

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, AUGUST 22, 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 Council Person: Mike Kuhle.

City Staff present: Bob Filson, City Administrator; Dwayne Haffield, Director of Engineering; Brad Chapulis, Director of Community/Economic Development; Mike Cumiskey, Director of Public Safety; and Karen Buchman, City Clerk.

Others present: Darrell Stitt, KWOA Radio; Ryan McGaughey, Daily Globe; Harold Jesh and Dennis Czech, Okabena Estates, LLC; Darlene Macklin, Chamber Director, and Turkey Day Board Members.

HONORARY COUNCIL PERSON

Mayor Oberloh introduced Mike Kuhle who served for the months of July and August. He presented him with a certificate of attendance and thanked him for participating. Mr. Kuhle thanked Council for the opportunity.

RESOLUTION NO. 3057 ADOPTED, ESTABLISHING HOUSING DEVELOPMENT PROJECT AREA NO. 2 AND ADOPTING THE PROJECT PLAN AND HOUSING PROGRAM THEREFOR, ESTABLISHING THEREIN TAX INCREMENT FINANCING DISTRICT NO. 11 AND ADOPTING THE TAX INCREMENT FINANCING PLAN THEREFOR

Pursuant to published notice this was the time scheduled for a public hearing on approval of project plan, tax increment financing plan and housing plan for Okabena Estates Tax Increment Financing District (TIF District #11).

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to open the hearing. Brad Chapulis gave a hearing presentation noting that Okabena Estates, LLC of Sauk Rapids, Minnesota requested tax increment financing (TIF) assistance to subsidize the cost of constructing a 24-unit market rate residential apartment facility to be located on approximately 3.30 acres of land at the northwest corner of Nobles Street and County Road 5.

The proposed development qualifies for tax increment assistance through the establishment of a Housing TIF District as per Minnesota Statutes. Permitted to exist for a maximum of 25 years from collection of the first increment, a Housing TIF district permits a city to finance TIF-eligible costs associated with a qualified housing project. These costs may be financed through a pay-as-you-go note, an internal loan, or general obligation/revenue debt. To qualify for TIF assistance, a multifamily rental development must have a minimum of 20% of its units occupied by residents with incomes at or below 50% of the area median income. The applicant has agreed to comply with this requirement for the duration of the TIF district.

At an earlier worksession, a preliminary review of the applicants' request was held. It was determined that the project had approximately \$216,900 TIF-eligible improvements, and concluded it was willing to consider TIF assistance for the proposed development only if it were structured as a pay-as-you-go note.

Based on the costs of the TIF eligible improvements and the proposed 7% interest rate on the pay-as-you-go note, the project will need to have a minimum assessed valuation of \$1,440,400 to assure the TIF financial commitments are met.

The Mayor opened the floor for testimony and none was received. The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to close the hearing.

The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to approve the project plan for Okabena Estates Tax Increment Financing District and adopt the following resolution:

RESOLUTION NO. 3057

RESOLUTION ESTABLISHING HOUSING DEVELOPMENT PROJECT AREA NO. 2 AND ADOPTING THE PROJECT PLAN AND HOUSING PROGRAM THEREFOR, ESTABLISHING THEREIN TAX INCREMENT FINANCING DISTRICT NO.11 AND ADOPTING THE TAX INCREMENT FINANCING PLAN THEREFOR

(Refer to Resolution file for complete copy of Resolution)

AGENDA APPROVED

The motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to accept the agenda as presented with the Addition of Engineering Addendum H5 and an Informational Item by Alderman Ten Haken.

MINUTES APPROVED

The motion was made by Alderman Woll, seconded by Alderman Hain and unanimously carried to approve the Regular City Council minutes of August 8, 2005 as previously distributed.

MINUTES OF BOARDS AND COMMISSIONS

The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to accept for review the Water and Light Commission minutes of August 15, 2005; Hospital Board minutes of July 18, and August 15, 2005; and Planning Commission minutes of August 16, 2005.

BUDGET AMENDMENT - SMALL CITIES DEVELOPMENT PROGRAM APPROVED

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to approve the proposed budget amendment for the Small Cities Development Program and authorize the Mayor to sign the same. The amendment is necessary to allow funds to be utilized for the demolition of a dilapidated single family dwelling located within the target area. The revised budget is also being sent to the Department of Employment and Economic Development (DEED) for state approval. If approved by both parties, demolition is anticipated to commence within 30 days.

REQUEST TO TRANSFER BUDGET FUNDS APPROVED

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve the request to transfer \$30,000 from the Law Enforcement Equipment Revolving Service Fund and Security Center Revolving Equipment Fund (\$15,000 respectively from each fund) to the General Fund 101-42110-3319 to be utilized for building and purchasing costs related to mobile computers in the patrol cars. Council was briefed about the mobile computer system and the funds availability during a June worksession.

BIDS AWARDED FOR HOMEWOOD HILLS ELEVENTH ADDITION STORM SEWER IMPROVEMENTS

Bids were received at 1:30 p.m., Friday, August 19, 2005 for the construction of the storm water retention basin and outfall piping within Homewood Hills Eleventh Addition. The following bids were received:

<u>Bidder</u>	<u>Amount</u>
Svoboda Excavating, Inc.	\$62,637.50
RS Halstead Corp.	\$87,549.15
Henning Construction, Inc.	\$93,951.00
Worthington Excavating, Inc.	\$95,374.50
Reker Construction	\$96,340.50

The motion was made by Alderman Hain, seconded by Alderman Nelson and unanimously carried to award the bid to Svoboda Excavating with the lowest qualified bid of \$62,637.50. This award is contingent upon the County's approval of the relocation of a County tile to be completed as part of the project.

BIDS AWARDED FOR C.S.A.H. 10/SUTHERLAND DRIVE DRAINAGE AREA IMPROVEMENTS (DUGDALE STORM WATER)

Bids were received at 1:30 p.m., Friday, August 19, 2005 for the construction of the storm water retention basin and outfall structure on the site west of Crailsheim Road near Olson Park. The following bids were received:

<u>Bidder</u>	<u>Amount</u>
Svoboda Excavating, Inc.	\$ 87,815.00
RS Halstead Corp.	\$116,472.50
Worthington Excavating, Inc.	\$116,474.55

The motion was made by Alderman Hain, seconded by Alderman Woll and unanimously carried to award the bid to Svoboda Excavating with the lowest qualified bid of \$87,815.00.

RESOLUTION ADOPTED, VACATING UTILITY EASEMENT IN DARLING'S FOURTH ADDITION

The proposed redevelopment of the property at 1321 Oxford Street (Plaza 66) includes construction of a building over an existing utility easement. The easement is utilized for electric, telephone (Frontier Communications), cable TV (Mediacom) and water utilities. Council is aware that from previous actions regarding the proposed development, the developer is to provide for the relocation of the utilities within the easement. The developer is also to provide an easement over the relocated utilities. The proposed development site plan includes the water main relocation.

The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to adopt the following resolution vacating all of the existing easement subject to the utilities being relocated and an easement over the relocated utilities being provided:

RESOLUTION

VACATING AN EASEMENT
LOTS 2 AND 3, BLOCK 1, DARLINGS FOURTH ADDITION

WHEREAS, The owner of Lots 2 and 3, Block 1 Darling's Fourth Addition, desires to construct a structure upon a certain easement over a portion of such property, and

WHEREAS, The property owner has provided for the relocation of affected utilities and has granted an easement over the relocated utilities.

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

1. That the easement described in Document No. 238346, recorded in the office of the County Recorder, Nobles County Minnesota, be hereby vacated and released.
2. That the City Clerk is hereby directed to file a certified copy of this resolution in the office of the Recorder in and for the County of Nobles, State of Minnesota.

This Council action is subject to concurrence by the Water and Light Commission.

FINAL PAYMENT FOR CITY HALL REMODELING PROJECT APPROVED

The final amount of the contract is \$891,168.73 which is over the original contract value of \$801,000.00. The individual contract increases were documented in approved Change Orders 1 through 10. The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to accept the work and authorize final payment to the contractor, MinnKota Construction, Inc., Dundee, MN.

It was noted that at the time the plans were approved for the total estimated project cost was \$1,220,400. This total cost included engineering and contingencies but excluded site work, asbestos abatement, furnishings, and Council Chambers technology. The funding available for the project contracts including only net bond proceeds was approximately \$1.155 million. Project cost to date is \$1,034,382, including asbestos abatement and the City share for the Council Chambers technology. Relatively minor costs, including those for the parking lot modifications, remain to be incurred.

RESOLUTION NO. 3058 ADOPTED, PERTAINING TO INTENT TO BOND FOR COSTS INCURRED IN MAKING PUBLIC IMPROVEMENTS

Federal tax regulations require that Local Governments declare the intent to reimburse themselves for prior costs incurred in making public improvements with proceeds from the bonds. In other words, the City must state the intent to sell bonds for a project after significant costs have already been incurred for the project.

At the time the Homewood Hills Eleventh Addition Storm Sewer Improvements project was approved, the projected amount of assessments receivable for the project was well below 20% of the estimated project costs and therefore it was not anticipated that the project would be able to be financed through issuance of a PIR Bond. The extremely favorable low bid received for the project now results in assessments likely to be greater than 20% of the project costs. In order to secure the option of financing the project through issuance of a bond, Council is asked to pass the proposed resolution. It was noted that the amount listed in the bond reflects a revision in the project estimate from the \$170,000 provided at the time the project was approved. The motion was made by Alderman Nelson, seconded by Alderman Hain and unanimously carried to adopt the following resolution:

RESOLUTION NO. 3058

RELATING TO FINANCING OF CERTAIN PUBLIC IMPROVEMENTS BY THE CITY OF WORTHINGTON; ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

(Refer to Resolution file for complete copy of Resolution)

SOUTH SHORE DRIVE PATTERN OF THE CURB - LAKE SIDE DISCUSSION

Alderman Ten Haken had asked for this item to be added to the agenda for discussion purposes. He wanted to know if there was enough sentiment among Council to designate a certain dollar amount to review altering the area he noted. He objects to the way it looks. It is not aesthetically pleasing. Following a short discussion there was no consensus to change.

ORDINANCE NO. 980 ADOPTED, AMENDING CHAPTER 90 ANIMALS

Pursuant to published notice this was the time set for the third reading of the proposed ordinance to amend Title IX of the City Code, Chapter 90 Animals. This amends the animal regulations of the City. The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to give a third reading to and adopt the following ordinance:

ORDINANCE NO. 980

AN ORDINANCE TO AMEND TITLE IX OF THE CITY CODE OF THE CITY OF WORTHINGTON, NOBLES COUNTY, MINNESOTA BY AMENDING CHAPTER 90 ANIMALS

(Refer to Ordinance file for complete copy of the ordinance)

CITY OF WORTHINGTON AND SCHOOL DISTRICT #518 MEMORIAL AUDITORIUM RENTAL AGREEMENT

The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to approve the Memorial Auditorium Rental Agreement (for School District #518) for the period July 1, 2005 through June 30, 2006 as presented and authorize the Mayor and Clerk signatures. The agreement outlines the role and responsibility of each entity along with the associated insurance requirements and fees required for the School District.

APPLICATION FOR EXEMPTION FROM LAWFUL GAMBLING APPROVED

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

Organization:	St. Mary's Church
Chief Executive Officer	Rev. Hilary Brixius
Types of Games	Raffles
Date of Activity	October 30, 2005, St. Mary's Gym & Cafeteria, 1215 7 th Avenue, Worthington

APPLICATION FOR TEMPORARY ON-SALE BEER LICENSE APPROVED

The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to approve the following temporary on-sale beer license application:

2005- 7 King Turkey Day, Inc., Turkey Day Mixer, 5:00 p.m. to 11:00 p.m., Thursday,
September 15, 2005 at Pioneer Village

STORM WATER RETENTION AGREEMENT APPROVED

A storm water retention agreement with M & M Warehouse LLC was presented to Council. The agreement incorporates the elements of the discussion that staff and Council had in a worksession in late July. The purpose of this document is to clearly spell out the obligations of each party relating to the storm water issue. The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to approve the agreement and authorize the Mayor and Clerk to sign the document.

COUNCIL COMMITTEE VERBAL REPORTS

Mayor Oberloh had no report

Alderman Hain reported on Prairie View Golf Links

Alderman Petrich reported on a MMUA Summer Utilities meeting he had attended, and gave a short Lewis and Clark project update.

Alderman Woll gave an update on Hospital Board happenings, and noted the Chamber Mixer would be held at the Auditorium on Tuesday evening. Alderman Nelson had a question regarding a Hospital Board member moving from the community. The criteria will be checked out.

Alderman Ten Haken had no report.

BILLS PAYABLE

The motion was made by Alderman Hain, seconded by Alderman Nelson and unanimously carried that bills payable and totaling \$1,230,949.67 be ordered paid.

EXECUTIVE SESSION

The motion was made by Alderman Nelson, seconded by Alderman Ten Haken and unanimously carried to close the Regular Meeting for an Executive Session.

The session was held to discuss a real estate transaction.

The motion was made by Alderman Ten Haken, seconded by Alderman Petrich to close the Executive Session and return to the Regular Meeting.

ADJOURNMENT

The motion was made by Alderman Nelson, seconded by Alderman Hain and unanimously carried to adjourn the meeting at 9:10 p.m.

Regular City Council Minutes, August 22, 2005
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Karen Buchman
City Clerk