

Owatonna City Council Minutes

The Owatonna City Council met in regular session on Tuesday, July 7, 2020 at 7:00 p.m. in Council Chambers at the City Administration Building. The meeting was also virtually accessible by calling 507-242-3225, Conference ID 503 846 935#. Present were Council Members Schultz, Raney, Voss, Dotson, Burbank and Okerberg; Mayor Kuntz; Community Development Director/Interim Parks and Recreation Director Klecker; Assistant City Engineer Pekuri; City Attorney Walbran; City Administrator Busse; IT System Administrator Sticken and Administrative Specialist Clawson. Attending virtually were Finance Director Moen; Community Development Manager Kruschke; Doug Green, Municipal Advisor, and several members of the community. Council Member Svenby was not in attendance.

Following the Pledge of Allegiance, Council President Schultz welcomed everyone to the meeting. Council Member Burbank made a motion to approve the agenda as presented; Council Member Okerberg seconded the motion; all members present voted aye for approval.

Council President Schultz read the Virtual Meeting Notice confirming TEAMS access and virtual participation options.

Community Development Director Klecker advised the public hearing planned is to consider establishment of Development District No. 15 and Tax Increment District 15-1 and the use of tax increment financing for an apartment building at 660 Mound Street SW. Schrom Construction is proposing to redevelop this commercial site into a 36 unit market rate apartment building. Currently, there is a commercial building occupied by RK&T Construction on this site. The developer requests use of tax increment financing to help with the costs to demolish the existing building and site development for this project. The total amount of TIF for this project is capped at \$400,000 and is expected to be decertified in approximately 7 years. Consulting fees for the TIF financing will be paid by the EDA and administrative costs will be figured into the TIF plan for reimbursement through the life of the TIF District.

At 7:07 p.m., a public hearing was opened for comments, Julie Moe, 620 Mound Street, said her home is two lots away from this property and asked why she did not receive a written notice of this public hearing as she had for hearings held in March for other projects which are farther from her home. Community Development Klecker explained tonight's public hearing is to consider establishment of a development district and use of TIF; the legal notice was published and posted as required. The hearings held in March were to consider Conditional Use Permits for projects which required individual notices sent to neighboring properties. The City's Zoning Ordinances allow properties zoned for commercial use to have multi-family housing units; this property at 620 Mound Street is zoned B-2 Community Business District so construction of an apartment building is a legal use of the property and individual notification is not required. This project will be similar to the apartments on Allan Avenue built between the movie theater and single family homes, many cities buffer residential districts from commercial businesses with apartment buildings. Ms. Moe asked if this area could be rezoned residential to prevent construction of the apartment building; Council President explained the intended use of the property is compliant with the City's current Zoning Ordinance and the City cannot deny a property owner an eligible use of their property. Ryan Noble, 124 Selby Avenue said he too is opposed to a multi-level apartment building as his backyard will lose some of the privacy he currently enjoys. He asked if the City's infrastructure

would support a multi-family building at this site and how hazardous waste materials found during demolition would be contained; he anticipates asbestos will be found in the current building when being demolished and runoff from chemical and fertilizers previously stored on this site will be found in the subsoils. Klecker explained plans are just beginning and there will be agreements made including provisions for infrastructure and surface waters. The Minnesota Pollution Control Agency (MPCA) regulates contaminated sites and asbestos removal; if found, MPCA Guidelines would be followed for abatement. With no additional comments, at 7:32 p.m., Council Member Raney made a motion to close the public hearing, Council Member Burbank seconded the motion, all members present voted aye in approval.

Community Development Director Klecker presented Resolution 86-20 to approve establishment of Development District No. 15. Council Member Okerberg made a motion to approve Resolution 86-20; Council Member Dotson seconded the motion; all members present voted aye for approval.

Community Development Director Klecker presented Resolution 87-20 to approve establishment of Tax Increment Finance (TIF) District No. 15 and use of TIF for the redevelopment of the property located at 660 Mound Street SW. Council Member Raney made a motion to approve Resolution 86-20, Council Member Dotson seconded the motion, all members present voted aye in 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: June 16, 2020 Council Meeting

Renew Annual Charitable Gambling Permits:

American Legion Post #77

Eagles Aerie 1791 Owatonna

Elks Lodge 1395 Owatonna

Knights of Columbus Council

Owatonna Wrestling Association

Owatonna Youth Hockey Association

Steele County Snowmobile Trail Association

VFW Post 3723

Exempt Permit – Raffle – Owatonna Soccer Association – September 12, 2020.

Temporary Liquor Permit – Summer Musical Festival – KC Hall at SCCF – August 22 & 23, 2020.

Minutes – OPU Meeting – May 26, 2020.

Minutes – Library Board Meeting – June 16, 2020.

Weed-Nuisance Inspection Report – June 30, 2020.

Renew Investigative Tool: Automated Pawn System – LeadsOnline.

T-Hangar Lease Agreement – High Tech Aero, LLC.

Change dates of two Council Meetings to Tuesday, August 4th and Wednesday, October 7, 2020.

Kwik Trip Kare Grant – \$1,000 to the Owatonna Fire Department to purchase three pairs of leather firefighting boots to replace existing boots.

Council Member Voss made a motion to approve these Consent Agenda Items. Council Member Dotson seconded the motion. Council Member Raney requested applicants for events requiring City permits be advised of Governor Walz's current restrictions for COVID-19 concerns. With no additional comments, all members present voted aye for approval.

Vice President Raney recapped expenses for the period. Bills presented for payment totaled \$1,137,413.22. Council Member Dotson made a motion to approve payment of these bills, Council Member Burbank seconded the motion, with a roll call vote, all members present voted aye for

approval.

Assistant City Engineer Pekuri requested approval of Resolution 88-20 authorizing “No Parking” near the new roundabout intersection of Grove Avenue and Rose Street as requested by Steele County. Signs will be posted restricting parking on both sides of the street in all four directions near this intersection. Council Member Dotson made a motion to approve Resolution 88-20, Council Member Voss seconded the motion and all members present voted aye for approval.

Finance Director Moen welcomed Doug Green, Director at Baker Tilly International Limited and the City’s Municipal Advisor to present bond sale results. Council previously authorized Baker Tilly to solicit proposals for the issuance of bonds to finance the 2020 Street and Utility Improvements, 2020 Curb & Gutter Project and the 2020 Manthey Park Access Improvements. Today, seven proposals were received to purchase these General Obligation Street Reconstruction Bonds, Series 2020A issued in the original aggregate principal amount of \$1,545,000. Robert W. Baird & Co Incorporated, Milwaukee WI submitted the low bid of .9604% Total Interest Costs. This will be the third consecutive year this company provided the low bid. Mr. Green presented summary of the bids, the sources and uses of funds, and pricing summary. His presentation included displays showing historical Bond Sale Rates and the correlation between Bond Rates and US Treasuries; this is the first year the City’s bonding rate is higher than the 10-year treasury. Council Member Raney made a motion to approve Resolution 89-20 awarding the sale of the bonds, Council Member Dotson seconded the motion, all members present voted aye for approval.

Community Development Director requested approval of Resolution 90-20 to approve the Preliminary Plat of Country Creek No. 8. Malcolm Hall, Hall Construction Inc. requests approval of this 1.61+ acres to seven patio home lots and two common area lots located at 1600-2000 Evergreen Place NE. The Planning Commission held a public hearing on this request with no comments heard. The Planning Commission recommends approval with these conditions:

- 1) The final plat shall be approved within one year of the date of approval of the Preliminary Plat.
- 2) The Title Opinion shall be approved by the City Attorney prior to recording of the Final Plat.
- 3) The applicant shall amend the declarations and covenants for the lots to adjust of the new legal descriptions and design of the patio homes.

Council Member Okerberg made a motion to approve Resolution 90-20, Council Member Voss seconded the motion; all members voted aye in approval.

Community Development Director Klecker presented three agreements for the OPUS Development Project. OPUS is planning to construct a 265,000 square foot structure in the Industrial Park for lease to Bosch Automotive Services. The first agreement, the Bosch TIF Development Agreement is the City’s standard development agreement used for TIF projects. This agreement commits the payout of the “Pay as you Go” TIF until 2030 as permitted by law. The City will retain a portion of the first year TIF per the agreement for construction of Festal Place. The applicant is committing to maintain 618 jobs at the existing facility and add a minimum 35 new positions with this project, although they anticipate it will probably be closer to 50 new positions. Council Member Okerberg asked if construction is planned to begin this year; Community Development Director Klecker responded COVID-19 did extend their planning period

but plans now complete and construction on track to begin soon. Council Member Okerberg made a motion to approve the Bosch TIF Development Agreement, Council Member Burbank seconded the motion, all members present voted aye in approval.

The Festal Addition No.2 Land Development Agreement, the City's subdivision agreement details future responsibilities, especially with regards to stormwater with current property owner Chad Lange. Council Member Raney made a motion to approve the Bosch TIF Development Agreement, Council Member Voss seconded the motion, all members present voted aye in approval.

The OPUS Construction Agreement with OPUS Development for construction of the public utilities and street. This will be constructed by OPUS and paid for by the City through a combination of a BDPI grant from the State of MN and the first year of the TIF. This agreement lays out payment methods as well as the construction process and expectations of each other. With this development the City will be upfronting the cost of the construction of Festal Place NW as well as the extension of utilities. The City will be paid back \$176,624 through the State of Minnesota's Business Development Public Infrastructure (BDPI) grant program. The remainder of the construction costs will be paid back to the City through the first year of the TIF totaling a maximum of \$333,200. Any cost over runs will fall back on OPUS to ensure the public improvements are completed. Council Member Raney made a motion to approve the OPUS Construction Agreement; Council Member Dotson seconded the motion, all members present voted aye in approval.

Community Development Director requested approval of a Purchase Agreement with Bridge Street One, LLC to purchase 10 acres on West Bridge Street for \$290,140. Plans are to construct a 10,000 square foot building on the property to relocate Brad Seykora's business, Seykora Asphalt. During the last Council Meeting, the Sanders South Addition Plat, and a Conditional Use Permit for business operations on this property were approved. The land is being discounted slightly due to existing conditions and the need to extend services into the property. The agreement also has an access easement as an exhibit to allow for the applicant's driveway on the City owned Outlot located off of Bridge Street. The purchase price of \$290,140 will deposit back to the EDA's Land Account. Council Member Dotson made a motion to approve this Purchase Agreement, Council Member Voss seconded the motion, all members present voted aye in approval.

Community Development Director requested approval of a License Agreement with Seykora Asphalt Maintenance and Paving, Inc. allowing them to begin stockpiling construction material on the property on West Bridge Street with approval of the purchase agreement. The closing on the sale of this property will occur no later than September 1, 2020. Council Member Raney made a motion to approve this License Agreement, Council Member Burbank seconded the motion, all members present voted aye in approval.

Community Development Director Klecker requested approval to amend the Maintenance and Operations (M&O) Agreement with the Minnesota Department of Transportation for the Owatonna Degner Regional Airport. Council approved the Federal Aviation Administration (FAA) CARES Act Grant Agreement on June 2, 2020. To receive reimbursements from FAA/MnDOT, the existing M&O Agreement needs to be amended to allow the Office of Aeronautics to make payments under the FAA grant per the Channeling Act. This amendment allows MnDOT to facilitate the CARES Act Grant funding to reimburse 100% of allowable costs

incurred by the airport up to the grant amount of \$30,000. Council Member Burbank made a motion to approve this License Agreement, Council Member Dotson seconded the motion, all members present voted aye in approval.

During Staff Comments, Assistant City Engineer Pekuri said construction season has started and improvement projects going well: sod was laid at the new roundabout; the Crack Sealing Project will be done today or tomorrow morning; the Street and Utility Project is currently pouring asphalt on Cherry Street and should be done soon allowing full access to the golf course; the project on Bixby Road is progressing well, they haven't bored under the railway yet which will help drainage in this area. Community Development Director Klecker advised the water park is now open and open swim offered; no tube slides but the river walk with body slide is open as allowed under the Governor's current orders. Participation is limited to 100 persons at a time, so they are offering two separate 2-hour sessions during the afternoons and plan to offer a third daily session next week into the evening hours. The golf course has been very busy and going well as everyone is wanting to get outdoors. Cherry Street is currently under construction, but the golf course is accessible, he encouraged everyone to call to Brooktree to confirm street accessibility prior to driving out. The Social Commons is currently closed, staff is closely monitoring state guidelines for reopening options. The Fitness Center has been closed since mid-March when COVID hit; this has allowed staff an opportunity to review what amenities the city offers. We currently compete with several private fitness centers, so we are exploring alternative options to utilize our building space.

There were no comments heard during Public Comment.

During Council Comments, Council Member Raney commented Lake Kohlmier was very busy over the weekend and it is nice to have this option available within the community; he extended a big community welcome to Brooks Goodew and congratulated his parents, Chris and Kylie on his recent birth. Council Member Voss thanked the Early Edition Rotary for the fireworks display on July 4th at the fairgrounds and then asked everyone to be patient as they become accustomed to the new roundabout at the intersection of Grove Avenue and Rose Street; he has heard positive comments about the roundabout and hopes everyone slows down as they approach the intersection, signs have been posted showing the 15 mph speed limit. City Administrator Busse commented the 2021 Budget Process starts next week as she and Finance Director Moen begin meetings with each Department Director. Council President Schultz thanked IT System Administrator Sticken for his assistance during tonight's meeting.

At 8:12 p.m., Council Member Raney made a motion to adjourn the meeting, Council Member Dotson seconded the motion, all members present voted aye in approval.

Dated: July 15, 2020

Respectfully Submitted,

Jeanette Clawson, Administrative Specialist