

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, OCTOBER 23, 2006**

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: Bruce Viessman.

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

Others present: Darrell Stitt, KWOA Radio; Ryan McGaughey, Daily Globe; Steve Robinson, SEH; Lyle Voss, Bob McCuen, Scott Bradley, Mel Ruppert, Rosie Rogers, Deb Thompson, Diane Boltjes, Mike Kuhle and Ron Wood.

**INTRODUCTION OF HONORARY COUNCIL PERSON**

The Mayor introduced Bruce Viessman as the Honorary Council person selected for the months of October and November.

**RESOLUTION NO. 3259 ADOPTED, RELATING TO REDEVELOPMENT PROJECT AREA NO. 3 AND TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 12; APPROVING A REDEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN THEREFOR**

Pursuant to published notice, this was the time set for the public hearing regarding tax increment financing (TIF) assistance to offset expenses related to the redevelopment of the 15.52 acre CCSI complex located at the northwest corner of the intersection of Knollwood Drive and 1<sup>st</sup> Avenue S.W. FDAC, L.L.C. of Worthington (Bob McCuen, President, and Scott Bradley, Vice President) request the TIF assistance for their project. The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to open the hearing. Brad Chapulis, Director of Community/Ec. Development explained the project. The redevelopment plan consists of demolishing the vacated/dilapidated CCSI building and creating a single family residential subdivision consisting of 21 lots. The proposed development qualifies for tax increment assistance through the establishment of a Redevelopment TIF District as per Minnesota Statutes. Permitted to exist for a maximum of 25 years from collection of the first increment, a Redevelopment TIF district permits a city to finance TIF-eligible costs associated with a redevelopment project. Eligible costs include acquisition of blighted properties, removal of blighted structures, removal of inadequate/abandoned infrastructure, etc.

In September, the City Council completed a preliminary review of the applicant's request. Completed by Springsted Inc., the preliminary review described the applicant's request (\$248,550 for demolition expenses plus TIF expenses), estimated TIF projections (approx. \$1.15-\$1.50 million over 25 years), and

potential payback (12-14 years at 6% interest). At that time, it was concluded that if the City were to financially participate it would be through the use of an interfund loan as the amount was not large enough to attract quality bond offerings and that the applicant's desire to not use pay-as-you-go financing. Should Council wish to allow the Economic Development Authority to financially participate in the project through tax increment financing it must do the following:

1. Hold the public hearing;
2. Pass the resolutions approving the Redevelopment Plan, TIF Plan and the Development Agreement for the said redevelopment project.

Following the hearing presentation the Mayor opened the floor for testimony.

Council discussed the following: Developer obligations, loan default, development agreement and projected TIF generations, including minimums needed to support the financial request. Brad referred to the Draft Development Agreement Section 4.1 Undertaking of Project which offered time lines for the Developer to complete the project.

As there was no further testimony received, the motion was made by Alderman Nelson, seconded by Alderman Woll and unanimously carried to close the hearing.

The motion was made by Alderman Nelson, seconded by Alderman Ten Haken and unanimously carried to approve the redevelopment and tax increment financing plans for CCSI Tax Increment Financing District, and adopt the following resolution:

#### RESOLUTION 3259

RESOLUTION RELATING TO REDEVELOPMENT PROJECT AREA NO. 3 AND TAX INCREMENT FINANCING (REDEVELOPMENT) DISTRICT NO. 12; APPROVING A REDEVELOPMENT PLAN AND 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 Hain and unanimously carried to accept the agenda as presented.

#### **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 October 9, 2006 as previously distributed.

### **MINUTES OF BOARDS AND COMMISSIONS**

The motion was made by Alderman Petrich, seconded by Alderman Nelson and unanimously carried to accept for review the Water and Light Commission minutes of October 16, 2006.

### **AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT FOR BIOSCIENCE PARK PUBLIC IMPROVEMENTS APPROVED**

At the September 25, 2006 meeting, Council tabled action on the proposed amendment to professional services agreement for the BioScience Park public improvements. Council addressed concerns about the construction services and wished to ask questions of Steve Robinson, SEH. As Mr. Robinson was unavailable, Council voted to table the item for a future meeting. This item is being brought back to the table tonight. It was noted that the original agreement established that the estimated fee for construction services was based on 10 weeks of construction. The actual duration of construction has already exceeded 28 weeks and warrants an amendment to the SEH contract. The amendment to the SEH professional services agreement is for the not to exceed amount for construction services to increase from \$65,000 to \$133,000. The original contract amount was \$116,500.00 for preparation of construction and bid documents and an estimated fee of \$68,000 for construction observation and administration. Actual cost to prepare construction documents was \$91,638.62 or a reduction of \$24,861.28. The construction observation and administration phase increased from \$65,000 to \$133,000. Thus, the total went from \$184,500.00 to \$224,638.62, which was an increase of \$40,138.62. Steve Robinson was in attendance at the meeting and answered questions of Council. Council was concerned with the extended time and costs, and asked Steve if he would defend this project if the State would check on the costs? He stated definitely.

Following discussion the motion was made by Alderman Hain, seconded by Alderman Woll and unanimously carried to authorize the Mayor to execute a supplemental to the contract to adjust the not to exceed fees.

### **PROFESSIONAL SERVICES AGREEMENT APPROVED FOR FORMER CAMPBELL SOUP COMPANY SITE CLEANUP**

A request to submit a Statement of Qualifications (SOQ) for providing services needed to proceed toward redevelopment of the former Campbell Soup Company site was mailed to 16 firms. Services include those needed to conduct additional environmental investigation as warranted, develop a remediation plan, and develop contract documents for building demolition and for remediation. The firms were also advised that services will include defining relevant issues, providing options for proceeding toward redevelopment,

pursuing funding resources, and may include tasks such as estimating options for phasing site clean up activities and/or levels of site remediation (for reuse alternatives). Such services will be valuable in providing guidance to the City in its decision process leading to site redevelopment. Ten firms responded to the request with several firms able to demonstrate significant experience in brownfield projects. Based on their abilities, four firms were requested to submit limited proposals, and four proposals were received. Three of the firms were identified as being fully qualified and well suited to work with the City at reasonable fees. While any of the three firms could be recommended, Peer Engineering did appear to be the best suited to provide cost effective services and projects. The proposed fees of Peer Engineering, based on the Request for Proposals (RFP), are as follows:

Phase 1	\$ 2,500
Grant Application	\$ 1,500
General Services*	\$ 5,000
Building Assessment **	\$11,000

\* Deviation from RFP in the manner fees were proposed

\*\* As per RFP, the amount represents a possible cost not a firm proposal

The fees above are not inclusive of all fees required for development of a remediation plan, and for preparation of bidding documents for building demolition and remediation. Funding for services will need to be from the general fund undesignated unreserved fund balance as have been all other costs associated with the site to date. Grant assistance will be pursued.

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to accept the proposal from Peer Engineering and authorize execution of a professional services agreement consistent with the proposal and approved by the City Attorney.

#### **AUTHORIZED GRANT APPLICATION**

A Contamination Investigation and RAP Development Grant Application is being completed for the former Campbell Soup Company site. The grant, administered by the Minnesota Department of Employment and Economic Development (DEED), can fund up to \$50,000, or 75% of the total investigation costs, whichever is less, for contamination investigation and Response Action Plan (RAP) development costs. The grant application requires a commitment to fund the local match. The grant also requires participation in the Minnesota Pollution Control Agency (MPCA) voluntary program and that work follow the MPCA investigation and RAP development guidelines. MPCA involvement is to ensure that quality site assessments are conducted, and allows for a grantee to qualify for a Contamination Cleanup Grant which requires an approved RAP from the MPCA.

Not all assessment and remediation plan development costs are identified at this time. Preliminary

discussions indicate that the assessment and remediation plan development costs should be less than \$50,000. An additional \$5,000 in fees from the MPCA for required technical assistance is assumed. Council should base its commitment to a local match on the basis of a \$55,000 project with the local share therefore being \$13,750. Not less than 12% of the costs (\$6,600) must be from unrestricted local funds (i.e., general funds).

It was noted it would take two to three months for find out if the grant is approved.

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

**RESOLUTION APPROVING APPLICATION, COMMITTING LOCAL MATCH, AND AUTHORIZING CONTRACT SIGNATURE**

BE IT RESOLVED that the City of Worthington has approved the Contamination Cleanup grant application to be submitted to the Department of Employment and Economic Development on October 27, 2006 by the City of Worthington for the former Campbell Soup Company site.

BE IT FURTHER RESOLVED that the City of Worthington act as the legal sponsor for project contained in the Contamination Cleanup Grant application to be submitted on October 27, 2006 and that the Mayor and the Clerk are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Worthington.

BE IT FURTHER RESOLVED that the City of Worthington has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate project administration.

BE IT FURTHER RESOLVED that the sources and amounts of the local match identified in the application are committed to the project identified.

BE IT FURTHER RESOLVED that the City of Worthington has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Worthington may enter into an agreement with the State of Minnesota for the above-reference projects, and that the City of Worthington certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

NOW, THEREFORE BE IT FINALLY RESOLVED that the Mayor and the Clerk are hereby authorized

to execute such agreements as are necessary to implement the project(s) on behalf of the applicant.

**FORMAL APPROVAL GIVEN TO PURCHASE REPLACEMENT TRUCK**

On the October 9 City Council agenda, the Public Works Department had a case item requesting Council authorization to purchase a dump truck scheduled for replacement and funded within the proposed 2007 budget. Due to the truck dealer informing staff earlier that day that current production engines were no longer available, this item was pulled from the agenda. It was thought that we would have to wait until the 2007 engine production began which would include a price increase of approximately \$6,000 due to new emission standards being implemented. However, we were put on a waiting list in case something became available. On October 18, staff received a call from the dealer stating that six engines had become available, but we needed to make a decision as they had more orders than available engines. After consulting with the Interim Administrator and making contact with available Council members, it was decided to move forward with the purchase to take advantage of the cost savings. The unit will not be delivered until February 2007. The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to formally approve the purchase of the replacement unit to be funded within the 2007 budget. One question Council asked was the age of the truck to be replaced. Jim thought it was a 1989.

**APPROVED AIRPORT FARM LAND AGRICULTURE LEASE**

The current five year lease for the approximate 382 tillable crop acres at the airport terminates in February of 2007. Staff advertised and received quotes for the five-year period beginning March 1, 2007 thru February 2012 thus permitting fall tillage to be completed by either the current lessee (Gordon Farms) or a new lessee. The following quotes were received:

<u>Quoter</u>	<u>Dollars/Acre based</u> <u>upon 382 acres</u>	<u>Gross Amount</u>
David and Gary Hibma	\$ 81.43	\$ 31,485.00
Gordon Farms	\$ 105.00	\$ 40,110.00
Gary Correll	\$ 110.08	\$ 42,050.00
Widboom Farms	\$ 118.50	\$ 45,267.00
Marc & Wayne Freese	\$ 125.00	\$ 47,750.00

Following discussion the motion was made by Alderman Hain, seconded by Alderman Nelson and unanimously carried to authorize the Mayor and City Clerk to execute the lease agreement for the leasing of the tillable crop acres to Marc and Wayne Freese for an annual amount of \$ 47,750.00.

**QUOTES RECEIVED FOR AIRPORT GRASS HAY LAND REJECTED**

The current lease for the approximate 75 acres of grass hay land at the airport will terminate in February 2007. Staff advertised and received quotes for the five-year period beginning March 1, 2007 thru February 2012. Gordon Farms are the current lessees. Staff received the following quotes:

<u>Quoter</u>	<u>Dollars/Acre based</u> <u>upon 75 acres</u>	<u>Gross Amount</u>
Gordon Farms	\$ 13.34	\$ 1,000.00
Freking Haying	\$ 22.00	\$ 1,650.00

Staff’s recommendation is to reject the quotes received. After checking with the Nobles County Extension Service for the average rent paid within Nobles County for grass hay land, staff was informed the rent per acre ranged from \$ 55.00 (marginal grass) to \$130.00. If we wait until late spring of 2007 to seek quotes, the grass to be hayed will be in a full growth stage permitting interested parties to be able to assess the value and amount of hay to be harvested. Staff will also include in the quote the Industrial Park area located on Industrial Road which is hayed annually. Following a discussion the motion was made by Alderman Hain, seconded by Alderman Ten Haken and unanimously carried to reject quotes received for the Airport grass hay land.

**AUTHORIZED ORDERING A 2007 ROUGH MOWER**

As discussed at an earlier budget work session, the 2007 Prairie View budget includes \$47,000 for the purchase of a rough mower. Special pricing is available until October 31, 2006 for the purchase of the same mower for approximately \$44,000, a savings of \$3,000. Leasing option(s) versus purchasing the mower were analyzed. Based on the lease rates quoted and potential investment rate of return rates, it is staff’s recommendation to purchase the mower. The mower would be ordered by October 31, 2006, with actual payment due in January 2007. The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to authorize ordering the 2007 rough mower by October 31, 2006.

**STUDENTS IN PUBLIC HOUSING**

Rosie Rogers was present at the meeting to explain the process used to determine eligibility for college students to become residents of public housing. She answered questions Council had on the criteria used such as age, if they lived with parents or qualified as an independent student, whether financial aid is counted, etc. Rosie noted that the HRA Board is in the process of establishing new guidelines to be implemented.

**SET MEETING DATES FOR THE FOLLOWING**

Wednesday, November 1, 2006

6:30 a.m. - Rental Housing Worksession

7:30 a.m. - Storm Water Utility Budget Worksession

Monday, November 13, 2006

5:45 p.m. - Canvass Ballots

6:00 p.m. - HRA/City Council Joint Worksession

### **CITY COUNCIL REPORTS**

Mayor Oberloh reported on a meeting he had in Minneapolis on the 18<sup>th</sup> regarding immigration issues. At that meeting he reported that we have 27 owned minority businesses in Worthington with five being Chamber members, and two more looking into it. He also discussed Worthington's housing, hospital and school issues. Today, he attended an I-90 Legislative Group meeting held at Prairie Holdings/Newport Labs Building where they discussed stream lining BioScience projects, transportation issues, levy limits and LGA, along with programs to help minority students stay in school.

Alderman Hain, Petrich, and Nelson - Nothing to report at this time.

Alderman Woll - Hospital has tentatively hired radiation/oncologist for their new facility. They had a Hospital board member resignation, and will be looking for names to suggest for replacement. He attended a Heron Lake Watershed Board meeting - is new and still learning.

Alderman Ten Haken - Reported on City/County/School meeting. They are trying to comprise a booklet of priorities for legislators. November 18 is their next meeting. He asked that Brian get financial figures to Mel Ruppert for their presentation at the Truth & Taxation Meeting. The City doesn't need to have Truth & Taxation as we are under limits. He reported that Nobles County is wrestling with Mental Health Issues - they will not be using Central School. It was also noted that the County is no longer going to be doing home health care. He reported that School District #518 will no longer be doing the special needs housing program. New Dawn will take over the program and that 2 of the 5 homes will not be needed.

### **CITY ADMINISTRATOR REPORT**

Bill Bassett, Interim Administrator said that Council will be asked to certify the final levy at the December 11 City Council meeting. Bill also reported that he had talked to our new City Administrator Joseph Parker and that he anticipates starting on November 6. Bill will be here that day to work with him.

### **BILLS PAYABLE**

The motion was made by Alderman Nelson, seconded by Alderman Woll and unanimously carried that bills payable and totaling \$696,259.94 be ordered paid.

### **ADJOURNMENT**

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to adjourn the meeting at 8:35 p.m.

Karen Buchman  
City Clerk