

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING MAY 24, 2010**

The meeting was called to order at 7:00 p.m. in City Hall Council Chambers by Mayor Alan E. Oberloh with the following Aldermen present: Lyle Ten Haken, Mike Kuhle, Scott Nelson, Ron Wood, Mike Woll. Honorary Council member: Lon Lien.

Staff present: Craig Clark, City Administrator; Craig Clark, Brian Kolander, Finance Director; Brad Chapulis, Director of Community/Economic Development; Jim Laffrenzen, Public Works Superintendent; Dwayne Haffield, Director of Engineering; Scott Hain, General Manager Worthington Public Utilities; Kevin Black, Prairie View Golf Links; several members of Worthington Fire Department.

Others present: Jamie Pettit, KWOA; Laura Grevis, Daily Globe; Wayne Drealan; Darlene Macklin, Cindy Morrison, Joni Harms.

**HONORARY COUNCIL MEMBER**

Mayor Oberloh introduced Lon Lien as the Honorary Council member for the months of March, April, and May 2010 and presented him with a certificate of service in that capacity. Mr. Lien thanked Council for the opportunity and said he gained a lot of insight into how things worked in City government.

**RESOLUTION NO. 3430 ADOPTED APPROVING TAX ABATEMENT FOR CERTAIN PROPERTY PURSUANT TO MINN. STAT. 469.1813 - ASTRUP DRUG**

Pursuant to notice, this was the time set for a public hearing regarding a tax abatement request from Astrup Drug, Inc. for their property at 507/515 Tenth Street.

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

Brad Chapulis, Director of Community/Economic Development, presented the case, noting the applicant was requesting the City, County, and School District to abate their share of real estate taxes for a period of 15 years of \$80,000 collectively, whichever occurs first, for their project at 507/515 Tenth Street. The project consists of demolishing the former TAC building and soon to be former Iowa Lakes buildings and construct a 7,766 square foot pharmacy store. Staff has determined the applicant does meet the eligibility criteria for tax abatement assistance. If all three entities were to abate the increase in real estate taxes collected for 10 years, using certain assumptions, the estimated amount of abatement would be \$43,810.70 If an abatement of 15 years were awarded (as is now allowed by the State) by all three entities the estimated amount would be \$65,716.05. Staff was requesting that Council determine if 15 years of abatement is warranted and recommended approval of the tax abatement assistance with the following conditions:

1. The City of Worthington does, hereby agree to abate the City of Worthington real

estate taxes of the above described parcel annually for 10/15 years or a total amount of \$80,000.00 of abatement received by the City, County and Independent School District No. 518 for the said project.

2. The abatement shall only be made for reimbursement of eligible expenditures outlined in the City's Tax Abatement Guidelines.
3. The current taxable valuation of the \$341,800 shall not be abated during the term of the abatement.
4. Tax abatement shall commence in the year that the project is fully assessed for taxation purposes.

Mr. Chapulis noted the calculations make two assumptions, that there will be no increase in the tax levy and no valuation increase.

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

Mayor Oberloh opened the floor for testimony. None was received.

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

The motion was made by Alderman Woll and seconded by Alderman Wood to adopt Resolution No. 3430 approving the tax abatement request from Astrup Drug, Inc. as stated for 15 years. With Alderman Kuhle abstaining from the vote, the following voted in favor of the motion: Nelson, Wood, Woll; with the following voting against the same: Ten Haken. Motion carried.

#### RESOLUTION NO. 3430

#### 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 WITH ADDITIONS**

Staff was requesting the addition of the following items to the agenda:

- F.5. City Council Business - Administration - Proposal for the Purchase of Pump Station and Mowing Equipment
- H.5. City Council Business - Engineering - Award Bid - 1<sup>st</sup> Avenue Concrete Pavement Improvement Project

The motion was made by Alderman Ten Haken, seconded by Alderman Wood and unanimously carried to approve the agenda with the requested additions.

### **CONSENT AGENDA APPROVED**

The motion was made by Alderman Kuhle, seconded by Alderman Wood and unanimously carried to approve the consent agenda as follows:

- City Council Minutes - Regular meeting May 10, 2010 and Special meeting May 10, 2010.
- Minutes of Boards and Commissions - Water and Light Commission Minutes of May 17, 2010; Economic Development Authority Minutes of May 10, 2010; Airport Board Minutes of May 4, 2010; Park and Recreation Advisory Board Minutes of 7, 2010; Golf Advisory Board Minutes of March 24, 2010; Worthington Housing and Redevelopment Authority Minutes of March 11, 2010.
- Municipal Liquor Store Income Statement for the Period January 1, 2010 through April 30, 2010.
- Application for On-Sale Beer License for the Nobles County Fair Association for the period June 1, 2010 through December 31, 2010, 1600 Stower Drive.
- Authorization to transfer funds in the amount of \$2,900 from the Public Works equipment revolving funds to purchase a replacement copier.
- Resolution No. 3431 Adopted Pertaining to Intent to Bond for Costs Incurred in Making Public Improvements (Refer to Resolution File for complete copy of Resolution)
- Bills payable and totaling \$426,963.79 be ordered paid.

### **2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT RECEIVED**

Wayne Drealan, Turbes Drealan Kvilhaug Mammen & Co. PA, presented the City's 2009 Comprehensive Annual Financial report. Mr. Drealan noted the City of Worthington does have some unique situations. They did propose some audit entries and adjustments, which have been agreed to and completed. Mr. Drealan said at this time they could bring a clean unqualified opinion. A quick summary of the overall position of the City noting one of the new accounting standards requires defining of major funds, or funds where the revenues, expenditures, or assets exceed 10% of all of the funds of the City or if in their own group of funds, 5%. The commitment to the aquatic center required that addition.

Total revenues for the City were \$12,332,115, an increase of just under \$2 million for the year, mostly due to WRH funds, interest earnings, and local option sales tax. Total expenditures were \$17,039,487 which is approximately a 28% increase but is distorted somewhat by the aquatic center. If you pull that out the expenditures were \$12,765,000 or about a \$500,000 decrease for the year. Net change in fund balances showed a \$million deficit before transfers in from other funds, which then resulted in a general fund balance of about \$39,000, which reflects funding problems with the

State and maintaining levels of service.

The motion was made by Alderman Nelson, seconded by Alderman Ten Haken and unanimously carried to accept the 2009 Comprehensive Annual Financial Report.

**TEMPORARY ON-SALE BEER LICENSE AND STREET CLOSURES APPROVED FOR WORTHINGTON OKABENA WIND SURFERS**

Council discussed the applications received for the 2009 Regatta, including the location of the beer tent. New sodding installed at Sailboard Beach last year came with the understanding that it would not endure wear and tear associated with a beer garden. Cindy Morrison noted to Council that the children's area would be located in the former location of the beer garden, with the food vendors in the parking lot, and the beer garden would now be located back nearer to the music trailer on the old turf.

The motion was made by Alderman Wood, seconded by Alderman Kuhle and unanimously carried to approve the following licenses for the 2009 Regatta:

- Temporary On-Sale Beer License for the period Friday, June 11<sup>th</sup> 3 p.m. to midnight, and Saturday, June 12<sup>th</sup> Noon to Midnight.
- Street Closures - 12:00 Noon June 10<sup>th</sup> to 12:00 Noon June 14<sup>th</sup> for the following streets: Lake Avenue from 2<sup>nd</sup> to 7<sup>th</sup> Avenue; 3<sup>rd</sup> Avenue from 8<sup>th</sup> Street to Lake Avenue; 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> Avenues from Lake Avenue to the alleys. Lake Avenue from 4<sup>th</sup> to 7<sup>th</sup> Avenue will be opened at 5 p.m. on Sunday.

License issue is contingent on the receipt of the required insurance certificate.

**RESTATED ARTICLES OF INCORPORATION AND BYLAWS OF THE WORTHINGTON FIRE DEPARTMENT RELIEF ASSOCIATION APPROVED**

In 2009 the Worthington Fire Department retained the services of consultants to efficiently manage the the organization and bring it into compliance with everchanging state and federal regulations. Scott Hain, Worthington Fire Department, noted the result was basically a rewrite of the existing bylaws, with the most notable changes as follows:

- Active membership in the Relief Association (including voting rights and the right to serve on the Board of Trustees) will coincide with active membership on the fire department. Currently, members could separate from active service but remain active members of the Relief Association until they received their pension. In addition, the pension amount would now be locked in at the date of separation from active service with the fire department.
- The current lump sum pension amount will be converted to a "per year of active service"

- amount instead of being based on twenty years of service.
- Currently, the Board consists of the Mayor, City Clerk, and Fire Chief as ex-officio members, along with six members of the Relief Association. Under the restated bylaws, the ex-officio positions are changed to Municipal Trustees and include the Fire Chief, one elected official of the City and one elected or appointed official of the City, to be designated by the City Council annually.
  - The restated bylaws specifically address several statutory compliance issues not addressed in the existing bylaws, such as beneficiaries, abandoned pensions, dealing with leave for active military service and dealing with domestic relations orders.

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to approve the Restated Articles of Incorporation and Bylaws of the Worthington Fire Department Relief Association, a copy of which is an official part of these minutes.

#### **SPECIAL USE PERMIT - HY-VEE, INC. APPROVED**

Hy-Vee, Inc. was requesting approval of a special use permit for property located at 1235 Oxford Street as portions of the subject property are located within the flood plain boundary, including the northwesterly section of the proposed building. The Flood Plain Management Ordinance allows the construction of buildings within the flood plain subject to flood proofing by fill. Any alternative method of flood proofing must be approved by the City through the special use permit process. The Planning Commission considered the request at their special meeting May 24<sup>th</sup> and approve the special use permit subject to several considerations.

The motion was made by Alderman Kuhle, seconded by Alderman Wood and unanimously carried to approve the Special Use Permit for Hy-Vee, Inc. per the provisions as outlined.

#### **PURCHASE OF PUMP STATION AND MOWER APPROVED FOR PRAIRIE VIEW GOLF LINKS**

Staff was requesting authorization to purchase a package from MTI Distributing to retrofit the pumping station at Prairie View Golf Links at a cost of \$20,334.84 plus an additional \$950.00 for wiring. The quote includes a 2 year warranty on all parts a labor from the time of installation. Installation of the new new variable frequency drives and high efficiency pump motors will qualify Prairie View for a \$4,400.00 credit rebate from Nobles Cooperative Energy. Funds were approved in the 2010 budget.

Staff was also requesting authorization to purchase two new Jacobsen GreensKing IV Plus reel mowers at a cost of \$39,996.65, which includes trade in values for a 2003 GreensKing IV with 2680 hours and a 1999 GreensKing IV with 2720 hours. Funds would be used from the 2010 ERS reserve approved in the 2010 budget.

The motion was made by Alderman Wood, seconded by Alderman Woll and unanimously carried to approve the purchase for the pump station and the purchase of one new mower, and to look for a second refurbished mower.

**FBO AGREEMENT APPROVED FOR FIVE YEAR PERIOD WITH INTEGRITY AVIATION**

Council was presented with a five year FBO agreement between the City of Worthington and Integrity Aviation, which included two major changes - increase in compensation per month for services rendered and forgiveness of hanger rent for a two year period based which the Airport Advisory Board felt was justified by several factors including the following:

- The high quality of services and ambassadorship currently being rendered.
- The financial stability of Integrity Aviation.
- That previous agreements along with the negotiated agreement does not include a CPUi clause.
- The increase in the monthly payment begins in May versus retroactive to January 1.
- The forgiveness of the rent will permit Integrity to rebound from the downturn in the aviation industry which is expected to significantly recover in two years and there was no decrease in the fuel flowage fee of \$0.07 per gallon sold.
- Integrity will be responsible for the gas heating utility bill for the house.

Impact to the 2010 budget will be \$8,696.00, however with additional revenue from added hay land rented, reduction in the gas heat utility budget for the house, and the \$13,000 that was carried over from the 2009 operating budget for door replacement on the block hangar not anticipated to be completed this year, it is anticipated the increase can be absorbed within the current operating budget.

The motion was made by Alderman Kuhle, seconded by Alderman Woll and unanimously carried to approve the five year FBO contract with Integrity Aviation.

**CONTRACT AWARDED FOR 2010 BITUMINOUS PAVEMENT IMPROVEMENTS PROJECT**

The 2010 Bituminous Pavement Improvements project consists of the Bituminous Overlays, Reconstruction of Alley in Block 12, Reconstruction of Alley in Block 30, Castlewood Drive Street Extension, Reconstruction of Marine Avenue, Reconstruction of Roos Avenue. The following bids were received May 24, 2010 for project:

Description	Engineer's Estimate	Worthington Excavating, Inc.	Larson Crane Service, Inc.	Rupp Construction Co. Inc.
Schedule 1	\$145,508.45	\$118,198.40	\$127,535.99	\$127,203.40

Schedule 2	\$53,515.65	\$52,257.00	\$50,936.60	\$68,392.18
Schedule 3	\$24,436.35	\$26,988.00	\$26,745.65	\$34,332.92
Schedule 4	\$58,513.60	\$57,086.50	\$58,486.45	\$66,367.85
Schedule 5	\$198,407.62	\$185,569.00	\$184,009.85	\$216,280.28
Schedule 6	<u>\$63,523.60</u>	<u>\$62,439.50</u>	<u>\$62,476.55</u>	<u>\$71,730.20</u>
TOTAL 1-6	\$543,905.27	\$502,538.40	\$510,191.09	\$584,306.83

Staff was recommending award of the bid to Worthington Excavating, Inc. as the low qualified bidder.

The motion was made by Alderman Kuhle, seconded by Alderman Woll and unanimously carried to award to the bid to Worthington Excavating, Inc. as recommended.

**SPECIAL SERVICE CHARGE FOR STREET LIGHTING-RATE SYSTEM APPROVED**

Dwayne Haffield, Director of Engineering, gave a power point presentation regarding a special service charge for street lighting. Mr. Haffield noted the current street lighting charge is approximately \$250,000 which comes through utility billing and is paid out of the general fund, and covers not only the electricity but the infrastructure. The rate system for a special service charge would correspond to the infrastructure in place. Of the lights not serving vacant and open space, Mr. Haffield said about 54% serve residential, 21% serve commercial, 6% serve industrial, 13% serve institutional, and 6% serve multi-family.

An ordinance establishing the street lighting special service charges will need to be in effect for October billings in order to generate the revenue needed to supplement the general revenue funds budgeted for the street lighting system. Staff displayed three proposals for a rate system.

Following discussion on the presentation, the motion was made by Alderman Wood to move this toward a first reading and that we use the middle configuration and that the City maintains \$50,000 of electric bill. Motion died for lack of a second.

The motion was made by Alderman Wood and seconded by Alderman Ten Haken to go to first reading, full billing, third category. Alderman Kuhle asked if there would be a public hearing on it. Alderman Wood amended his motion to back up the first reading until a public meeting could be held. The amended motion was seconded by Alderman Ten Haken and unanimously carried to go with the following rate system:

Land Use	Billing Units	Monthly Bill	% Revenue	Target Revenue
Residential	1	\$4.35	68%	48% to 60%
Commercial	3	\$13.05	20%	21% to 22%
Industrial	3	\$13.05	4%	5% to 7%

Institutional	3	\$13.05	3%	9% to 16%
Multi Family <sup>1</sup>	3	\$13.05	5%	4% to 8%

<sup>1</sup>Greater than three dwelling units.

**RESOLUTION ADOPTED AUTHORIZING EXECUTION OF GRANT AGREEMENT FOR AIRPORT IMPROVEMENTS**

At its October 12, 2010 meeting, Council authorized proceeding with the acquisition of a new Card-trol system for the airport fueling facilities, at which time grant assistance was only a possibility. At its March 22, 2010 meeting, Council authorized requesting quotes for installation of an entrance road, with a control arm gate to the T-Hangar area. Award of the quote was contingent on receipt of a 50% state grant. A grant agreement has now been received from the Minnesota Department of Transportation Office of aviation for 50% funding of the Card-trol and T-Hangar entrance road project.

The motion was made by Alderman Woll, seconded by Alderman Kuhle and unanimously carried to adopt the following resolution authorizing execution of the grant:

RESOLUTION

AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT FOR AIRPORT IMPROVEMENT

It is resolved by the City Worthington as follows:

1. That the State of Minnesota Agreement No. 96967, “ for Grant Agreement for Airport Improvement” for State Project No. 5301-70 at the Worthington Municipal Airport is accepted.
2. That the Mayor and Clerk are authorized to execute this Agreement and any amendments on behalf of the City of Worthington.

**BID AWARDED FOR FIRST AVENUE CONCRETE IMPROVEMENT PROJECT**

The First Avenue Concrete Improvement project includes reconstruction of First Avenue from 10<sup>th</sup> Street to 150 feet northeast of 11<sup>th</sup> Street and through the 16<sup>th</sup> street intersection. The following bids were received May 24, 2010 for the project:

Engineer’s Estimate	\$371,890.75
Romsdahl Construction	\$279,200.05



Groninga Construction, Inc.	\$295,846.55
OMG Midwest dba So. MN Const.	\$338,696.27
Dakota Contracting Corp.	\$365,933.70
Buskerud Const., Inc.	\$443,709.10
McCuen Const., Inc.	\$569,976.00

Staff was recommending award of the bid to Romsdahl Construction, Inc. as the low qualified bidder.

The motion was made by Alderman Woll, seconded by Alderman Nelson and unanimously carried to award the bid as recommended to Romsdahl Construction, Inc. as the low qualified bidder in the amount of \$279,200.05.

**FIRST READING PROPOSED ORDINANCE - CHANGE OF ZONE WORTHINGTON ECONOMIC DEVELOPMENT AUTHORITY**

In response to Worthington Economic Development Authority's request to rezone the three acres of land it owns directly southwest of the intersection of the 27<sup>th</sup> Street and US Highway 59, staff presented a proposed ordinance to rezone the property from "R-6" -Mobile Home Residential to "B-3" - General Business. The Planning Commission reviewed the request earlier this evening and was recommending Council approval of the change of zone by giving a first reading to the following proposed ordinance:

**Section I.**

In order to better protect and enhance public health, safety and general welfare, the Worthington City Council hereby finds that it is necessary to modify the zoning district designation of certain areas of the City of Worthington from "R-6" - Mobile Home Residential to "B-3" - General Business.

**Section II.**

The following legally described area, presently included in the "R-6" district, shall henceforth be included in the "B-3" district:

A tract of land in the NE¼ of Section 14, Township 102N, Range 40W, Nobles County, Minnesota, described as follows: Beginning at the northeast corner of said NE¼; thence westerly on the north line of said Section a distance of 776 feet; thence at right angles southerly a distance of 288 feet; thence at right angles easterly and parallel to the north line of said Section a distance of 416 feet; thence at right angles northerly a distance of 170 feet;

thence at right angles easterly a distance of 360 feet, more or less, to the easterly line of said Section; thence at right angles northerly and on the east line of said Section a distance of 118 feet, more or less, to the point of beginning.

### **COUNCIL COMMITTEE REPORTS**

Mayor Oberloh - nothing to report.  
Alderman Ten Haken - nothing to report.  
Alderman Kuhle - nothing to report.  
Alderman Nelson - the Ad Hoc committee is moving forward.  
Alderman Wood - nothing to report.  
Alderman Woll - nothing to report.

### **CITY ADMINISTRATOR REPORT**

Craig Clark, City Administrator, reminded Council of the special meeting scheduled for 7 a.m. May 26<sup>th</sup> for discussion of the Hospital sale proceeds and the Golf Course Manager's position.. Also mentioned Mr. Gagnue's unfavorable remarks on LGA, and reminded Council of the LMC annual summer conference June 23-25.

### **ADJOURNMENT**

The motion was made by Alderman Wood, seconded by Alderman Woll and unanimously carried to adjourn the meeting at 9:26 p.m.

Janice Oberloh  
City Clerk