

**WORTHINGTON CITY COUNCIL
ANNUAL MEETING, JANUARY 11, 2016**

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: Scott Nelson, Diane Graber, Larry Janssen, Mike Harmon, Rod Sankey.

Staff present: Steve Robinson, City Administrator; Brad Chapulis, Director of Community/Economic Development; Dwayne Haffield, Director of Engineering; Janice Oberloh, City Clerk.

Others present: Justine Wettschreck, KWOA; Gordy Moore, Daily Globe; Marvin Perez; Osmar Vicente; Valerio Ramos; Pastor Jose and Irma Miranda; Isaias Lopez; Julio Garcia; Lesley Miranda Eduardo Miranda; and others.

The Pledge of Allegiance was recited.

AGENDA CLOSED / APPROVED WITH CHANGES

Staff requested the following changes to the agenda:

- Item E.4. *Request from PBK Investments to Extend Preferred Developer Agreement* be pulled from the agenda at the request of PBK
- The addition of Nominating Committee to the list of Annual Council Committee Assignments for Mayor Kuhle on the Consent Agenda

The motion was made by Council Member Nelson, seconded by Council Member Graber and unanimously carried to close / approve the agenda with the requested changes.

CONSENT AGENDA APPROVED

Council Member Harmon requested that Mayor Kuhle read the list of appointments so the public would have that information.

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to approve the consent agenda as follows:

- City Council Minutes of Regular Meeting December 28, 2015; City Council Minutes of Special Meeting, Closed Session, January 4, 2016
- Minutes of Boards and Commissions - Water and Light Commission Minutes of Regular Meeting January 4, 2016; Park and Recreation Advisory Board Minutes of November 18, 2015; WGTN-TV Cable 3 Minutes of November 5, 2015
- Prairie Justice Center Operations Committee Minutes of August 3, 2015
- Annual Appointments as follows:
 - Designated the time and place of Regular City Council Meetings as 7:00 p.m. on the second and fourth Mondays of every month, excepting that if the second or fourth

Monday should fall on a recognized holiday the meeting will be held at the same time on the Tuesday immediately following, with special meetings called as needed.

Appointed Janice Oberloh as City Clerk for the period January 1, 2016 through December 31, 2016 as required by the City Charter, and appointed Melinda Eggers as the Assistant City Clerk to act in the absence of the Clerk

Designated the Daily Globe as the official newspaper for all matters required by law to be published in 2016

Designated the following financial institutions as official depositories for the City of Worthington in 2016: Bank of the West, First State Bank Southwest, Fulda Area Credit Union, Rolling Hills Bank, United Prairie Bank, Wells Fargo Bank - and investments: Worthington Federal Savings Bank, SWS Financial Services, Ameriprise Financial, Edward Jones Investments, and 4M Fund (League of MN Cities sponsored money market), as advised by the State Auditor

Council Committee Appointments:

Scott Nelson	Okabena Ocheda Bella Clean Water Partnership Economic Development Revolving Loan Fund Housing and Redevelopment Authority Joint Jurisdictional Planning Commission Lakes Improvement Committee Park and Recreation Advisory Board Joint Law Enforcement Center (LEC) Committee
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Diane Graber	Convention and Visitors Bureau Employee Advisory Board Joint Jurisdictional Planning Commission Memorial Auditorium Advisory Board Planning Commission Public Arts Commission Joint Powers Transit Board
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Rod Sankey	Downtown Parking Advisory Board Heron Lake Watershed Board Liquor Committee NEON Airport Advisory Board SW Minnesota Regional Radio Board Worthington Rediscovered Committee
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Mike Harmon	WGTV-TV3 Joint Powers Board (Cable 3) Center for Active Living Committee Joint City/County/School Board Economic Development Revolving Loan Fund Golf Advisory Board Joint Law Enforcement Center (LEC) Committee Water and Light Commission
Larry Janssen	Health Insurance Board of Trustees Lake Improvement Committee NEON Okabena-Ocheda Bella Clean Water Partnership Traffic and Safety Committee Joint Powers Transit Board Worthington Rediscovered Committee
Mike Kuhle	Joint City/County/School Board EO Olson Trust Fund Board Southwest Regional Development Commission Nominating Committee

Appointed Mark W. Shepherd as the City Attorney and James E. Malters as the Assistant City Attorney for a one-year term from and after January 1, 2016 until December 31, 2016, at the proposed hourly rate of \$170.00 plus expenses

- Additional 2016 License Renewal Applications:
 - On Sale Beer
 - La Azteca Restaurant, Jesus Leon, 223 Tenth Street
 - Off Sale Beer
 - La Azteca Grocery Store, Jesus Leon, 219 Tenth Street
 - La Morenita Inc., Olivia Figueroa, 1321 Milton Avenue
- Bills payable and totaling \$534,001.59 be ordered paid

ELECTION OF MAYOR PRO TEM

Section 2.02 of the Worthington City Charter directs that, at the annual meeting, the City Council shall from its number and by ballot, elect a Mayor Pro Tem who shall preside over the meetings of the City Council during the absence of the Mayor from the City, or upon the inability of the Mayor, from any cause, to discharge the duties of the office.

The Clerk distributed paper ballots to Council for determination of a Mayor Pro Tem for 2016. The following ballots were cast:

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Diane Graber	1 vote
Mike Harmon	1 vote
Scott Nelson	3 votes

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to approve the election of Scott Nelson as Mayor Pro Tem for 2016.

THIRD READING AND ORDINANCE NO. 1090 ADOPTED CHANGE OF ZONE - 500 AND 620 STOWER DRIVE

Pursuant to published notice, this was the time and date set for the third reading of a proposed ordinance that would change the zoning of the property located at 500 and 620 Stower Drive from "M-2" - General Manufacturing to "M-1" - Light Manufacturing as follows:

The following described properties, presently included in the "M-2" district, shall henceforth be included in the "M-1" district:

500 Stower Drive — Parcel ID #31-0648-200

620 Stower Drive — Parcel ID #31-0648-100

The motion was made by Council Member Harmon, seconded by Council Member Nelson and unanimously carried to give a third reading to, and subsequently adopt the following ordinance:

ORDINANCE NO. 1090

AN ORDINANCE TO AMEND TITLE XV OF THE CITY CODE OF WORTHINGTON, NOBLES COUNTY, MINNESOTA, TO REZONE PROPERTY FROM "M-2" (GENERAL MANUFACTURING) TO "M-1" (LIGHT MANUFACTURING)

(Refer to Ordinance File for complete copy of Ordinance)

THIRD READING AND ORDINANCE NO. 1091 ADOPTED - CHANGE OF ZONE - 1720 BURLINGTON AVENUE

Pursuant to published notice, this was the time and date set for the third reading of a proposed ordinance that would change the zoning of the property located at 1720 Burlington Avenue from its current "R-1" - Single Family Detached Residential designation to "R-2" - One Family, Low Density Residential. The property is legally described as:

Lots 1 and 2, Block 2, Darling's Second Addition to the City of Worthington, Nobles County, Minnesota; the vacated unnamed north-south street in the plat of

Darling's Second Addition to the City of Worthington, Nobles County, Minnesota, abutting Block 2 of said Darling's Second Addition; that part of the vacated Cecile Street lying north of Lot 11, Block 1, Darling's First Addition, City of Worthington, Nobles County, Minnesota; and Lots 5, 6, 7, and 8, EXCEPT the easterly 20.00 feet of said Lots 5, 6, 7, and 8, Auditor's Plat of Part of the West Half of the Southwest Quarter of Section 13, Township 102 North, Range 40 West, City of Worthington, Nobles County, Minnesota.

Adoption of the ordinance will allow the applicant to develop the eastern portion of the property for residential development.

The motion was made by Council Member Sankey, seconded by Council Member Janssen and unanimously carried to give a third reading to, and subsequently adopt the following ordinance:

ORDINANCE NO. 1091

AN ORDINANCE TO AMEND TITLE XV OF THE CITY CODE OF WORTHINGTON, NOBLES COUNTY, MINNESOTA, TO REZONE PROPERTY FROM "R-1" (ONE FAMILY DETACHED RESIDENTIAL) TO "R-2" (ONE FAMILY LOW DENSITY RESIDENTIAL)

(Refer to Ordinance File for complete copy of Ordinance)

LICENSE AGREEMENTS APPROVED BETWEEN CITY OF WORTHINGTON AND ALLTEL COMMUNICATIONS DBA VERIZON WIRELESS - SMALL CELL SITE INSTALLATION

Dwayne Haffield, Director of Engineering, said Verizon had contacted the City over a year ago to utilize light poles for installation of "small cell" sites, which are intended to have a limited coverage area and are used at locations of high cell phone traffic to relieve congestion on the larger cell sites. Verizon has identified two locations in Worthington where small cell sites are projected to improve service for their users. The locations are near the TH 59 (North Humiston Avenue) and Ray Drive intersection and the west leg of the Oxford Street and TH 59/60 round-about. Verizon will also need a permit from the Minnesota Department of Transportation for the round-about location, and additional locations may be identified in the future. Staff contacted the League of Minnesota Cities for guidance on the proposed use of the poles, but this was a new issue for them. Staff then received a recommendation to work with Peter Beck (Beck Law Office), who has experience with both telecommunication issues and municipal interests. The agreements were reviewed by the City Attorney and the League of Minnesota Cities. Mr. Beck was present at the meeting and indicated that he had drafted the agreement so there was no risk to the City. It has been determined that the antennas will require a special pole to support them. They will perform the installation, and Verizon has agreed to pay our initial costs.

Steve Fester, representing Verizon, was at the meeting and said the installation would be a benefit to the citizens, especially those with only wireless service - better data speeds would be provided. The agreement would be for 10 years, with initial reimbursement of costs of \$8,000 per agreement and annual license fees of \$1,500 per agreement. Mr. Haffield said the poles are given "as is" with no additional priority or assurances.

The motion was made by Council Member Nelson, seconded by Council Member Sankey and unanimously carried to approve the agreements with Alltel Communications, d.b.a. as Verizon Wireless, for small cell site installations near TH 59 (North Humiston Avenue) and Ray Drive intersection, and the Oxford Street and TH 59/60 round-about (on the west leg), and to authorize the Mayor to execute each of the agreements.

RESOLUTION NO. 3633 ADOPTED PERTAINING TO INTENT TO BOND FOR COSTS INCURRED IN MAKING PUBLIC IMPROVEMENT

Dwayne Haffield, Director of Engineering, said the City must state the intent to sell bonds for a project after significant costs for the project have already been incurred. In addition, 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. Staff presented a resolution stating such intent and pertaining to the Grand Avenue Phase II Street Extension project, with the maximum amount of bonds expected to be issued for the project of \$514,500. The amount is approximately 10% higher than the project estimates presented for the project ordered by Council.

The motion was made by Council Member Graber, seconded by Council Member Janssen and unanimously carried to adopt the following resolution pertaining to intent to bond for costs incurred in making public improvement:

RESOLUTION NO. 3633

RELATING TO FINANCING OF CERTAIN PUBLIC IMPROVEMENTS 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)

SPECIAL USE PERMIT APPROVED WITH CONDITIONS - 500 STOWER DRIVE

Jose Miranda was requesting approval of a special use permit for the property owned by Living Life Adult Day Care Center, LLC, at 500 Stower Drive, and legally described as follows:

That part of Lot 7 of the Auditor's Outlots 1 to 12, inclusive in the South Half of the Southwest Quarter of Section 14, Township 102 North, Range 40 West, City of Worthington, Nobles County, Minnesota, described as follows: Commencing at the northwest corner of said Lot 7 of Auditor's Outlots 1 to 12, inclusive, according to the recorded plat thereof; thence on an assumed bearing of North 90 degrees 00 minutes 00 seconds East, along the north line of Lot 7, also being the north line of a tract as recorded in Document No. 219705, a distance of 100.62 feet to an iron monument, said iron monument being the point of beginning of the tract to be described; thence continuing North 90 degrees 00 minutes 00 seconds East, along said north line, a distance of 300.00 feet to the northeast corner of said tract; thence South 0 degrees 00 minutes 00 seconds West, along the east line of said tract, a distance of 200.00 feet to an iron monument; thence South 90 degrees 00 minutes 00 seconds West a distance of 200.00 feet to an iron monument; thence North 26 degrees 33 minutes 54 seconds West a distance of 223.61 feet to the point of beginning.

Approval of the permit would allow the applicant to operate a religious institution/church on the subject property. Public institutional and cultural land uses, including religious institutions/churches, are allowed to operate in the "M-1" District - which is the new zoning classification of the property by Council action earlier in the meeting- through the issuance of a special use permit.

The Planning Commission considered the request at their January 5, 2016 meeting, and after holding a public hearing, voted unanimously to recommend Council approval of the special use permit with the following conditions:

1. The applicant complies with the City's off-street parking requirements, including eliminating simultaneous use of the property; and
2. The applicant properly screen any outdoor trash area in compliance with City Code.

The motion was made by Council Member Graber and seconded by Council Member Harmon to approve the special use permit for 500 Stower Drive. Council Member Graber then amended her motion to include the conditions for the permit as stated - Council Member Harmon accepted and seconded the amended motion which was unanimously carried.

SPECIAL USE PERMIT APPROVED WITH CONDITIONS - 929 13TH STREET

Larry Davis was seeking approval of a special use permit for property he owns at 929 13th Street, as he intends to construct a 1,386 square foot detached garage on the property. The property is legally described as:

Lot 10, Auditor's Plat of Duba Subdivision of Lots, 1, 2, 3, and 4, McLeans Subdivision of Block 47, Second Addition, City of Worthington, Nobles County, Minnesota.

The property is located within the flood plain boundary, and approval of the special use permit will allow the applicant to use an alternative flood proofing method, other than fill, to construct the garage.

The Planning Commission considered the request at their December 1, 2015 and January 5, 2016 meetings, and after holding a public hearing on December 1st, and reviewing the engineering designs of the structure on January 5th, voted unanimously to recommend Council approval of the special use permit with the following conditions:

1. The applicant complete the improvements as were illustrated;
2. The applicant properly utilize a method as to minimize sediment runoff during construction.

The motion was made by Council Member Nelson, seconded by Council Member Sankey, and unanimously carried to approve the special use permit for 929 13th Street, subject to the stated conditions.

OXFORD STREET REDEVELOPMENT PLAN ADOPTED

Brad Chapulis, Director of Community/Economic Development, said staff was requesting Council approval of a redevelopment plan for Oxford Street that was the result of a 10 month planning process completed by City Staff, members of the Oxford Street Steering Committee, and consultants from the Cuningham Group. The Plan includes policies and regulations necessary to encourage and incentivize reinvestment in the Oxford Street area. Mr. Chapulis said the plan identified seven primary recommendations and the goals and objectives of each of those recommendations. The complete plan is available on the City of Worthington's website.

The Planning Commission considered the adoption of the plan at their January 5, 2016 meeting, and after holding a public hearing, voted unanimously to recommend Council adoption of the plan. Mr. Chapulis said the plan is part of the Comprehensive Plan, and is a community plan - the Chamber of Commerce will be involved along with collaboration with other groups. The Planning Commission will be the body that will monitor the plan and compliance. Mayor Kuhle said he would encourage an annual report to Council.

The motion was made by Council Member Graber, seconded by Council Member Sankey and unanimously carried to adopt the Oxford Street Redevelopment Plan as presented.

ASSUMPTION AND LOAN MODIFICATION AGREEMENT APPROVED - LIVING LIFE ADULT DAY CENTER/LORI KLOOSTER

Brad Chapulis, Director of Community/Economic Development, said Lori Klooster, owner of Living Life Adult Day Center, LLC, was requesting the City to consider the approval of an Assumption and Loan Modification Agreement to the loan it has with the business. The agreement would release the real estate lien the City has on the business's real estate at 500 Stower Drive, and convert/restructure the loan as a personal unsecured loan with Ms. Klooster, who currently has a purchase agreement to sell the real estate. Mr. Chapulis said the proceeds of the sale would not be enough to provide any payment towards the City loan., however, in order to proceed with the sale the release of the real estate lien is necessary. The loan balance as of January 7, 2016 is \$48,112.84. The Economic Development Revolving Loan Fund (RLF) Committee considered the agreement earlier today, and voted 3 to 1 to recommend Council approval. Mr. Chapulis noted the initial loan repayment of the new schedule would begin March 15th, not February 15th.

Council Member Nelson, who sits on the RLF Committee, said the City is in the fourth position on the loan, and the City was providing gap financing on a highly leveraged project that didn't work. Two options - if we don't do this foreclosure would take place and the City would be with nothing. Lori has agreed to an unsecured loan to try to pay this back.

Council Member Janssen expressed concern that we have no teeth in this loan. Mr. Chapulis said he was fairly confident that if we went through the foreclosure process the City would receive nothing from a sheriff's sale. The other option was to move forward in good faith that she'll make the payments - the RLF Committee believed that Ms. Klooster has the earning potential either through her business or through her RN license to be able to provide the debt service not only to the City, but on the outstanding amount due to the Southwest Initiative Foundation. There is nothing to collateralize for the loan.

If she defaults on this legal document we may have the option of going through the court system, and Steve Robinson, City Administrator, noted they are also checking to see if it could be attached to her taxes.

Closing on the sale of the property is scheduled for tomorrow.

The motion was made by Council Member Nelson and seconded by Council Member Harmon to approve the Assumption and Loan Modification Agreement for Living Life Adult Day Center/Lori Klooster, with the following Council Members voting in favor of the motion: Nelson, Graber, Harmon, Sankey; and the following Council Members voting against the same: Janssen. Motion carried.

COUNCIL COMMITTEE REPORTS

Mayor Kuhle - nothing to report.

Council Member Nelson - HRA completed Randy's review and gave him high marks. There are

three units left to rent at Rising Sun Estates. The Revolving Loan Fund Committee met twice, which was discussed here.

Council Member Graber - Planning Commission met January 5th - interesting - discussed two Special Use Permits. Memorial Auditorium Advisory Board - they are looking at using the Auditorium for special showings of movies and activities.

Council Member Janssen - nothing to report.

Council Member Harmon - the RLF Committee met for Lori - the Committee directed Brad to obtain additional information from her but she did not submit any. The Lenders involved came to the second meeting. Missouri River Energy Services met. The well levels in town are up - #26 has only been this high 3 times in the last 15 years. The Committee has selected a firm to work with them for the wastewater contract. Cable 3 met January 7th - they are verifying whether Minnesota West will continue as part of the Board. They will need to adjust the by-laws if not. The CAL met this morning - they have their own website - the links to the site from the City's site are somewhat confusing. They have enough grant money to continue the site for 15 to 18 months. Two more groups want to use the facility - they need to find out what the City wants for the use and what their concerns may be. Bountiful Baskets has conducted one pick up so far - no mess or problems reported. If the City is going to renovate the courts at Centennial Park some of the members would like some pickle ball players involved. There is tax help available for seniors through the Center.

Council Member Sankey - nothing to report.

CITY ADMINISTRATOR'S REPORT

There is a meeting tomorrow and Wednesday to meet with the tech people at the Auditorium to look at what it would take to show movies. It won't be high tech but it should be fun - would show second run movies, some of them still in first release, and classics. They should have a proposal for Council in two weeks. This would just be an interim plan until a full blown theater is here again, and would be based on availability of the Auditorium. We are still looking for an Honorary Council Member, the application is available on the website or they can stop at City Hall. The CGMC Legislative Action Day is scheduled for March 16th at noon into the evening. Met with the local legislators last week - their comments regarding LGA funding was that "voters never call about LGA". Last week the Public Works Department had their annual fund raising porkchop feed - they were able to donate \$243 to the food shelf.

ADJOURNMENT

The motion was made by Council Member Sankey, seconded by Council Member Nelson and unanimously carried to adjourn the meeting at 8:03 p.m.