

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, DECEMBER 12, 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, Mike Woll and Honorary Council Person Ron Wood.

City Staff present: Bob Filson, City Administrator; Don Habicht, General Manager of Public Utilities; 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; Eugene Faigus, Faigus Group; David Lein, Compliance Solutions; John Shepard, SRDC; and Steve Robinson, SEH.

RESOLUTION NO. 3092 ADOPTED, TAX ABATEMENT (VIKING TERRACE)

Pursuant to published notice this was the time set for the public hearing on the Tax Abatement request for the Viking Terrace apartment complex, 1440 Burlington Avenue.

The motion was made by Alderman Nelson, seconded by Alderman Woll and unanimously carried to open the hearing. Brad Chapulis, Director of Community/Ec. Development, gave a hearing presentation. In February of this year, Council approved a resolution identifying certain financial incentives the City would provide Southwest Minnesota Housing Partnership should the organization secure the necessary funding to purchase and renovate Viking Terrace, 1440 Burlington Avenue. The 60 unit apartment complex in jeopardy of losing its financial assistance from HUD due to the current owners considering opting out of HUD's Section 236 program, which provides rental assistance housing assistant payments for 40 of the 60 units. The Partnership has obtained the required financing to proceed with the \$4.9 million project and is scheduled to take ownership in early 2006. According to the February resolution, the City committed to a 10% reduction of its portion of the real estate taxes for a period of 3 years (approximately \$670 per year). In order to commence tax abatement in 2006, Minnesota Statute requires the City to hold a public hearing prior to acting on this tax abatement request.

Mayor Oberloh opened the floor for testimony. No comments were received.

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to close the hearing.

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to adopt the following resolution:

RESOLUTION NO. 3092

A RESOLUTION APPROVING TAX ABATEMENT FOR CERTAIN PROPERTY PURSUANT TO

MINN. STAT. 469.1813

(Refer to Resolution file for complete copy of Resolution)

AGENDA APPROVED

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to approve the agenda as presented with the addition of Informational Item to Establish Committee to Review Draft the Housing Ordinance.

MINUTES APPROVED

The motion was made by Alderman Woll, seconded by Alderman Ten Haken, and unanimously carried to accept the Regular City Council minutes of November 28, 2005 as previously distributed.

MINUTES OF BOARDS & COMMISSIONS APPROVED

The motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to accept for review the Water and Light Commission minutes of December 5, 2005; and Housing and Redevelopment Authority minutes of November 10, 2005.

FINANCIAL STATEMENTS

The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to accept the Municipal Liquor Store Income Statement for the period January 1, 2005 through November 30, 2005 and the Prairie View Golf Links Statement of Revenues vs. Expenditures for the period January 1, 2005 through November 30, 2005.

SITE PREPARATION AMENDMENT REQUEST DENIED

In August 2005, Council awarded \$70,000 of Site Preparation Assistance funds to the Faigus Group, LTD of Northbrook, Illinois, for the redevelopment of the former Plaza 66 gas station, 1321 Oxford Street. The funds were to be utilized for utility relocation and soil remediation affiliated with the redevelopment. The total project cost for the 14,000+ square foot retail store was estimated at \$3,500,000, which included \$235,000 - \$305,000 estimate for redevelopment activities. Eugene Faigus, owner of The Faigus Group, LTD, was present at the meeting to request additional assistance based on actual costs incurred. He explained the magnitude of problems they have encountered.

Since the funds are generated through tax increment financing, legal counsel confirmed the City could consider additional assistance since the "but no for" test had been satisfied previously. The request is

merely adjusting the amount of TIF assistance and would be in compliance with the State's TIF laws.

Following a lengthy discussion, the motion was made by Alderman Nelson, seconded by Alderman Woll and unanimously carried to stay at the awarded amount \$70,000 Site Preparation Assistance maximum amount as previously discussed and agreed upon.

After further discussion the motion was made by Alderman Hain, seconded by Alderman Petrich to award \$10,000 over and above the \$70,000 for utility relocation with the following Aldermen voting in favor of the motion: Hain, Petrich and Woll; the following voted against the same: Nelson and Ten Haken. Whereby the Mayor declared, the motion passed.

DEVELOPMENT AGREEMENT APPROVED

Prairie Ventures and Newport Laboratories are requesting the City consider approval of a development agreement that would allow the parties to construct an enclosed passageway connecting Prairie Ventures' Prairie Holdings Center (former Prairie Expo) with the neighboring building currently under construction, which will be owned by Newport Laboratories (Prairie Ventures' sister company). Though the companies are owned by the same parent company, "common ownership" cannot be claimed under the provisions of the City's Zoning Ordinance. The Ordinance requires all properties with no common ownership with adjoining properties to maintain a minimum setback from property lines for all buildings and structures.

The City has previously entered into development agreements with property owners to apply "common ownership" provisions of the Zoning Ordinance for similar projects provided the ownership provided proof of "common ownership" and agreeing to the removal of the passageway should the conditions outlined in the agreement not be met (i.e., Bedford Industries).

The development agreement between the City, Prairie Ventures and Newport Laboratories applies the "common ownership" provisions to allow for the construction of the said passageway. The passageway may remain in existence until such time the real estate in question is no longer owned by one or more companies under the Prairie Holdings umbrella. At such time, the passageway must be removed.

The motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to approve the Development Agreement presented on the condition that any legal changes presented, if any, by either party are not within the purpose and spirit of the document.

RESOLUTION NO. 3093 ADOPTED, MINNESOTA REDEVELOPMENT GRANT APPLICATION

The approved 2005 State of Minnesota Bonding Bill, committed to bonding several million dollars for redevelopment projects throughout Minnesota with an emphasis for greater Minnesota. In July 2005

Council contracted with Southwest Regional Development Commission (SRDC) to prepare an application for the demolition of the ADI building (formerly Campbell Soup Building). The grant application deadline is December 30, 2005. As part of the grant application, Council is required to pass a resolution authorizing the submission of the application. John Shepard of the SRDC was present at the meeting to discuss this grant application process.

Following discussion the motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to approve the following resolution:

RESOLUTION 3093

RESOLUTION AUTHORIZING THE CITY OF WORTHINGTON TO ACT AS THE LEGAL SPONSOR FOR PROJECT(S) CONTAINED IN THE REDEVELOPMENT GRANT PROGRAM

(Refer to Resolution file for complete copy of Resolution)

AWARDED BID FOR REPAIR OF SAND/SALT BUILDING AND CONSTRUCT NEW REPLACEMENT SALT STORAGE BUILDING

The City owns two buildings damaged this past fall due to arson. One building utilized for the storage of a sand/salt mixture was determined to be repairable, the second utilized for the storage of bulk road deicing salt was determined to be a total loss. Both buildings are located at the Nobles County Public Works facility site on Diagonal Road and were insured, however, the City has a \$50,000 deductible policy. After consulting with the City's insurance provider, it was determined to contract with SEH to provide Architectural/Engineering services to prepare bidding documents, assist with the award of bid, and provide professional services during the construction phase.

Repair to the sand/salt storage building 44' long by 32' wide by 14' high will include the labor and material to install a gable roof including all new roof material, timber doors and hardware, upper cable tie backs, door header and treated 1/2" plywood liner for the inside of the building. Also, included will be new 2" wall material for the back wall, one side wall and 1/2 of the other sidewall. The exterior of the building will be covered with 5/8" vertical grooved siding. All materials below the roof rafters are Copper Naphtenate treated Coastal/Region Douglas Fir. All material above the rafters is untreated. All hardware will be hot dipped galvanized.

The salt storage building was a smaller structure (32' long by 24' wide by 12' high). It was determined to request two bid options for the building replacement. Option one was for replacement as originally constructed. Option two increased the length to 44' long and increased the height to 14'. This will increase storage capacity and the height would permit additional clearance for the front end loaders to operate within the building. Both options included labor and materials with the design and materials used the same as for

the sand/salt building with the exception that posts were required. The City will be responsible for the demolition of the partial remaining structure prior to the contractor beginning work.

The request for bids was published as required. The City received one bid from Walker Custom Siding of Round Lake, Minnesota. Option number one was for \$87,365.00. Option number two was for \$97,040.00.

Following a discussion the motion was made by Alderman Petrich, seconded by Alderman Hain and unanimously carried to award the bid to Walker Custom Siding of Round Lake, Minnesota and to award option number two with the additional cost of \$9,675 to be funded from the 2005 snow and ice operating budget.

APPROVED INSTALLATION OF YIELD SIGNS AT SMITH AVENUE AND MILLER STREET

Upon recommendation of the Traffic & Safety Committee the motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to approve the request for the installation of yield signs at the intersection of Smith Avenue and Miller Street requiring Smith Avenue traffic to yield to Miller Street traffic.

2006 YMCA CONTRACT APPROVED

The motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to approve the annual agreement with the YMCA for the management of the City's summer youth recreation programs, adult softball programs and the municipal swimming pool as presented. The YMCA requested a 2.8% increase for 2006 (an increase of \$1,540) for a total contract amount of \$56,540.00. The YMCA Board believes this request is reasonable as the YMCA agreed to a 0% increase beginning in 2003 recognizing the City's budget restraints due to LGA funding reductions.

2006 OLSON CAMPGROUND RATES APPROVED

Upon recommendation of the Park and Recreation Advisory Board the motion was made by Alderman Hain, seconded by Alderman Woll and unanimously carried to approve the 2006 Olson Park Campground Rates (no change from 2005) as follows

2006 Olson Campground Rates

Reservation Fee	\$ 5.00 First Night
Tent Site	\$15.50
Electric Only	\$19.00
Group Rate	10 sites or more - 10% discount

Monthly \$360.00*

7 Day Stay \$120.00*

* Before Memorial Day and After Turkey Day

2006 SHELTER HOUSE RESERVATION FEES APPROVED

Upon recommendation of the Park and Recreation Advisory Board the motion was made by Alderman Hain, seconded by Alderman Petrich and unanimously carried to approve the 2006 Shelter House Reservation Fees for the two enclosed shelter houses - one in Chautauqua Park and the other in Centennial Park as those established for 2005. No increase in fees for 2006.

SEWER USER AGREEMENT WITH 4 X 4 TRUCK WASH APPROVED

The City's Sewer User Ordinance specifies that use of the Public Sewer by a Significant Industrial User (SIU) or a user having greater than Normal Domestic Strength Waste shall not be permitted except as provided for by a User Agreement. Use at the 4 x 4 Truck Wash demonstrated that its discharge exceeded the volume threshold of a SIU and that its waste loadings could substantially exceed the concentration of Normal Domestic Strength Waste.

In 2001 a user agreement was approved, which granted the Truck Wash certain daily flow, biological oxygen demand (BOD) and total suspended solids (TSS) loading allocations. This agreement terminated at the end of that year. A new user agreement was approved in 2002. This agreement provided the same flow, BOD and TSS allocations included in the 2001 agreement and added a total phosphorus (TP) allocation. A new user agreement was approved in early 2003 terminating at the end of 2003. This user agreement continued to be limited in duration due to concerns as to the reliability of performance of the system installed in 2002. Commencing in late 2003 and continuing well into 2004, the Truck Wash was directed to resolve issues pertaining to maintaining consistent phosphorus removal as well as reducing ammonia levels. Due to phosphorus removal discussions the user agreement executed by the Truck Wash for 2004 was not brought forward for City approval pending the need for possible revisions. By the end of 2004 the Truck Wash installed additional aeration equipment, which further improved performance. Development of a user agreement for 2005 was delayed pending evaluation of performance of the 2004 improvements. Development of the 2005 agreement was ultimately neglected. Although the Truck Wash has not achieved total compliance, it has demonstrated the ability to improve performance leading to general compliance. Based on recent performance, staff recommends that a user agreement terminating concurrently with the treatment plant's NPDES discharge permit be approved. Termination of user agreements to coincide with the treatment plant's discharge permit is typical and desired to allow for any agreement modifications that may be necessary due to conditions imposed in a reissued discharge permit. Approval of a user agreement with a standard termination date does not reduce the ability to enforce the agreement or sewer user ordinance. Approval of the proposed agreement will only eliminate the annual review by the Water and Light Commission and the Council which was found necessary due to the early

odor problems.

The Water and Light Commission considered this matter at its December 5, 2005 meeting and concurred with the staff recommendation. The motion was made by Alderman Nelson, seconded by Alderman Woll and unanimously carried to approve the user agreement terminating concurrently with the treatment plant's NPDES discharge permit and authorize the execution of the agreement.

APPROVED PROPOSAL FOR PROFESSIONAL SERVICES FOR STORM WATER IMPROVEMENT PROJECT

Council accepted a petition for the improvement and ordered preparation of a feasibility report of certain property lying west of south Crailsheim Road by extension of a street and the municipal sanitary sewer, water, and storm water management systems. This will establish a street and utility corridor west from South Crailsheim Road (C.S.A.H. 10) allowing for future development west of the tier of lots platted along South Crailsheim Road.

Staff is preparing the report and completing the feasibility study and preliminary design for all of the improvements except the storm water management elements. It is recommended that the storm water system feasibility study and preliminary layout work needed for the report to be developed by individuals having adequate experience and the proper resources to proficiently accomplish the work. The consulting firm of SEH was contracted with for development of the storm water master plan for the storm water district. Based on the firm having completed the master plan work for the district and the availability of a local contact, staff has solicited the proposal from SEH for completion of the feasibility study/preliminary layout work.

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried (with Alderman Hain abstaining from the vote) to accept the proposed Professional Services for Storm Water Improvement Project as reasonable and not to exceed \$2,800 and authorize the Mayor to execute acceptance of the proposal. Funding of the study will need to be from use of Construction Fund 401 reserves with the engineering cost included in the financing of the total project.

2006 UTILITY DEPARTMENT STRATEGIC FINANCIAL PLANS APPROVED

Don Habicht, General Manager of Public Utilities, presented the 2006 Utility Department Strategic Financial Plans for Council's consideration. The 2006 Water and Wastewater Department budgets and corresponding rate adjustments were reviewed. The 2006 Sewer Service Charge System, with the following sewer rate adjustment include an increase in the monthly connection charge from \$14.51 in 2005 to \$15.03 in 2006 and an increase in the usage charge from \$2.458/1,000 gallons in 2005 to \$2.541/1,000 gallons in 2006. The 2006 water rates include an increase from 2.15/1,000 gallons in 2005 to 2.30/1,000 gallons in 2006 for residential and commercial customers and an increase from \$1.65/1000 gallons in 2005

to \$1.73/1,000 gallons in 2006 for industrial customers with no adjustment to the fixed monthly charge. The 2006 Electric Department budget has no electric rate increase.

Following the presentation the motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to concur with the Water and Light Commission recommendation to approve the financial plan and also the proposed rates as presented.

ORDINANCE NO. 981 ADOPTED, STORM WATER UTILITY RATES

Pursuant to published notice this was the time schedule for the third reading to the proposed ordinance relating to storm water utility rates revising the annual fee per acre for residential. The motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to adopt the following Ordinance:

ORDINANCE NO. 981

AN ORDINANCE RELATING TO STORM WATER UTILITY RATES

(Refer to Ordinance file for complete copy of Ordinance)

ON-SALE BEER LICENSE RENEWALS APPROVED

The motion was made by Alderman Woll, seconded by Alderman Hain and unanimously carried to approve the following On-Sale Beer License renewals for the period January 1, 2006 through December 31, 2006:

No.	2006 - 8	A & T Tap, 107 12 th Street
	2006 - 9	The Ground Round Grill & Bar, 1290 Ryan's Road
	2006-10	La Azteca Restaurant, 223 Tenth Street
	2006-11	El Taco Restaurant, 420 Tenth Street

OFF-SALE BEER LICENSE RENEWALS APPROVED

The motion was made by Alderman Woll, seconded by Alderman Hain and unanimously carried to approve the following Off-Sale Beer License renewals for the period January 1, 2006 through December 31, 2006:

No.	2006 - 8	A & T Tap, 107 12 th Street
	2006 - 9	La Azteca Grocery Store, 219 Tenth Street
	2006-10	Top Asian Food, 310 Tenth Street

2006-11	La Morenita, 1517 Oxford Street
2006-12	Wal Mart Supercenter, 1055 Ryan's Road

DANCE LICENSE RENEWALS APPROVED

The motion was made by Alderman Woll, seconded by Alderman Hain and unanimously carried to approve the following Dance License renewals for the period January 1, 2006 through December 31, 2006:

No.	2006 - 1	Worthington Eagles #3282, 205 Oxford Street
	2006 - 2	Long Branch Saloon, 206 Tenth Street

APPROVED APPROPRIATING \$7,500 TO DO ENGINEERING FOR PROPOSED SOCCER FIELD UPGRADE

Several years ago when the soccer fields were constructed an informal agreement was made with the soccer association that if the league grew, was successful, and proved to be a good neighbor, that the City would work with them to upgrade the fields. City staff along with Alderman Hain and Mayor Oberloh attended a recent meeting with the soccer association, representatives of Swift, and representatives of the food workers union. The outcome was that all were in agreement that the current partnership has been fruitful and that the fields should be upgraded with all parties participating financially.

Following discussion the motion was made by Alderman Nelson, seconded by Alderman Woll and unanimously carried that in order to prepare for a March 2006 round of state recreation grant funding cycle, the City agreed to pay 50% of the engineering expense in order to prepare an effective grant application. The remaining 50% will be covered by the soccer association, Swift and the union. The \$7,500 is to be appropriated from the undesignated/unreserved general fund balance to cover the City's share of the project.

ESTABLISHMENT OF A COMMITTEE TO REVIEW DRAFT HOUSING ORDINANCE

As an informational item, Mayor Oberloh asked that each Council person come up with two people to be on a committee to review the draft Housing Ordinance along with Alderman Hain and Alderman Woll, Brad Chapulis and Bob Filson. Please get names to Brad or Karen at your earliest convenience.

QUORUM PRESENT FOR DECEMBER 27, 2005 COUNCIL MEETING

Council members were asked to check their calendars to make sure that a quorum would be present at the December 27, 2005 City Council meeting to adopt the final levy. All members stated they would be available.

COUNCIL REPORTS

Mayor Oberloh reported on a recent meeting at the Prairie Justice Center with Sen. Dayton regarding immigration. This is not just a regional, but national problem.

Alderman Hain - Park Board meeting, Scott Rosenberg obtained another \$25,000 grant for playground equipment - this one for the park behind Jaycox. Summer recreation programs - last year well received no increases for 2006. The Park Department will be planting 300 trees in the next two years funded by grant monies and Public Utilities.

Alderman Petrich - reported on a couple of sessions he attended at the League of MN Cities conference - Eminent Domain and Input from Community on Projects. Water & Light Commission - Guaranteeing Electricity for next 30 years with WAPA

Alderman Nelson - Airport Advisory Board, Prairie Holdings bought Integrity Aviation, but Integrity will continue to manage. Talked about the terminal building and the need for fix up and spruce up for better image - it is the welcome to Worthington for many. Housing and Redevelopment Authority nothing new to report and Joint Transit will be meeting tomorrow.

Alderman Woll reported on the League of MN Conference and how impressed he was with the informational sessions.

Alderman Ten Haken - School/City/County meeting last week was a very good meeting. Reported also on the League meeting.

CITY ADMINISTRATOR REPORT

Bob Filson noted the information he had distributed earlier regarding Eminent Domain issues (Kelo Decision)

Bob asked Brad Chapulis to give an update on Rei Tech - Based on Council action in November, staff has been working on calling the loan and seeking legal action. As a last effort to bring the loan current and have the business relocate to Worthington, Rei Tech was offered the Yourway Building to lease only if the company paid up the past due loan payments. Though the company has agreed to both items, Rei Tech has yet to bring current their loan documents.

Bob noted the League may be getting involved with the federal immigration laws issue.

Bob discussed airport costs.

BILLS PAYABLE

The motion was made by Alderman Petrich, seconded by Alderman Ten Haken and unanimously carried that the bills payable and totaling \$329,182.46 be ordered paid.

ADJOURNMENT

The motion was made by Alderman Woll, seconded by Alderman Hain and unanimously carried to adjourn

the meeting at 9:40 p.m.

Karen Buchman
City Clerk