

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, NOVEMBER 13, 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. Newly Elected Officials: Mike Kuhle, and Ron Wood. Absent (Excused): Honorary Council Person Bruce Viessman.

City Staff present: Joe Parker, 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; Boy Scout Members of Troop #134; Glen Thuringer, Darlene Macklin, Scott Calvin, Lonny Johnson, and Gary Hoffman.

INTRODUCTION OF NEW CITY ADMINISTRATOR

Mayor Oberloh introduced and welcomed Joseph “Joe” Parker as the new City Administrator for the City of Worthington.

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 Administrative Services H 4 and H5.

MINUTES APPROVED

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve the Regular City Council minutes of October 23, 2006 as previously distributed.

MINUTES OF BOARDS AND COMMISSIONS

The motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to accept for review the Water and Light Commission minutes of November 6, 2006; Worthington HRA minutes of October 12, 2006; Bio Science Joint Powers Board minutes of November 7, 2006; and Airport Advisory Board minutes of November 7, 2006.

FINANCIAL STATEMENTS

The motion was made by Alderman Hain, seconded by Alderman Nelson and unanimously carried to accept the Prairie View Golf Links Statement of Revenues vs. Expenditures for the period of January 1, 2006 through October 31, 2006; and the Municipal Liquor Store Income Statement for the period of

January 1, 2006 through October 31, 2006.

PROFESSIONAL SERVICES AGREEMENT FOR CONSTRUCTION OF AIRPORT HANGAR APPROVED

Staff investigated the potential for construction of a multi plane hangar for use by Integrity Aviation (Integrity). The new hangar would allow the larger resident aircraft to be relocated from the existing multi plane hangar on the public apron (Apron A), with the existing hangar able to accommodate the hangar needs of transient aircraft such as corporate jets. Discussion with Integrity centered on the size and type of construction of the hangar along with evaluation of location and ownership options. The discussions resulted in concurrence to pursue the following plan:

- 1) Hangar to be constructed by the City and leased to Integrity.
- 2) The City would assume the costs for the hangar apron and taxiway widening, and site preparation (hangar removal and fence relocation).
- 3) The hangar is to be: 80'x90' with a 20'x60' foot bifold door; wood post frame construction with concrete rather than post footings; heated; and provided with electrical/lighting and rough in plumbing.
- 4) The hangar is to be located in the T-Hangar area as shown.

In order to proceed with the proposed hangar project, it is recommended that the services of an airport engineer be procured. Although building costs for various sizes and types of construction have been explored, development of a definitive engineer's estimate for the hangar is needed to begin finalization of a financing plan and probable lease terms. SEH offers engineering services out of its Sioux Falls office. Given the size and type of project, the financial advantage of the local SEH offices is apparent. The proposed lump sum fee is \$14,300 for the professional services required for the hangar only. A second proposal of \$8,500 was provided for the professional services required for the pavement improvements. At this time, it is proposed to not proceed with SEH for professional services for the pavement improvement work.

Whereas it is possible for Integrity to withdraw from pursuing the hangar construction due to unexpected lease costs that might be projected during the initial phase of the project development, Integrity has agreed to secure up to 50% of the costs of the professional services required to the hangar project. Should Integrity wish to withdraw from the project, the contract with SEH would be terminated and Integrity's deposit would be used to pay or defray costs incurred.

The motion was made by Alderman Nelson, seconded by Alderman Petrich and unanimously carried to authorize acceptance of the project concept and the SEH proposal for the professional services required for the hangar only. The engineering fees would be financed from airport reserves for capital improvements. The project would not proceed to advertising for bids until a financing plan and lease terms

based on a project estimate have been established. The Airport Advisory Board concurred with this recommendation at its November 7, 2006 meeting.

RESOLUTION NO. 3260 ADOPTED, APPROVING CHANGES IN THE SEWER RATE SCHEDULE

The proposed 2007 Sewer Service Charge System (Sewer Rates) have been developed by staff and approved by the Water and Light Commission at its November 6, 2006 meeting. Rates will increase about 2.1% to 4.2% for all non-industrial users. The total revenue to be generated by the 2007 rates is 2.3% or \$41,297 more than the \$1,786,863 budgeted to be generated from the 2006 rates. The sewer fund costs exclude \$250,000 for treatment facility capital improvements which are to be funded through use of reserves.

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to adopt the 2007 Sewer Service Charge System by passing the following resolution:

RESOLUTION NO. 3260

APPROVING CHANGES IN THE SEWER RATE SCHEDULE

(Refer to Resolution file for complete copy of Resolution)

FIRST READING PROPOSED ORDINANCE AMENDING STORM WATER UTILITY RATES

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to give a first reading to the proposed ordinance to amend Storm Water Utility Rates. At its December 8, 2003 meeting, the City Council adopted an ordinance establishing the City's storm water system as a utility. The ordinance set the annual storm water fee or rate for residential use. The annual rate is adjusted by a multiplier based on land use, multiplied by the property area, and billed in 12 monthly payments.

The proposed 2007 storm sewer fund budget requires \$20,763 more in revenue than the 2006 budget. The rate increase required to generate the additional revenue is 5.1%. The increase is primarily attributable to the increase in the fund's storm drainage operations budget.

The proposed ordinance establishes the annual fee per acre for residential at \$177.00. The current annual residential rate is \$168.50 per acre. The area of a residential lot is defined at .24 acres yielding a 2007 monthly residential charge of \$3.54 or \$.17 more than the current rate of 3.37. The per acre rates for land uses other than residential (1 through 3 units) are as follows:

| <u>Land Use</u> | <u>Rate/Acre</u> |
|-----------------|------------------|
| Commercial | \$29.65 |
| Industrial | \$24.63 |
| Multi Family | \$21.83 |
| Institutional | \$29.65 |

RESOLUTION ADOPTED REAPPORTIONING SPECIAL ASSESSMENT FOR WATER MAIN IMPROVEMENT NO. 97

As a result of the platting of Bio Science Industrial Park, it is necessary to reapportion the special assessments for Water Main Improvement No. 97 levied against a portion of the property included in the plat. The proposed reapportionment is being regarded as having been petitioned for. The assessments are proposed to be reapportioned to the platted lots in the same manner as they would have been levied at the time the improvements were originally assessed. The trunk water assessment was levied, and is proposed to be reapportioned on an area basis. The lateral water assessment was levied, and is proposed to be reapportioned on a per front foot basis. Following discussion the motion was made by Alderman Hain, seconded by Alderman Nelson and unanimously carried to adopt the following resolution reapportioning the assessments as proposed (the assessments reapportioned to the street right-of-ways will become a city share of the project):

RESOLUTION

REAPPORTIONING THE SPECIAL ASSESSMENT FOR WATER MAIN IMPROVEMENT NO. 97.

WHEREAS, On November 13, 2006, the unpaid balance of the special assessment for Water Main Improvement No. 97, heretofore levied upon the following described property, as shown on the assessment records of the City of Worthington, is as follows:

Unplatted Property

All that part of the W½ of Section 13-T102N-R40W described as Tract B of the survey recorded in Document #266772 lying north of the proposed Prairie Expo First Addition

| | | | |
|---------|----------|-------|--------------------|
| Trunk | 11.73 | Acres | \$11,907.99 |
| Lateral | 1,792.45 | Feet | <u>\$15,939.07</u> |
| | | | \$27,847.06 |

and

WHEREAS, The City of Worthington, as owner of said property, has platted said property as portions

of *Worthington Bio Science Industrial Park Addition*, in the City of Worthington; and

WHEREAS, The City of Worthington, as owner of said property, now desires that said special assessment be reapportioned in accordance with the property subdivision and platting of the aforementioned property as portions of *Worthington Bio Science Industrial Park Addition*, in the City of Worthington, Nobles County, Minnesota; and

WHEREAS, The reapportionment of the special assessment will not materially impair collection of the unpaid balance of the assessment against said property.

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

I. That the special assessment for Water Main Improvement No. 97, heretofore levied upon said property as noted above, be reapportioned and spread among the following described properties in the following manner and amounts; viz:

| | | | | |
|---|---------|--------|--------------|-------------------|
| <i>Worthington Bio Science Industrial Park Addition</i> | | | | |
| Lot 1, Block 1 | | | | |
| | Trunk | | 1.0538 Acres | \$1,069.79 |
| | Lateral | 229.05 | Feet | <u>\$2,036.78</u> |
| | | | | \$3,106.57 |
| Lot 1, Block 2 | | | | |
| | Trunk | | 0.8341 Acres | \$846.76 |
| | Lateral | 181.67 | Feet | <u>\$1,615.46</u> |
| | | | | \$2,462.22 |
| Lot 2, Block 2 | | | | |
| | Trunk | | 0.8341 Acres | \$846.76 |
| | Lateral | 181.67 | Feet | <u>\$1,615.46</u> |
| | | | | \$2,462.22 |
| Lot 3, Block 2 | | | | |
| | Trunk | | 0.8341 Acres | \$846.76 |
| | Lateral | 163.34 | Feet | <u>\$1,452.47</u> |
| | | | | \$2,299.23 |
| Lot 4, Block 2 | | | | |
| | Trunk | | 0.8341 Acres | \$846.76 |
| | Lateral | N/A | Feet | <u>\$0.00</u> |
| | | | | \$846.76 |
| Lot 1, Block 3 | | | | |
| | Trunk | | 1.0056 Acres | \$1,020.86 |

| | | | | | |
|------------------------|---------|--------|--------------|--|-------------------|
| | Lateral | 437.65 | Feet | | <u>\$3,891.72</u> |
| | | | | | \$4,912.58 |
| Lot 2, Block 3 | | | | | |
| | Trunk | | 0.9967 Acres | | \$1,011.82 |
| | Lateral | N/A | Feet | | <u>\$0.00</u> |
| | | | | | \$1,011.82 |
| Outlot A, Block 3 | | | | | |
| | Trunk | | 2.7956 Acres | | \$2,838.02 |
| | Lateral | 439.07 | Feet | | <u>\$3,904.34</u> |
| | | | | | \$6,742.36 |
| Dedicated Right-of-Way | | | | | |
| | Trunk | | 2.5412 Acres | | \$2,580.46 |
| | Lateral | 160.00 | Feet | | <u>\$1,422.84</u> |
| | | | | | \$4,003.30 |

SUPPLEMENTAL AGREEMENT NO. 2 FOR 2005 TRUNK WATER MAIN AND 8TH AVENUE STORM SEWER IMPROVEMENTS PROJECT

The proposed Supplemental Agreement No. 2 for 2005 Trunk Water Main and 8th Avenue Storm Sewer Improvements Project addresses a change in required materials and a change in the means of establishing sod in a portion of disturbed areas on the 8th Avenue Storm Sewer project.

The motion was made by Alderman Ten Haken, seconded by Alderman Hain and unanimously carried to approve the Supplemental Agreement No. 2 for the 2005 Trunk Water Main and 8th Avenue Storm Sewer Improvements Project as presented.

FIRST READING PROPOSED RENTAL HOUSING ORDINANCE

Over the past 16 months, Council has held two public forums, numerous work sessions and appointed a task force to explore whether or not the City needed to establish minimum standards for rental housing units. At the direction of Council staff prepared a final draft of a proposed ordinance that incorporates changes influenced by this process. The ordinance establishes the following to ensure that rental housing units protect and promote health, safety and welfare for people who reside in them.

1. Minimum standards that a rental unit must comply within order to be eligible to rent;
2. Required registration for each individual rental unit;
3. Mandatory inspections for each unit to assure compliance with the minimum standards proposed;
4. Maximum number of persons able to reside in a rental unit.

Following discussion, the motion was made by Alderman Ten Haken, seconded by Alderman Woll to give

a first reading to the proposed ordinance, with the following Aldermen voting in favor of the motion: Ten Haken, Woll, and Petrich; the following Aldermen voted against the same: Hain and Nelson. Whereby the Mayor declared, the motion passed.

APPROVAL OF RENTAL REGISTRATION INSPECTION PLAN TABLED

A copy of a proposed Rental Registration/Inspection Plan that implements the Rental Housing Ordinance currently under consideration was discussed. The plan outlines the registration fees, inspection procedures, fines, and exemptions affiliated with the enforcement of the proposed Ordinance. Staff requested approval of the Rental Registration/Inspection Plan contingent upon the third reading of the Rental Housing Ordinance. The motion was made by Alderman Woll, seconded by Alderman Petrich to approve the Rental Registration Inspection Plan. Following a discussion Aldermen Woll and Petrich withdrew their motion. The motion was then made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to table this item until a future meeting allowing for further discussion - contingent upon the third reading.

EXECUTION OF DEVELOPMENT AGREEMENT APPROVED

On November 3, 2006, the Worthington Rediscovered Committee reviewed a redevelopment proposal submitted to the Worthington Economic Development Authority for property it owns at 519 Humiston Avenue. After discussion, the Committee unanimously voted to commit \$17,800 toward the demolition of the existing residential structure. A development contract has been drafted to outline the obligations for all three parties (City, Worthington EDA, and the applicant). Since the Committee does not have the authority to enter into a contract on behalf of the City, it is requesting Council to authorize the Mayor to execute the development agreement as presented contingent on EDA's approval of the redevelopment proposal. The EDA will consider the proposal at its November 27, 2006 meeting. It was noted that there was only one proposal received. Following discussion the motion was made by Alderman Ten Haken, seconded by Alderman Woll to authorize the Mayor to execute the development agreement as presented with the following Aldermen voting in favor of the motion: Nelson, Petrich, Ten Haken and Woll; the following Alderman voted against the same: Hain. Whereby the Mayor declared, the motion passed.

ACQUISITION OF REAL ESTATE APPROVED

On November 3, 2006 the Worthington Rediscovered Committee formally considered an offer submitted by Lonny Johnson/Scott Calvin to purchase property they own at 1305 6th Avenue and 1226 7th Avenue for \$30,000 each. The properties, which have been appraised at \$42,500 and \$40,000 respectively, have been repeatedly in violation of the City's Nuisance Ordinance. Furthermore, the said properties will not feasibly comply with the proposed Rental Housing Ordinance should it be adopted. The committee believes that the acquisition/demolition/redevelopment of the properties would eliminate blight and strengthen neighborhoods, which outweighs any public perceptions of a landlord buyout. Following a

discussion the motion was made by Alderman Woll, seconded by Alderman Petrich to authorize the Mayor to execute the purchase agreement for the above stated properties with the following Aldermen voting in favor of the motion: Nelson, Petrich, Ten Haken, and Woll; the following Alderman voted against the same: Hain. Whereby the Mayor declared, the motion passed.

RESOLUTION NO. 3261 ADOPTED, REQUESTING BIO-SCIENCE ZONE DESIGNATION

As a result of the 2006 State Legislative Session, the State has authorized the Department of Employment and Economic Development to re-open the process for additional communities to apply to have property(ies) designated as a Bioscience Zone. The purpose of the Bioscience Zone is to keep or enhance bioscience jobs within the area, increase the future tax base and to create new economic development through the growth of new bioscience businesses. To date the MN Legislature has authorized the designation of the Zones, but not funded the program. Should the MN Legislature appropriate funds in the future, qualified businesses locating or expanding in a designated Bioscience Zone would be eligible for the following tax benefits:

- State and local sales tax exemptions;
- Corporate franchise tax (including alternative minimum tax) exemptions;
- Minimum fee imposed on corporations;
- Refundable job credits; and
- Refundable research and development credits.

Since the program would enhance the City's ability to assist existing local companies not eligible for JOBZ benefits expand their presence in Worthington without any local tax implications, staff recommends Council request DEED to designate the properties as Bioscience Zones. Following discussion the motion was made by Alderman Ten Haken, seconded by Alderman Petrich and unanimously carried to request DEED to designate the properties as Bioscience Zones by adopting the following resolution:

RESOLUTION NO. 3261

REQUESTING BIO-SCIENCE ZONE DESIGNATION

(Refer to Resolution file for complete copy of Resolution)

RESOLUTION 3262 ADOPTED, BIO-SCIENCE BUSINESS DEVELOPMENT GRANT PROGRAM APPLICATION

The Bio-science Business Development Grant program was established by the 2006 legislature to assist with public projects that support bioscience related businesses or activities. With \$4,000,000 allocated for the 2006-2007 fiscal year, the Worthington Regional Economic Development Corporation (WREDC)

is looking to apply for \$1,000,000 for the construction of a bioscience incubator/testing center, which is estimated to cost approximately \$2,900,000. Since local units of government may only apply, WREDC is requesting the City serve as the applicant for this grant. Following discussion the motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to proceed with the submission of a Bio-science Business Development Grant application for the proposed incubator/testing center and to authorize the Mayor to execute the following resolution:

RESOLUTION NO. 3262

BIO-SCIENCE BUSINESS DEVELOPMENT GRANT PROGRAM APPLICATION

(Refer to Resolution file for complete copy of Resolution)

BUDGET AMENDMENT FOR RECRUITMENT COSTS OF NEW CITY ADMINISTRATOR APPROVED

Staff requested Council authorization for a 2006 budget amendment to the Personnel and Recruitment budget for the City Administrator position. An additional \$17,000 is requested. The funds will come out of the General Fund unreserved/undesignated fund balance. Following discussion the motion was made by Alderman Nelson, seconded by Alderman Petrich and unanimously carried to approve the request.

OFF-SALE BEER LICENSE APPLICATION APPROVED

The motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to approve the following off-sale beer license application for the period of December 1, 2006 through December 31, 2007:

No. 2007 - 1 Video Lupita 2, 1321 Oxford Street, Maria Parga

APPLICATION FOR EXEMPTION FROM LAWFUL GAMBLING APPROVED

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

| | |
|--------------------------|---|
| Organization: | Duck's Unlimited |
| Chief Executive Officer: | Lonny Johnson |
| Types of Games: | Raffles |
| Date of Activity: | Monday, January 15, 2007, Long Branch Saloon, 206 Tenth Street, Worthington |

POST ELECTION REVIEW OFFICIALS APPROVED

Sharon Balster, the Nobles County Auditor/Treasurer, called and Ward 2 Precinct 2 was selected as one of the precincts for a Post Election Review in Nobles County at the general election canvas held at the County Administration Building on November 9. This review is an actual hand count of three races. The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to appoint Sharon Balster, Nobles County Auditor/Treasurer, and her staff as the post election review officials. The City Clerk and three election judges from that ward and precinct will assist in the review.

ELECTION OF CITY ADMINISTRATOR TO BE EXCLUDED FROM THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION APPROVED

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to approve the request of the City Administrator Joseph Parker to be excluded from the Public Employees Retirement Association, as authorized by Minnesota Statutes 353.028.

SOUTHWEST MINNESOTA INITIATIVE FOUNDATION

Council discussed the 2007 allocation to the Southwest Minnesota Initiative Foundation which had been set during a budget worksession and approved with the adoption of the 2007 budget.

CITY COUNCIL REPORTS

Mayor Oberloh reminded Council that the WREDC annual meeting for this year is going to be a Social Mixer at the Dayton House, 5 p.m.- 8 p.m., Friday, November 17. He also discussed Construction Site Erosion Control. He noted that both he and Roger sit on the Jt Powers Board and discussions have included filter strips, retention area, etc. Dwayne had submitted a memo to Council explaining where the City is at with their designation as a regulated city under phase II of the federal program to reduce pollution from Municipal Separate Storm Sewer Systems. Regulated cities need to be covered under a statewide NPDES permit. Worthington's application for coverage under the statewide permit is due by February 15, 2007.

Alderman Hain - no report.

Alderman Petrich - reported on the Coalition Meeting in Alexandria he had attended. He felt that the transportation discussion was very interesting.

Alderman Nelson - no report

Alderman Woll - no report

Alderman Ten Haken - At the Coalition meeting with the election over, MNVEST was discussed. He also had a SRDC Transportation meeting today with MN/DOT representatives present. It was noted that by the year 2011 no new construction is in the budget, only maintenance and preservation. So the battle is on. He also brought up for discussion LGA, fight for a way to establish an equalization formula.

CITY ADMINISTRATOR REPORT

Joe Parker reported that his first Coalition of Greater MN Cities meeting was an eye opening experience. He stated that his plan for the coming week - go out to departments and meet staff.

BILLS PAYABLE

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried that bills payable and totaling \$720,034.02 be ordered paid.

ADJOURNMENT

The motion was made by Alderman Nelson, seconded by Alderman Ten Haken and unanimously carried to adjourn the meeting at 8:23 p.m.

Karen Buchman
City Clerk