

Owatonna City Council Minutes

The Owatonna City Council met in regular session on Wednesday, August 7, 2019 at 7:00 p.m. in Council Chambers. Council President Schultz called the meeting to order and welcomed everyone in attendance. Attending were Council Members Raney, Voss, Okerberg, Svenby, Burbank, Dotson and Schultz; Mayor Kuntz; City Attorney Walbran; Community Development Director/Interim Park Director Klecker; City Administrator Busse and Administrative Specialist Clawson.

Following the Pledge of Allegiance, Council Member Dotson made a motion to approve the agenda as presented, Council Member Svenby seconded the motion, all members voted aye in approval.

City Attorney Walbran advised amendment to the City's Ordinance 114, Tobacco is proposed with substantial amendments. There has been a nationwide push to raise the age allowed to purchase tobacco to 21, at the end of July 40 city/county entities in Minnesota have passed similar ordinances. The City's Tobacco ordinance was last reviewed in 1998 and the range of substances now available to inhale has changed, the proposed ordinance includes a variety of item definitions. Changes include prohibition of sale of tobacco to persons under the age of 21, the minimum age of the person employed as a clerk at a business licensed to sell tobacco products must be at least 18 years of age to sell products and administrative penalties would be charged for person under the age of 21 and not administrative fines. Mary Urch, RN Steele County Public Health and Dan McIntosh, Steele County Attorney have advised imposition of an administrative fine upon underage violators is not effective in deterring the sale and use of tobacco products. Also, monetary penalties open the door to selective discriminatory enforcement against youth from minority, racial ethnic and social economic groups.

At 7:12 p.m., Council President Schultz opened the public hearing for comments on the proposed changes to the City's Tobacco Ordinance. Mary Urch, Steele County Public Health, thanked everyone who helped encourage passage of this amendment. Since the Council Study Session in December, she has been campaigning for this change which she believes is best for the community and for care of our children.

Speaking in favor of this amendment were: Dr. Brian Bunkers; Dan McIntosh, Steele County Attorney; Julie Sullivan, Middle School Principal; Kory Kath, High School Principal; Andi Arnold, Steele County Safe and Drug Free Coalition; Tracy Ackman-Shaw; Liz Heimer, American Lung Association; Emily Leckner; Andrea Marshall; Amy Caron, Steele County Public Health; Lauren Borgerding and Maggie Newhouse members of SHOC (Students Helping Others Choose) and students Cody Shaw, Darren Leckner, Leah Leckner, Abriana Harris and Olivia Harris.

Opposition to the proposed amendment was received from representative of the Owatonna Smoke Shop. Concerned the amendment does not include regulation for online purchase of vaping products and the legal age of an adult is 18. Increasing the purchasing age to 21 is not a statewide effort so requested consideration to raise the age restriction to 19 and not 21.

At 7:42 p.m., with no additional comments heard, Council Member Okerberg made a motion to close the public hearing, Council Member Raney seconded the motion, all members voted aye in approval.

Mayor Kuntz commented he had received a call from a gentleman who smoked and favored raising the age to 21 and issue stiffer penalties for violators.

Council Member Schultz stated as a father and grandfather he will support T21 for the sake of protecting the youth but believes this decision should have been considered by state and federal governments. Council Members Svenby, Raney, Burbank and Voss also made comments they would support this proposed ordinance amendment in hopes to prevent youth becoming addicted to tobacco and e-

cigarettes. Council Member Dotson advised he could not support the policy based on the ideological basis and preference of consistency, 18 has been the determined age of when someone is an adult.

Council Member Raney made a motion to approve the first reading of Proposed Ordinance 19-4 to amend Chapter 114, Tobacco of the City's 2015 Code of Ordinances. Council Member Svenby seconded the motion. With a roll call vote voting aye were Council Members Svenby, Voss, Burbank, Raney and Schultz; voting nay were Council Members Dotson and Okerberg. The motion carried on vote of 5-2, this will be presented for a second/final reading during the next Council Meeting on August 20th.

Community Development Klecker advised Daikin Applied Americas, Inc. ("Daikin Applied") is seeking to enhance its capabilities to produce customized HVAC equipment and to create additional manufacturing jobs in Owatonna. Additional manufacturing location options exist through custom manufacturing partners in other states. Capital equipment investment is required to support this additional business in Owatonna. Sheet metal fabrication equipment, overhead cranes, and material handling equipment are necessary to support this manufacturing opportunity. The total capital equipment investment is expected to be \$4,000,000. The sheet metal punching equipment investment is expected to be \$2,500,000. The overhead cranes and materials handling equipment are expected to be \$1,500,000. The new equipment will be installed in conjunction with Daikin Applied's proposal to expand its Owatonna manufacturing facilities. Daikin Applied proposes to construct a 150,000 square foot warehouse on property immediately east and adjacent to its existing facilities. The City of Owatonna prepared an application on behalf of Daikin Applied to the Minnesota Department of Employment and Economic Development for \$400,000 of MIF dollars for equipment purchases. The \$400,000 award will require \$800,000 in equipment that will have a lien attached to it as part of the MIF Program. To receive the MIF dollars the company will be required to make capital investment in equipment and create jobs, Daikin Applied estimates 50 additional employees in the first year of operation receiving an annual average wage of \$21 per hour plus \$5.25 per hour in benefits.

At 8:08 pm, a public hearing was held for comments on the City's participation in application of Daikin Applied to the Minnesota Department of Employment and Economic Development for the Minnesota Investment Fund Program. With no comments heard, at 8:09 pm, Council Member Dotson made a motion to close the public hearing, Council Member Burbank seconded the motion; all members voted aye in approval.

Community Development Klecker presented Resolution 58-19 authorizing participation in the Minnesota Investment Fund Program and application for project funding. Council Member Dotson made a motion to approve Resolution 58-19, Council Member Burbank seconded the motion; all members voted aye in approval.

Mayor Kuntz advised he has received Letters of Resignation from Kate Harthan, EDA Member and Terry Steckleberg, Planning Commissioner. Council Member Svenby made a motion acknowledging these resignations; Council Member Voss seconded the motion; all members voted aye in approval. Mayor Kuntz recommended filling the remaining term of these appointments with Andrew Cowell to

the EDA, term to expire September 30, 2023 and Rachel Springer to the Planning Commission, term to expire April 30, 2020. Councilmember Okerberg made a motion to approve these appointments, Council Member Dotson seconded the motion; all members voted aye in approval.

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

- Minutes - City Council Meeting – July 16, 2019.
- Minutes - Park & Rec Board Meeting – July 8, 2019.
- Minutes - OPU Meeting – June 25, 2019.
- Minutes - Airport Commission Meeting – July 11, 2019.
- Event Permit – Federated Family 5K Run/Walk – September 7, 2019.
- Event Permit – STRIVE 5K Wellness Run – August 17, 2019.
- Event Permit - Airport Movie – August 24, 2019.
- Event Permit – Airport Breakfast – August 25, 2019.
- Event Permit – For a Day 5K – September 14, 2019.
- Event Permit – Midnight Mile – OHS Cross Country Girls Team – August 23, 2019.
- Event Permit – ARTOTBR – October 5 & 6, 2019.
- Event Permit – North Bluff Block Party – September 14, 2019.
- Event Permit – Jacob’s Run - September 7, 2019.
- Exempt Permit - Open Arms Yellow Ribbon Suicide Prevention Program – Raffle at VFW - September 7, 2019.
- Temporary Liquor Permit – Wine Tasting – Owatonna Arts Center – November 1, 2019.
- Temporary Liquor Permit – KC Hall at SCFF Foundation Building – Wedding - Sept 21, 2019.
- Department Reports: Building & Inspection Report – July 2019.
- Resolution 54-19 – Purchases at Fame Awards.
- Quote Roof Replacement of Henderson Hall (C-11) received from Piepho Roofing, Inc., Owatonna, MN for \$14,042.10.
- T-Hangar Lease Agreements – Raymond Kingsbury, Manny Barbosa, Francis Froelich, Scott Girtler, Justin Lindee, Alpha Aviation, Inc, Ron Priebe, Mike Powell, Jim VanReeth, Dave Viegut, Richard Wefald, Kyle Wolfe and Stan Gadek.

Council Member Dotson made a motion to approve these Consent Agenda Items; Council Member Okerberg seconded the motion. Council Member Voss advised he will abstain from vote due to personal interest in Fame Awards, members voting, voted aye for approval.

Vice-President Raney recapped expenses for the period; bills presented for payment total \$2,031,388.13. Council Member Voss made a motion to approve payment of these bills; Council Member Dotson seconded the motion. All members voted aye for approval.

City Attorney Walbran presented the second reading of Proposed Ordinance 19-5, an amendment to Appendix A, Fee Schedule of Chapter 35, “Fees and Charges”. Council approved the first reading of Proposed Ordinance 19-5 during the July 16, 2019 Council Meeting and no changes have been made since. Fee changes include:

Planned Unit Development (PUD)	\$400
Annexation Requests	\$350 plus \$10
To defray administrative costs of reviewing and processing annexation request, a fee of \$350, plus \$10 for every acre requested for annexation shall be paid for each annexation requests. For establishing a fee, the land being requested for annexation shall be rounded to the nearest acre.	
Environmental Assessment Worksheet (EAW)	\$400

Council Member Dotson made a motion to approve Proposed Ordinance 19-5, Council Member Raney seconded the motion. With a roll call vote voting aye were Burbank, Raney, Svenby, Voss, Okerberg, Dotson and Schultz; voting nay were none, the motion was approved. This will be known as Ordinance 1952 effective upon publication.

City Administrator Busse requested approval of the first reading of Proposed Ordinance 19-6 to amend Chapter 120, Charitable Gambling. The City received request to increase or eliminate the number of Premise Permits an organization can hold to conduct lawful gambling. Currently the ordinance limits organizations to three Premise Permits for lawful gambling purposes. This was topic of discussion during the Council Study Session on June 18, 2019. The proposed ordinance updates language to remove license classifications parallel to Minnesota Statutes and increases the number of Premise Permits allowed each organization to hold to five. Council Member Dotson made a motion to approve Proposed Ordinance 19-6, Council Member Okerberg seconded the motion. With a roll call vote voting aye were Burbank, Raney, Svenby, Voss, Okerberg, Dotson and Schultz; voting nay were none, the motion was approved. The second/final reading of Proposed Ordinance 19-6 will be heard during the next Council Meeting on August 20, 2019.

Community Development Director Klecker requested approval of the first reading of Proposed Ordinance 19-7 regarding bulk density for apartment units in the B-2 Community Business District. The amendment would require 1,000 square feet of lot area per unit compared to the current requirement of 1,700 square feet per unit. This amendment does not change requirement of offsite parking and property setbacks. Current Code permits three-story structures within this zoning district; but taller buildings would be permitted through a Conditional Use Permit. The Planning Commission held a public hearing with no comments heard on this matter. The Planning Commission is recommending approval of Proposed Ordinance 19-7. Council Member Svenby made a motion to approve the first reading of this proposed ordinance, Council Member Burbank seconded the motion. With a roll call vote voting aye were Burbank, Raney, Svenby, Voss, Okerberg, Dotson and Schultz; voting nay were none, the motion was approved. Second/final reading of Proposed Ordinance 19-7 will be heard during the August 20, 2019 Council Meeting.

Community Development Director Klecker requested approval of the first reading of Proposed Ordinance 19-8 to vacate a portion of 33rd Avenue SW. This property is owned by Smith Heritage LLC., TJ Design Strategies, Ltd is requesting this vacation on behalf of Costco Wholesale Corporation. Due to site security concerns the applicant does not want 33rd Avenue SW connecting to 18th Street through this property. During the public hearing held by the Planning Commission neighbor property owner Tim Johnson and his son, Rodney Johnson were opposed to vacating this road. The Planning Commission approved recommending vacating the west half of 33rd Avenue SW and all of the ROW on the southern third contingent on approval of the Costco Owatonna Plat. Council Member Okerberg made a motion to approve the first reading of this proposed ordinance as recommended by the Planning Commission. Council Member Burbank seconded the motion. With a roll call vote voting aye were Burbank, Raney, Svenby, Voss, Okerberg, Dotson and Schultz; voting nay were none, the motion was approved. Second/final reading of Proposed Ordinance 19-8 will be heard during the September 3, 2019 Council Meeting.

Community Development Director Klecker presented Resolution 55-19 to approve the Preliminary Plat of Costco Owatonna. The Planning Commission held a public hearing and recommended approval with these conditions:

- 1) Final plat approval shall not occur until the annexation has been finalized.

- 2) The Final plan shall be approved within one year of the date of approval of the preliminary plat.
- 3) The title opinion shall be approved by the City Attorney prior to recording of the final plat.
- 4) Approval of the final plat shall be contingent on the approval of the vacation of the portion of 33rd Ave SW.
- 5) All environmental review shall be completed prior to approval of the final plat.
- 6) A full drainage and storm water report shall be submitted to the City.
- 7) Existing wells are identified and properly capped if found.

Council Member Raney made a motion to approve Resolution 55-19 approving the Preliminary Plat of Costco Owatonna as recommended by the Planning Commission. Council Member Voss seconded the motion; all members voted aye for approval.

Interim P&R and Community Development Director Klecker requested approval of Resolution 56-19 accepting the bids and awarding contracts for improvements at the Fire Hall with replacement of air conditioning units, replacing the roof on the Apparatus Bay and upgrading the building management control system. The air conditioning units are over 20 years old and need to be replaced. The building management system is outdated and will be updated to a web-based server that can be accessed outside of the Fire Hall. The apparatus bay roof is original to the building being built in 1996. One bid was received for the air conditioning units, two bids for the building management controls and three bids for the roof. Submitting the low bid for each project were:

Air Conditioning Units:	Owatonna Heating and Cooling	\$135,905
Apparatus Bay Roof	Malo Roofing	40,500
Building Management System	Johnson Control	8,919
	(less OPU rebate)	(7,570)

Council Member Okerberg made a motion to approve Resolution 6-19 accepting these bids, Council Member Dotson seconded the motion, all members voted aye for approval.

Interim P&R and Community Development Director Klecker requested approval of Resolution 57-19 to accepting the bid received and award the contract for replacement of the roof on the City Administration Building. Council approved contract with Adsit Architecture and Planning for services for architectural drawings for this project. Schwickert's Tecta America, LLC of Mankato MN submitted a bid of \$1,376,453.00, this was the only bid received. Adsit Architecture and Planning has reviewed the bid and recommend approval. The replacement material is synthetic slate shingles. This will have a visual aesthetic look closer to the original slate shingles. Additional improvements will include ice guard and water membrane, gutter and downspouts, underlayment, radiant heat de-icing installed on roof deck and below the shingles, heat tape in gutter and downspouts, all flat roofs will be replaced, all wood trim soffit, cupolas and vents will be painted, and insulation. Council Member Okerberg made a motion to approve Resolution 57-9 Council Member Dotson seconded the motion.

Interim P&R and Community Development Director Klecker requested approval of Resolution 58-19 authorizing sale of property on 32nd Avenue no longer needed for municipal purpose. The City currently owns property west of 32nd Avenue SW which Owatonna Public Utilities (OPU) has used as a Propane Peak Shaving Plant since 1993. Over the years, OPU added pipeline capacity and this plant is no longer needed. In 2018, the OPU Commission supported moving forward with decommissioning this plant and selling the assets. Council Member Svenby made a motion to approve Resolution 59-19 accepting the bid received from Central Farm Services (CFS) Corporation for \$511,101 to purchase this property. Council Member Voss seconded the motion all members voted aye in approval.

During Public Comment, Deb Bandel, 622 Prospect Street, explained this is the first Council Meeting she has attended and questioned the Council's Ward representation. Council Member Schultz explained

five council members are elected by the residents of their respective wards and two council members are elected by all voters and serve as Members at Large. Ms. Bandel requested explanation of TIF Districts and if TIFs would help the high school obtain tax dollars for needed improvements? Community Development Klecker gave a brief overview of TIF Districts and invited her to meet with him for additional details. Ms. Bandel commented she has additional questions and will meet with Mr. Klecker. Marlene Nelson, 1726 Mosher Avenue questioned why the City offers lengthy TIF District, if TIF districts benefit Section 8 Housing and believes the City's 7% tax increase last year caused unbearable tax burden for many on a fixed income and inquired if Costco is requesting a 25-year TIF. Community Development Klecker explained the proposed TIF District for Costco will be nine years and there are no TIFs for Section 8 Housing; they receive tax credits from Minnesota Housing Authorities to offset the lower income received from reduced rent amounts.

During Council Comments, Council Member Svenby encouraged everyone to attend the Steele County Free Fair beginning Tuesday, August 13th. Council Member Voss thanked everyone for participating in Night to Unite Activities, he rode along with the Fire Department and attended three great neighborhood parties, enjoyed seeing the kid's excitement when the fire truck rolled in. Council member Okerberg thanked OPU staff for timely restoring power outage after the severe thunderstorm on July 20th, most residents were back online within three hours. Council Member Raney commented attendance at the water park and lake equipment rentals have been good on nice weather days; he rode along with the police during Night to Unite and enjoyed several neighbor parties as they meet people and collected school supplies. Mayor Kuntz wished everyone enjoy the fair. City Administrator Busse commented last year, the City's tax levy was increased 6.25% but the tax capacity increased by 7% so the city tax rate decreased and if your valuation on your property stayed the same, your taxes decreased. Council President Schultz also wished everyone enjoy the fair.

At 8:54 p.m., Council Member Raney made a motion to adjourn, Council Member Dotson seconded the motion and the meeting adjourned.

Dated: August 11, 2019

Respectfully submitted,
Jeanette Clawson, Administrative Specialist