

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, NOVEMBER 14, 2011**

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 Person Keith Wilson, absent excused.

Staff present: Craig Clark, City Administrator; Mike Cumiskey, Public Safety Director; Brad Chapulis, Director of Community/Economic Development; Dwayne Haffield, Director of Engineering; Janice Oberloh, City Clerk; Jim Laffrenzen, Public Works Superintendent (7:12 p.m.).

Others present: Ana Anthony, Daily Globe; Jim Bunner, KWOA; David Benson, Ken Moser, Joey Wendinger, Scott Johnson, Marlene Trageser, Ryan VandenBosch, Don Klain, Jon Loy and the Worthington High School Trojan Band Commanders, Colleen Bents, Jorge Lopez, Darlene Macklin.

AGENDA APPROVED

The motion was made by Alderman Kuhle, seconded by Alderman Ten Haken and unanimously carried to approve the agenda as presented.

CONSENT AGENDA APPROVED

Following discussion, the Site Preparation Change Order No. 1 for the Fire Station site, the motion was made by Alderman Ten Haken, seconded by Alderman Wood and unanimously carried to approve the consent agenda, with concern to limit costs when possible, as follows:

- City Council Minutes - Regular Meeting October 10, 2011 and Special Meeting October 27, 2011
- Minutes of Boards and Commissions - Water and light Commission Minutes of Regular Meeting November 7, 2011 and Regular Meeting of October 27, 2011; Traffic and Safety Committee Minutes of October 26, 2011; Park and Recreation Advisory Board Minutes of October 5, 2011
- Financial Statements - General Fund Statement of Revenues and Expenditures for the period January 1, 2011 through September 30, 2011; Municipal Liquor Store Income Statement for the period January 1, 2011 through September 30, 2011
- Application for Exemption from Lawful Gambling Permit from St. Mary's Church, Father James Callahan, for raffles on December 11, 2011 at St. Mary's School, 1206 Eighth Avenue
- Trail permit for the Frosty Riders to establish and maintain a snowmobile trail over City owned land south of town that is the location of two of our well houses. The permit requires the Frosty Riders to provide an annual certificate of liability insurance coverage naming the City as an additional insured to the level required by the City.
- Fire Station Site Preparation Change Order No. 1 at a total cost for time and material work of \$122,298.24.
- Bills payable and totaling \$2,073,565.76 be ordered paid.

REQUEST FOR SITE PREPARATION ASSISTANCE APPROVED - AVERA MEDICAL GROUP WORTHINGTON

Council considered a request from Avera Medical Group Worthington for site application assistance for their proposed medical clinic/surgical center project at 1216 Ryan's Road. Legal description of the property is Lot 1, Block 1, Hy-Vee Addition, City of Worthington, Nobles County, Minnesota. Staff determined the applicant was eligible for assistance. Approximately 3,000 cubic yards of dirt will have to be excavated/replaced to properly address the unsuitable soil conditions as well as comply with flood plain requirements, at an estimated cost of \$119,940.

The motion was made by Alderman Wood, seconded by Alderman Nelson and unanimously carried to approve the request for site preparation assistance from Avera Medical Group Worthington in an amount not to exceed \$119,940 for flood proofing and soil remediation.

MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN CITY OF WORTHINGTON AND LEXINGTON HOTEL DEVELOPMENT GROUP APPROVED

Following expiration of the MOU with Cornerstone Construction in May 2011, staff solicited additional hospitality companies for the City's proposed public-private partnership for an event center/hotel project. Of the three companies that came forward, one did not meet Council's expectations, however, staff had reviewed the other proposals from Central Group Companies and Lexington Hotel Development Group. Based on the review, it was staff's opinion that the proposal from Lexington was the strongest of the two. The company is requesting the following financial participation from the City:

- Agree to sell Lexington the property necessary to construct a 75 room hotel for \$1. Actual size of purchase will be determined on the approval of a final site plan for the entire development.
- Complete the environmental testing for the entire project area. Environmental testing consists of conducting a Phase I study and Phase II if warranted. Estimated cost is \$3,000 and \$10,000 respectively.
- Assist in the company's pursuit of TIF funding (approximately \$400,000), front end loaded, to financially assist with the construction of the hotel.

Don Klain, Lexington Hotel Development Group, was present at the meeting and discussed their proposal and plans at length with Council. While the proposal did not include a restaurant at this time, it could be a possible future expansion.

Addressing some concerns expressed by Council, Brad Chapulis, Director of Community/Economic Development, noted that due to the current economic climate, and if the City wishes to proceed with the project in the near future, some level of financial assistance will be required with any proposal.

Lexington agrees with most of Council's expectations of the event center and to taking on the financial risk/reward of managing the facility with no financial assistance. The company was requesting to enter into a MOU that would allow them to exclusively negotiate all parameters of the project with the City.

Following discussion, the motion was made by Alderman Wood, seconded by Alderman Nelson and unanimously carried to approve the MOU with Lexington Hotel Development Group and to authorize the Mayor to execute the document.

CONTRACT AWARDED FOR HAZARDOUS REMOVAL AND DEMOLITION OF THE FORMER YMCA

The following bids were received October 19, 2011 for Hazardous Materials Removal and Demolition/Site Prep for the former YMCA Redevelopment project:

<u>Contractor</u>	<u>Hazardous Materials Removals & Asbestos Abatement Bid</u>	<u>Building Demolition and Site Work Bid</u>
Blue Earth Environmental	\$118,600.00	\$216,500.00
Dulas Excavating, Inc.	-	\$164,500.00
EPS	\$134,200.00	-
Lindstrom Environmental, Inc.	\$ 88,000.00	-
Quad State Asbestos Removal, Inc.	\$143,333.00	-
Rachel Contracting	-	\$266,890.00
Twell Environmental	\$ 87,898.00	-
Worthington Excavating, Inc.	-	\$210,958.00

The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried to award the following bids:

Hazardous Materials - Twell Environmental	- \$ 87,898
Demolition/ Site Prep - Dulas Excavating	- <u>\$164,500</u>
Total	- \$252,398

ENVIRONMENTAL CONSULTANT CONTRACT WITH GEO-TEK FOR FORMER YMCA REDEVELOPMENT PROJECT APPROVED

The motion was made by Alderman Kuhle, seconded by Alderman Woll and unanimously carried to approve the execution of a contract with Geo-Tek for professional services to assure compliance with all applicable MPCA requirements for the redevelopment of the former YMCA facility.

Geo-tek would be responsible to be on-site to oversee excavation of the subsurface soils below the portions of the structure to be demolished, collect and test soil samples, segregate the contaminated from uncontaminated soil, coordinate the disposal of the contaminated soils, and submit reports on field observations and lab results. The estimated contract value is \$2,643 to \$3,732, dependent on the actual amount of environmental clean up necessary.

SECOND READING PROPOSED ORDINANCE AMENDING THE WORTHINGTON CITY CODE, TITLE XV, SECTION 155- ZONING

Council had adopted the Ordinance (No. 1045) at their September 10, 2011 regular meeting, however, it was discovered that the second reading of the proposed ordinance was not published and the City Attorney recommended that Council redo the second and third readings.

The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried to give a second reading to a proposed ordinance amending Title XV, Section 155 of the Worthington City Code that would allow child care as a special use permit in a "M-1" - Light Manufacturing District.

REQUEST FROM SOUTHWEST MENTAL HEALTH CENTER FOR FINANCIAL ASSISTANCE APPROVED

Scott Johnson, Executive Director of the Southwest Mental Center, presented a request to Council for the City's participation in financing the construction of their new facility - specifically, a \$400,000 - 1% - 30 year loan.

Following discussion, the motion was made by Alderman Wood, seconded by Alderman Ten Haken and unanimously carried to approve the request for financial assistance in the amount of \$400,000, but at 2% over 30 years.

Mr. Johnson thanked Council for their consideration.

RESOLUTION ADOPTED AUTHORIZING EXECUTION OF MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT

The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried to adopt the following resolution regarding State Aid airport maintenance:

RESOLUTION

AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT FOR AIRPORT MAINTENANCE AND OPERATION

It is resolved by the City of Worthington as follows:

1. That the state of Minnesota Agreement No. 99321, "Grant Agreement for Airport Maintenance and Operation," 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.

REQUEST TO CHANGE PARK LANE ALLEY PARKING CONTROL GRANTED

Council considered a request from the owner of BenLee's Café to remove the 15 minute time restriction for parking in Park Lane behind her business to allow for her employees to park.

The motion was made by Alderman Wood, seconded by Alderman Nelson and unanimously carried to remove the 15 minute time restriction and replace the signs with "No Parking 1:00 A.M. to 6:00 A.M. signs.

REQUEST FOR RESTRICTED PARKING GRANTED

The motion was made by Alderman Ten Haken, seconded by Alderman Nelson and unanimously carried to approve "No Parking 1:00 a.m. to 6:00 a.m." from November 15 to March 31 on the west side of Humiston Avenue from Oxford Street to 14th Street and on Fifth Avenue from 14th Street to 12th Street, and to install the proper signage.

Warning tickets will be issued.

FIRST READING PROPOSED ORDINANCE AMENDING STORM SEWER UTILITY RATES

Staff presented the proposed 2012 storm sewer utility rates based on the 2012 storm sewer fund budget approved by Council at its October 27, 2011 meeting. The rates reflected a 4.1% increase. Also presented was an ordinance establishing the annual fee per acre for residential at \$228, up from the current rate of \$219 per acre.

Non-residential land use per acre rates were presented as follows:

<u>Land Use</u>	<u>2011 Rate/Acre</u>	<u>2012 Rate/Acre</u>
Commercial	\$36.68	\$38.19
Industrial	\$30.48	\$31.73
Multi-Family	\$27.01	\$28.12

Institutional	\$36.68	\$38.19
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Council expressed concern regarding the proposed increase and discussed options for subsidizing the rate or pushing out some capital improvements. Mr. Haffield reminded Council that the rate system was established to pay for the fund.

Following discussion, the motion was made by Alderman Woll and seconded by Alderman Wood, to give a first reading to the proposed ordinance amending the storm sewer utility rates, with the following Aldermen voting in favor of the motion: Ten Haken, Kuhle, Wood, Woll, and the following Aldermen voting against the motion: Nelson. Motion carried

**2012 STREET LIGHT BUDGET AND SPECIAL SERVICE CHARGE AMENDMENT
TABLED**

Dwayne Haffield, Director of Engineering, noted the number used for the budget was based on utility charges to the City. However, that figure did excluded user tax, causing a built in deficiency in the street lighting budget, and therefore, the rates. The deficiency was somewhat offset when additional metering performed by the utilities showed lower usage than in the past, leaving a shortage of about 3.9%, or \$12,000.

Following discussion on available options, the motion was made by Alderman Wood, seconded by Alderman Nelson and unanimously carried to table this item and have staff bring back a rate that does not include the \$12,00 shortfall, and request the Water and Light Commission to consider splitting th\$12,000 error.

**RESOLUTION ADOPTED AUTHORIZING EXECUTION OF STATE AGENCY
AGREEMENT WITH MINNESOTA DEPARTMENT OF TRANSPORTATION**

The motion was made by Alderman Wood, seconded by Alderman Ten Haken and unanimously carried to adopt the following resolution authorizing execution of an agreement between the City of Worthington and the Commissioner of Transportation:

RESOLUTION FOR AGENCY AGREEMENT

BE IT RESOLVED, that pursuant to Minnesota Stat. Sec. 161.36, the Commissioner of Transportation be appointed as Agent of the City of Worthington to accept as its agent, federal aid funds which may be made available for eligible transportation related projects.

BE IT FURTHER RESOLVED, the Mayor and the Clerk are hereby authorized and directed for and on behalf of the City to9 execute and enter into an agreement with the Commissioner of Transportation prescribing the terms and conditions of said federal aid participation as set forth and

contained in "Minnesota Department of Transportation Agency Agreement No. 99930", a copy of which said agreement was before the City Council and which is made a part hereof by reference.

COUNCIL COMMITTEE REPORTS

Mayor Oberloh requested that, unless there was anything pressing to be reported, Council move on to the closed session.

CITY ADMINISTRATOR'S REPORT

Craig Clark, City Administrator, had nothing to report.

CLOSED SESSION UNDER MS 13D.05, SUBD. 3(C) - REVIEW APPRAISAL FOR ACQUISITION OF RIGHT OF WAY AND EASEMENT FOR TH59 NORTH INFRASTRUCTURE IMPROVEMENTS

Mayor Oberloh announced that Council would be going into closed session to review an appraisal for certain property for the TH59 north infrastructure improvements. Dwayne Haffield, Director of Engineering, identified the property in question as PIN 31-3856-000, legally described as:

A 885' x 876' tract in the NE Corner of the NE 1/4 Section 14, Township 102 North, Range 40 West, except a 288' x 776' tract in the NE corner.

The motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to close the meeting at 9:30 p.m.

The motion was made by Alderman Nelson, seconded by Alderman Wood and unanimously carried to reopen the meeting at 9:55 p.m.

ADJOURNMENT

The motion was made by Alderman Ten Haken, seconded by Alderman Kuhle and unanimously carried to adjourn the meeting at 9:58 p.m.

Janice Oberloh, MCMC
City Clerk