schultz voted aye; Council Members Voss and Okerberg voted nay; the motion carried.

Public Works Director Skov requested approval of Resolution 36-21 authorizing a Cooperative Agreement with Steele County to complete a Feasibility Study for replacement of the County Road 180 Bridge (East School Street) and the Mineral Springs Road Railroad Bridge. These are both Canadian Pacific Railroad bridges that are low clearance bridges within Owatonna which have been problematic. Since January 2017 (4 years) the Mineral Springs Bridge has been struck 11 times and there are pedestrian and stormwater concerns as well. During last 30 years, the CR180 Bridge has been hit 30 times. The City and County desire to complete a study which will evaluate alternatives for replacing the bridge and investigate funding options for construction. The estimated City cost for this study is \$42,608.00; bids were requested from three companies and two returned a combined bid showing good use of resources for efficiencies. Replacement of the bridge on Mineral Springs Road is estimated to be a \$4 million dollar project includes request to raise higher than the required 13'6" and involves a railroad track switch to Medford, stormwater, and roadway issues. Skov commented the Mineral Springs Bridge Project will be a 100% City project and suggested considering use of bonding funds. The bridge on CR180 (East School Street) is currently deemed a driving bridge but considered substandard, it is not dangerous which would require the road be closed to traffic. Too many trucks attempt to use this road and then turn around when they realize they would not clear the bridge; they then use Rice Lake Road or Shady Lane, so this bridge height needs to be increased. Council Member Burbank asked what cost would be to replace the CR180 bridge; Skov responded plans have not been prepared and no discussion yet for cost split with Steele County. Council Member Voss commented he hopes to see a plan in place and encouraged searching for infrastructure money available from the state and federal governments. Council Member Raney made a motion to approve Resolution 36-21, Council Member Voss seconded the motion; with a roll call vote, all members voted aye in approval.

Public Works Director Skov presented Resolution 37-21 to approve the bids and award the contract for the 2021 Truman Avenue Project. Six bids were received on February 24th; Northland Grading & Excavating of Northfield Mn was the lowest responsible bidder with bid of \$2,914,635.99. This will be their first project for the City of Owatonna, staff has checked their references, they meet our insurance and bonding requirements; their subcontractors have previously worked on projects within Owatonna. Council Member Raney asked what the dates of construction will be; Skov responded the contract calls for completion by October 15th as most concrete plants close for the season then. This project will take all construction season, they plan to do this in three phases with progression of sanitary sewer from the north to south. It is the contractor's responsibility to keep access open to homeowners and keeping in contract with the homeowners to avoid frustrating calls. Council Member Raney made a motion to approve Resolution 37-21, Council Member Dotson seconded the motion; with a roll call vote, all members voted aye in approval.

Community Development Director Klecker requested Council approve a Purchase Agreement with LWO Properties, LLC to develop the second phase of Eastgate Apartments. The City has been working with LWO Properties, LLC on developing affordable housing in the City for over a decade. Currently, they are developing a 36-unit workforce housing project on Cherry Street with tax credits received to make these units more affordable. Tax Credit Projects take approximately four years from start to finish and there are very few developers that do these projects. One of the hardest parts of the project is securing a piece of property for a project. The City has land adjacent to the current Eastgate Project and could partner with the developer to develop another workforce housing project. The developer would pursue tax credits, probably in 2022, when the Eastgate Project is complete and occupied. The developer would pay the City \$50,000 earnest money now

to secure the property and begin pursuing tax credits. Staff would work with the developer to secure tax credits to complete another workforce housing project. This second phase would be identical to the first phase of the Eastgate project and the Northgate project on Rose Street; the City would contribute \$450,000 towards the project to be eligible to receive tax credits. These funds could be reimbursed through tax increment financing. The land is currently valued at \$200,000. Council Member Voss asked if this project would have access off Pine Avenue, Klecker responded yes, there would be an access point on Pine and the projects would be connected so they would also be access off Cherry Street. Council Member Raney asked if additional property would be needed for this project; response was there is one property which the developer does have a pending Purchase Agreement. Council Member Burbank made a motion to approve Resolution 37-21, Council Member Okerberg seconded the motion; with a roll call vote, all members voted aye in approval.

During Staff Updates, Community Development Director Klecker advised they has been a lot of construction continuing through the winter: Minimizer has been issued a Temporary Occupancy Permit and are moving into their new site for operations; the Pointe at Merchant Square Apartments are currently finishing the second and third floors; Bosh is in the finishing stages of their new warehouse in the Industrial Park; South Central Human Services is doing exterior siding work and finishing interior work on their new office building on Florence; East Gate Apartments is finishing the third floor; at Mound Street Apartments the walls are in and they are currently setting the trusses; Seykora Asphalt is framing their interior office space and has utilities roughed in; 202 Bridge Street is finishing their new elevator shaft and also working on interior finishes. Most of these projects should be complete by late spring and staff continues working to hopefully bring more projects to the City. Jenna Tuma, Parks & Rec Director commented they are going through some operational updates: the ice rink closed last week after 57 days of operation and the Chalet had a record year with rentals; golf season is just around the corner and she met with Tom Vizina to get the operational system in place with hopes of opening the top 9 holes late March if the weather cooperates; adult and youth signup programs during this next two weeks so we are getting the ballfields ready; there is a new program offered this year, "Adopt a Park" to encourage community ownership; and staff continues to look for ways to enhance customer service by getting information to the City's website, so the public is aware of what is happening and we are working with IT to get an alert system in place to proactively meet some of participant's requests. Public Works Director Skov commented the bids for the Bridge Street Project will be received next week; staff recently updated the City's Tree Inventory and are now working to remove or trim trees where needed; the WWTP Expansion Project requires a membrane bioreactor be included in the bid process so they are preparing an RFP for this; so, anticipates staff will be busy during the next few months.

There were no comments heard during Public Comment.

During Council Comments, Council Member Voss welcomed new police officer Michael Brein, he was a member of a youth hockey team which he coached and glad to now have him on our police force. Council Member Dotson encouraged everyone to get out and patronize local businesses. Council Member Raney wished Council Member Okerberg a speedy recovery and glad he was able to join this meeting remotely; Mayor Kuntz encouraged everyone to consider applying to serve on a

City Board/Commissions; the application form is currently available on the City's website. City Administrator Busse commented staff will begin to review proposals received for the ERP later this week.

At 8:15 p.m., Council Member Raney made a motion to adjourn the meeting, Council Member Dotson seconded the motion, all members voted aye in approval.

Dated: March 4, 2021

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist