

**City Council Meeting  
April 20, 2020  
6:30 PM – City Hall**

This regular meeting of the Winona City Council was conducted electronically pursuant to Minnesota State Statute 13D.021, following the adoption of Resolution 2020-17 Declaring a Special Emergency, as adopted by the City Council on March 16, 2020.

Mayor Mark Peterson called the meeting to order at 6:30 p.m. and the Pledge of Allegiance was recited.

**Present:** Mayor Mark Peterson, Council Members Allyn Thurley, Eileen Moeller, Michelle Alexander, Pamela Eyden, George Borzyskowski and Paul Schollmeier.

**Mayor's Comments:**

Mayor Mark Peterson read a proclamation for Earth Day and Arbor Day, April 24. The Mayor then read a Community Service Award for Phineas Van Fossum, who initiated his own lake clean-up by taking 18 tires out of West Lake Winona.

The Mayor thanked everyone involved with responding to the Covid 19 virus, including police, fire, and health services people. He noted that the city looked at making the bike path one-way, but we have decided to keep it two-directional and ask the users to maintain social distancing. He encouraged people to stay home whenever possible.

**City Manager's Comments:**

City Manager Stephen T. Sarvi thanked all the City employees who are going above and beyond their normal duties. He announced that more City crews are back to work.

Mr. Sarvi announced that next week is National Library Week, and the Winona Public Library will be hosting several online events.

The Army Corps of Engineers will begin their river dredging again, and will be placing sand on an area of Latsch Island that they already have permission to use.

Park Rec Director Chad Ubl reported that Park Rec is encouraging people to use the parks, but to stay at least six feet away from other people.

**2.1 Black Squirrel Properties Comprehensive Plan Map Amendment Request: Downtown Fringe to Limited Industrial**

Assistant City Planner Luke Sims presented a request from Black Squirrel Properties to change the Comprehensive Plan's designation of 330 West Second Street (PIN 32.401.0062) from Downtown Fringe (area supporting the downtown core with similar mixes of uses) to Limited Industrial (area for manufacturing, warehousing, and distribution; uses that have few outside impacts). This change is necessary to support rezoning and future use of the property as climate controlled storage.

Mr. Sims reported that the Planning Commission held a public hearing on January 13, and adopted a resolution on February 10, 2020 voting unanimously to recommend denial with the following findings:

1. The benefits of re-designation flow only to the developer because it sets the stage for a change in use that is not in accordance with the surrounding blocks and the future land use designation of the City's 2007 Comprehensive Plan.
2. The potential uses supported by the Limited Industrial designation are incompatible with the existing commercial, office, and mixed use properties adjacent to the property.
3. The proposed designation of Limited Industrial is not consistent with the policies and objectives of the Comprehensive Plan in that location, such as the mixed use redevelopment of downtown-adjacent properties in a major principal corner near new office and mixed use development and recreation opportunities.

Given these findings, denial of the request is recommended. In consideration of this matter, the following alternatives are available to the City Council:

1. Deny the request. Under this option, a motion to adopt the findings of the Planning Commission and introduce the attached resolution for denial would be in order. A majority vote is required to deny this request.
2. Approve the request. Under this option, Council will need to state on the record findings supporting the approval of the request, and a motion should be made to adopt those findings and approve the attached resolution for approval. A supermajority of five votes is required to approve this request.
3. Modify the request.

Thereupon the Mayor opened the public hearing. Assistant City Planner Luke Sims gave a presentation on the request, and the recommendation of the Planning Commission to deny the request.

There being no one who answered the call for the public to speak, the Mayor closed the public hearing. The following resolution was then presented for the Council's consideration.

### **Resolution 2020 – 30**

**WHEREAS**, the City of Winona adopted a Comprehensive Plan in 2007 to establish a vision for development in the City of Winona over a period of 10 to 15 years; and

**WHEREAS**, the Comprehensive Plan contains a series of recommendations in several areas including land use, economic development, environment, housing and transportation; and

**WHEREAS**, the 2007 Comprehensive Plan designated the real property located at 330 West Second Street as Downtown Fringe; and

**WHEREAS**, Black Squirrel Properties submitted a petition requesting that the Comprehensive Plan be amended to designate the property located at 330 West Second Street as Limited Industrial; and

**WHEREAS**, the City of Winona Planning Commission held a public hearing regarding the request for a Comprehensive Plan amendment on January 13, 2020; and

**WHEREAS**, the Winona Planning Commission recommended denial of Black Squirrel Properties' request to change the designation of 330 West Second Street from Downtown Fringe to Limited Industrial by adopting Planning Commission Resolution 20-2, dated February 10, 2020; and

**WHEREAS**, the Winona City Council held a public hearing regarding the request for a Comprehensive Plan amendment on April 20, 2020; and

**WHEREAS**, section 43.06.44 B) 5) of the City of Winona City Code states that the City Council shall give reasons for its decision; and

**WHEREAS**, section 43.06.13 E)1) of the City of Winona City Code requires applications conform with the Unified Development Code Application Manual; and

**WHEREAS**, the City of Winona's Unified Development Code Application Manual requires Comprehensive Plan Map Amendment applications to address the criteria noted on the application; and

**WHEREAS**, the Comprehensive Plan Map Amendment Application states that the criteria to be considered by the City Council are the following:

- a) The amendment is consistent with the policies and objectives of the Comprehensive Plan.
- b) The amendment is being requested due to changes which have occurred since adoption of the Comprehensive Plan.
- c) The amendment will not have an undue impact on the health, safety, or welfare of the community; and

**WHEREAS**, the Winona Planning Commission made the following Findings for its recommendation of denial:

- 1) The benefits of re-designation flow only to the developer because it sets the stage for a change in use that is not in accordance with the surrounding blocks and the future land use designation of the City's 2007 Comprehensive Plan.
- 2) The potential uses supported by the Limited Industrial designation are incompatible with the existing commercial, office, and mixed use properties adjacent to the property.
- 3) The proposed designation of Limited Industrial is not consistent with the policies and objectives of the Comprehensive Plan in that location, such as the mixed use redevelopment of downtown-adjacent properties in a major principal corner near new office and mixed use development and recreation opportunities.

**NOW THEREFORE LET IT BE RESOLVED** by the City Council of the City of Winona, Minnesota that the Council hereby adopts and incorporates herein the Findings of the Planning Commission as set forth above, and the Council hereby denies the requested amendment to the 2007 Comprehensive Plan to designate 330 West Second Street as Limited Industrial.

Thereupon Schollmeier moved to waive the reading of the resolution and to adopt same, and the motion was seconded by Moeller.

Eyden believed the Planning Commission more than adequately discussed this proposal, and she agreed with their conclusion that it was not appropriate to have a split zoning on one building.

Alexander agreed that she was not in favor of splitting the property's zoning, although she would support having storage at this site.

Borzyskowski also felt the Planning Commission did a thorough job with this petition.

The motion carried with all voting aye. Thereupon the Mayor declared the resolution duly adopted.

#### **4.1 Invasive Aquatic Plant Management Grant Contract Approval**

John Howard, Natural Resources Sustainability Coordinator, reported that the Minnesota Department of Natural Resources (MN DNR) awarded the City of Winona an invasive aquatic plant control grant for a portion of the West Lake. This grant for \$1,800 will allow a delineation of aquatic plant species and fund a portion of the herbicide treatment for around 12 acres of curly leaf pondweed.

Based on conversations with members of the community who expressed concern about applying herbicide and subsequent discussions with the MN DNR, the City's Natural Resources and Sustainability Coordinator would like to include some clarifications regarding the proposed work. The herbicide that will be applied is commonly called Endothall, which is a contact plant killer and will be applied by an experienced and licensed contractor to the surface of the water. The timing of the treatment will be late spring (May or early June) when next to no native plants are yet growing near the surface. Therefore no off target aquatic plants would be killed by treatment. There are

no anticipated impacts to wildlife or humans because the herbicide chemical dilutes quickly in the water and is broken down by microbes, although fishing in the treated area probably should be halted for 3-5 days until the herbicide is broken down.

A key consideration is that treatment for just one year will have very little, if any, long term effect. Continued treatment and management of the treated area and other areas of the lake will be needed in the coming years to control the curly leaf pondweed situation. There are success stories of other lakes that have greatly reduced the curly leaf pondweed concentrations after 5-7 years of herbicide treatment, although most lakes are not given consistent treatments. Weed harvesting is not shown to have meaningful long term effects, so herbicide treatments would be the suggested course of action.

Staff is willing and should be able to manage a continued curly leaf pondweed management program. A next step after treatment this year would be to create a lake vegetation management plan to guide future efforts. However, if the City is not willing to do annual management on a scale similar to being proposed this year, the Natural Resources and Sustainability Coordinator would recommend passing on this grant.

Given these considerations, the Natural Resources and Sustainability Coordinator's recommendation is to formally execute the grant and begin treatment this spring/early summer with knowledge that this is just the first step in the process.

Alexander moved to authorize administration to execute the grant agreement. Schollmeier seconded the motion, and after a brief discussion, it carried with all voting aye.

#### **4.2 BCS Automotive: Job Creation Fund Resolution of Support**

Lucy McMartin, Community Development Director, reported that at the April 6, 2020 City Council meeting, the Council held a public hearing and approved a resolution in support of a MN Department of Employment and Economic Development Minnesota Investment Fund Application to support a BCS Automotive Solutions expansion in Winona. She presented the following resolution which pledges similar support for a Job Creation Fund application of up to \$400,000 for the project:

#### **Resolution 2020 – 31**

**WHEREAS**, the City of Winona, Minnesota (the "City"), desires to assist BCS Automotive Interface Solutions ("BCS Automotive"), a manufacturer/supplier to the automotive industry, which is proposing to improve and expand their facility located in the City; and

**WHEREAS**, the City of Winona understands that BCS Automotive, through and with the support of the City, intends to submit to the Minnesota Department of Employment and Economic Development an application for an award and/or rebate from the Job Creation Fund Program; and,

**WHEREAS**, the City of Winona held a city council meeting on April 20, 2020, to consider this matter.

**NOW THEREFORE, BE IT RESOLVED** By The City Council of the City Of Winona, Minnesota, that, after due consideration, the Mayor and the City Clerk of the City of Winona, Minnesota, hereby adopts the following findings of fact related to the project proposed by BCS Automotive and its application for an award and/or rebate from the Job Creation Fund Program and express their approval.

The City Council hereby finds and adopts the reasons and facts supporting the following findings of fact for the approval of the Job Creation Fund application:

1. Finding that the project is in the public interest because it will encourage the growth of commerce and industry, prevent the movement of current or

future operations to locations outside Minnesota, result in increased employment in Minnesota, and preserve or enhance the state and local tax base.

- BCS Automotive considered operations in Winona, MN, Auburn, NY and possibly Mexico. In the end the Auburn, NY operations will be closed and consolidated into the Winona production facility.
  - If BCS had chosen the Auburn, NY location, Winona employment would have been zero by December 31, 2020. Instead, Winona employment is estimated to be 208 full time employees with benefits.
  - BCS will make significant investments into the Winona facility opening up additional business opportunities in the future.
2. Finding that the proposed project, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.
    - BCS Automotive had facilities and a labor force in Auburn, NY along with an incentive package from the State of New York.
    - BCS Winona had/has lost a significant contract with a major US automaker (it may have been an easier decision to move what was left of Winona production to New York).
  3. Finding that the proposed project conforms to the general plan for the development or redevelopment of the City as a whole.
    - The BCS Automotive property is zoned industrial and the existing footprint has the capacity to incorporate the new production.
  4. Finding that the proposed project will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment or development of the project by the private enterprise.
    - The development opportunity will serve to maintain and expand the capabilities of the BCS Automotive Winona workforce.

Thereupon Alexander moved to waive the reading of the resolution and to adopt same. The motion was seconded by Thurley, and carried with all voting aye. Thereupon the Mayor declared the resolution duly adopted.

### **5.1 Call for Public Hearing – The Commonwealth Company Proposed Application for Assistance**

Ms. McMartin stated that the Community Development staff has been working with The Commonwealth Companies (the “Developer”) in submitting an application to Minnesota Housing Finance Agency (MHFA) to receive an allocation of Housing Tax Credits (HTCs) to develop workforce rental housing. The purpose of tonight’s action is to call for a public hearing on May 4, 2020.

Commonwealth has a purchase agreement to acquire two parcels (Parcel ID#s 32.320.4250 and 32.315.0010) located at 602 Mankato Avenue. Their plan is to construct 41 workforce rental housing units under the name Water’s Edge Apartments to serve a wide range of income levels and occupations such as, teachers, nurses, frontline professionals, and blue collar employees. The development would complement the numerous housing developments, such as the recent senior and market rate developments, allowing for greater housing choices in Winona and an opportunity for the 64.5% of commuters to live in Winona.

- The proposed 3-story building with surface parking will consist of one, two, and three bedroom units.
- Per the Comprehensive Housing Needs Assessment, the vacancy rate for workforce rental housing units is 0%.
- The development will have income and rent restrictions for all rental units.

- The development will set aside units serving households earning 30%, 50%, & 80% of area median income.
- The estimated total development costs would be \$10.7 million.

The proposed development meets community needs as outlined in the Comprehensive Plan, the Housing Needs Assessment, and the Mayor’s Housing Task Force.

Generally, there are significant costs associated with housing development projects including land acquisition, demolition, infrastructure improvements, site improvements, and construction costs. Often developments with rent limits, such as Water’s Edge Apartments use TIF or Tax Abatement to fill the financial gap due to the lower income generated relative to market rate developments.

Water’s Edge Apartments has requested the use of Tax Abatement as a means to make the development financially feasible. The developer is applying to MHFA for an allocation of HTCs to generate equity to supplement the first mortgage, but a finance gap of approximately \$135,674 still exists. The criteria to obtain HTCs is very competitive throughout the state and it is important for local government to support the project as it significantly enhances the application to have the development selected by MHFA.

Staff is performing a preliminary review with the City’s financial advisor and legal consultant of the developer’s pro-forma and preliminary Application for Assistance requesting Tax Abatement.

Considerations:

1. Legislation provides Tax Abatement as a tool for development;
2. The Mayor’s Housing Task Force recommends the use of HTC’s and the use of Tax Abatement as a funding gap source to make development feasible;
3. Addresses a workforce housing need identified in the City of Winona Housing Needs Assessment;
4. Aligns with the Comprehensive Plan’s Future Use and Housing Plans;
5. Tax Abatement is contingent upon the developer receiving HTCs from MHFA.
6. The Port Authority has reviewed a summary of this project and approved a motion of support and encouraged support from the City Council as housing and economic development go hand in hand.

The following resolution was then presented for the Council's consideration.

**Resolution 2020 – 32**

**BE IT RESOLVED** by the City Council (the "Council") of the City of Winona, Minnesota (the "City"), as follows:

1. Recitals.

(a) Minnesota Statutes, Sections 469.1812 through 469.1815, as amended, both inclusive, authorize the City, upon satisfaction of certain conditions, to grant an abatement of all or a part of the taxes levied by the City on real property within its boundaries.

(b) It is a legal requirement that the City hold a public hearing prior to adoption of a resolution granting any property tax abatements.

2. Hearing. A public hearing on the consideration of the property tax abatement will be held at the time and place set forth in the Notice of Hearing attached hereto as Exhibit A and hereby made a part hereof.

3. Notice. The Community Development Specialist is hereby authorized and directed to cause notice of said hearing in substantially the form attached hereto as Exhibit A to be given one publication in a newspaper of general circulation in the City at least 10 days but not more than 30 days before the hearing. The newspaper must be one of general interest and readership in the City, and the notice must be published at least once.

Thereupon Alexander moved to waive the reading of the resolution and to adopt same. The motion was seconded by Borzyskowski.

Schollmeier was concerned about traffic flow in and out of the site, and asked that they explore an alternate exit.

Thurley appreciated the developer's persistence in securing the necessary funding to complete this project, which will provide housing in demand in the city.

The motion carried with all voting aye. Thereupon the Mayor declared the resolution duly adopted.

## **5.2 Plat Review – Main Square Annex Subdivision**

Ms. McMartin reported that the subdivision proposes to split 166 W. 6<sup>th</sup> Street into two lots. The existing parcel currently houses the East Washington Crossings building and the former Winona Middle School auditorium. The lot split is intended to facilitate future construction of a parking ramp. The overall ramp project will require multiple other zoning approvals and review by the Heritage Preservation Commission. However, this item is simple related to the lot split.

Staff's review indicates that the plat meets City regulations with the following conditions:

1. A lot size variance for Lot 2 shall be obtained.
2. A variance shall be obtained for 40 off-site parking spaces related to the East Washington Crossings building.

The Planning Commission unanimously recommended approval of this item with these conditions at its April 13<sup>th</sup> meeting. The following resolution was then presented for the Council's consideration.

### **Resolution 2020 – 33**

**WHEREAS**, Main Square Development LLC, ("Petitioner" or "Applicant") has submitted an application for Final Plat approval of the proposed Main Square Annex ("Final Plat" or "Plat"), legally described in Exhibit A, which is attached hereto and incorporated herein by reference; and

**WHEREAS**, the Winona City Planning Commission ("Commission") in accordance with provisions of the Winona City Code, Section 43.06.31 (B) held a required public hearing to consider said Plat on April 13, 2020; and

**WHEREAS**, following its full review and consideration of all information, the Commission found that the Plat for the proposed Main Square Annex was consistent with the intent and purpose of the City of Winona Unified Development Code ("City Code"); and

**WHEREAS**, given its findings, the Commission unanimously recommended that the City Council of the City of Winona ("City Council") approve the Final Plat; and

**WHEREAS**, the City Council has reviewed the proposed Final Plat for compliance with the City Code and applicable State statutes.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL THAT:** the City Council concurs with the recommendation of the Commission and

hereby approves the Final Plat for Main Square Annex subject to the following condition(s):

1. A lot size variance for Lot 2 shall be obtained.
2. A variance shall be obtained for 40 off-site parking spaces related to the East Washington Crossings building.
3. The Final Plat shall comply with the provisions of all applicable State statutes and standard procedures for platting in Winona County.
4. That no Development Agreement is required as the subdivision does not involve installation or construction of new public improvements.
5. The Final Plat shall be recorded within 180 days of City Council approval or the City's approval shall be deemed null and void.
6. The Applicant shall be responsible for and pay all fees, including recording fees.

Thereupon Borzyskowski moved to waive the reading of the resolution and to adopt same. The motion was seconded by Alexander, and carried with all voting aye. Thereupon the Mayor declared the resolution duly adopted.

### **5.3 Bluff Intermittent Stream Stabilization Grant Contract**

Mr. Howard reported that City staff developed a proposal and received a grant to utilize the Conservation Corps to build check dam structures to lessen the erosion of two intermittent streams in our bluffs. The streams in question suffer from high degrees of concentrated storm sewer output which cut gullies and erode side banks.

A draft agreement for services from the Conservation Corps was submitted for the Council's review. The City would be responsible for materials used in construction of the check dams, while the labor of the Conservation Corps would be covered by the grant.

Schollmeier moved to approve the agreement and to authorize the Mayor and City Clerk to execute the same. Eyden seconded the motion, and it carried with all voting aye.

### **7.1 Council Concerns**

Moeller encouraged people to maintain social distancing when using the Lake Park bike path, especially when passing other residents. She noted that tomorrow marks the 4<sup>th</sup> anniversary of Prince's passing.

Schollmeier encouraged people to get outside and explore their own neighborhoods, as we have a very walkable community. He thanked staff for setting up the technology to do the meetings remotely, but noted some people are reluctant to participate in the public hearings via this format. He asked that this process be tweaked to address those concerns.

Eyden wished everyone a happy Earth Day, and noted that this is the 50<sup>th</sup> anniversary of the first Earth day.

Alexander echoed Schollmeier's comments on the public hearings. She wished everyone a happy spring, and encouraged people to do some gardening.

Thurley noted that the 2019 mill and overlay project was beginning today, and the 2020 project should be starting in May.

Borzyskowski announced that the Housing and Redevelopment Authority is not meeting in April, but they will try to meet in May. He asked staff to make sure the operators of the city's marina are contacted before the Army Corps dredging project resumes this spring.

## **8.1 Consent Agenda**

The City Clerk presented the Consent Business Agenda as follows:

- Item No. 8.1: Approval of Minutes – April 6, 2020, and
- Item No. 8.2: Ordinance to Place a Stop Sign on Chestnut Street at the Fifth Street Intersection.

Thurley moved to approve the consent agenda. Alexander seconded the motion, and it carried with all voting aye.

The time being 7:25 p.m. and there being no further business to come before the Council this evening, Borzyskowski moved to adjourn. Alexander seconded the motion, and it carried with all voting aye.

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Monica Hennessy Mohan  
City Clerk

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Mark F. Peterson  
Mayor