

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, FEBRUARY 14, 2005**

The meeting was called to order by Mayor Alan E. Oberloh at 7:00 p.m., in the Nobles County Board of Commissioners Room with the following Aldermen present: Roger E. Nelson, Bob Petrich, Lyle Ten Haken, and Mike Woll. Honorary Council Person: Steve Berning. Absent (Excused): Leland Hain.

City Staff present: Dwayne Haffield, Director of Engineering; Brad Chapulis, Director of Economic/Community Development; Jim Laffrenzen, Supt. of Public Works; and Karen Buchman, City Clerk.

Others present: Darrell Stitt, KWOA Radio; Ryan McGaughey, Daily Globe; Randy Davis, Cable 3; Lyle and Connie Voss, Rodney Obermoller, Keith Wilson and Rick Goodemann.

INTRODUCTIONS

Mayor Oberloh welcomed Steve Berning as the Honorary Council Person for the months of January and February.

RESOLUTION NO. 3030 ADOPTED, ORDERING IMPROVEMENT AND PREPARATION OF PLANS AND SPECIFICATIONS

Pursuant to published notice this was the time set for a public hearing on the proposed improvement of C.S.A.H. 10/Sutherland Drive Drainage Area Improvements by the construction of a municipal storm water collection and management system. The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to open the hearing. Dwayne Haffield gave a hearing presentation on the project. The City's consultant for this improvement has been in communication with the Minnesota Pollution Control Agency (MPCA) regarding implementing the improvement in phases rather than immediately constructing both the North Ponding Area and West Ponding Area. It has been determined that incorporating alternate treatment methods into the final design of the North Ponding Area will allow for the developments proposed at this time to proceed without construction of the West Ponding Area. The project was not initiated by petition and therefore a 4/5's vote of the Council membership will be required to order the project ahead. The project report and preliminary assessment roll was submitted to Council at its January 24, 2005 meeting. The current cost estimate is \$319,000 and will be funded in part by special assessments occurring over a period of time. This is being looked at as a planned residential growth area - setting up a system that is going to serve a large area.

Realistic Costs and Assessments

\$ 38,280.00	12.0% Assessments
<u>\$280,720.00</u>	88% City Share
\$319,000.00	

Mayor Oberloh asked if anyone would care to give any testimony pertaining to this project.

A motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to close the hearing.

A motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to proceed with the project as proposed in the project feasibility report and modified at the hearing, including the proposed deletion of the West Ponding Area and adopt the following resolution:

RESOLUTION NO. 3030

ORDERING IMPROVEMENT AND PREPARATION OF PLANS AND SPECIFICATIONS

(Refer to Resolution file for complete copy of Resolution)

RESOLUTION NO. 3031 ADOPTED, ORDERING IMPROVEMENTS AND PREPARATION OF PLANS AND SPECIFICATIONS

Pursuant to published notice this was the time set for a public hearing on the proposed improvement of west-north interceptor phase VI Sanitary Sewer Extension by extension of the municipal wastewater collection system. The motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to open the hearing. Dwayne Haffield gave a hearing presentation on the project. It was noted that the project feasibility report recommended combination of this project with scheduled sewer and water reconstruction projects for bidding purposes. Conversations with potential bidders indicated that the additional excavating depth required for this project may affect the bidding by those interested in the reconstruction projects. It is now recommended that this project be bid separate from the reconstruction projects. The project was initiated by petition and therefore only a simple majority vote of the Council membership will be required to order the project ahead. The project report and preliminary assessment roll was submitted to Council at its January 24, 2005 meeting. The current cost estimate is \$259,250 and will be funded in part by special assessments occurring over a period of time. This is being looked at as a planned residential growth area - setting up a system that is going to serve a large area.

Realistic Costs and Assessments

\$ 59,532.45	23% Assessments
\$129,888.10	50.1% City Share
<u>\$ 69,829.45</u>	26.9% Trunk Fund
\$259,250.00	

Mayor Oberloh asked if anyone would care to give any testimony pertaining to this project.

Lyle Voss stated that he had been on vacation and did not have a chance to look over the information. He had a question on the overlapping area - sewer crossings - street utility area which Dwayne explained to him as the most cost effective option.

Mayor Oberloh asked how we present this as fair and equitable? Dwayne noted it is assessed as any other large project undertaken - with equitable rates.

Alderman Nelson - looking at this as pro-active trying to make growth happen.

A motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to close the hearing.

A motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to proceed with the project as modified to separate the project from others for bidding purposes, and adopt the following resolution:

RESOLUTION NO. 3031

ORDERING IMPROVEMENT AND PREPARATION OF PLANS AND SPECIFICATIONS

(Refer to Resolution file for complete copy of Resolution)

AGENDA APPROVED

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to accept the agenda as presented with the addition of F6 Verbal Information to be given by Alderman Woll regarding Central Elementary School Building.

MINUTES APPROVED

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve the regular City Council minutes of January 24, 2005 as presented.

MINUTES OF BOARDS AND COMMISSIONS

The motion was made by Alderman Nelson, seconded by Alderman Petrich and unanimously carried to accept for review the Housing and Redevelopment Authority minutes of January 13, 2005; Convention & Visitors Bureau minutes of December 28, 2004; and Nobles County Joint Powers Transit Authority minutes of December 7, 2004.

CREDIT CARD POLICY ADOPTED

The motion was made by Alderman Nelson, seconded by Alderman Ten Haken and unanimously carried to adopt the Credit Card Policy for City of Worthington Administrative Employees as presented with the addition of the following sentence, "All benefits of the credit card will be retained

by the City.” The credit card policy for the City of Worthington employees states that purchases must comply with all statues, rules and city policy applicable to purchases. It lists the scope, authorization, controls, eligible uses of the credit card, ineligible uses, and the reconciliations process.

HIGHWAY 60 DUES APPROVED

A request to participate and a billing for Membership Dues for the Highway Sixty/Action Corporation in the amount of \$200.00 was presented. The past few years, Southwest Minnesota Highway Sixty Action Corporation has not collected annual dues, and used a fund balance to conduct business. The need now exists to reinstate dues in order to have the resources needed to promote the completion of Trunk Highway 60. The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to approve the Membership Dues for the Highway Sixty/Action Corporation in the amount of \$200.00.

APPLICATION FOR EXEMPTION FROM LAWFUL GAMBLING LICENSE APPROVED

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve the following Application for Exemption from Lawful Gambling as requested:

Organization	Nobles County Pheasants Forever Chapter #014
Chief Executive Officer	Chad Cummings
License Number	X-04682-04-001
Types of Games	Raffles
Date of Activity	Monday, April 4, 2005, Long Branch Saloon, 206 10 th Street, Worthington, MN

COUNTY REQUEST APPROVED

A letter of request received from Nobles County was presented. The Developmental Achievement Center (DAC) and Nobles County are working together to provide for the transfer of ownership of the facility located on Nobles Street and a 4,000 square foot expansion of the existing facility. They are proposing the County HRA facilitate this project. In order for the County HRA to do so, they need authorization from the City of Worthington to enable them to work within the municipality for this project. The motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to approve the request of Nobles County which enables the Nobles County HRA to work within the municipality for this project.

BOARD OF EQUALIZATION DATE AND LOCAL BOARD OF APPEAL AND EQUALIZATION DATE

The Nobles County Assessor has scheduled the Board of Equalization for 9:00 A.M., Tuesday, May 17, 2005 in the County Commissioners Board Room.

The local Board of Appeal and Equalization Training Date was set for Tuesday, March 22, 2005 in the Farmers Room of the Nobles County Administration Building. A representative of the MN Department of Revenue will conduct two - 2½ hour training sessions on March 22. The first training session will be held at 1:30 p.m. and the second one will be at 6:30 p.m. Mayor Oberloh, Alderman Bob Petrich and Alderman Mike Woll will attend the training on behalf of the City Council.

ALDERMAN MIKE WOLL VERBAL PRESENTATION

Alderman Mike Woll gave a brief presentation on the status of the Central Elementary School Building. With no major fund-raising efforts, people have pledged about \$46,000 in a two week time period in hopes of saving the building from being demolished. The School District will hold a meeting on Tuesday night to determine how it will proceed after hearing a proposal by the Southwest Minnesota Housing Partnership. The Housing Partnership proposal is anticipated to have apartments on the second level with retail or office space on the main level.

LOCAL GOVERNMENT RESOLUTION ADOPTED FOR AN OUTDOOR RECREATION GRANT APPLICATION

On February 20, 2004, a public hearing was held as part of the Public Works Park Department applying for an Outdoor Recreation Grant through the State of Minnesota Department of Natural Resources for fiscal year 2004. This was part of the grant application requirement to obtain public input. The grant was for Watland Park in the northeast end of town just behind Jaycox Implement north of one of the main business corridors in town. This grant was not received last year. Therefore, staff is reapplying for this same grant again this year. The project includes the removal of the existing playground, installation of a new playground, addition of a small parking area for handicap accessibility, an access sidewalk to connect all facilities, and security lighting. The estimated total project cost is \$56,738.71. They would provide for matching funds of 50% of the project or \$28,369.35. Leaving the City responsible for \$28,369.36. Of this amount \$17,358.36 will be cash, and \$11,011.00 will be in kind services. All project costs will occur in the 2006 budget year with the project completion date of October 6, 2006. City funding will come from a combination of levied tax dollars and/or park fund reserves. The motion was made by Alderman Ten Haken, seconded by Alderman Nelson and unanimously carried to approve the project and adopt the following resolution:

RESOLUTION

LOCAL GOVERNMENT RESOLUTION

BE IT RESOLVED that the City of Worthington, Minnesota act as legal sponsor for the project contained in the Outdoor Recreation Grant Program Application to be submitted on March 2005 and that Mayor Oberloh is hereby authorized to apply to the Department of Natural Resources for funding of this project on behalf of the City of Worthington, Minnesota.

BE IT FURTHER RESOLVED that the City of Worthington, Minnesota has the legal authority to apply for financial assistance, and financial capability to meet the match requirement and ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Worthington, Minnesota has not incurred any costs described on Item 5 and has not entered into a written purchase agreement for the property described on Item 4.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Worthington, Minnesota may enter into an agreement with the State of Minnesota for the above referenced project, and that the City of Worthington, Minnesota certifies that it will comply with all applicable laws and regulations as stated in the grant agreement including dedicating the park property for outdoor recreation uses into perpetuity.

NOW, THEREFORE BE IT RESOLVED that Mayor Alan Oberloh is hereby authorized to execute such agreements as are necessary to implement the project on behalf of the applicant.

BURNING PERMIT APPROVED

The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to approve the Public Works Department request for a burning permit for a two-year period. The request was to burn prairie grasses at Olson Park to regenerate growth and for road ditch maintenance to aid in the snow removal process.

DECLARE MILLARD/WALKER WARMING HOUSE SURPLUS PROPERTY

Upon recommendation of the Park and Recreation Advisory Board, the motion was made by Alderman Petrich, seconded by Alderman Nelson and unanimously carried to declare Millard/Walker Warming House as surplus property. It was determined by staff that the former outdoor skating rink warming-restroom facility located within Millard/Walker Park should be declared surplus property as it is in need of a new roof in the near future, has a low ceiling and is currently not being utilized. The building would be sold at auction when the City has their next car auction.

PROFESSIONAL SERVICES AGREEMENT FOR CSAH 10/SUTHERLAND DRAINAGE AREA IMPROVEMENTS APPROVED

The proposed C.S.A.H. 10/Sutherland Drive Drainage Area Improvement project is primarily a grading project and can be cost effectively bid separate from city street or utility projects. Due to the volume of projects being undertaken by staff, it is proposed that all engineering for this drainage improvement be provided by the project consultant, SEH. The proposed contract with SEH is to provide design and construction phase services for the project, and does not include those that would

pertain to construction of the West Ponding Area. The not to exceed fee of \$56,350 includes \$5,250 in fees for optional services pertaining to adjacent site planning. Such services would not be utilized unless necessary to ensure availability of property for cost-effective disposal of excavated soil. The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to authorize the Mayor to execute the agreement.

RESOLUTION ADOPTED PERTAINING TO C.S.A.H. 35 HIGHWAY IMPROVEMENTS

Nobles County is scheduling the reconstruction of C.S.A.H. 35 from Rushmore to C.S.A.H. #10 (Crailsheim Road) to commence in 2005. The project will provide 12 foot driving lanes and a 2 foot paved shoulders with an additional 6 feet of gravel shouldering. The road ditch inslope will not be less than 4 to 1. A full right turn lane will be established at Crailsheim Road. State statute provides that no portion of a county state-aid highway system lying within the corporate limits of any city shall be constructed, reconstructed, or improved nor the grade thereof changed without the prior approval of the plans by the governing body of such city. The motion was made by Alderman Nelson, seconded by Alderman Ten Haken and unanimously carried to approve the plans as presented and adopt the following resolution:

RESOLUTION

APPROVING C.S.A.H. 35 PROJECT WITHIN MUNICIPAL CORPORATE LIMITS

WHEREAS, plans for Project Number SAP 53-635-17 showing proposed alignment, profile grades and cross-sections for the re-construction of County State Aid Highway No. 35 within the limits of the City of Worthington as a State Aid Project have been prepared and presented to the City.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WORTHINGTON, MINNESOTA:

1. That said plans be in all things approved.

SUPPLEMENTAL AGREEMENT 1 AND FINAL PAYMENT FOR 2003 AIRPORT ROAD WATER AND SANITARY SEWER EXTENSIONS PROJECT APPROVED

The proposed Supplemental Agreement 1 for the 2003 Airport Road Water and Sanitary Sewer Extensions project addresses three work items warranting additional compensation.

Item 1 provides \$250.00 payment for the use of lean (concrete) mix backfill to support the sewer pipe at drop inlet (manhole) locations.

Item 2 provides a payment of \$53.46 for cutting the upper portion of the precast manhole cone section.

Item 3 An unknown field tile paralleled a 500 foot segment of the sanitary sewer installed in the north road ditch of Airport Road. The continuous source of water created conditions that substantially hindered the contractor's rate of progress. Staff negotiated with the contractor as to what production loss resulted from conditions beyond that which might reasonably be anticipated. Determination was that the contractor is entitled to 6.7 hours of lost time at a rate of \$590.00 per hour for a total compensation of \$3,953.00.

The final contract amount is \$170,027.13 which is over the original estimated contract value of \$166,450.50. The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to accept the work and authorize final payment to the contractor, Friedges Contracting Co., Lakeville, Minnesota. The project consisted of sanitary sewer and water main extensions along Airport Road to the airport terminal and maintenance facilities.

RESOLUTION 3032 ADOPTED, IN SUPPORT AND COMMITMENT OF A HOUSING DEVELOPMENT PROJECT

Minnesota Housing Finance Agency (MHFA) has approached the Southwest Minnesota Housing Partnership about acquiring Viking Terrace, 1440 Burlington Avenue, from Viking Worthington Company. This 60-unit complex, constructed in 1974, participates in HUD's Section 236 Program. The Section 236 Program provides housing assistance payments for 40 of the 60 units. The housing assistance payments provide a rental subsidy to low income families by reducing the rents to 30% of their gross income. To avoid the loss of affordable housing units within the community, HUD requires participants of the Section 236 Program to offer the sale of their participating real estate to a local nonprofit housing organization (i.e. - Southwest Minnesota Housing Partnership) before it may formally request termination of its participation in the Program.

If the Housing Partnership does acquire Viking Terrace, it will assume the existing Section 236 mortgage and housing assistance payment contract with HUD, which will preserve the affordable units for an additional 30 years. Current conditions of the facility will require the Partnership to invest over \$1,200,000 in rehabilitation (repair and maintenance). To financially assist with the cost of renovation, the Partnership is applying for Low Income Housing Tax Credits (LIHTC) to the MHFA. The MHFA utilizes a point system to allocate LIHTCs. Within the point system, 12 points can be obtained through local contributions. These contributions can consist of capital, in-kind, fee reduction, tax abatement from the local unit of government and donations from area employers. Due to the MHFA's need for evidence of local support, the Partnership requested the City Council to consider the following items to strengthen their LIHTC application.

- * 10% reduction of the City's portion of the property taxes for a period of three years through the use of tax abatement;
- * \$20,000, 17 year, 0% deferred loan from its Small Cities fund;
- * Reduction in the Building Permit Fee; and
- * Fast-track of its Building Permit application process.

Following discussion the motion was made by Alderman Woll, seconded by Alderman Petrich to approve the following resolution as presented to reflect the extent of the City's participation with the following Aldermen voting in favor of the motion: Nelson, Petrich, and Woll; the following Alderman voted against the same: Ten Haken. Whereby the Mayor declared, the motion passed. Alderman Ten Haken stated he wasn't against the project but rather opposed to the method used.

RESOLUTION NO. 3032

A RESOLUTION OF THE WORTHINGTON CITY COUNCIL FOR THE SUPPORT AND COMMITMENT OF A HOUSING DEVELOPMENT PROJECT

(Refer to Resolution file for complete copy of Resolution)

ACCEPTANCE OF 2005 HOUSING STUDY

On January 10th and February 1st, Community Partners Research presented its findings to the City Council/general public and outlined 28 housing goals/recommendations for the community to achieve over the next 5 years. As the City begins to establish a Housing Plan based on the goals/recommendation of the Study, the motion was made by Alderman Nelson, seconded by Alderman Petrich and unanimously carried to formally accept the 2005 Worthington Housing Study.

PUBLIC DISCLOSURE - POTENTIAL CONFLICT OF INTEREST

Paul Woll, owner of commercial property located at 201 9th Street, submitted an application for rehabilitation assistance through the City's Small Cities Program. Mr. Woll currently rents a portion of his building to Woll Investment Office, which is owned by Council member Mike Woll. According to the "Conflict of Interest" section of the Small Cities Development Program (SCDP) guidelines, "no member of the governing body of the locality and no official, employee, or agent of the local government who exercises policy, decision-making function or responsibilities in connection with the planning and implementation of the Commercial Rehabilitation Program shall directly or indirectly benefit from this program."

Southwest Minnesota Housing Partnership is of the opinion that a conflict of interest does not exist due to Council member Woll's lack of ownership of the subject property and that his benefit from the SCDP program is incidental being a tenant. The City Attorney has reviewed this matter and agrees that a conflict of interest does not exist.

In cases where "conflict of interest" needs clarification, the local unit of government must forward the matter to the Department of Employment and Economic Development for final determination. Prior to submission, the local unit of government must disclose the potential "conflict of interest" to the general public. Bringing this to the Council meeting is an opportunity to serve as the City's public disclosure for this particular item.

BILLS PAYABLE

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried that bills payable and totaling \$557,024.84 be ordered paid.

ADJOURNMENT

The motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to adjourn the meeting at 8:45 p.m.

Karen Buchman
City Clerk