

Owatonna City Council Minutes

The Owatonna City Council met in regular session on Tuesday, September 17, 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 Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz. Also attending were Mayor Kuntz, City Attorney Walbran; City Administrator Busse; Community Development Director/Interim Parks and Recreation Director Klecker; Public Works Director Skov; Administrative Specialist Clawson. Following the Pledge of Allegiance, Council Member Okerberg made a motion to approve the agenda as presented, Council Member Svenby seconded the motion and all members voted aye in approval.

Council President Schultz welcomed Jeff Elstad, Superintendent of the #761 School District to the meeting. Superintendent Elstad presented an update about the school district's bond referendum on the ballot of the November 5, 2019 Special Election. There will be two questions asked: 1) Build a new high school for 1,600 students and 2) Repurpose the current Owatonna High for district and/or community use (contingent on passage of Question #1) In May 2019, voters narrowly defeated a funding request for \$116M to build a new high school for 1,700 students. Since May, district leaders have been listening to the community to learn the reasons for the narrow defeat: through multiple community listening sessions, a random sample scientific community phone survey and other feedback from community members. Items we heard about since the May 2019 Referendum:

- The cost of the new high school was too high.
- The tax impact was too high for the residents of Owatonna.
- A suggestion to determine how the current Owatonna High School building would be a part of the community going forward.
- A request to revisit and compare the costs of a new high school vs. a remodel of the current Owatonna High School.
- Interest in seeing what taxpayers were going to get for their money and location for a new high school.

Extensive work went into addressing the need identified by the Facilities Task Force while also listening to the community to reduce the cost and tax impact, retain corporate donors, reduce the cost of the new high school and review and offer options to reuse the current Owatonna High School. Two different companies provided estimates to renovate the existing high school; the renovation costs were so close to building new that they deemed impractical and not fiscally responsible. Changes since the May 2019 Referendum include:

- 1) Cost to taxpayers for the high school has decreased from \$116M to \$104M
 - Reduced the student capacity from 1,700 students to 1,600 students.
 - Cut the number of gym courts from five to four.
 - Retained \$22M in local corporate donations for building costs.
 - Gained a corporate donation to purchase the land for a new high school.

- 2) Tax impact has been reduced

Due to the lower cost and a lengthened bond repayment period, the monthly tax impact for the average homeowner reduced from \$23/month to about \$16/month for the average homeowner

(\$175,000 value home) for the new high school.

- 3) State legislature passed tax relief for farmers, reducing their tax burden on current and future school bond referendums. The State will phase in credit increases: 55% for taxes payable in 2021; 60% for taxes payable in 2022, and 70% for taxes payable 2023 and later.

The new campus will include: 70 classrooms with modern technology; lunchroom space, a flexible media center and gymnasium, modern career education spaces, 900-seat auditorium, on-site parking for staff and students; up to date building systems offering a temperature controlled environment; the building will be designed to allow for future changes if population growth incurs; and will offer an enhanced building security system. Displays showing the “vision of the site plan designed concept for the new high school campus”, a “plan to repurpose the current high school” and examples of flexible classrooms were shared. Superintendent Elstad will be holding Coffee and Conversations, informal gatherings to address questions regarding the Owatonna School District several times a week until the end of October. The presentation shown during this meeting and additional information can be viewed on the school’s website:
<http://www.owatonnaproud.org>.

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 – September 3, 2019.
- Minutes - Human Rights Commission Meeting – August 13, 2019.
- Minutes - Library Board – August 20, 2019.
- Minutes - Park & Rec Board Meeting – September 9, 2019.
- Minutes - Airport Commission Meeting – August 8, 2019.
- Event Permit – Fire Department Open House, Chili & Wild Rice Soup Feed – October 6, 2019.
- Exempt Permit – Raffle – Kid’s Corner – November 8, 2019.
- August Report – Building & Inspections.
- Nuisance Report – September 13, 2019.
- Memorandum of Understanding re Use of Soccer Fields - Owatonna Soccer Association.
- Engagement Agreement – Fire Department Study – Fitch & Associates, LLC.

Council Member Dotson made a motion to approve these Consent Agenda items, Council Member Voss seconded the motion. All members voted aye in approval.

Vice President Raney recapped expenses for the period. Bills presented for payment totaled \$666,545.37. Council Member Svenby made a motion to approve payment of these bills, Council Member Burbank seconded the motion. All members voted aye in approval.

City Attorney Walbran requested approval of Proposed Ordinance 19-4; Chapter 114 Tobacco. Approval of the second reading of proposed ordinance 19-4 to amend chapter 114: "Tobacco" of the 2015 Ordinance Code. First reading of this Proposed Ordinance was approved on August 6, 2019. During the August 20th Council Meeting, action was tabled on the final approval for further review of provisions relating to violations by persons between the ages of 18 to 21. The primary purpose of the ordinance is to prohibit sales of tobacco and other tobacco-related products to persons under the age of 21. Section 114.09(a) prohibits the sale of tobacco products to persons under the age of 21. Sections 114.09(B), (C), (D) and (E) prohibit persons between the ages of 18 to 21 from the possession, use, purchase, or the use of false identification to purchase tobacco. As before, the imposition of a civil penalty in the form of a fine is not provided for violations for

persons between the ages of 18 and 21. Violations by persons under the age of 21 will be referred to the Steele County Attorney's Office for diversion or prosecution in the same manner as is presently provided for juveniles. The Steele County Attorney's Office advises they refer juvenile tobacco offenders to a diversion program which includes participation in a Nicotine Awareness Class, six hours online, for which the juvenile pays the fee. The violation does not go to the juvenile court. If the violation occurs at school, there is an in-school program for such a violation and it does not go to the County Attorney's Office. Where the juvenile is a repeat offender and does not have a greater charge attached to the tobacco offense the County Attorney offers: a plea of guilty with a stay of adjudication upon the condition that the offender complete the class, write an essay of what he/she learned from the class, complete 10 hours of community work service, cooperate with probation for three months, and attend school on a daily basis. If the offender satisfactorily completes the program the charge is dismissed. However, if the juvenile is a repeat offender with a more serious charge then the probation would include other conditions for that serious charge. Council Member Raney made a motion to approve Proposed Ordinance 19-4, Council Member Burbank seconded the motion; With a roll call vote voting aye were Council Members Voss, Okerberg, Burbank, Raney, Svenby and Schultz; voting nay was Council Member Dotson; the motion was approved. This will be known as Ordinance 1593.

City Attorney Walbran requested approval of a Summary Publication for Ordinance 1593 amending Chapter 114, Tobacco. Council member Raney made a motion to approve the Summary Publication, Council Member Voss seconded the motion. With a roll call vote voting aye were Council Members Voss, Okerberg, Dotson, Burbank, Raney, Svenby and Schultz; voting nay were none, the motion was approved.

City Attorney Walbran presented the first reading of Proposed Ordinance 19-9 to repeal the current Section 114 of the City's 2015 Code of Ordinances entitled Tobacco in its entirety upon the effective date of Ordinance 1593. Council Member Raney made a motion to approve the first reading of Proposed Ordinance 19-9, Council Member Okerberg seconded the motion; With a roll call vote voting aye were Council Members Voss, Okerberg, Burbank, Raney, Svenby and Schultz; voting nay was Council Member Dotson; the motion was approved. The second/final reading of Proposed Ordinance 19-9 will be presented to Council during the next Council Meeting on October 1, 2019.

Public Works Director Skov requested approval of Resolution 75-19, approving installation of two-way stop signs at 16th Street SE and Truman Avenue. A citizen requested stop control of this intersection which currently has yield signs on 16th Street SE with through traffic on Truman Avenue. The resident requested a 4-way stop but after evaluation by the Engineering Department, it was found that the location warrants a two way-stop (copy of the Stop Control Evaluation is attached). There are three criteria for installation of stop signs:

- 1) Vehicular traffic volumes on the through street exceeds 6,000 vehicles per day.
- 2) A restricted view exists that requires road user to stop in order to adequately observe conflicting traffic on the through street.
- 3) Crash records indicate that three or more crashes that are susceptible to correction by the installation of the STOP sign have been reported with a 12-month period, or that five or

more such crashes have been reported within a 2-year period. Such crashes include right-angle collisions involving road users are on the minor street approach failing to yield the right-of-way to traffic on the through street.

Criteria #3 has been met. There have been four crashes reported at this intersection in the last 12 months; all crashes were right-angle collisions where the vehicle on the minor street (16th St) failed to yield the right-of-way to traffic on the through street (Truman Avenue). The cost of the signs is expected to be less than \$300.00 and will be paid from the Street Department Operating Budget. Another option would be to remove all signs as studies have shown uncontrolled intersections have fewer accidents as everyone is expecting everyone to stop. Council Member Voss made a motion to approve Resolution 75-19, Council Member Okerberg seconded the motion; all members voted aye in approval.

Finance Director Moen explained the City is required to adopt a proposed budget for the following year and certify its proposed property tax levy to the county auditor on or before September 30th. An overview of the 2020 proposed budget was presented to council on August 20, 2019. This proposed budget is consistent with the City's strategic plan. The 2020 proposed levy includes an increase of 4.5%. This increase is following the increase in growth of the City's tax base, which is estimated at 5.28% as provided by Steele County. Steele County always emphasizes that this is a preliminary estimate and it may change. If the council were to reduce the levy increase to 4%, this would be a reduction of \$65,800. This could be a consideration for the preliminary levy or the final levy. The total proposed levy includes the City levy of \$13,381,106 and \$185,000 each for the EDA and HRA levies. The council is currently receiving more detailed presentations by department heads in September and October during council study sessions. This is council's opportunity to provide its input on the proposed budget and make recommendations for any changes. The final levy amount and budget will be presented on December 3rd at 6:00 p.m. Council can approve a final levy amount that is lower but not greater than the proposed levy amount.

Resolution 76-19 sets the proposed levy of taxes for 2020, a direct ad valorem tax in the amount of \$11,735,794 for general government, \$170,882 PERA rate change and \$1,659,430 for debt retirement with a Proposed Budget of \$35,398,479. Council Member Svenby made a motion to approve Resolution 76-19, Council Member Burbank seconded the motion and all members voted aye in approval. Council Member Dotson commented he hopes staff will continue to identify budget reductions prior to the budget approval in December.

Finance Director Moen presented Resolution 77-19, authorizing the Housing and Redevelopment Authority (HRA) to levy \$185,000 and propose a budget of \$1,359,971 for fiscal year 2020. Council Member Burbank made a motion to approve Resolution 77-19, Council Member Voss seconded the motion, all members voted aye in approval. Council Member Dotson commented HRA does good things and needed but questions why the annual HRA Levy and Budget amounts were steady for many years but have increased significantly over the last two-three years. He asked this be watched going forward and reviewed prior to final budget approval.

Resolution 78-19 approving the Proposed 2020 Budget was presented. Council Member Raney made a motion to approve Resolution 78-19, Council Member Okerberg seconded the motion; all

members voted aye in approval. Council Member Dotson asked if recent Tax Increment Financing (TIF) projects will factor into property taxable values and tax capacity. Finance Director Moen responded the County provides her current Net Tax Value with TIF backed out.

Public Works Director Skov presented Resolution 79-19, declaring costs of the 2018 Street and Utility Project to be \$183,431.28. The estimated cost of such improvements to be specially assessed is \$76,440.00. Streets affected by this project were: Caleta Place and Mill Street between Cedar Avenue and Oak Avenue. Council Member Dotson made a motion to approve Resolution 79-19, Council Member Okerberg seconded the motion; all members voted aye in approval.

Public Works Director Skov requested approval of Resolution 80-19, setting a public hearing for Tuesday, October 15th at 7:00 p.m. to consider the Proposed Assessments for the 2018 Street and Utility Project. Council Member Raney made a motion to approve Resolution 80-19, Council Member Voss seconded the motion; all members voted aye in approval.

Public Works Director Skov presented Resolution 81-19, declaring costs of the 2018 Downtown Alley and Parking Lot Project. The alley south of Vine Street between Cedar Avenue and Oak Avenue was affected by this project. The total cost of the improvement is \$451,505.48 with proposed assessments of \$44,134.00. Council Member Burbank made a motion to approve Resolution 81-19, Council Member Voss seconded the motion; all members voted aye in approval.

Public Works Director Skov requested approval of Resolution 82-19, setting a public hearing for Tuesday, October 15th at 7:00 p.m. to consider the Proposed Assessments for the 2018 Downtown Alley and Parking Lot Project. Council Member Raney made a motion to approve Resolution 82-19, Council Member Svenby seconded the motion; all members voted aye in approval.

Public Works Director Skov presented Resolution 83-19, declaring costs of the 2018 Park Drive Project to be \$2,739,207.57. The City's share of costs will be \$2,362,463.57 with the balance proposed as Special Assessments, \$376,844.00. This project was on Park Drive from St. John Drive to 21st Avenue NW and from 24th Avenue NW to 32nd Avenue NW. Council Member Svenby made a motion to approve Resolution 83-19, Council Member Okerberg seconded the motion; all members voted aye in approval.

Public Works Director Skov requested approval of Resolution 84-19, setting a public hearing for Tuesday, October 15th at 7:00 p.m. to consider the Proposed Assessments for the 2018 Park Drive Project. Council Member Raney made a motion to approve Resolution 84-19, Council Member Voss seconded the motion; all members voted aye in approval.

Public Works Director Skov requested approval of Resolution 85-19 to declare the costs of the 2019 Concrete Street Project. This project included 21st Avenue NW from Park Drive to Hoffman Drive and 28th Avenue from Park Drive to Hoffman Drive. The total cost of this project is \$779,598.97 with \$191,991.80 to specially assessed. Council Member Raney made a motion to approve Resolution 85-19, Council Member Voss seconded the motion; all members r voted aye in approval.

Public Works Director Skov requested approval of Resolution 86-19, setting a public hearing for Tuesday, October 15th at 7:00 p.m. to consider the Proposed Assessments for the 2019 Concrete Streets Project. Council Member Raney made a motion to approve Resolution 86-19, Council Member Dotson seconded the motion; all members voted aye in approval.

Public Works Director advised two petitions for Local Improvements were received from property owners. The requests are to improve current gravel streets to include, but are not limited to asphalt pavement, concrete curb & gutter and concrete driveway approaches. Both petitions received request repairs to Evergreen Place NE: one section is for the east end including the cul-de-sac and the other for two lots west of Deer Trail Lane. The first petition includes a sufficient number of property owner's signatures as required for projects which may include assessments to the property owners. Copy of the petitions are on file in the City Administrator's Office. These projects will be 100% assessible to the property owners. Resolution 87-19 will accept the petitions for the 2020 Curb & Gutter Project; Council Member Dotson made a motion to approve Resolution 87-19, Council Member Svenby seconded the motion; all members voted aye in approval.

City Administrator requested approval of Resolution 88-19 setting a public hearing on Tuesday, October 15th at 7:00 p.m. for consideration of assessment of past due utility accounts. Owatonna Public Utility certified a list of unpaid accounts showing the names and addresses of severely delinquent utility accounts. Staff has confirmed the unpaid accounts receiving electrical, gas, water and sewer service from Owatonna Public Utility are also the property owner of record with the Steele County Auditor for collection with taxes; the City shall not place a lien on a landlord or owner's property for a tenant's outstanding electrical bill unless the owner or a property manager, acting as the owner's agent, contracted for the utility service. Council Member Okerberg made a motion to approve Resolution 88-19, Council Member Dotson seconded the motion; all members voted aye in approval.

City Administrator Busse presented Resolution 89-19 calling for a public hearing on the issuance of revenue obligations proposed for the benefit of Mankato Lutheran Homes, Inc. Ecumen has asked the City to act as a conduit for a project for the public good; they plan to construct memory care and senior housing. This will not affect the City's debt limit, the borrower will pay the City for any out-of-pocket expenses with respect to this transaction, a \$1,000 Administrative Fee, and 0.5% of the \$8,000,000 transaction amount. Council Member Burbank made a motion to approve Resolution 88-19 setting the public hearing to consider this matter on Tuesday, October 15, 2019 at 7:00 p.m. Council Member Voss seconded the motion; all members voted aye in approval.

Community Development Director Klecker requested approval of Resolution 90-19 authorizing the acceptance of the MnDOT Grant Agreement for funding participation for airport loader with blower attachments. The FAA Grant Agreement for 90% funding participation for this project was approved during the last Council Meeting on September 3, 2019. The MnDOT funding participation rate represents an additional 5% funding with the remaining 5%, \$18,534 as the City's costs to be paid from the Airport Vehicle Replacement Fund. Purchase of the new loader with blower attachment was recommended by the Fleet Manager to replace existing depreciated equipment. Council Member Svenby made a motion to approve Resolution 90-19, Council member Burbank seconded the motion; all members voted aye in approval.

City Administrator presented Resolution 91-19 to declare the cost to be assessed and order preparation of the Proposed Assessments for unpaid weed and nuisance expenditures incurred by the City during 2019. The Owatonna fire Department enforced the City Codes to mow weed, grasses, other harmful vegetation and other services by using a mowing service to bring the non-compliant properties into compliance. The amount of unpaid bills is \$2,537.13 which will be proposed for assessments, the City's share of these costs will be \$0. Council Member Dotson made a motion to approve Resolution 91-19, Council Member Okerberg seconded the motion; all members voted aye in approval.

Resolution 92-19 sets a public hearing to consider the proposed assessments for unpaid weed and nuisance expenditures incurred on Tuesday, October 15, 2019 at 7:00 p.m. Council Member Burbank made a motion to approve Resolution 92-19, Council Member Voss seconded the motion; all members voted aye in approval and the motion carried.

City Attorney requested the effective date of Ordinance 1593 be amended to include "and upon passage and publication of Proposed Ordinance 19-9". The new ordinance cannot become effective until the ordinance repealing the current Chapter 114, Tobacco has also been approved. Council Member Raney made a motion to approve this amendment to Ordinance 1593, Council Member Burbank seconded the motion. With a roll call vote voting aye were Council Members Voss, Okerberg, Burbank, Raney, Svenby and Schultz; voting nay was Council Member Dotson; the motion was approved.

During Staff Comments, Community Development Director Klecker gave a brief update on construction projects: Mineral Springs Brewery - equipment has been installed; Car Time – the building is closing and staging done; Chiropractic Center on 18th Street SE has footing poured; Daikin Warehouse - Site & Grading Permits issued; South Point Two - Demolition and Foundation Permits issued; Kwik Trip at the former Sterling Drug site – we are currently reviewing plans, and plans in review for the James Brothers new facility in the Industrial Park.

Public Works Director Skov commented several improvement projects are also close to getting done as it is near the end of the construction period: 21st Ave in Industrial Park will be done soon, curbs have been installed at the LEC and soon there will be asphalt down; Timber Ridge NE received the final lift of asphalt this last weekend. Staff is also beginning the planning process for 2020 construction projects and hopefully next year won't impact traffic as much as it has been this year. The City Crew is currently reviewing the trails at Mineral Springs Park for a more efficient plan to layout the trails. Council Member Okerberg asked what was done on N Walnut by the Mineral Springs Brewery, Skov responded they patched to correct parking and drive patterns. Mayor Kuntz asked if silt will be dredged from Morehouse Dam; Engineer Skov responded that is not a planned project but unsure as this would be a Park and Rec Project, not Public Works.

During Public Comments, Roger Wacek, 646 Vine Street, commented during the July 16th Council Meeting, he identified over \$280,000 of what he believes to be unnecessary property tax expenses for Brooktree Golf Course and River Spring Water Park. He requested council phase out tax subsidies for recreation as they compete with necessary amenities such as police, fire, infrastructure improvements, employee wages, salaries, and benefits. A second, totally

unnecessary, property tax expense is purchase of fertilizer, herbicides, & fungicides. During 2018, the City spent \$24,042 on herbicides and \$49,389 on fertilizers & fungicides; a total of more than \$353,000 spent on unnecessary items. I request that everyone in the community, that doesn't like property tax increases, call their council members and ask how they will cut more than \$353,000 unnecessary expenses out of next year's budget? Also, the Fall 2019 September-December Owatonna Community Education Brochure encourages everyone to sign up for "Minnesota Goes Green – Recycling and Organics Facility Tour".

During Council Comments, Council Member Voss commented the Police Department is offering a Citizen Academy to begin next month; this is a great program and he encouraged everyone consider attending. Council Member Dotson thanked Mr. Wacek for coming to the meeting and commenting about the City's budget expenditures and challenged others to show up if they want Council to be more aggressive to hold property taxes down. Council Member Raney commented he likes our city parks and doesn't want to put up for sale signs. Council Member Svenby invited everyone to participate in the Watershed Clean Up this Saturday. Mayor Kuntz thanked Superintendent Elstad for attending tonight's meeting with information about the school district's pending referendum which he personally supports this, and hope others review the information and support it also. City Administrator Busse said she is looking at dates to schedule Coffee with the Council meetings in each ward and there were 43 registrations received for the City's Deer Management Program which is similar to the number of registrations received previous years.

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: September 26, 2019

Respectfully Submitted,
Jeanette Clawson, Administrative Specialist