

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, JUNE 27, 2005**

The meeting was called to order by Mayor Alan E. Oberloh at 7:00 p.m. in the City Hall Council Chambers with the following Aldermen present: Leland Hain, Roger E. Nelson, Bob Petrich, Lyle Ten Haken, and Mike Woll. Honorary City Council Person, Karen Fury.

City Staff present: Don Habicht, General Manager of Public Utilities; Dwayne Haffield, Director of Engineering; Brad Chapulis, Director of Community/Economic Development; Mike Cumiskey, Director of Public Safety; Jim Laffrenzen, Supt. of Public Works; and Karen Buchman, City Clerk.

Others present: Darrell Stitt, KWOA Radio; Ryan McGaughey, Daily Globe, a delegation of people representing Prairie Elementary; and a delegation of people representing Central Elementary.

**RESOLUTION NO 3049 ADOPTED, ORDERING IMPROVEMENTS AND PREPARATION OF PLANS AND SPECIFICATIONS**

Pursuant to published notice, this was the time set for the hearing on the proposed improvements - Homewood Hills Eleventh Addition Water, Sanitary Sewer, and Storm Sewer Improvements. The costs and estimated assessments for the Storm Sewer and Water Main Improvements are as follows:

Storm Sewer Improvement

CITY SHARE

Above assessment limit	\$140,226.33	
Of assessable costs *	<u>\$4,829.23</u>	
TOTAL CITY SHARE	\$145,055.56	(85.3%)
ASSESSMENTS RECEIVABLE:	<u>\$24,944.44</u>	(14.7%)
TOTAL PROJECT	<b><u>\$170,000.00</u></b>	

\* For Donavon Drive right-of-way.

Water Main Improvement

Hydrant Costs	\$4,900.00
Trunk Assessments	<u>11,156.49</u>
Due to Trunk	\$6,256.49

The total of the trunk sewer assessments for that portion of the subdivision not previously assessed is \$5,990.93. The total amount of trunk sewer assessments, less administration costs, will be due to the sewer trunk fund.

The motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously

carried to open the hearing. Mayor Oberloh opened the hearing for presentation and Dwayne Haffield, City Engineer gave the hearing presentation. Dwayne reviewed the project and project costs, noting that the preliminary assessment rolls for the proposed improvement were provided at the last City Council meeting.

The Mayor opened the floor for testimony. None was received. The motion was made by Alderman Hain, seconded by Alderman Woll and unanimously carried to close the hearing. The motion was made by Alderman Ten Haken, seconded by Alderman Hain and unanimously carried to approve the improvements as proposed and adopt the following resolution:

RESOLUTION NO. 3049

ORDERING IMPROVEMENTS AND PREPARATION OF PLANS AND SPECIFICATIONS

(Refer to Resolution file for complete copy of Resolution)

**HONORARY COUNCIL PERSON**

Mayor Oberloh introduced Karen Fury who served as the Honorary Council Person for the months of May and June. As this was her last meeting, he presented her with a certificate of attendance and thanked her for serving.

**AGENDA APPROVED**

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to accept the agenda as presented with the addition of G-2 Additional License Renewal and G-8 Application for Dock Permit.

**MINUTES APPROVED**

The motion was made by Alderman Ten Haken, seconded by Alderman Petrich and unanimously carried to approve the Regular City Council minutes of June 13, 2005 as previously distributed.

**MINUTES OF BOARDS AND COMMISSIONS**

The motion was made by Alderman Ten Haken, seconded by Alderman Petrich and unanimously carried to accept for review the Water and Light Commission minutes of June 20, 2005.

**APPEAL OF ZONING BOARD OF APPEALS AND ADJUSTMENTS DENIAL OF A VARIANCE APPLICATION FAILED**

At their June 7, 2005 meeting the Planning Commission, serving as the Zoning Board of Appeals and Adjustments, considered a sign variance application submitted by Prairie Elementary Parent

Group, Inc. The approval of the variance would have allowed the applicant to construct an electronic message sign at 1700 First Avenue SW (Prairie Elementary), which is located within a residential zoning district. The Zoning Ordinance specifically prohibits any sign from “blinking, flashing or fluttering lights or having changing brightness or color” in residentially zoned districts. After holding a public hearing and much discussion, the Commission, on a 5-0 vote, denied the variance application.

It was noted that the Commission’s denial was based on the following considerations:

- \* The Sign Ordinance prohibits the placement of signs that blink, flash, flutter or have changing brightness or color within residentially zoned districts to preserve the residential character of the community. Approval of the requested variance would conflict with the intent of the Ordinance
- \* Special uses within residential districts, which includes schools, have the responsibility to maintain the residential character of the surrounding area.
- \* Due to the lack of a property hardship, as defined by State Statute and City Code, approval of the requested variance would set precedent and would allow other non residential land uses (churches, parks, schools, day care facilities, civic, etc...) Within residential areas to seek the construction of a sign similar to the one proposed.

As a result of the denial of the application, the applicant has appealed the Commission’s decision and submitted a Statement of Appeal for Council consideration. Brad Chapulis, Director of Community/Economic Development noted that in order for the Council to approve the variance application it would have to be by a 4/5's vote.

A lengthy discussion followed on this variance application. It was noted the sign would be shut off at night, those currently in place are in commercial or industrial locations - not residential, without the criteria that is in place, nursing homes, churches, etc. could request signs - we would be opening it up for anyone to do it.

Alderman Hain spoke on the Planning Commissions side, traffic is heavy during the school drop off time - it is dangerous and would be worse with the sign as a distraction. He also noted that if you have an ordinance you need to follow it otherwise you open up a can of worms.

Alderman Nelson noted we just completed our comprehensive plan and if we are not comfortable with our ordinance maybe we need to look at changing the ordinance.

A motion was made by Alderman Woll, seconded by Alderman Petrich to allow for the sign’s construction based on a corridor concept. Following further discussion Alderman Ten Haken amended the motion, seconded by Alderman Petrich that would allow for the sign’s message to be changed 5 times a day and that it would be shut off at 10:00 p.m. each night. Following a vote on both motions the following Aldermen voted in favor of both: Woll, Petrich, and Ten Haken; the following Aldermen voted against both motions: Hain and Nelson. Whereby the Mayor declared,

both motions failed.

**RESOLUTION NO. 3051 ADOPTED, REQUEST FOR ASSISTANCE - SOUTHWEST MINNESOTA HOUSING PARTNERSHIP**

The Southwest Minnesota Housing Partnership (SWHP) has proposed to rehabilitate and restore the original section of Central Elementary for office and residential use. The restoration project will result in 11 residential rental units and approximately 7,900 square feet of office space for one tenant. The estimated project cost is \$3,249,000. To assist with the funding of the project, SMHP is seeking financial assistance from several resources including, but not limited to, Minnesota Housing Finance Agency (MHFA), Greater Minnesota Housing Fund, Department of Employment and Economic Development and the City of Worthington. In order for SMHP to begin submitting applications to the identified funding sources, it needs to illustrate community support of the project. As such, SMHP is requesting the City Council consider the following items to financially assist the project and strengthen their applications with other funding sources:

- \* The establishment of a Redevelopment Tax Increment Financing District;
- \* Abate the City's portion of the property taxes for a period of 5 years beginning immediately after the cessation of the Tax Increment Financing District;
- \* \$3,500 one-time cash contribution towards the project;
- \* Sponsor and Administer Small Cities Development Program Grant, if applicable;
- \* Reduction in the Building Permit Fee; and
- \* Fast-track of its Building Permit application process.

It was noted by Brad Chapulis, Director of Community/Economic Development, that if Council wishes to financially assist the Housing Partnership with the rehabilitation of Central Elementary, it may do so by approving the proposed resolution as presented or modify it to reflect the extent of the City's participation.

Council discussion followed on TIF and how many years that entailed. Brad noted that without an increased assessed market value on the subject property, TIF would be in place for approximately 25 years. If you include the 5 years of tax abatement requested, the property potentially would not contribute any of the real estate taxes into the general fund. Alderman Nelson asked about the shared parking. It was noted that there are 60 parking stalls with 17-18 being designated for residential and the rest shared. Alderman Petrich noted all the work of the community members and felt the building is worth saving. Alderman Ten Haken said the development is a positive thing for the community, but looking at the loss of tax revenue for that many years it is a tough decision. Alderman Nelson's concerns are the projects that are costing city dollars' such as the Industrial Site - Prairie Expo, the ADI building, etc. He is conscious of tax dollars and wants us to be good stewards. Alderman Woll noted the appreciation of community residential values.

The motion was made by Alderman Petrich, seconded by Alderman Woll to approve the resolution in its original form. Further discussion followed regarding the amount the City is contributing - the

\$3,500 donation, the reduction of the Building Permit Fees, along with the TIF is a hard to swallow. Alderman Ten Haken suggested taking out the Building Permit fee and the 5-year tax abatement. Following a continued discussion the motion was made by Alderman Ten Haken, seconded by Alderman Hain to amend the resolution by taking out the portion of abating the City portion of the property taxes for a period of 5 years beginning immediately after the cessation of the Tax Increment Financing District. Upon a vote taken on the amended motion the following Aldermen voted in favor: All. Upon a vote taken on the original motion the following members voted in favor: Hain, Petrich, Ten Haken and Woll; Voting against: Nelson. Whereby the Mayor declared the unanimous vote of the amended motion adopting the following amended resolution, was approved:

### **RESOLUTION NO 3051**

#### **A RESOLUTION OF THE WORTHINGTON CITY COUNCIL FOR THE SUPPORT & COMMITMENT OF A HOUSING DEVELOPMENT PROJECT**

**WHEREAS**, the City of Worthington has a critical need to provide affordable housing options to low and moderate income residents, and

**WHEREAS**, the proposal as proposed by the Southwest Minnesota Housing Partnership for the conversion of Central Elementary for residential use is consistent with addressing a defined housing need, and

**WHEREAS**, the proposed reinvestment of Central Elementary meets a significant revitalization goal of the City of Worthington.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Worthington supports the Housing Partnership's proposed housing development in the following manner:

- The establishment of a Redevelopment Tax Increment Financing District;
- \$3,500 one-time cash contribution towards the project;
- Sponsor and Administer Small Cities Development Program Grant, if applicable;
- Reduction in the Building Permit Fee; and
- Fast-track of its Building Permit application process.

#### **COUNCIL COMMITTEE REPORTS**

The Mayor and Council members had few comments to report at this meeting. Alderman Hain gave a brief update on Prairie View Golf Course.

#### **SECOND READING PROPOSED ORDINANCE TO AMEND TITLE V OF THE CITY CODE**

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried

to give a second reading to the proposed ordinance to amend Title V, Chapter 52 of the City Code dealing with Solid Waste. Chapter 52, Section 52.30 refers to definitions and this adds language to the definition of unwholesome substance “inoperable lawn mowers and other such parts or equipment.”

**CLUB LIQUOR LICENSE RENEWALS APPROVED**

The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to approve the following Club Liquor License renewal for the period July 1, 2005 through June 30, 2006:

2005-4 VFW #3958, 1117 Second Avenue  
2005-5 Worthington Country Club, 851 Oxford Street  
2005-6 American Legion #5, 1906 Oxford Street

**ON-SALE LIQUOR LICENSE RENEWAL - CONTINGENT APPROVAL**

The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to approve the following On-Sale Liquor License renewal contingent upon receipt for required insurance certificates:

2005-6 Michael’s Restaurant, Thomas M. O’Meara, 1305 Spring Avenue

**STREET CLOSURE FOR INTERNATIONAL FESTIVAL APPROVED**

The motion was made by Alderman Woll, seconded by Alderman Hain and unanimously carried to approve the request of the International Festival committee for street closure. The request is to block a portion of Third Avenue and Fourth Avenue between Ninth and Tenth Street with Third Avenue open to allow for the bank drive thru traffic. The date requested is for Friday, July 8, starting at 4:00 p.m. through Saturday, July 9, at 10:00 p.m.

**APPLICATIONS FOR SIDEWALK CLOSURE AND STREET CLOSURE APPROVED**

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to approve the request of the Chamber of Commerce to block a portion of sidewalks and streets as follows:

Sidewalk Closure on Friday, July 8 from 8:00 a.m. until 8:00 p.m. and Saturday, July 9 from 8:00 a.m. and ending at 5:00 p.m. for a sidewalk sale in conjunction with the International Festival. Portion of sidewalks to be closed are Tenth Street from Second Avenue to Fifth Avenue; Third and Fourth Street between Ninth and Eleventh Streets.

Sidewalk Closure on Saturday, July 23, from 8:30 a.m. and ending at 8:00 p.m., Tenth Street from

Second Avenue to Fifth Avenue; Third and Fourth Street between Ninth and Eleventh Streets. This is a sidewalk sale in follow up of Crazy Day's

Dale Ryen is designated to monitor the space for both events to make sure the 48" clear space is maintained on the sidewalk for pedestrian and handicapped access.

Street Closure for Crazy Day's on Friday, July 22, 2005 from 6:00 a.m. and ending at 5:00 p.m., streets included Tenth Street from Second Avenue to Fifth Avenue and a portion of Third and Fourth Avenue.

### **APPLICATION FOR TEMPORARY ON-SALE BEER LICENSE APPROVED**

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to approve the following temporary On-Sale Beer License:

2005-4 Convention & Visitor's Bureau for Wild West Extravaganza Beer Garden at Pioneer Village for Friday, July 22, 2005 from 4:00 p.m. - 11:00 p.m. and for Saturday, July 23, 2005 from 12:00 noon until 9:00 p.m.

### **REQUEST TO APPROPRIATE UP TO \$8,400 FOR TECHNICAL ASSISTANCE FROM SRDC APPROVED**

Staff has been working with the Southwest Regional Development Commission (SRDC) to see if it would be feasible for them to provide some grant writing and researching assistance in the general areas of environmental cleanup grants and demolition grants for the ADI building. The proposal submitted is to provide the services on a "per hour cost not to exceed" basis. In order to proceed, Council needs to appropriate funds out of the undesignated and unreserved fund balance. Following discussion the motion was made by Alderman Hain, seconded by Alderman Woll and unanimously carried to approve the appropriation of funds out of the undesignated and unreserved fund balance for this assistance.

### **PROPOSAL TO CREATE AN EMERGENCY STORM EXPENSE FUND APPROVED**

The last eight years Worthington has experienced two major weather driven events that cost the City in excess of \$260,000 each for tree and debris cleanup. The first was the ice storm in November of 1996. The second was the wind storm last August. In the case of the ice storm, the amount of damage city and county wide triggered a federal disaster declaration. The storm last August was not sufficient to trigger federal aid. In both cases however, the City's out of pocket expense cut substantially into operating reserves.

In order to make up for the loss, the City attempted to gain financial assistance from the state during this legislative session, but our request was turned down. This leaves a \$200,000 hole in the City's finances. Because of the state's failure to effectively deal with its budget deficit and the state's

tendency over the last four years to, in part, balance its budget on the backs of local government, the City has spent its reserves down to a point where the Council must seriously consider replenishing the funds expended on cleaning up after the August 2004 wind storm. This triggers two policy questions: 1) Should the funds be recouped? and 2) What is the fairest way to accomplish recouping the funds?

In the case of the 1996 ice storm, the City set a precedent by placing a surcharge on the solid waste fee to recover the costs not reimbursed by the federal government. In this case, the recommendation is to do the same, but with a different twist in that Council is asked to establish a fund called the Emergency Storm Expense Fund. The fund will be similar in concept with the snow emergency fund which is kept in reserve for those extraordinarily snowy years when we have no choice but to expend way beyond what would be expected in a normal winter.

This fund will be kept as a designated reserve in order to cover damage to trees caused by unusual summer and winter weather events. The funds may not be expended without a specific appropriation and vote of the City Council. Staff recommends that the City accumulate a fund of \$200,000 over a period of time by again placing a temporary surcharge of \$1.00 per month on all residential utility bills until the reserve funds are accumulated. At the expected rate of accumulation the surcharge will likely be on the bills for about three and a half to four years.

Following a discussion including input by the General Manager of Utilities who stated that the Utilities Department is in the conversion process with a new company for their utility billing and stated they would like us to wait until this has been completed before implementation. The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to approve the creation of an Emergency Storm Expense Fund accumulating a fund of \$200,000 over a period of time by placing a temporary surcharge of \$1.00 per month on all residential utility bills until the reserve funds are accumulated. These funds may not be expended without a specific appropriation and vote of the City Council. This will be implemented when the Public Utilities have completed their conversion process.

### **DOCK PERMIT APPROVED**

The motion was made by Alderman Hain, seconded by Alderman Woll and unanimously carried to approve the following application for permit to install a dock on public property.

Applicant

Location

Tim O’Laughlin

Across from 222 Lake Street

**JOINT CITY COUNCIL AND WATER AND LIGHT COMMISSION JOINT RESOLUTION  
FOR ECONOMIC DEVELOPMENT APPROVED**



At the Water and Light Commission work session held on June 6, 2005, it was the consensus of the Commission without formal action to transfer \$67,500 from the Worthington Public Utilities Electric Fund to the City of Worthington General Fund for the purpose of acquiring the Yourway Transportation property located at 121 Oxford Street for economic development. Yourway Transportation will be re-locating to a new facility in the industrial park area. City Administrator Bob Filson and Councilperson Lyle Ten Haken also attended the meeting.

After the worksession, utility staff drafted the joint resolution for economic development which was adopted by the Water and Light Commission at their June 20<sup>th</sup> regular meeting.

Following discussion on the proposed resolution the motion was made by Alderman Hain, seconded by Alderman Ten Haken and unanimously carried to approve and adopt the following resolution:

**WORTHINGTON, MINNESOTA CITY COUNCIL AND WATER AND LIGHT COMMISSION  
JOINT RESOLUTION FOR ECONOMIC DEVELOPMENT**

WHEREAS, the Worthington, Minnesota City Council and the Water and Light Commission support efforts to promote economic development activities in the Worthington area; and

WHEREAS, Section 6.05, Utility Funds of the City of Worthington Charter allows expenditures for economic development and transfers to the general fund of the city; and

WHEREAS, the Worthington City Council has agreed to purchase the property located at 121 Oxford Street legally described at Tract 512.50' Frontage on Rowe Ave, West of RR in SW1/4; Acres 2.56 for economic development activities.

NOW, THEREFORE, BE IT RESOLVED by the Worthington City Council and Water and Light Commission as follows:

1. The amount of \$67,500 be transferred from the Worthington Public Utilities Electric Fund to the General Fund of the City of Worthington for the purpose of acquiring the above described property.
2. Any revenue received from the rental or re-sale of the above described property less transaction expenses will be divided equally between the City of Worthington and Worthington Public Utilities with the Utilities share being returned to the Electric Fund.

**RESOLUTION NO. 3050 ADOPTED, IMPLEMENTING THE NATIONAL INCIDENT  
MANAGEMENT SYSTEM (NIMS)**

The City has been notified by Clint Sires, Nobles County Emergency Management Director, through

the Department of Homeland Security that we are required by the federal government to implement the National Incident Management System (NIMS). We have been advised that not meeting NIMS requirements can/will prohibit our community from receiving any grant dollars from the federal government.

There is a list of tasks that must be performed for our City to be NIMS compliant, and the City is currently working toward compliance in these areas. Staff recommends and requests passage of the resolution supporting NIMS.

The motion was made by Alderman Hain, seconded by Alderman Ten Haken and unanimously carried to adopt the following resolution:

RESOLUTION NO. 3050

RESOLUTION IMPLEMENTING THE NATIONAL INCIDENT MANAGEMENT SYSTEM

(Refer to Resolution file for complete copy of Resolution)

**PROFESSIONAL SERVICES FOR HOMEWOOD HILLS ELEVENTH ADDITION STORM WATER IMPROVEMENTS ACCEPTED**

The final design and construction phase engineering for the public storm water improvements as discussed at the public hearing is recommended to be provided by Midwest Engineering. As stated in the feasibility report, this firm is providing site engineering for development of the subdivision including that for the public improvements to be installed by the developer. Use of the firm will allow for effective coordinated design and construction, and allow the developer to meet schedule goals. The motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to accept the proposal as presented.

**AWARDED BIDS FOR THE 2005 WASTEWATER BIOSOLIDS DISPOSAL PROJECT**

Bids were received at 1:30 p.m., June 21, 2005 for the Industrial Wastewater Biosolids Disposal Project. Bids were allowed on disposing of all the remaining solids in Pond A at the Industrial Wastewater Treatment Facility over a two year period (Alternate B), or disposing of approximately one half of the solids in 2005 (Alternate A). The following bids were received:

<u>Contractor</u>	<u>Bid A</u>	<u>Bid B</u>	<u>Total</u>
Chamness	\$457,995.00	No bid	N/A
Worthington Excavating	\$368,938.75	\$368,938.75	\$660,732.50

Allied Environmental	\$437,777.85	\$437,777.85	\$818,182.35
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The motion was made by Alderman Hain, seconded by Alderman Ten Haken and unanimously carried to award the bid in the amount of \$660,732.50 for the two year period to Worthington Excavating as the lowest qualified bid received.

**AWARDED BIDS FOR THE 2005 BITUMINOUS IMPROVEMENTS PROJECT**

Bids were received at 1:30 p.m. on June 24, 2005 for the 2005 Bituminous Improvements Project which consists of the following schedules of work:

- Schedule 1 - General Revenue Street Overlays
- Schedule 2 - City Hall Parking lot Modifications
- Schedule 3 - Liquor Store Parking Lot Reconstruction
- Schedule 4 - Surfacing of Un-named Street in Homewood Hills
- Schedule 5 - Millard Walker park Basketball Court Surfacing
- Schedule 6 - Dover Street from the west line of Virginia Avenue to 168 feet west
- Schedule 7 - Fredrick Avenue from Clary Street to Dover Street
  - Sunset Road from Dover Street to Fredrick Avenue
- Schedule 8 - Morningside Drive - the entire length
- Schedule 9 - Spruce Avenue from Morningside Drive to Douglas Avenue
- Schedule 10 - Virginia Avenue from Oxford Street to Dover Street

The following bids were received for the project:

<u>Contractor</u>	<u>Bid Amount</u>
Rupp Construction Co., Inc.	\$587,700.01
Worthington Excavating, Inc.	\$548,860.82

The motion was made by Alderman Hain, seconded by Alderman Woll and unanimously carried to award the bid to Worthington Excavating, Inc. in the amount of \$548,860.82 as the lowest qualified bid received.

**APPROVED PROPOSED PRAIRIE EXPO INDUSTRIAL PARK INFRASTRUCTURE LAYOUT**

The 2005 State Bonding Bill included \$2.5 million for design and construction of publicly owned infrastructure required to support bioscience development in Worthington (together with additional funds for other locations in the state). A modified preliminary design of the infrastructure for the Prairie Expo development has been completed. The proposed layout is based on the original Prairie Expo development plan as modified to provide for more flexibility in development of the easterly

portion of the site. The modifications were based on comments obtained at a meeting with the WREDC Site Development Committee. Included in the site layout is the current project costs estimates. The funding provided for in the bonding bill will be administered as a Capital Grant. Staff is seeking Council's approval of the Prairie Expo infrastructure plan prior to submitting documentation to the state for development of a grant agreement.

Following discussion the motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to approve the proposed Prairie Expo Industrial Park Infrastructure Layout.

**BILLS PAYABLE**

The motion was made by Alderman Hain, seconded by Alderman Ten Haken and unanimously carried that bills payable and totaling \$702,680.87 be ordered paid.

**ADJOURNMENT**

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to adjourn the meeting at 8:50 p.m.

Karen Buchman  
City Clerk