

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, MARCH 8, 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 and Larry Janssen.

Staff present: Steve Robinson, City Administrator; Todd Wietzema, Public Works Director; Jason Brisson, Assistant City Administrator/Director of Economic Development; Troy Appel, Public Safety Director; Mindy Eggers, City Clerk.

Others present: Ryan McGaughey, The Globe; Scott Rall, Pheasants Forever; Elena Harmon, Andi Kulzer, Chris Sukalski and Alaina Kolpin, Honorary Council Member.

The Pledge of Allegiance was recited.

INTRODUCTIONS AND OPENING REMARKS

Mayor Kuhle offered Council and staff's deepest sympathy to the family of Council Member Mike Harmon who passed away suddenly on Thursday, March 4, 2021. Council Members Janssen and Ernst also offered condolences to the family.

Elena Harmon and daughter Andi Kulzer spoke and thanked everyone for the kind thoughts and words that have been offered upon the passing of Mike. Elena noted that Mike was a very proud Worthington resident and was honored to serve the community as a Council Member. Andi said that as a family they moved frequently until they settled in Worthington. She said Worthington was the first community they lived in that felt like home.

A moment of silence was observed for Council Member Mike Harmon.

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 items *E.4. Bills Payable* and *Item J.5. Workforce Housing Program Application (Nancy Marco)* will be added to the agenda. Also under the Public Works Memo the *2021 Hangar Lease Rates - Worthington Municipal Airport* should have been listed under the Consent Agenda.

A motion was made by council Member Kielblock, seconded by Council Member Janssen and unanimously carried to approve the agenda with changes and additions.

PUBLIC HEARING AND RESOLUTION NO. 2021-03-14 ADOPTED GRANTING APPROVAL OF REDEVELOPMENT PROJECTS NOS. 6 AND 7

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 Janssen and unanimously carried to open the hearing.

Jason Brisson, Assistant City Administrator/Director of Economic Development, stated Pursuant to Minnesota Statute § 469.028, the Authority's application to the City Council shall be accompanied by a redevelopment plan, a statement of the method proposed for financing the project, and the written opinion of the planning agency, if there is one.

Minnesota Statute § 469.028 requires that the Authority shall not proceed with the project unless the governing body finds by resolution that:

1. The land in the project area would not be made available for redevelopment without the financial aid to be sought;
2. The redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the needs of the locality as a whole, for the redevelopment of the areas by private enterprise; and
3. The redevelopment plan conforms to a general plan for the development of the locality as a whole.

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 Ernst, seconded by Council Member Cummings and unanimously carried to adopt the following resolution granting approval of redevelopment projects Nos. 6 and 7.

RESOLUTION NO. 2021-03-14

A RESOLUTION GRANTING APPROVAL OF REDEVELOPMENT PROJECTS NOS. 6 AND 7

(Refer to Resolution File for complete copy of Resolution)

CONSENT AGENDA APPROVED

A motion was made by Council Member Kileblock, seconded by Council Member Janssen and

unanimously carried to approve the consent agenda as presented.

- City Council Minutes of Regular Meeting of February 22, 2021
- Water & Light Commission Minutes of March 1, 2021
- Economic Development Authority Special Meeting Minutes of February 23, 2021
- Worthington Public Arts Commission Minutes of February 9, 2021
- Convention & Visitors Bureau Board Minutes of February 3, 2021
- Housing & Redevelopment Authority Minutes of January 27, 2021
- Traffic & Safety Committee Minutes of February 23, 2021
- Safe Roads Committee Minutes of February 23, 2021
- Exemption from Gambling Permit - Worthington Regional Health Care Foundation, Inc.
- Exemption from Gambling Permit - Hospice Cottage, Inc.
- 2021 Hangar Lease Rates - Worthington Municipal Airport
- Bills payable and totaling \$1,095,074.89 be ordered paid

SECOND READING PROPOSED ORDINANCE TO AMEND WORTHINGTON CITY CODE TITLE XV, CHAPTER 155 FOR A MAXIMUM LOT COVERAGE

Pursuant to published notice, this is the time and date set for the second reading of a proposed ordinance to amend Worthington City Code Title XV, Chapter 155 for a Maximum Lot Coverage.

A complete copy of the ordinance was provided in your February 8, 2021 council agenda.

A motion was made by Council Member Ernst, seconded by Council Member Janssen and unanimously carried to approve the second reading of the proposed ordinance.

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:

Planning Commission

Appoint Alaina Kolpin to a first three-year term, term to expire March 31, 2024 replacing Amy Woitalawicz, who has reached her term limit

Appoint Jason Gerdes to a first three-year term, term to expire March 31, 2024 replacing Rhina Resendez, who has declined to serve another term

Charter Commission

Appoint Lon Lien to a first four-year term, term to expire March 31, 2025 replacing Mike Kuhle who has reached his term limit

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

AMENDMENT TO PRAIRIE JUSTICE LEASE APPROVED

Steve Robinson, City Administrator said the City of Worthington and Nobles County entered into a 99-year lease agreement in 2002 for space occupied by Worthington Police Department at the Prairie Justice Center. At that time the City agreed to pay 43.34% of the 20-year Phase III Bond. The City has levied approximately \$195,000 for annual payments to the County. The final payment is due in February 2022.

Going forward annual lease payments will be \$1.00 in addition to the initial capital Administrative expenditure, the City was responsible for 12.72% of expenses and improvements based on our share of occupied space. Mr. Robinson explained the lease was amended in 2016 adjusting the City's share of occupied space to 12.89% and added language clarifying responsibility for capital improvements.

He said in addition to the law enforcement garage that was completed in 2018 and the City's current space allocation of the Prairie Justice Center is 15.97%. The amended lease dictates that the City is responsible for that portion of expenses and improvements. Capital improvements at the Prairie Justice Center in recent years have totaled \$4,539,283.70. The City's share of those improvements is \$1,128,098.83. Nobles County bonded for those improvements with an interest rate of 2.433% and the City's share is accruing interest at that rate.

Mr. Robinson said it's staff's recommendation, beginning in 2023, to continue to levy approximately \$200,000 each year to repay Nobles County for the City's share of capital improvements. In future years if the levied amount exceeds that owed to the County, those funds will be held in reserve for future improvements. The Joint PJC Operations Committee forwards their recommendation to approve the amended lease.

The motion was made by Council Member Cummings, seconded by Council Member Kielblock and unanimously carried to approve the amendment to the Prairie Justice Lease.

NOBLES COUNTY MEMORANDUM OF AGREEMENT FOR MASS COVID-19 VACCINE DISPENSING SITE APPROVED

Mr. Robinson said he has been contacted by Representatives of Nobles County Community Health identifying facilities that can accommodate mass dispensing of COVID-19 vaccines. Staff has offered the use of Memorial Auditorium as a clinic site if so requested.

Mr. Robinson said the City agrees to make the facility available within 24 hours of the County's request and assist in setup of the clinic. The County will not provide financial compensation but will reimburse for any supplies broken, damaged or consumed by the County.

A motion was made by Council Member Ernst, seconded by Council Member Janssen and unanimously carried to approve the Memorandum of Agreement with Nobles County for mass COVID-19 dispensing site.

RESOLUTION NO. 2021-03-15 ADOPTED APPLYING FOR A LOAN FROM THE CLEAN WATER REVOLVING FUND FOR IMPROVEMENTS TO THE MUNICIPAL WASTEWATER TREATMENT SYSTEM

Scott Hain, Public Utilities Manager said the Point Source Implementation Grant (PSIG) application to provide funding for improvements to the municipal wastewater treatment facility was submitted to the Minnesota Public Facilities Authority and, after consideration, it was determined that the city was not eligible for PSIG funding.

He explained an alternate source of funding for the project is a low-interest loan from the Clean Water Revolving Fund (CWRP) through the Minnesota Public Facilities Authority. The plan would utilize the Clean Water Revolving Loan Fund through the State of Minnesota and reserve funds for debt repayment of the improvements. The CWRP loan application is required to be submitted by the City of Worthington as it is the entity that has the bonding authority. The cost estimate for the project is \$24,860,000 but with all engineering costs plus a 5% contingency on estimated construction costs the total loan application amount will be \$25,262,500.00.

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

RESOLUTION NO. 2021-03-15

A RESOLUTION APPLYING FOR A LOAN FROM THE CLEAN WATER REVOLVING FUND FOR IMPROVEMENTS TO THE MUNICIPAL WASTEWATER TREATMENT SYSTEM

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 2021-03- 16 ADOPTED ACCEPTING A DONATION OF FUNDS

Troy Appel, Public Safety Director, stated the Early Risers Kiwanis Club generously donated \$50 to the Worthington Police Department DARE Program. The donation will be used to purchase DARE supplies.

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

RESOLUTION NO. 2021-03-16

A RESOLUTION ACCEPTING A DONATION OF FUNDS

(Refer to Resolution File for complete copy of Resolution)

TEMPORARY SUSPENSION OF ATV PERMITTING REQUIREMENTS - PHEASANTS FOREVER APPROVED

Mr. Appel said he had been contacted by Scott Rall of the Nobles County Pheasants Forever Chapter. Their organization is planning to host a Public Lands Appreciation Rendezvous at the Nobles County Fairgrounds July 9-11, 2021. Mr. Appel said the fundraising event will also include participation from the Martin and Nicollet County Pheasants Forever Chapters. The attendees will be allowed to camp at the fairgrounds and provided with opportunities to take ATV tours of the various Nobles County Pheasants Forever wildlife management areas. Event organizers are planning to escort multiple tours on Saturday, July 10th, of varying times and distance.

Scott Rall, Pheasants Forever, said they are anticipating approximately 300 attendees will participate with approximately 150 ATVs. Since many of the attendees will be from outside of the Worthington area, Council is being asked to temporarily suspend ATV permitting requirements as outlined in Worthington City Ordinance (Exhibit 2/Chapter 73). The requested hours of suspension are: 12:00PM-11:00PM on Friday, June 25; 6:00AM-11:00PM on Saturday, June 26; and 6:00AM-11:00AM on Sunday, June 27th. All other sections of the City regulation on ATVs will be in effect and riders will be expected to abide by the City ordinance and State statute.

A motion was made by Council Member Ernst, seconded by Council Member Kielblock and unanimously carried to authorize the temporary suspension of ATV City permitting requirements as requested by Pheasants Forever.

ADDITIONAL PHASE ONE SALES TAX EXPENDITURE APPROVED

Todd Wietzema, Public Works Director, stated the Phase One Park Improvements included a parking lot and sidewalk construction project at Ludlow Park. Recently the Ludlow Park improvement's, include a new bathroom, new amphitheater, new parking lot, and all new handicapped accessible sidewalks. Staff is requesting approval to purchase a new handicapped

accessible floating dock. Mr. Wietzema said the dock was not included in the original submitted budget for the phase one project but would like to add it because it's handicapped accessible. The estimated cost for the floating dock is \$24,290.00.

The motion was made by Council Member Janssen, seconded by Council Member Ernst and unanimously carried to approve the floating dock at Ludlow Park in the amount of \$24,290.00.

RESOLUTION NO. 2021-03-17 ADOPTED CONVEYING CERTAIN PROPERTY TO THE WORTHINGTON ECONOMIC DEVELOPMENT AUTHORITY

Mr. Brisson said the City's legal counsel, Dorsey & Whitney LLP, finds the most appropriate method of selling the newly created lots is for the EDA to establish redevelopment plans for the area, take ownership of the property, and sell the lots to the individual buyers by utilizing its HRA powers. Once the EDA's redevelopment plans have been approved by Council, the EDA may sell, lease, or develop the property contained within the project boundaries in accordance with the approved development plans, subject to the requirements of Minn. Stat. § 469.029. An application for Redevelopment Projects Nos. 6 and 7 has been received by Council. The Council will be asked to consider conveyance of certain property contained within Redevelopment Project No. 7 once the Cecilee First Addition final plat is complete.

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

RESOLUTION NO. 2021-03-17

A RESOLUTION CONVEYING CERTAIN PROPERTY TO THE WORTHINGTON ECONOMIC DEVELOPMENT AUTHORITY

(Refer to Resolution File for complete copy of Resolution)

2021 RENTAL HOUSING PROGRAM REGISTRATION FEES

Jason Brisson, Assistant City Administrator/Director of Economic Development said the Rental Housing Registration and Inspection plan requires that each rental housing unit in the City must be registered by the property owner with the City's Community Development Department. The subsequent annual registration fees collected by the City are \$30 per unit. These fees are intended to defray the costs of the salary of the City staff who administrate the program and the associated equipment and supply costs. Mr. Brisson said given the pending layoff of the City's Inspector. The City's plan to rescind the existing Ordinance and inspections should be suspended until a full program evaluation can be completed.

Mr. Brisson said due to COVID-related challenges, City staff has not sent out its annual registration

reminder letters. To date, the City has received approximately \$1,200 in registration fees from 9 property owners. Staff finds that if the City wishes to forego 2021 rental registrations, the property owners who have already registered for 2021 should be refunded their registration costs, but if the City Council wishes to collect 2021 registration fees, staff will send out letters requesting 2021 registration fees immediately.

Council Member Janssen stated that registration fees should be collected for 2021 because landlords are already use to paying the yearly fee. Council Member Ernst stated that she doesn't feel it's fair to make them pay if they aren't getting anything because we are suspending the program. Council Member Cummings said letters should be sent out and if they want to pay they can and same if they choose not to. Mayor Kuhle said he wonders if it's ethical or legal to have people pay for a program that is no longer in effect. Council Member Kielblock said since there will be another program put into place after the analysis is completed wouldn't it make sense to send out the registrations because we will incur expenses and will in the end have a program. Honorary Council Member Alaina Kolpin suggested sending out registration letters to have people register their property but not have a payment due this year. Council concurred.

APPROVED CONTRACT FOR SERVICES (LHB)

Mr. Brisson said the EDA has been in negotiations with a local ready-mix concrete company, Cemstone, to sell approximately 7.5-8.5 acres of property located West of Highway 59, south of Twenty-Seventh (27th) Street. Mr. Brisson explained the proposed deal will include a land swap wherein the EDA takes ownership of Cemstone-owned property at 1000 Sherwood Street once Cemstone has demolished several existing buildings on the site. The EDA would like to utilize a redevelopment tax increment financing (TIF) district to assist with the future redevelopment of the site. He explained in order to qualify for a redevelopment TIF district, the City must establish at least 70 percent of the area of the district must be occupied by buildings, streets, utilities, or other similar structures, and more than 50 percent of the buildings must be structurally substandard. Once an inspection is made the City can move forward with passing a resolution that will allow the City to move forward with a redevelopment plan and certify the proposed TIF district that will assist with redevelopment. Mr. Brisson said the building inspection needs to be performed and certified by the City Council before demolition or the property would be ineligible for a redevelopment TIF district per the State of Minnesota's statutory requirements.

Mr. Brisson said staff has solicited a proposal from LHB to perform inspection services at the 1000 Sherwood Street property and Cemstone has agreed to give the City's consultant access to the site to perform the inspection. Mr. Fischer, LHB did a similar inspection at the Hotel Thompson property before certifying the property as a redevelopment TIF district. The proposed services include:

1. A survey of the TIF District to determine if it meets applicable coverage test;
2. A visual review of building(s') interior and exterior;

3. An estimate building(s) replacement cost;
4. An evaluation of the building(s') existing condition;
5. A determination of the building(s') code deficiencies; and
6. A preparation and delivery of the resulting report.

The cost associated with the proposed services is structured as an hourly basis not to exceed \$9,800.00 including reimbursable expenses and a full TIF report. Mr. Brisson said the Community/Economic Development Department has adequate funds in its 2021 budget to cover the full cost of the proposed inspection. Until the EDA has formally agreed to take ownership of the property located at 1000 Sherwood Avenue before directing the consultant to proceed with the work.

A motion was made by Council Member Ernst, seconded by Council Member Cummings and unanimously carried to approve the Contract for Services with LHB.

WORKFORCE HOUSING PROGRAM APPLICATION (NANCY MARCO)

Mr. Brisson said Nancy Marco has applied for a forgivable loan through the City's Workforce Housing Program for the eligible developer installed infrastructure improvements installed for the newly constructed house she has purchased at 1740 Pauline Avenue. The program was created to encourage the construction of affordable housing units within the boundaries of TIF District #7 by offering forgivable loans to qualified home buyers for the following purposes:

- a. To pay any outstanding assessments for public infrastructure levied against existing properties on which the new single-family dwelling has been constructed or purchased by an eligible person.
- b. To pay any outstanding assessments for public infrastructure levied against any lot within a new subdivision on which the new single-family dwelling will be constructed or purchased by an eligible person.
- c. To pay costs of the public infrastructure for a lot within a residential subdivision where the new single-family dwelling has been constructed or purchased by an eligible person. The said infrastructure must have been completed by the developer and constructed in accordance with City specifications.

Mr. Brisson said after review of the infrastructure costs submitted by the Developer, staff has determined the value of the eligible expenditures is \$24,701.19 and based on the program policy, the forgivable loan would be structured for five years and at an interest rate of 5%. For each year the applicant owns and resides in the home, the annual mortgage payment would be forgiven. After five years, the loan is fully forgiven. Should the applicant move or sell the house during the loan period, they would be responsible for the outstanding loan balance.

After reviewing the application, staff has been able to determine that the applicant meets the eligibility criteria (i.e. income qualifications, loan-value ratio, debt-income ratio) and are eligible for the forgivable loan.

Mr. Brisson also noted that there is \$235,000 left in the fund that could be used for another development. Mayor Kuhle said the trailer court should be considered.

A motion was made by Council Member Janssen, seconded by Council Member Ernst and unanimously carried to approve the workforce housing application for Nancy Marco.

COUNCIL COMMITTEE REPORTS

Mayor Kuhle - No report.

Council Member Janssen - No report.

Council Member Ernst - said it was a very strange meeting without Mike.

Council Member Kielblock - attended a Traffic & Safety meeting and are working to find a long term solution to the traffic around Prairie Elementary and the Middle School. The Airport Advisory Board approved the 2021 Hangar Leases. The HRA met and is looking at different lots for housing projects.

Council Member Cummings - said the YMCA continues to see mandate struggles as memberships drop. The Chamber of Commerce is moving forward with a new dues structure for businesses and individuals that will incorporate one dues fee that will include the Chamber and WREDC, the new fee structure will be similar to the Mankato.

CITY ADMINISTRATOR'S REPORT

Steve Robinson, City Administrator, stated that Mike Harmon will be greatly missed.

ADJOURNMENT

The motion was made by Council Member Janssen, seconded by Council Member Kielblock and unanimously carried to adjourn the meeting at 8:22 p.m.

Mindy L. Eggers, MCMC
City Clerk