

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, SEPTEMBER 28, 2020**

The meeting was called to order at 7:00 p.m., in City Hall Council Chambers by Mayor Mike Kuhle with the following Council Members present: Chad Cummings, Amy Ernst, Alan Oberloh, Mike Harmon, Larry Janssen.

Staff present: Steve Robinson, City Administrator; Todd Wietzema, Public Works Director; Deb Olsen, Staff Accountant; Troy Appel, Public Safety Director; Mindy Eggers, City Clerk.

Others present: Justine Wettschrek, Radio Works; Ryan McGaughey, The Globe; Rebecca Kurtz, Ehlers Inc.; Chris Kielblock, John Landgaard, School District 518; Mitch Clark, Clark Unlimited Properties, LLC, via telephone.

The Pledge of Allegiance was recited.

AGENDA APPROVED WITH ADDITIONS/CHANGES

Council Member Cummings stated he would like to add Item *E.10. Former Shopko location, Impact on Community*. Council Member Oberloh asked to have Item *F.1. Consideration of Execution of a Range Use Agreement between the City of Worthington, MN West Community and Technical College* moved directly after the Consent Agenda. A motion was made by Council Cummings, seconded by Council Member Oberloh and unanimously carried to approve the agenda with the proposed addition adding *Item E.10. Former Shopko location, Impact on Community* and moving item *F.1. Consideration of Execution of a Range Use Agreement between the City of Worthington, MN West Community and Technical College* directly after the Consent Agenda.

CONSENT AGENDA APPROVED

A motion was made by Council Member Oberloh, seconded by Council Member Harmon and unanimously carried to approve the consent agenda as presented.

- City Council Minutes of Regular Meeting of September 14, 2020
- Special City Council Minutes of September 16, 2020
- Economic Development Authority Minutes September 22, 2020
- Water & Light Commission Minutes of September 8, 2020
- Traffic & Safety Minutes of August 25, 2020
- Burning Permit Application - Minnesota West Community & Technical College
- Bills payable and totaling \$3,957,128.99 be ordered paid

APPROVED EXECUTION OF A RANGE USE AGREEMENT BETWEEN THE CITY OF WORTHINGTON AND MN WEST COMMUNITY AND TECHNICAL COLLEGE

Troy Appel, Public Safety Director, stated the Worthington Police Department and MN West

Community and Technical College have worked in partnership through the college law enforcement program since its inception. As part of that partnership, the college has conducted training at the WPD Pistol Range and utilized WPD personnel as adjunct instructors.

MN West has requested use of the WPD range for the next five school years (through 2025). A range use agreement has been drafted and has been reviewed and approved by City Attorney's Office.

A motion was made by Council Member Oberloh, seconded by Council Member Cummings and unanimously carried to approve the range use agreement with MN West Community and Technical College and authorize the Public Safety Director to sign the agreement.

RESOLUTION NO. 2020-09-87 ADOPTED TO AUTHORIZE THE SALE OF \$7,970,000 GENERAL OBLIGATION SALES TAX REVENUE BOND, SERIES 2020A

Steve Robinson, City Administrator, stated the City of Worthington will be issuing General Obligation Sales Tax Revenue Bonds, Series 2020A, in the amount of \$7,970,000.00. He explained the bonds are for financing various capital projects within the City. The City will hold a competitive sale on October 26, 2020 allowing the Council to consider the bids at its regular meeting that evening.

Rebecca Kurtz, Ehlers and Associates, was present at the meeting and told Council the proposed bonds are being issued for a term of 15 years. Principal on the bonds will be due on February 1 in the years 2022 through 2035. Interest will be payable every six months beginning August 1, 2021. The bonds will be subject to prepayment at the discretion of the City on February 1, 2029 or any date after. The City's most recent bond issues were rated by Standard & Poor's. The current rating on those bonds are a AA-. The City will request a new rating for the bonds. Bids will be solicited for purchase from underwriters and banks. Ms. Kurtz said all of the outstanding indebtedness has been reviewed and there are no refunding opportunities at this time but anticipates that premium bids will be received for the bonds. Results will be considered at the October 26th Council meeting.

The motion was made by Council Member Oberloh, seconded by Council Member Cummings and unanimously carried to adopt the following resolution authorizing issuance and awarding sale of \$7,970,000 General Obligation Bond, Series 2020A.

RESOLUTION NO. 2020-09- 87

RESOLUTION PROVIDING FOR THE SALE OF \$7,970,000 GENERAL OBLIGATION SALES TAX REVENUE BONDS, SERIES 2020A

(Refer to Resolution File for complete copy of Resolution)

**TAX INCREMENT FINANCING (TIF) DISTRICT 18 DEVELOPMENT AGREEMENT
APPROVED**

Steve Robinson, City Administrator, stated at the February 10, 2020 meeting, the City Council held a public hearing and subsequently established Tax Increment Financing (TIF) District 18, a redevelopment district, to assist with the repair of the historic Hotel Thompson building. Since then, staff has been working with the building's owner and developer, Clark Unlimited Properties, to reach a development agreement to determine the amount of public assistance needed to generate a reasonable rate of return on the project for the developer. Staff, the developer and the City's financial consultant, Ehlers Inc., have negotiated an agreement.

The term sheet outlines the following:

- The Developer will require a TIF public hearing, and execution of the TIF agreement
- The City will require approval of construction plans, a TIF public hearing, execution of the TIF agreement, and sufficient need and means for the Developer to execute the project successfully
- Total project costs are anticipated to be approximately \$2.95mil
- The repairs will be completed by August 1, 2021
- The City will provide up to \$937,727 (\$479,223 present value), or 26 years of TIF, for the project, whichever comes first
- The City will provide an approximately \$131k grant and purchase roofing materials from the Developer
- Per the City's Municipal Subsidy Policy, the district will be structured as a pay-as-you-go district where payments will be made to the Developer over the life of the 25-year district
- The TIF note will be issued upon completion of the minimum improvements and demonstration of the total qualified costs
- The anticipated assessment cost after the repairs is projected at \$2.6 million
- The developer will reimburse the City for 100% of the costs associated with establishing the district (projected to be approximately \$35k)
- The City will retain 10% of the annual increment to cover administrative costs, including planning, management, and oversight of the district
- The developer cannot transfer the property, TIF note, or agreement without City consent

Rebecca Kurtz, Ehlers & Associates, said the total cost of the project is anticipated to be approximately \$2.95 million, the project is slated to be completed by August, 2021 and over the life of the TIF the City will provide up to \$937,727, the present values is \$479,223 or for 26 years, whichever would come first. The TIF District has been structured as a pay as you go district which

payments will be made to the developer over the life of the 25 year district. The interest rate is 4.75%, the anticipated assessment cost after the repairs will be approximately \$2.6 million; with the developer reimbursing the City for 100% of the costs associated with establishing the district, which is approximately \$35,000.

Mitch Clark, via telephone, said he had talked with Jason Brisson, Assistant City Administrator to see if there was a possibility of taking the \$35,000 and spreading it out over four or five years which would help them not have to come up with an additional \$35,000 out of pocket right away.

Council asked if there would have to be a separate agreement. Ms. Kurtz said to simplify the terms an amendment could be done and that amount could be taken off the annual TIF payment over five years. A draft of the agreement will be brought forward to Council for approval.

RESOLUTION NO. 2020-09-88 APPOINTING ELECTION JUDGES AND ALTERNATIVES FOR THE NOVEMBER 3, 2020 GENERAL ELECTION

Mr. Robinson, stated State Statute 204B.21 Subd, 2 states that election judges for precincts in a municipality shall be appointed by the governing body of the municipality at least 25 days before the election at which they will serve, this year the date is October 9th for the November 3, 2020 General Election. Council appointed the slate of election judges for the November 3, 2020 General Election. The following resolution was adopted authorizing the City Clerk to appoint additional election judges within the 25 day period prior to the election should the need arise, as allowed by Statute.

A motion was made by Council Member Harmon, seconded by Council Member Ernst and unanimously carried to adopt the following resolution:

RESOLUTION NO. 2020-09-88

A RESOLUTION APPOINTING ELECTION JUDGES AND ALTERNATIVES FOR THE NOVEMBER 3, 2020 GENERAL ELECTION

(Refer to Resolution File for complete copy of Resolution)

APPROVED APPLICATION FOR NEW ON-SALE/SUNDAY LIQUOR LICENSE - THE THOMPSON MEXICAN GRILL, 304 TENTH STREET

An application for a new On-Sale/Sunday Liquor License was submitted by Efrain Patino, The Thompson Mexican Grill, for a new restaurant located at 304 10th Street in the former Thompson Hotel.

All of the required paperwork and fees for the license have been received.

A motion was made by Council Member Ernst, seconded by Council Member Harmon and unanimously carried to approve the On Sale/Sunday Liquor License for The Thompson Mexican Grill.

APPROVED AWARD OF CONTRACT - GLENWOOD HEIGHTS SECOND ADDITION SITE GRADING, SANITARY SEWER, WATER MAIN, STORM SEWER, AND STREETS

Mr. Robinson stated bids were received for the Glenwood Heights Second Addition project on September 10, 2020. Nine bids were received and the low bid was submitted by Kuechle Underground, Inc. of Kimball, MN for \$1,755,904.55, more than \$132,000 below the engineer's estimate of construction cost.

Mr. Robinson explained the Water & Light/City Council Joint Housing Committee met on September 18th with the project's engineer to review the updated total project cost and scenarios for lot pricing based on the actual bid.

At the September 21st Water & Light Commission meeting the Commissioner's approved moving forward with the project contingent on approval by the City Council. The work is for the first phase of development of the residential subdivision and includes 14 executive lots, eight move-up lots and six twin home lots. The committee would also like to continue the Joint Housing Committee as this and the future phases progress.

A motion was made by Council Member Ernst, seconded by Council Member Oberloh and unanimously carried to award the contract to Kuechle Underground and authorize the continuation of the joint housing committee.

PROFESSIONAL SERVICE MASTER AGREEMENT APPROVED

Mr. Robinson said staff requested a master agreement for general engineering and project task orders from the engineering firm of Bolton and Menk, Inc. (BMI). The purpose of a master agreement is to streamline the process for retaining the firm for either general engineering services or for specific projects. He said the City will continue to solicit proposals as needed which will include the scope of work and fee. All proposals will be brought to Council for their consideration and approval. The master agreement contains the standard terms and conditions that will apply to all subsequent contracts.

A motion was made by Council Member Cummings, seconded by Council Member Janssen and unanimously carried to approve the agreement with Bolton & Menk and authorize execution by the Mayor and Clerk.

APPROVED PROFESSIONAL SERVICES AGREEMENT AMENDMENT - GLENWOOD HEIGHTS SECOND ADDITION CONSTRUCTION ADMINISTRATION SERVICES

Mr. Robinson stated staff has requested a proposal for an amendment to the current Glenwood Heights agreement from Bolton and Menk to perform construction administration and engineering services, construction staking and resident project representation services. The scope of work includes:

- Facilitating a preconstruction meeting,
- Reviewing shop drawings,
- Acting as the City's construction representative,
- Performing site visits on a daily basis and determining that work is proceeding in general conformance with the construction and contract documents,
- Reviewing the Contractor's request for payments,
- Coordinating on-site testing,
- Conducting a final inspection, and
- Preparing record drawings.

The work shall be performed on an hourly basis for an estimated fee of \$196,000. The total project engineering fee, including previous contracts totaling \$181,650 shall not exceed \$377,650.00.

A motion was made by Council Member Cummings, seconded by Council Member Janssen and unanimously carried to approve the agreement with Bolten & Menk and authorize execution by the Mayor and Clerk.

APPROVED PROFESSIONAL AGREEMENT - FIELD HOUSE PHASE I AND PHASE II DESIGN

Mr. Robsinson said with the donation of \$1 million from the JBS Hometown Strong Initiative as well as the discontinuation of the collaborative WELL project, the City has the opportunity to expand and enhance the Field House project. The enhancement includes moving forward with the project in two phases and constructing an addition to the facility. The addition will locate ancillary spaces in the addition allowing more recreation space within the existing structure. Phase II also includes design and construction of the final site development that had been left out of the earlier plan as it would have been included in the WELL project. Phase I includes redesign of the previously completed Field House plans. Revisions to this area include:

- Reducing the existing restroom layout,
- Removing the office and reception areas (to be located in the Phase II addition),
- Enlarging the mezzanine,
- Incorporating an underfloor vapor mitigation system in the recreation area, and
- Modifications to the mechanical and electrical design to accommodate the revised

layout.

The fee to perform the above scope of work is an additional lump sum of \$28,500. Phase II Design includes design of the addition, civil/site plans and soil contaminant mitigation in accordance with the MPCA approved Corrective Action Plan. The scope of work includes:

- Schematic design,
- Design Development,
- Construction and bid documents,
- Bidding assistance,
- Permitting, and
- Construction administration.

The fee to perform the above scope of work is an additional lump sum of \$105,000.

A motion was made by Council Member Oberloh, seconded by Council Member Ernst and unanimously carried to approve the agreement with SEH, Inc., and authorize execution by the Mayor and Clerk.

APPROVED AMENDMENT I TO CHERRYWOOD ADDITION STORMWATER IMPROVEMENT PROFESSIONAL SERVICES AGREEMENT

Mr. Robinson said City Council approved a professional services agreement with the firm of Bolton and Menk on June 8, 2020 for the initial engineering services required to evaluate and provide preliminary design for storm sewer of the Cherrywood Addition. He explained in order to initiate further project development, staff has requested the proposed amendment to the Bolton and Menk agreement. The amendment includes the following tasks: construction contract administration and engineering, construction staking and resident project representation.

Tasks having a well defined scope of services are proposed on a lump sum fee basis. Tasks that may require more or less time depending on a number of variables are proposed as hourly not to exceed fee basis. The amendment for construction phase services based on anticipated scope and schedule of work are estimated to total \$25,000 and will be financed as part of the improvements. Fees will be assigned to the assessable public improvements as appropriate.

A motion was made by Council Member Oberloh, seconded by Council Member Janssen and unanimously carried to authorize execution of the proposed amendment by Bolton & Menk.

DISCUSSION HELD ON VACANT SHOPKO BUILDING AND THE IMPACT ON COMMUNITY

Council Member Cummings stated that he asked to have this item added to the agenda for discussion

because he has received calls from school board members and constituents asking where the City stands on the possibility of the School District purchasing the former Shopko building. Mr. Cummings said he would like to know what the impact to the city would be if the retail space was taken off of the tax roll. He said the building has not even been vacant for one year and with the current pandemic there has not been a lot of opportunity to market the property. The building has the option to have one or multiple retail occupants and is located in a prime area of the City with access to the interstate and Highway 59. Mayor Mike Kuhle agreed he is not in favor of giving up the best retail space in the City and does not feel that it should be taken off of the tax rolls. Council Member Harmon also agreed that it should not be taken off of the tax roll and is not in favor of the School District going in that location. Mr. Cummings said he would like Council to take some time and find out what kind of financial impact that it would have on the City and would also be in favor of Council passing an interim ordinance that would prohibit Conditional Use permits to be issued for a period of time until some research can be done. The City Clerk noted that an ordinance could not be voted on since there isn't one in place.

Council Member Oberloh stated that he had talked to John Landgaard about it and would be in favor of the project if the outlots could be maintained and sold to retail. Council Member Ernst stated that her concern is that there is someone interested in the property and to date there has not been any other serious considerations or offers so if we take this action does it become a blighted property like the Northland Mall. Council Member Cummings stated that Council's job is to question and find the answers for the taxpayers on what the community impact would be. Mayor Kuhle stated that the School District has all of their property on the west side of town that could be used for this development.

A motion was made by Council Member Cummings, seconded by Council Member Janssen to approve an interim ordinance that allows staff to research the community impact of taking retail space off of the tax roll and prohibiting the issuance of Conditional Use permits in this area. Voting in favor of the motion: Cummings, Harmon, Janssen. Voting against the same motion: Ernst and Oberloh. Motion carried.

APPROVED TRAFFIC STUDY

Todd Wietzema, Public Works Director, stated the Traffic and Safety Committee reviewed a request for crosswalks at the trail intersections on Lake Avenue. Residents have noticed some near misses between cars and pedestrians crossing Lake Avenue. These residents strongly feel that crosswalks located at these street crossings would greatly improve the safety of pedestrians crossing the street. Mr. Wietzema said the Minnesota Manual of Uniform Traffic Control Devices recommends that a traffic study be completed before a marked crosswalk is installed at a location away from a controlled crossing. A controlled crossing is a street crossing with a Traffic Signal, Stop or Yield sign.

The Traffic and Safety Committee unanimously approved a motion to have a traffic study done on

all eight-street crossings between Centennial Park and Second Avenue. Staff requested a proposal from Bolton and Menk to complete this traffic study. Bolton and Menk's scope of services will include:

- Management/ Coordination
- Documenting existing conditions
- Determine crossing locations and needs
- Analyze the information
- Make recommendations

The proposed fee for Bolton and Menk's traffic study is \$8,000.00

A motion was made by Council Member Oberloh, seconded by Council Member Cummings and unanimously carried to approve the traffic study by Bolton & Menk.

COUNCIL COMMITTEE REPORTS

Mayor Kuhle - No report.

Council Member Jansen - No report.

Council Member Oberloh - No report.

Council Member Cummings - The YMCA Annual planning retreat was held last week, Mark Hennesy from Y USA was present. Hiring a shared YMCA/City Aquatic Center is ongoing.

Council Member Ernst - No report.

Council Member Harmon - Attended a Water & Light Commission meeting, also attended a City, county, School meeting.

CITY ADMINISTRATOR'S REPORT

Steve Robinson, City Administrator, reminded City Council about the Joint EDA/County Commissioner meeting on Wednesday, September 30, 2020, 11:00 a.m., in the County Commissioner Board Room at the Government Center. There will also be a Special City Council meeting on October 7, 2020, 3:30 p.m., in th City Hall Council Chambers.

ADJOURNMENT

The motion was made by Council Member Oberloh, seconded by Council Member Ernst and unanimously carried to adjourn the meeting at 8:34 p.m.

Mindy L. Eggers, MCMC
City Clerk

