

Owatonna City Council Minutes

The Owatonna City Council met in regular session on Tuesday, April 7, 2020 at 7:00 p.m. This was a virtual meeting compliant with Governor Walz's Stay-at-Home Order for the COVID-19 Pandemic. The meeting was accessible by calling 507-242-3225, Conference ID 855 707 584#. Council President Schultz conducted the meeting from Council Chambers with City Attorney Walbran and IT System Administrator O'Connor present. Attending online were Council Members Dotson, Voss, Okerberg, Svenby, Burbank, and Raney; Mayor Kuntz; Community Director/Interim Parks and Recreation Director Klecker; City Administrator Busse; Administrative Assistant Clawson and multiple public members called in.

Following the Pledge of Allegiance, Council President Schultz explained the virtual meeting process and read the Meeting Determination issued by City Administrator Busse on March 20, 2020 requiring meetings be held by telephone or other electronic means during the State of Emergency because of COVID-19 Pandemic concerns. Council Member Svenby made a motion to approve the agenda as presented; Council Member Raney seconded the motion. With a roll call vote, all members voted aye for approval.

Community Development Director Klecker explained the first item will be a public hearing for comments regarding a proposed modification to Development District No. 3, establishment of Tax Increment District 3-14 and the use of Tax Increment Financing (TIF) for Bosch. Bosch has requested use of TIF to assist with the costs to develop a new warehouse facility. The warehouse will be 266,000 square feet in size and located behind the Owatonna Energy Station on Bridge Street. The project has a total capital investment of \$15 million and would create at least 10 new jobs. There are consulting fees for the TIF which will be paid by the EDA. Administrative costs will be figured into the TIF plan so these consulting expenses can be reimbursed through the life of the TIF District. At 7:12 p.m., Council President Schultz opened the public hearing for comments. With no comments heard, at 7:14 p.m., Council Member Raney made a motion to close the public hearing, Council Member Okerberg seconded the motion; with a roll call vote, all members voted aye for approval.

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

Council Minutes: - Council Meeting – March 17, 2020.

Renewal of 3 Annual Tree Trimmers Permits:

Wolff & Sons, Inc. – Owatonna MN

Suemnick's Final Cut Tree Service, LLC – Elysian MN

Johnson Construction & Tree Service, LLC – Austin MN .

Revoke Temporary Liquor License & Refund Fee – St Mary's School of Owatonna

Their event planned for April 18, 2020 has been changed to virtual event.

Event Permit – Corky's Early Bird Softball Tournament – July 2-5 and September 10-13, 2020.

Minutes - OPU Commission Meeting – February 25, 2020.

Minutes - Park & Rec Board Meeting – March 9, 2020.

Minutes - Airport Commission Meeting – March 12, 2020.

Accept Grant for 2020 Employee Wellness Initiatives – Southeast Service Cooperative.

Emergency FMLA and Paid Sick Leave – COVID-19.

Renew T-38 Craft Display Agreement – National Museum of the United States Air Force.

Council Member Dotson made a motion to approve these Consent Agenda Items. Council Member Svenby seconded the motion. With a roll call vote, all members voted aye for approval.

Vice President Raney recapped expenses for the period. Bills presented for payment totaled \$503,078.07. Council Member Svenby made a motion to approve payment of these bills, Council Member Burbank seconded the motion; with a roll call vote, all members voted aye for approval.

City Administrator Busse presented Proposed Ordinance 20-4, a request to adopt S-4, Supplement to the 2015 City Ordinance Code. During 2015, American Legal Publishing Corporation completed recodification of the City's Code and annually they prepare a supplement which contains ordinances approved since the prior supplement. This fourth supplement, S-4 is current through Ordinance 1602 which was approved on January 21, 2020. Council Member Raney made a motion to approve the first reading of Proposed Ordinance 20-4, Council Member Dotson seconded the motion. With a roll call vote, all members voted aye, the motion carried. The second reading of Proposed Ordinance 20-4 will be heard during the next Council Meeting on April 21, 2020.

Community Development Director Klecker requested second/final approval of Proposed Ordinance 20-3 to vacate a portion of a Utility Easement in Golfview Addition No. 3. Property owner Noel Quale requested vacation of the drainage and utility easements on property located at 1101 Cherry Street. The parcel will be replatted from two lots to one lot and the current easement through the middle of the lots will no longer exist. Council approved the first reading of this proposed ordinance during the March 4, 2020 Council Meeting and there have been no changes since. The Planning Commission held a public hearing on this request and recommend approval on condition this vacation shall be contingent upon the approval of the Adsit Quale Addition Plat. Council Member Dotson made a motion to approve Proposed Ordinance 20-3, Council Member Svenby seconded the motion. With a roll call vote, voting aye were members: Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; there were no nay votes, the motion carried and will be known as Ordinance 1604.

Community Development Director Klecker presented Resolution 44-20 to approve the final plat of Adsit Quale Addition at 1101 Cherry Street. Council approved the Preliminary Plat during the March 17, 2020 Council Meeting as recommended by the Planning Commission. Council Member Raney made a motion to approve Resolution 44-20, Council Member Dotson seconded the motion. With a roll call vote, all members voted for approval.

Community Development Director Klecker presented Resolution 45-20 to approve Conditional Use No C-1429, a request from Kinseth Hospitality & West Real Estate to build a hotel at 230 Allan Avenue SW. The Planning Commission Meeting held a public hearing during their March 24th Meeting on this conditional use request which requires three items: authorization to construct a hotel; confirmation increased setbacks planned for four-story building; and authorization to allow offsite parking stalls. The application does meet City Requirements: this lot size is 75,919 square feet; 44,000 square feet is required for an 88-room hotel. Code permits structures up to 3 stories in height and allows additional stories by conditional use with each additional story requiring an additional 5' to the front and side setbacks minimums. This 4-story building will require a 35' front yard setback and 15' on each side; they are proposing a 90' front yard setback, with 15' on one side and close to 30' on the other side. They have three access points: one off Allan Avenue directly across from Mound Street and two accesses off the driveway to the movie theater. A hotel this size requires 100 parking spots; their plan includes 103 spots; they plan to build 88 parking spots onsite and lease 15 additional spots from the adjacent movie theater. The theater has ample parking on site since they

remodeled and reduced the theater seating. The Planning Commission held a public hearing on this matter and two residents made comments opposing action; their concerns were:

- 1) Objection to the meeting process. The meeting was a virtual meeting via WebX, and they felt participation was restrictive and many participants could not hear everything being said or had an opportunity to make comment.
- 2) Increased traffic concerns.
- 3) Uncertain how a 4-story fits into the neighborhood and if an additional hotel is really needed.

Community Development Klecker gave summary response to each of these concerns:

- 1) This Council Meeting and the Planning Commission Meeting were held pursuant to Minnesota Statute § 13D.021 to conduct meetings by telephonic or other electronic means. The coronavirus has been declared a health pandemic and national, state and local emergencies have been declared. On March 20th, City Administrator Busse issued a Meeting Determination that no city meetings will be held in person during this time until the state of emergency has been terminated.
- 2) Additional information was requested regarding anticipated traffic flow of the proposed hotel. E-mails from Kyle Skov, City Engineer and Vern Swing, Traffic Engineer working with the developer on this project are also included in this Council Meeting Packet. Skov advised new hotels add less than 10% new traffic; Allan Avenue is an arterial route intended to take higher traffic volumes. Except for any redevelopment, the area is built out and traffic patterns are not expected to change the hotel traffic is spread out throughout the day and doesn't have a high peak hour. There is an existing stoplight at Bridge Street and Allan Avenue, so no improvements are expected. Mr. Swing advised this proposed hotel should generate 34 trips during the morning peak hours and 28 trips during the afternoon peak hours or roughly one trip every other minute during peak times. This is not expected to cause a negative impact on traffic on Allan Avenue. In comparison to anticipated usage of this property if it were developed as a 60-unit apartment building, the estimated traffic during peak times would be doubled with one trip every minute.
- 3) The property is zoned for commercial use and the City cannot restrict use if request is for a permissible use.

Comments received from the public prior to this meeting and included in the Council Packet and on-file were received from: Ann B. Barker, Adam Barner, Gary & Mona Edgar, Rodney K Fletcher, Donna L Froman and Marian Miller, Brian M. Gustafson, Scott & Kandy Johnson, Dan, Shannon, Grace & Garrett Karsten, Julia Knapper. Kurt Knapper, Mary I. McCartney, Joni Meilahn, Roger & Julia Miller, Judy Montgomery, Jennye Savoie, Darryl & Stella Schuette, Ann Miller, Dan Gorman and Gail Plathe. Most of the comments received were similar to those heard during the Planning Commission Meeting.

Council Member Burbank commented he received most of these messages, phone calls and voice messages and he believes most of the concerns have been addressed. An additional question was received regarding water runoff which will be handled with underground storage. He questioned if it is common for businesses to share parking spaces. Community Development Director Klecker confirmed this by explaining shared spaces will help to reduce costs and the amount of impervious surface required so encouraged when available. Council Member Schultz requested confirmation the current City Code allows a 4-story structure when the additional setbacks are met. Council Member Voss asked if the one of the traffic points could be restricted to a right-in and not a full turn;

Community Development Klecker said this could be considered at Council request. Council Member Raney asked what was considered peak times in the traffic analysis; unfortunately, the report did not include this but believe these would be the hour periods prior to 8 am and after 5 pm. Council President Schultz offered opportunity for comments from public members listening to the meeting: Ann Barker expressed concern with timing of approval for this conditional use and asked Council to table action for this item until after the state and federal governments lift their Stay-at-Home Rules when this could be returned to the Planning Commission for another public hearing. She suggested that if regulations prohibit the developer from submitting another request for a Special Use Permit within a 6-month period, Council could waive this 6-month requirement. Nobody believes laws have been broken by asking for a hotel on Allan Avenue but we are in an extraordinary time, people have been very helpful but we are unable to meet and discuss things in person so we do not believe the community has had an opportunity to be heard. Council should consider the feedback on this hotel plan as an opportunity for the City to hear from the public. She strongly disagrees that the proposed traffic use will not negatively impact traffic in her neighborhood and stated putting more traffic on Allan Avenue will create more near collisions and more problems. She agrees the Hampton Inn has the opportunity to build a 4-story; but, we as residents should refuse to let them. Nothing in the area is 4-story so ask Council to get more input from the community as there have been so many comments regarding this proposed 4-story hotel; other hotels in the area are not that big and are not full many nights so unsure why another hotel is needed.

Community Development Klecker responded the six month restriction applies only if Council denies the application; tabling action would not instigate a 6-month prohibition. Council is required to act on all requests within a 60-day period. True there are no other 4-story buildings in the area; but, this proposed 4-story building will have a flat roof and will actually be shorter than the 3-story American Inn which has a pitched roof. Council Member Schultz asked if the property is zoned for commercial use and what types of businesses could build there. Klecker responded the property is Zoned B-2 Commercial Use so this site could become anything; a gas station or fast food restaurant would create larger traffic concerns. Zoning allows developers to see properties available and doesn't allow the City the option to pick and choose the type of business. Zoning offers a Free Market for any businesses to start up if they believe they have the means to make a go with their business. The hotel has been working on this project since last fall, typically a market study has been done and they have completed their due diligence process and want to make a long term investment into Owatonna. In a Free Market, the ground rules set through Zoning do allow the business to pick where they build provided they meet the zoning rules. Our Zoning Rules are our way of telling potential businesses how they can come to Owatonna when conditions are met. Council Member Burbank added the Hampton Inn falls under the Hilton Umbrella which includes high end hotels; during the recent Strategic Planning Session Council was challenged to project goals for 20-year business needs; this hotel meets those goals. This hotel will generate additional business revenues within the City; currently, Federated Insurance books hotel rooms in the cities for employees coming to Owatonna for training or meetings; we need local hotels capturing that business. Council Member Raney commented he spoke with Jack Spitzak, owner of the Baymont Inn, who said he is excited about the potential of another hotel in the area, Mr. Spitzak believes hotels tend to thrive off each other so he considers addition of a hotel will be a positive thing for this area. Council Member Burbank made a

motion to approve Resolution 45-20 approving C-1429. Council Member Dotson seconded the motion; with a roll call vote, all members voted aye for approval.

Community Development Director Klecker explained Brad Spitzak has requested modification to the architectural standard for the 71-unit apartment building included in the Planned Unit Development approved by Council during November 2019 for Riverwood Landings. This property has always been part of a multi-family development; last fall, council approved a PUD for 235 units at this property which included a 71-unit building. The applicant now proposes changes to the building materials, roof pitch and building footprint within the proposed development. Conditional Use No. C-1430 only pertains to the architectural standards for the proposed development and not the density or the overall development plan. The Planning Commission held a public hearing regarding this and heard comments asking action to be delayed until after COVID-19 concerns to allow more community input. Mr. Spitzak plans to hold a community open house on April 14th and will offer Zoom virtual meetings to address the neighbor's concerns, he has requested Council table this item tonight. Council Member Raney made a motion to table Resolution 46-30, Council Member Burbank seconded the motion; with a roll call vote all members voted aye for approval.

Community Development Director Klecker presented Resolution 47-20 to approve the Preliminary and Final Plat of Festal Addition No. 2. Chad Lange, Festal Farms Inc. is requesting a two-lot industrial plat located on the north side of Bridge Street West. Lot 1 is an 18 acre lot that will be sold immediately to OPUS Development for construction of a 266,000 square foot facility for Bosch Automotive Services and Lot 2 is a 14 acre lot that will remain for future industrial development. The applicant will be dedicating right-of-way for construction of Festal Place NW. Public sewer and water will both be extended into the new Festal Place NW to service these two lots. Staff has applied for a BDPI Grant to help pay for the public improvements. Stormwater will be handled by a pond in the NE corner of the development. It is important to note that the water from Festal Place NW will all drain to this pond. The Planning Commission held a public hearing on this and recommend approval with these conditions:

- a) The final plat shall be recorded within 60 days from the date of final approval.
- b) The applicant shall provide the utility easements as shown on the proposed final plat drawing.
- c) The title opinion shall be approved by the City Attorney prior to recording of the plat.
- d) A development agreement shall be approved by the City Council and recorded in conjunction with the final plat.
- e) The applicant shall grant a drainage easement to the City for the future drainage swales accommodating the public right of way if needed in the future.

Council Member Dotson made a motion to approve Resolution 47-20, Council Member Voss seconded the motion; with a roll call vote, all members voted aye for approval.

Community Development Director Klecker requested approval of Resolution 48-20 setting a public hearing for a public hearing to consider establishing Development District 14 and Tax Increment Financing District 14-1 for a 36 unit apartment building. LWO Properties, LLC is proposing to redevelop a commercial site into a 36 unit apartment building along Cherry Street, right behind Domino's Pizza. Council Member Dotson made a motion to approved Resolution 48-20 setting a

public hearing on Tuesday, May 19, 2020 at 7:00 p.m. Council Member Raney seconded the motion, with a roll call vote, all members voted aye for approval.

City Administrator Busse requested approval of Resolution 49-20, approving the change of control of Jaguar Communications, Inc. Jaguar Communications, Inc currently holds a cable franchise granted by the City of Owatonna to own, operate and maintain a cable communications system in the City. The franchise includes a fifteen year franchise term which will expire during August 2030. MetroNet Holdings, LLC is in process to acquire 100% of Provincial Real Estate Holdings, LLC, the parent company of Jaguar Communications, Inc. This resolution acknowledges the City's consent to the change of control contemplated under this acquisition. Council Member Svenby made a motion to approve Resolution 49-20, Council Member Dotson seconded the motion; with a roll call vote, all members voted aye for approval.

Community Development Director Klecker presented a Development Agreement and Lease Agreement with Cemstone Stone (Cemstone). Staff has been working with Cemstone to relocate their business to the industrial park for a number of years. The Development Agreement authorizes the City and Cemstone to swap properties, the City will own Cemstone's current site on North Street and Cemstone will build a new facility on a 14 acre property along 32nd Avenue NW in the industrial park, currently owned by the City. Cemstone would construct a temporary cement plant this summer on the site and have 5 years to construct a permanent facility and vacate their current site. The City would lease the current Cemstone site to Cemstone at no cost for up to 5 years or until the new site is completed, whichever comes first. At that time, the City would look to redevelop the property to a commercial use. Tax Increment Financing (TIF) has been approved for the new site for Cemstone. The plan is to rezone the new site to I-2 Heavy Industrial District for the concrete plant and close on transaction to swap the properties on or before May 10th. Costs associated with establishing the TIF District have be paid for by the EDA and will be reimbursed from the TIF proceeds. Council Member Okerberg made a motion to approve Resolution approving the Development and Lease Agreements with Cemstone, Council Member Burbank seconded the motion; with a roll call vote, all members voted aye in approval.

Community Development Director Klecker presented Resolution 51-20, authorizing a temporary lease with Cemstone for the site of their future plant at 315 32nd Avenue. The City and Cemstone have scheduled transaction to exchange properties on May 8, 2020. Cemstone desires to enter onto the new site under a Temporary Lease for the purpose of installing tenant improvements including a driveway, concrete pad, installation of electric and water services, and relocating a temporary plant in anticipation of going into service shortly after the property closing. No production operations will commence until after the closing. Council Member Raney made a motion to approve Resolution 51-20, Council Member Voss seconded the motion, with a roll call vote, all members voted aye in approval.

City Administrator Busse requested approval of the application received from Erik Laubach for an Off-Sale Liquor License for Chess House Liquor, LLC to do business as Firehouse Liquor at 120 26th Street. Chess House Liquor, LLC is in process of purchasing this business effective May 1, 2020. This license will be effective for the balance of the current licensing period to end June 30, 2020. Council Member Dotson made a motion to approve the Off-Sale Liquor License, Council Member Svenby seconded the motion; with a roll call vote, all members voted aye in approval.

City Administrator requested approval of the application received from DG Retail, LLC dba as Dollar General #2153 a 205 N Oak Avenue for a Tobacco Permit. This permit will be effective for the remainder of the current licensing period to end December 31, 2020. Council Member Dotson made a motion to approve this application, Council Member Okerberg seconded the motion; with a roll call vote, all members voted aye in approval.

During Staff Comments, Community Development Director/Interim Park Director Klecker commented most staff is working remotely as much as possible. Building and Inspection Staff are working to ensure all construction inspections and plan reviews are completed with some modifications to avoid person-to-person contact. Some final inspections will be delayed until after the State of Emergency is over if they can be. Our parks have limited access: the skate park is closed, the playgrounds are closed, basketball nets have been removed and police are monitoring the parks to ensure the Governor's Orders for social distancing are being followed.

During Public Comment, Kevin Dillemath thanked the City for everything being done during the COVID-19 State of Emergency and stated he is impressed with the technology offered for virtual meetings and appreciates the opportunity to participate in tonight's meeting.

During Council Comments, Council Member Burbank commented he received a lot of comments regarding Brad Spitzak's application for a Conditional Use Permit for Riverwood Landings. Unfortunately, tomorrow the Governor will likely extend the current lockdown dates that will include the meetings Mr. Spitzak has proposed but hopefully these meetings can be held for everyone to get accurate information. The first meeting will be an open house at the Baymont Inn on April 14th and then he plans to hold a virtual meeting on ZOOM on April 16th. Council Member Raney thanked City Administrator Busse for providing daily updates with Council and requested information be shared about current activities offered by Library and Park & Rec staff. Council Member Voss commented that we are constantly learning new "Life Lessons" and hopefully, some of our recent lessons can be forgotten within a few weeks. Mayor Kuntz commented there are currently eight confirmed cases of COVID-19 within Steele County. This confirms citizens are doing their part to stay at home and practice social distancing; two important things needed to help stop the spread of this virus. Today, Mayor Kuntz received a call regarding the increased number of people out walking and suggested everyone help out and pick up trash while walking. Council Member Raney wished Mayor Kuntz a Happy Birthday! Council Member Schultz said he has also seen a lot of people out walking along the trails. City Administrator Busse thanked Council Member Raney for recognition of staff working to meet the needs of the community: the Library is offering a virtual story time twice a week with Darla; a Lego project; a virtual escape room and Library Director Blando is preparing a video update regarding the on-line data bases available and options available to learn a new language. Recreation staff is offering some on-line opportunities to engage citizens such as learning to cross stitch, other crafts, bingo, chalk your walk; information is available on the City's website for these programs. Busse also reminded everyone the Local Board of Appeal and Equalization (LBAE) will meet at 6:00 p.m. on Tuesday, April 21st; this will be a virtual meeting similar to tonight's meeting using Microsoft Teams software. The meeting can be accessed by calling 507-242-3225 and entering the Conference ID 177 477 996#. The purpose of this meeting is to determine whether property in the jurisdiction has been properly valued and classified by the

assessor. If you believe that the value or classification of your property is incorrect, please contact the Steele County Assessor's office to discuss your concerns, 507-444-7435. If you disagree with the valuation or classification after discussing it with the assessor, you may appeal to the LBAE by joining this virtual meeting on April 21st. The LBAE will review your assessments and may make corrections as needed. Generally, you must appeal to the local board before appealing to the County Board of Appeal and Equalization during their meeting in June. Council President Schultz thanked Tim O'Connor, IT System Administrator for helping during this virtual meeting.

At 8:22 p.m., Council Member Raney made a motion to adjourn the meeting, Council Member Dotson seconded the motion, with a roll call vote, all members voted aye in approval.

Dated: April 14, 2020

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist