

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, FEBRUARY 22, 2021**

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, Chris Kielblock, Amy Ernst, Mike Harmon and Larry Janssen.

Staff present: Steve Robinson, City Administrator; Todd Wietzema, Public Works Director; Jason Brisson, Assistant City Administrator/Director of Economic Development; Rod Odell, Code Enforcement Officer/Housing Inspector; Jeff Faragher, Acting Engineer; Mindy Eggers, City Clerk.

Others present: Justine Wettschreck, Radio Works; Ryan McGaughey, The Globe; Michelle Ebbers, Claire Henning, Luke Ewald, Steve Schneider, Alaina Kolpin, Honorary Council Member.

The Pledge of Allegiance was recited.

INTRODUCTIONS AND OPENING REMARKS

Mayor Kuhle welcomed Alaina Kolpin as the Honorary Council Member for the months of February, March and April.

AGENDA APPROVED WITH ADDITIONS/CHANGES

Mayor Kuhle stated that *I.4. Presentation - Active Living Plan* will be moved directly after the Consent Agenda and the addition of Item *F.6. Approval of Position Guidelines and Salary Grade; Authorization to Advertise for Director of Engineering/Public Works*. A motion was made by Council Member Ernst, seconded by Council Member Janssen and unanimously carried to approve the agenda with the noted changes.

PUBLIC HEARING AND RESOLUTION NO. 2021-02-10 ADOPTED APPROVING NOBLES HOME INITIATIVE APPLICATION FOR TAX ABATEMENT - 2380 AND 2390 CHERRYWOOD LANE (KJSM INVESTMENTS)

Pursuant to published notice this was the time and date for a public hearing on a Nobles Home Initiative application for tax abatement.

The motion was made by Council Member Cummings, seconded by Council Member Harmon and unanimously carried to open the hearing.

Jason Brisson, Assistant City Administrator/Director of Economic Development, presented a copy of the Nobles Home Initiative (NHI) application submitted by KJSM Investments LLC. He explained the applicant is seeking approval of tax abatement for the construction of a two-family duplex at 2380 and 2390 Cherrywood Lane. The duplex consists of two, approximately 1,620 square foot, units with approximately 484 square foot attached garages. The estimated value of the project is \$620,000, which would generate approximately \$6,599 in annual taxes utilizing the 2020 tax rate.

The City's share would be approximately \$3,139.

Staff has reviewed the application and finds that it meets all the parameters of the NHI Guidelines.

Mayor Kuhle asked if there was anyone who wished to present testimony. None was received.

The motion was made by Council Member Cummings, seconded by Council Member Ernst and unanimously carried to close the hearing.

The motion was made by Council Member Cummings, seconded by Council Member Ernst and unanimously carried to adopt the following resolution approving the Nobles Home Initiative application submitted by KJSM.

RESOLUTION NO. 2021-02-10

A RESOLUTION APPROVING TAX ABATEMENT FOR CERTAIN PROPERTY PURSUANT TO MINN STAT 469.1813

(Refer to Resolution File for complete copy of Resolution)

CONSENT AGENDA APPROVED

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

- City Council Minutes of Regular Meeting of February 8, 2021
- Water & Light Commission Minutes of February 16, 2021
- Economic Development Authority Special Meeting Minutes of February 8, 2021
- Park & Recreation Advisory Board Minutes of February 3, 2021
- Center for Active Living Minutes of February 8, 2021
- Cross Cultural Advisory Committee Minutes of January 19, 2021
- Heron Lake Watershed Board Minutes of December 16, 2020
- Heron Lake Watershed Board Minutes of January 6, 2021
- Bills payable and totaling \$3,787,277.79 be ordered paid

HEARD PRESENTATION (ACTIVE LIVING PLAN GROUP)

Claire Henning and Luke Ewald, members of the Active Living Group, gave a powerpoint presentation update on the accomplishments of the Active Living Plan and what it hopes to accomplish going forward to make Worthington a healthier place by adding more bikeability and walkability components to the City. Ms. Henning said a survey has been done to have residents help

identify areas of concern and prioritize projects and would like to coordinate with the City to get it out to the citizens. Mr. Robinson said they could coordinate with the Public Utilities Department on getting it out to utility customers and staff could get it added to the City website and Facebook page. Council thanked them for their work that has already been completed and look forward to working with them on projects in the future.

RENTAL HOUSING INSPECTION PROGRAM

Steve Robinson, City Administrator, stated a memo regarding the status of the City's Rental Housing Program was included in the packet. He explained staff recommends that the most appropriate course of action is to suspend enforcement of the City's current Rental Housing Registration and Inspection Program based on its ineffectiveness and the current public health crisis; begin the process to repeal the existing Ordinance § 150.10 based on its ineffectiveness; direct city staff to immediately start work on a policy analysis for a redesigned rental housing program to protect the health, safety, and welfare of the City's residents; and layoff the Code Enforcement Officer / Housing Inspector employee.

He said once Council receives the policy analysis report, they can direct staff on how to proceed based on the report's findings. Once the necessary changes to the program have been completed and approved and the public health crisis has subsided, staff will be able to take the necessary steps to reinstate a more effective rental housing program to protect Worthington's rental housing occupants' health and safety.

The motion was made by Council Member Harmon, seconded by Council Member Janssen and unanimously carried to start the process to suspend enforcement of the City's current Rental Housing Registration and Inspection program, repeal Ordinance § 150.10 and layoff the Code/Enforcement Officer/Housing Inspector.

CENTER FOR ACTIVE LIVING OPERATING GUIDELINES AMENDMENT APPROVED

Mr. Robinson stated the Center for Active Living Committee is requesting that Council grant approval to amend the Operating Guidelines, by adding Section 7. Attendance as follows:

If a member has 2 consecutive un-excused, or has 4 or more excused absences from regular meetings, this may be cause for replacement on the committee.

Mr. Robinson said staff is considering incorporating this for all committees and said that it could be brought back to the next meeting. Council agreed to have staff amend the by-laws for Committees and Commissions by adding this language to pertain to all city committees/commissions.

NOMINATING COMMITTEE RECOMMENDATIONS FOR COMMITTEE

APPOINTMENTS/REAPPOINTMENTS APPROVED

Mr. Robinson said the Nominating Committee met on February 18, 2021 and have made the following recommendations for committee appointments:

Water & Light Commission	Re-appoint Kathy Hayenga to a second three year term, term to expire March 31, 2024
Park & Recreation Advisory Board	Replace Gladys Aldona, resigned her position that was set to expire March 31, 2023, Jason Johnson has been asked and is willing to serve
Charter Commission	Re-appoint Larry Iten to a second four-year term, term to expire March 31, 2025
	Re-appoint Phillip Benson to a second four-year term, term to expire March 31, 2025
	Re-appoint Tom Macklin to a second four-year term, term to expire March 31, 2025
	Re-appoint Josh Miller to a second four-year term, term to expire March 31, 2025
	Re-appoint Pat Remme to a second four-year term, term to expire March 31, 2025
	Re-appoint Pat O’Neill to a second four-year term, term to expire March 31, 2025
	Re-appoint Paul Woll to a second four-year term, term to expire March 31, 2025
Housing & Redevelopment Authority	Re-appoint Bridgit Huber to a second five-year term, term to expire October 31, 2025

A motion was made by Council Member Ernst, seconded by Council Member Kielblock and unanimously carried to approve the Nominating Committee Appointments/Reappointments recommendations.

MIDDLE SCHOOL BALLFIELDS LEASE AGREEMENT APPROVED

Mr. Robinson explained representatives of the Worthington Area Youth Baseball Association (WAYBA) approached city staff about their interest in leasing the Middle School baseball fields from ISD 518 and assume maintenance responsibilities for the 2021 season. He said staff is interested, has turf maintenance experience and the equipment to groom and maintain the fields. The City would be reimbursed from the school district \$9,200.00 for the services noted below:

- Pay the electric service during the March 15, 2021 – October 31, 2021 term of the lease,
- Maintain the premises including the restroom/concession building,
- Sweep the parking lot as needed,
- Mow, water, fertilize, aerate and weed the turf areas,
- Apply Agri-lime and chalk as needed,
- Perform start-up and shutdown of the irrigation system,
- Make minor repairs to the facilities and premises,
- Schedule all activities and events during the term of the lease, and
- Provide equipment and personnel to perform the above,

The school district will provide the Agri-lime and chalk; pay one-third the cost of grass seed and fertilizer and be responsible for major repairs. Staff is waiting to hear from WAYBA if they agree to pay one-half of the City's share of grass seed and fertilizer and maintain the concession area.

Mr. Robinson noted the lease was prepared by attorney Mark Shepherd, and mutually agreed upon by both parties.

Council Member Ernst stated that she attended a meeting with Josh Dale, Athletic Director of District 518, and he wanted it put on the record that while he is in favor of the City leasing the ball fields, he is not in favor of having any kind of alcohol at a youth sporting event. Mr. Robinson stated that the WAYBA organization could apply for an On-Sale Beer License or Temporary On-Sale Liquor License and it would have to come to Council for approval.

The motion was made by Council Member Cummings, seconded by Council Member Ernst and unanimously carried to approve the Middle School Ballfields Lease Agreement.

RELEASE OF SALES TAX FUNDS - WORTHINGTON ICE ARENA APPROVED

Mr. Robinson said the City Council allocated up to \$500,000 of local option sales tax funds for needed improvements at the Worthington Ice Arena. The contract for roof improvements was awarded at the December 14, 2020 meeting with the stipulation that release of additional funds was contingent on the establishment of a schedule for public open skating. The roof improvement budget

including the roofing contract, professional design and bid services, and a construction contingency is \$205,500.00

The Council subcommittee met with members of the Ice Arena Board on February 12, 2021 and requested a written policy for providing open skating available to the general public which has been received.

Mr. Robinson explained the Ice Arena Board submitted invoices for the following building and equipment improvements:

• Used reconditioned Zamboni	\$71,895.00
• Zamboni electrical improvements	\$1,036.90
• Bleachers	\$75,770.00
• Glycol pit repairs	\$4,839.55
• Zamboni ice shavings paved slab	\$21,944.00
• Driveway and parking pavement	<u>\$50,000.00</u>
Total	\$225,485.45

Mr. Robinson said the total for the roof and other improvements is \$430,985.45. Staff is awaiting approval from the Nobles County Fair Board for the two paving items.

He said at this time staff is recommending payment in the amount of \$153,541.45 and authorize payment for the pavement items, \$71,944.00, upon agreement from the Fair Board.

Council Member Ernst asked if some of these projects had already been done and now they are asking to be reimbursed. Mr. Robinson said these projects were on the pre-approved list of sales tax approved projects from the start.

The motion was made by Council Member Cummings, seconded by Council Member Janssen and unanimously carried to approve the payment of \$153,541.45 and authorize payment for the pavement items as soon as an agreement on the exact amount is received from the Fair Board.

APPROVAL OF POSITION GUIDELINES AND SALARY GRADE; AUTHORIZATION TO ADVERTISE FOR DIRECTOR OF ENGINEERING AND PUBLIC WORKS

Mr. Robinson said Administration is requesting authorization for the creation of the Director of Engineering and Public Works position. The position guidelines, essential duties and salary grade were included in the packet.

Mr. Robinson said staff is hopeful this will get more interest in the position to get it filled.

A motion was made by Council Member Ernst, seconded by Council Member Harmon and unanimously carried to approve the position guidelines and authorize to advertise for Director of Engineering and Public Works.

BUDGET AMENDMENT TO PURCHASE A NEW VOLVO L60H WHEEL LOADER APPROVED

Todd Wietzema, Public Works Director, said staff is requesting approval, to do a 2021 budget amendment to purchase a new Volvo L60H wheel loader. Mr. Wietzema explained the current 2008 Volvo L60F loader, which is scheduled to be replaced in 2022, has some maintenance issues that will need to be addressed before 2022. The maintenance issues and costs associated are as follows:

- Replacement of Tires - \$11,700.00
- Replacement of headlight, battery box and fender - \$ 1,915.00
- Oil change and scheduled maintenance - \$ 1,100.00

Total Repairs needed before 2022 \$14,715.00

Mr. Wietzema said after having discussions with maintenance representatives of Transource Truck and Equipment, staff was informed that there are also some wear issues in the boom portion, that may also have to be addressed before 2022. He said a quote to replace the 2008 loader with a comparable 2021 loader has been received in the amount of \$102,163.00. The proposed purchase from the Sourcewell Cooperative Purchasing Contract is a 42.9% deduction off of the new loaders list price.

The current 2008 Volvo loader has a 2021 ERS replacement balance of \$104,001.00. This 2021 balance is \$1,838.00 more than is needed to purchase a new loader.

A motion was made by Council Member Janssen, seconded by Council Member Ernst and unanimously carried to approve the budget amendment to purchase a new Volvo L60H Wheel Loader.

RESOLUTION NO. 2021-02-11 ADOPTED APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS

Jeff Faragher, Acting Engineer, stated Bolton and Menk have completed the plans and specifications for the North Crailsheim Drive Water Improvements project. Mr. Faragher explained the project involves extending a water main northerly along the west side of North Crailsheim Drive from Fox Farm Road to a point 600 feet south of the north line of the Southwest Quarter of Section 22, Township 102 North, Range 40 West, Nobles County, Minnesota, which is near the south line of the School District 518 ALC/gymnastics site, and connecting to the existing 12" water main. He said the specified date for having the water main substantial complete and available is June 1, 2021.

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

RESOLUTION NO. 2021-02-11

A RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 2021-02-12 ADOPTED RELATING TO FINANCE OF CERTAIN PUBLIC IMPROVEMENT BY THE CITY OF WORTHINGTON; ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

Mr. Faragher stated federal tax regulations require that local governments declare the intent to reimburse themselves for prior costs incurred in making public improvements with proceeds from bonds. Mr. Faragher explained the City must state the intent to sell bonds for a project after significant costs have already been incurred for the project. While it is typical for the City to temporarily finance improvements with construction fund reserves until an adequate amount of costs from various projects have been incurred to warrant the issuance of a bond. The North Crailsheim Road Water Extension was approved at the December 14, 2020 Council meeting with the maximum amount of bonds expected to be issued for the project is \$319,000. Mr. Faragher noted the maximum amount listed in the resolution improvement is approximately 10% higher than the project estimate presented for the project ordered by Council.

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

RESOLUTION NO. 2021-02-12

A RESOLUTION RELATING TO FINANCING OF CERTAIN PUBLIC IMPROVEMENT BY THE CITY OF WORTHINGTON; ESTABLISHING COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 2021-02-13 ADOPTED DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

Mr. Faragher explained the City has received a petition for the surfacing of Cherrywood Lane, which

is the residential street to be installed by the developer in Cherrywood Addition pursuant to the subdivision requirements of the City. Mr. Faragher said the final surfacing is allowed to be completed as a public improvement upon petition by the benefitted property owner(s). The improvement petitioned for in this case is the bituminous surfacing of the aggregate (gravel) base installed by the developer. He explained the improvement also includes any grading and supplemental aggregate base placement necessary as preparation for bituminous surfacing. Surfacing is completed as an assessable improvement with costs distributed to lots and to any city share per the City's Assessment Policy.

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

RESOLUTION NO. 2021-02-13

A RESOLUTION DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution File for complete copy of Resolution)

WORKFORCE HOUSING PROGRAM FORGIVABLE LOAN SUBORDINATION REQUEST (FIRST STATE BANK SOUTHWEST) APPROVED

Jason Brisson, Assistant City Administrator/Director of Economic Development, said the City of Worthington approved a forgivable loan in the amount of \$24,701.19 on November 25, 2019 to Sawywarblutpoh and Nawlahhserpaw Moodoh to assist with the financing of infrastructure improvements at 2234 Eleanor Street through its Workforce Housing Program.

Mr. Brisson explained the loan terms include an interest rate of 5% and the loan is forgiven by 20% for each year the owner complies with the terms of the loan. As of November 25, 2020, the outstanding loan balance was reduced to \$20,230.90. This is the current outstanding balance on the loan. Mr. Brisson said First State Bank Southwest, the homeowner's primary lender, has contacted the City requesting a subordination from the City on its current loan because the homeowners wish to refinance their loan to take advantage of the recent decrease in mortgage rates. By refinancing it allows the homeowners to reduce the term length of their mortgage. The City currently has a mortgage on the property in second position behind the private lender. If the private lender were to refinance the mortgage, the new private mortgage would be in second position to the City's forgivable loan and would not satisfy the lender's underwriting criteria. If the City subordinates their loan, the City will again be in second position and the private lender will be in first position with their mortgage.

Mr. Brisson explained the Workforce Housing Program guidelines stipulate a maximum loan to value ratio of no more than 110%. Based on the City's current loan balance and the private lender's

proposed mortgage amount, staff finds that the new loan structure meets the program's criteria. The Program also requires a debt-to-income ratio at or less than 48%. Based on the debt-to-income ratio provided by the lender, staff also finds that the new structure would also meet the debt-to-income criteria ratio.

The motion was made by Council Member Cummings, seconded by Council Member Janssen and unanimously carried to approve the Workforce Housing Program Forgivable Loan Subordination request.

APPROVED FINAL PLAT - CECILEE ADDITION (CITY OF WORTHINGTON)

Mr. Brisson said the City of Worthington submitted a request to consider the final plat for Cecilee Addition. The preliminary plat was approved by City Council on February 8, 2021. The plat consists of 21 lots and 18 of those lots that will likely be single family residential, 1 lot that will likely be multi-family. One is for the movie theater site and the other lot is for a filtration pond. Improvements are scheduled to be installed this summer for the development. He explained the sidewalk easement from the preliminary plat can't be placed on the final plat due to state statutes so it will need to be accomplished through a separate easement agreement. Since there are no changes from the preliminary plat, it does not require Planning Commission review. Staff is recommending approving the final plat subject to the following conditions:

1. All improvements shall be installed within 1 year of approval of the final plat; and
2. The applicant and owners follow all applicable local, state and federal regulations.

A motion was made by Council Member Kielblock, seconded by Council Member Cummings and unanimously carried to approve the final plat of the Cecilee Addition.

COUNCIL COMMITTEE REPORTS

Mayor Kuhle - No report.

Council Member Janssen - No report.

Council Member Ernst - No report.

Council Member Kielblock - No report.

Council Member Cummings - YMCA Director Meredith Daley and her husband welcomed a baby boy today

Council Member Harmon - Attended a Public Utilities meeting and had directed staff to pursue utilizing the Missouri River Energy Services program to make all electricity sold to WPU's customers "carbon-free". He said they have received requests from some businesses and Mr. Hain indicated the cost for the program would be approximately \$43,000.

CITY ADMINISTRATOR'S REPORT

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Steve Robinson, City Administrator, said 10 applications have been received for the City Planner position. Applications are being reviewed and interviews will be scheduled in the next couple of weeks.

ADJOURNMENT

The motion was made by Council Member Ernst, seconded by Council Member Harmon and unanimously carried to adjourn the meeting at 8:30 p.m.

Mindy L. Eggers, MCMC
City Clerk