

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, JANUARY 25, 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; Troy Appel, Public Safety Director, Janice Oberloh, City Clerk; Sgt. Brett Wiltrout, Officers Colby Palmersheim and Dustin Roemeling and K-9 Frank'ee, Worthington Public Safety Department.

Others present: Justine Wettschreck, KWOA; Julie Buntjer and Alex Chhith, Daily Globe; Abraham Algadi, Mary Batcheller, Jorge Lopez, JoAnn Hurbert, Candace Joens, Jayme and Sean Boots, Aaron Marthaler, Dean Rathjen, Anthony Lunsden, Phil Smith, Pat Smith, and Mike Smith.

The Pledge of Allegiance was recited.

**PUBLIC HEARING AND RESOLUTION 3644 ADOPTED APPROVING NOBLES HOME INITIATIVE APPLICATION - PARCEL #31-0994-000-CLIFTON AVENUE**

A Nobles Home Initiative (NHI) application was received from Larry Davis, who was seeking approval of tax abatement for the construction of a single family dwelling on property he will spec-build on, legally described as Lot 2, Block 3, Castlewood Knolls, City of Worthington, Nobles County, Minnesota. Brad Chapulis, Director of Community/Economic Development, said the proposed dwelling will include 1,566 square feet of living space on the main level, an unfinished basement, and a two-stall attached garage. Staff has reviewed the application and determined it meets all of the parameters of the NHI Guidelines, and was therefore recommending approval of the application. Mr. Chapulis said the public hearing tonight was scheduled to comply with state statute regarding tax abatement and allow for any public comment on the proposed abatement.

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

Mr. Chapulis had no further information to provide regarding the request.

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

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

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to adopt the following resolution approving the NHI application:

RESOLUTION NO. 3644

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

(Refer to Resolution File for complete copy of Resolution)

**AGENDA CLOSED/APPROVED WITH CHANGES**

Staff noted that Addendum F.3. *Proposal for Showing Movies at Memorial Auditorium* was being pulled from the agenda. The Clerk noted a correction to the consent agenda to item 3.a.1. *Application for Exemption from Lawful Gambling* should read Pheasants Forever, Nobles County Chapter, instead of El Mexicano #3 as shown on the agenda page. The item was listed correctly in the Administrative Services Memo.

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**

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

- City Council Minutes of Regular (Annual) meeting January 11, 2016
- Minutes of Boards and Commissions - Water and Light Commission Minutes of January 19, 2016; Planning Commission/Board of Appeals Minutes of January 5, 2016; Public Arts Commission Minutes of January 14, 2016; NEON Minutes of December 10, 2015
- Application for Exemption from Lawful Gambling as follows:
  - Organization: Pheasants Forever, Nobles County Chapter
  - CEO: Scott Rall
  - Type of Activity: Raffle
  - Date & Location of Event: March 18, 2016  
Worthington Event Center, 1447 Prairie Drive
- Bills payable and totaling \$831,532.97 be ordered paid

**REPAYMENT OF LOAN - FRIENDS OF THE AUDITORIUM**

Candace Joens, representing the Friends of the Auditorium (FOTA), was present at the meeting to present a check to Council in the amount of \$7,200, the final payment of a loan provided by the City to FOTA March 24, 2014 for \$12,700. Ms. Joens thanked Mayor and Council past and present, and said that FOTA would not be coming back to Council anytime soon as they were doing very well.

Mayor Kuhle thanked FOTA for their work.

**APPLICATION APPROVED FOR NEW ON-SALE LIQUOR LICENSE - EL MEXICANO #3, INC., 210 TENTH STREET**

Application was received from Efrain Patino for a new on-sale liquor license for his restaurant, El Mexicano #3, located at 210 Tenth Street in the former Thompson Hotel. The restaurant was currently licensed to sell wine and on-sale beer.

The motion was made by Council Member Nelson, seconded by Council Member Janssen and unanimously carried to approve the application for on-sale liquor license for El Mexicano #3, Efrain Patino, 210 Tenth Street, for the license period February 1, 2016 through June 30, 2016.

**BUDGET AMENDMENT/EXPENDITURE OF FUNDS APPROVED FOR CANINE PURCHASE**

Troy Appel, Public Safety Director, stated the Public Safety Department was seeking Council approval of a budget amendment/expenditure of funds for purchase of Canine Frank'ee from the Nobles County Sheriff's Office for \$10,000. The Canine has been in service with the Sheriff's Office and handled by PD1 Certified Canine Officer Dustin Roemeling since September 16, 2013. Officer Roemeling recently resigned from the Sheriff's Office and took a job with the City's Public Safety Department on January 4, 2016. Chief Appel noted that Officer Roemeling has previous experience with the WPD, and satisfied our field training requirements and was working on his own. The City currently operates with two Canine units, and the oldest, Thor, is scheduled to be retired in December of 2016. Our second canine, Mack, has approximately 7 years of service remaining. Officer Roemeling and Frank'ee would work alternate shifts of the other Canine Units. Funds for the purchase would come from a combination of Equipment Revolving Schedule and funds generated through previous donations and fundraisers.

The motion was made by Council Member Nelson, seconded by Council Member Harmon and unanimously carried to approve the budget amendment/expenditure of Canine funds for the purchase of Canine Frank'ee from Nobles County.

**CONTRACT AWARDED FOR GRAND AVENUE STREET AND SIDEWALK EXTENSIONS**

The following bids were received on January 20, 2016 for the Grand Avenue Street and Sidewalk Extension project:

Henning Construction	\$ 919,875.80
Duininck, Inc.	\$ 992,634.36

H & W Contracting                      \$1,278,859.80

Dwayne Haffield, Director of Engineering, noted two of the bids were below the Engineer's estimate, with the low bid approximately \$273,900, or 23% below the estimate. The walk bid package was approximately 17% below estimate.

The motion was made by Council Member Graber, seconded by Council Member Janssen and unanimously carried to award the bid for the Grand Avenue Street and Sidewalk Extension project to Henning Construction as the low qualified bidder in the amount of \$919,875.80.

Once completed, the project will extend Grand Avenue through to Darling Drive.

**CONTRACT AWARDED FOR REBID OF 2015 STATE AID STREET OVERLAYS PROJECT**

The following three bids were received January 20, 2016 for the 2015 SAP Overlays Rebid:

Southern Minnesota Construction	\$194,594.40
McLaughlin and Schulz, Inc.	\$203,964.50
Duininck, Inc.	\$209,867.00

Dwayne Haffield, Director of Engineering, said all three bids were over the Engineer's estimate of \$187,142, but below the single bid of \$228,094.80 that was received last year. Mr. Haffield said the bids were competitive and there would likely be no benefit in pursuing lower bids. Project costs are eligible for Municipal State Aid Street funding and adequate funds are available.

The motion was made by Council Member Sankey, seconded by Council Member Janssen and unanimously carried to award the bid for the 2015 State Aid Street Overlays project to Southern Minnesota Construction as the low qualified bidder in the amount of \$194,594.40.

**LEASE AMENDMENT BETWEEN BIOVERSE, INC. AND CITY OF WORTHINGTON APPROVED**

Bioverse Inc. is preparing to vacate the space they lease from the City of Worthington at the BioTechnology Center to move into the new facility they are constructing. The current lease requires Bioverse to remove all leasehold improvements that are not accepted by the City to remain upon their vacating of the premise. Brad Chapulis, Director of Community/Economic Development, said staff was recommending to keep most of the leasehold improvements, but is questioning the wall openings between the three bays. Staff was recommending a lease amendment that would require Bioverse to deposit an amount equal to a contractor's quote for the work to remove the opening, plus 10%, with the City for a period of one year from the date the company vacates the premise. Mr.

Chapulis said staff is anticipating a tenant in the vacated portion of the facility in the first 12 months.

The motion was made by Council Member Nelson, seconded by Council Member Harmon and unanimously carried to approve the Lease Amendment between Bioverse, Inc. and the City of Worthington.

**MEMORANDUM OF UNDERSTANDING BETWEEN CITY OF WORTHINGTON AND SMITH TRUCKING APPROVED**

Smith Trucking has expressed interest in acquiring approximately 30 acres from the City north of Interstate 90 and west of County Ditch #12. Staff presented a memorandum of understanding (MOU) that identifies the roles and responsibilities of Smith Trucking and the City of Worthington as it relates to the purchase/sale of the real estate. Brad Chapulis, Director of Community/Economic Development, said execution of the MOU will allow Smith Trucking the ability to complete its due diligence with the understanding the land will not be sold to any other party prior to the expiration/termination of the MOU. The MOU calls for a change in the layout concept Council had accepted at their August 24, 2015 meeting for development of the North TH 59 Commercial/Industrial Park and prioritized street and storm sewer extensions east of County Ditch 12 and extension of trunk sanitary sewer through that portion of the site having frontage along Interstate 90. Approval of the MOU would necessitate the need to add street, storm water and water main extensions west of County Ditch 12 as priority improvements. Mr. Chapulis said, at this time, only the use of special assessment based financing can be identified as a means to undertake the additional priority improvements. If Council were to approve the MOU, staff would also request authorization to obtain a proposal from Bolton and Menk to increase the scope of their existing contract to include those services needed to proceed with the street, storm water and water main extensions west of County Ditch 12 as assessable public improvements.

The motion was made by Council Member Graber and seconded by Council Member Nelson to approve the MOU between the City of Worthington and Smith Trucking, Inc.

Council Member Sankey said he was initially concerned with the term of the MOU to September 1, 2016 and tying up the property should someone else come forward on it, however, it also notes it is not a legally binding agreement. He was also concerned regarding the request for realignment of the street when there was no commitment from the developer.

Abraham Algadi, WREDC, and Mike Smith spoke to Council about the company's plans for the development of the property, adding they have nothing in stone yet. Mr. Smith said they needed 30 acres for on-site turn radiuses and because they wanted to lock in something long term. Abraham Algadi addressed the September 1, 2016 term of the MOU as presented, noting it would be impossible to meet that deadline at this late date, and said, because of the steps that need to be taken, they were requesting Council consideration to move the date to June 1, 2017. Steve Robinson, City

Administrator, said our plan was to install the sewer this summer, and then wait a year to install the remaining utilities and the road, so the property would not be available for development until 2017.

Council Member Graber amended her motion to include the extension of the term of the MOU to June 1, 2017. Council Member Nelson accepted and seconded the amendment - the motion was unanimously carried.

**RESOLUTION NO. 3645 ADOPTED AUTHORIZING AN INTERIM LOAN IN CONNECTION WITH NORTHLAND MALL PROJECT**

Brad Chapulis, Director of Community/Economic Development, said Yellow Company, LLC has entered into an agreement with 7 & 41, LLC and Townes and Calhoun, LLC to acquire all of the real estate at 1635 Oxford Street- the former Northland Mall. Yellow Company was requesting the City to agree to its assumption of the loan between the current owners and the City of Worthington, as well as a loan modification to the existing loan to include an additional \$400,000 to satisfy the purchase agreement. Acceptance would allow Yellow Company to use the next month to negotiate a final development agreement/contract with the City regarding the redevelopment of the Mall site. Mr. Chapulis said the terms of the additional \$400,000 would be at 2% for a five-year term maturing in 2020. The seller has not yet confirmed acceptance of the mortgage assignment. Should he not accept the assignment, a special meeting of the Council would need to be called to terminate the mortgage with 7 & 41 and a new mortgage brought forward between the City of Worthington and Yellow Company. The purchase agreement calls for closing of the purchase to occur by the end of the month, however, the company has been notified that if the reassignment is not accepted, there is a 72 hour notification period required for special meetings.

The motion was made by Council Member Janssen, seconded by Council Member Graber and unanimously carried to approve the mortgage reassignment to Yellow Company, LLC, and to adopt the following resolution authorizing an interim loan for the additional \$400,000 as requested:

RESOLUTION NO. 3645

RESOLUTION AUTHORIZING AN INTERIM LOAN IN CONNECTION WITH NORTHLAND MALL PROJECT

(Refer to Resolution File for complete copy of Resolution)

**COUNCIL COMMITTEE REPORTS**

Mayor Kuhle - Attended the LMC Conference for Experienced Officials and brought back some information for Council Member Graber for the Public Arts Commission. Also wanted to thank Council Member Sankey for representing the City at the Chili Cook Off.

Council Member Nelson - Thanked Council Member Graber for also helping with the Chili Cook Off. Attended the Legislative forum on the 16<sup>th</sup> - it was good. Last Friday attended a Prairie Justice Center Joint Operations Committee meeting - Steve and Tom are working hard on the re-write of the lease for the 13% of the space that the City leases. They looked at different possible garage options. HRA will meet tomorrow night.

Council Member Graber - Thanks to Rod for the chili cook off. Memorial Auditorium Board met - the recent shows were successful. They have a new Board member - Karen Fury. The Prairie Justice Center Community Service Group is doing the work in lower level of the Auditorium. The Committee tabled the discussion on seating, and they still have a continued enthusiasm for showing movies there. The Public Arts Commission is still waiting to hear on their legacy grant - should hear on the 27<sup>th</sup>. The Committee will present their proposed projects to City Council at the February 8<sup>th</sup> meeting. Membership on the Arts Commission is not stable.

Council Member Janssen - attended the NEON meeting on the 14<sup>th</sup> - three grants were awarded. They talked about fiber throughout the County- the hot spots are up. Also attended the Legislative Breakfast.

Council Member Harmon - Attended the Legislative Breakfast - also Water and Light Commission on the 19<sup>th</sup> - they talked about Lewis and Clark - \$18.7 million to get hooked up. The President has it in his budget for \$2.5 million, our Senators and Representatives worked very hard for an additional \$65 million with the Bureau of Reclamation and Land Management - we're hoping we have to go to the State of Minnesota for only \$6 million. Provided water usage figures from the 2015 Summary, adding that our residents are doing a good job conserving water - residential usage was down 16.7%. They've contracted with Bolton and Menk for the renewal of the wastewater permit. Attended the Prairie Justice Center meeting with Scott and Steve and looked at preliminary plans for the garage updating, and held discussion on the cost sharing.

Council Member Sankey - January 14<sup>th</sup> was the NEON meeting - they were informed of new campaign limits for reporting for anyone who might be considering running. The feasibility report that was to be ready in early January has been pulled back because of the very cold weather. All the hot spots are working except for Ellsworth, the elevator seems to be in the way of the signal there. Reminder of the Oxford Street overlay meeting Wednesday at 4:30 p.m. in the Farmers Room. Also noted the grants that were issued. The Chamber dinner is Friday night at the Event Center.

## **CITY ADMINISTRATOR'S REPORT**

Steve Robinson, City Administrator, reported that three pickups were purchased last week under the equipment replacement schedule - rather than going through the state contract we were able to negotiate with a local dealer and came out favorably with matching prices. It is hopeful that we'll have someone on board as Honorary Council Member in February - two others have also expressed interest. The Prairie Justice Center - we reviewed some schematic plans for the garage expansion and noted some cost saving measures and sent them back to the architect for implementation and we'll refine the cost estimates. That group will continue to move forward with that project.

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**ADJOURNMENT**

The motion was made by Council Member Janssen, seconded by Council Member Sankey and unanimously carried to adjourn the meeting at 8:08 p.m.

Janice Oberloh, MCMC  
City Clerk