

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, FEBRUARY 22, 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. Honorary Council Member: Jason Johnson.

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

Others present: Alex Chhith, Daily Globe; Justine Wettschreck, KWOA; Steve Johnson, Rolf Mahlberg, Dan Livdahl, Les Johnson, and Scott Rall, Okabena-Ocheda-Bella Clean Water Partnership Joint Powers Board.

The Pledge of Allegiance was recited.

**HONORARY COUNCIL MEMBER**

Mayor Kuhle welcomed Jason Gerdes as the Honorary Council Member for the months of February, March and April, 2016.

**PUBLIC HEARING AND RESOLUTION NO. 3648 ADOPTED REGARDING TRANSFER OF MINNESOTA INVESTMENT FUNDS TO SMALL CITIES PROGRAM**

Pursuant to published notice this was the time and date for a public hearing regarding transfer of Minnesota Investment Funds to Small Cities Program.

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

Brad Chapulis, Director of Community/Economic Development, provided background information for the hearing, noting that in May 2015, Council approved a resolution of support for the Grand Terrace Apartments, which included a commitment of financial support towards the project through pledges of Tax Increment Financing (TIF) and a \$300,000 deferred loan. After much internal discussion and consultation with DEED personnel, Staff was proposing the transfer of \$300,000 from the City's Federal Minnesota Investment Fund account to its Small Cities Development Program account, which would then be loaned to Southwest Minnesota Housing Partnership for the Grand Terrace project. Current cash on hand of the City's Economic Development Loan Fund Portfolio is \$1,272,071. Of that amount, \$626,669 is restricted as it originated from Federally funded MIF grants. Mr. Chapulis said any of the restricted money that is granted or loaned out must meet Federal requirements, such as Davis-Bacon, LMI job creation, etc. Staff was proposing the \$300,000 loan to be from the restricted funds. The transfer of federal funds would still require DEED's consent.

Mayor Kuhle asked if there was anyone in attendance at the hearing who wished to present testimony. None was received.

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

The motion was made by Council Member Graber, seconded by Council Member Nelson and unanimously carried to approve the recommendation and adopt the following resolution supporting the project:

RESOLUTION NO. 3648

A RESOLUTION OF THE CITY OF WORTHINGTON IN SUPPORT OF A SMALL CITIES DEVELOPMENT PROGRAM PROJECT

(Refer to Resolution File for complete copy of Resolution.)

**AGENDA CLOSED/APPROVED WITH ADDITION**

Staff was requesting the addition of Administrative Item E.4 *Resolution and Application to Conduct Off-Site Gambling - Worthington Hockey Association* to the consent agenda.

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

**CONSENT AGENDA APPROVED**

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

- City Council Minutes of Regular Meeting February 8, 2016
- Minutes of Boards and Commissions - Worthington Economic Development Authority Minutes of February 8, 2016; Planning Commission Minutes of February 8, 2016; Park and Recreation Advisory Board Minutes of February 1, 2016; NEON Committee Minutes of January 14, 2016; Center for Active Living Committee Minutes of January 11, 2016; Heron Lake Watershed District Board Minutes of December 15, 2015; Okabena/Ocheda Bella Clean Water Partnership Joint Powers Board Minutes of December 9, 2015
- Bills Payable and totaling \$987,129.28 be ordered paid
- Resolution and Application to Conduct Off-Site Gambling - Worthington Hockey Association, to conduct a raffle at the Worthington Hockey Arena on March 10, 2016

**INTERFUND LOAN - MEMORIAL AUDITORIUM THEATRICAL MOVIE PROJECTION SYSTEM APPROVED**

Steve Robinson, City Administrator, noted that with the recent closing of the Northland Cinema, staff has been working on the feasibility of showing movies at the Memorial Auditorium until a new theater is available. The Memorial Auditorium Advisory Board recommended acquisition of a projection system, surround sound package and motorized projection screen. The budget for the new equipment is as follows:

Projector:	\$19,000	(replacing an existing 8-year old projector which has a replacement cost of approximately \$8,000)
Surround Sound:	\$16,000	
Motorized Screen:	<u>\$ 7,300</u>	
Total	<u>\$42,300</u>	

Mr. Robinson said the current projector was scheduled to be replaced in the near future, and the auditorium has a need for a motorized screen. Projected attendance would be 60 adults and 75 students per show, at ticket fees of \$6 for adults and \$4 for students (\$1,350/week). Projected weekly expenses for two showings would be \$942, resulting in a net income of \$378/week.

The Advisory Board was requesting an amendment of \$42,300 to the 2016 Memorial Auditorium budget for the purchase of the equipment. Staff was recommending funding the purchase with a 5-year, one percent interfund loan from the General Fund (Unreserved Fund Balance).

The motion was made by Council Member Graber, seconded by Council Member Nelson and unanimously carried to approve the interfund loan in the amount of \$42,300, for 5-years at 1% for the purchase and installation of the equipment.

**AMENDMENT TO AGREEMENT FOR PROFESSIONAL SERVICES TO PREPARE APPLICATION FOR CONDITIONAL LETTER OF MAP REVISION APPROVED**

Dwayne Haffield, Director of Engineering, stated that since Council had approved the Flood Mitigation Study presented to them in October of 2013, we've been in a very active process regarding flood mitigation. Council took steps in February 2014 to approve an agreement with Bolton and Menk for professional services to request a Conditional Letter of Map Revision. Council approved the application for FEMA funding in May of 2015. Mr. Haffield said the plan had a wrinkle that didn't flush out until the CLOMR was received and under review, resulting in revisions and additions to the CLOMR submittal. The regulatory floodway boundary upstream from Oslo Street would need to be expanded to include 34 properties currently not impacted by the floodway boundary. The action would reduce the risk of flood, but we would now have a bigger area that can't be encroached. Rather than having the properties included in the floodway due only to modeled

changes, Bolton and Menk found that by altering and expanding the initial project the current floodway boundary should be able to remain essentially the same. The change would be to increase the Oxford Street culvert to 14' x 10' rather than 12' x 10' as originally proposed. The project would be expanded to install the Oslo Street crossing segment of the 10' x 10' box culvert from Oslo Street through McMillan Street, which was otherwise to be completed subsequent to the initial project. Only the Oslo street segment is proposed at this time to minimize costs.

Council considered a proposal from Bolton and Menk to amend the current agreement for preparation of the request for a CLOMR. The amendment will provide for the services to amend the CLOMR request to reflect the expanded initial flood mitigation project. The proposed fees of \$16,900 reflect a scope of work equivalent to that of resubmitting the CLOMR. They do not reflect the additional services provided to address previous adjustments to the CLOMR which the consultant is not requesting. Staff was requesting that Council accept the proposal for the amendment to the existing agreement with Bolton and Menk at the proposed fees of \$16,900 and to authorize the Mayor to execute the contract. Funds would come from the 606 unreserved undesignated retained earnings.

The motion was made by Council Member Nelson, seconded by Council Member Graber and unanimously carried to approve the amendment to the agreement with Bolton and Menk for professional services to prepare the application for the CLOMR revision, at fees of \$16,900, and to authorize the Mayor to execute the agreement.

### **CLEAN WATER PARTNERSHIP REQUEST FOR FUNDING APPROVED**

Dwayne Haffield, Director of Engineering, provided a brief background on the Clean Water Partnership (CWP) Joint Powers Board, a partnership between the Okabena-Ocheda Watershed Board and the City of Worthington, and what their roles and objectives are. The formal purpose of the Joint Powers was to operate, administer, promote and manage water quality projects within the territory of the Okabena-Ocheda Watershed District. The City has been setting aside funds for partnership projects for years, and Mr. Haffield said as of the end of 2015 there was approximately half a million in the fund.

In April of 2015, Council approved funding for the Clean Water Partnership for completion of the Prairie View Golf Course Stormwater Best Management Practices (BMP) feasibility study. The study, completed by Wenk Engineering, was to provide an authoritative look at the potential for the site to be utilized for water quality projects. The study identified the single most efficient BMP as a "Combined Pond" under the partial decommission scenario, providing for removal of 46% of Total Suspended Solids (TSS) and 28% of the Total Phosphorus (TP) entering the site when used in combination with the other BMP's in the partial decommission scenario.

The CWP met in December of 2015 and reviewed the report, and determined the combined pond

would provide the best water quality improvement, and that state Legacy Clean Water Grant funding should be pursued if the project was supported by the City. The CWP requested that a proposal be obtained from Wenk Engineering to develop plans for the project, pursue necessary permits and prepare an application for the grant funding. The CWP reviewed the draft proposal from Wenk at its February 11, 2016 meeting, and was recommending Council approval of the Combined Pond BMP project, and requesting authorization for the use of Clean Water Partnership reserves to fund Wenk's professional services. Staff was recommending Council authorization for transfer of up to \$60,000 to the CWP for the Wenck services and additional permitting and soil investigations/testing costs not included in the Wenk proposal.

Discussion was held on the best approach to the lake quality problem - looking at the watersheds or working directly on the lake itself. Rolf Mahlberg spoke on behalf of the CWP, and noted the 30% improvement to the lake quality resulting from the project was a big number.

The motion was made by Council Member Graber, seconded by Council Member Nelson and unanimously carried to authorize up to \$60,000 to be transferred from reserves to the CWP for the Wenk services and additional costs as outlined by staff.

**RESOLUTION 3649 ADOPTED REGARDING PROPOSED SANITARY SEWER EXTENSION**

Dwayne Haffield, Director of Engineering, said the City received a petition requesting the extension of sanitary sewer in Knollwood Drive from Woodland Court to 1<sup>st</sup> Avenue SW and in 1<sup>st</sup> Avenue SW to 231 feet east of Knollwood Drive as an assessable improvement. The request is to support a proposed housing development on the property south of 1<sup>st</sup> Avenue SW and east of Knollwod Drive which is currently outside of City limits. Because the petition did not represent 35% of the frontage abutting the improvement as petitioned for, it was not adequate as defined by the state statute pertaining to special assessment for public improvements, and would require a 4/5's vote of the Council at the hearing to move it forward. Mr. Haffield said City Code indicates that petitions are to be received by Council until the last day of October of each year for improvements to be undertaken the following year, however, the petitioner is requesting that the improvement be completed this year. Council has considered accelerated projects to accommodate priority development. Construction should be completed during the school summer break due to its proximity to Prairie Elementary School and the impact to the transportation there.

To accommodate the schedule, staff has requested a proposal from Midwest Engineering for the project development including preparation of the necessary feasibility report. Costs for the engineering services would be financed from Construction Fund reserves, and ultimately included in the total project cost for financing. Should the project not advance, Mr. Haffield said the City would absorb those fees.

The motion was made by Council Member Sankey, seconded by Council Member Janssen and unanimously carried to adopt the following resolution:

RESOLUTION 3649

ORDERING PREPARATION OF FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution File for complete copy of Resolution)

**BIOTECHNOLOGY ADVANCEMENT CENTER (BAC) LEASE WITH PRAIRIE HOLDINGS GROUP APPROVED**

Staff presented a proposed lease between Prairie Holdings Group (PHG) and the City of Worthington for the three incubator bays in the Biotechnology Advancement Center for a period of three years. Brad Chapulis, Director of Community/Economic Development, said that while PHG is not a new start up business as far as incubator purposes, the company is looking to improve the logistics for one of its newer products by relocating its current operations from eastern Iowa and planning a long term capital investment for this segment of its business, and would therefore qualify for the facility use.

The proposed lease rate is \$1,710 per month for year 1 (\$20,520 annually); \$2,610 per month (\$31,320 annually) for year 2; and \$3,510 per month (\$42,120 annually) for year 3. PHG will also pay a pro-rate share of natural gas and sewer/water, and be solely responsible for electric service in the lease space.

The motion was made by Council Member Nelson, seconded by Council Member Sankey and unanimously carried to approve the Biotechnology Advancement Center Lease with Prairie Holdings Group as stated.

**RESOLUTION NO. 3650 ADOPTED AUTHORIZING ISSUANCE OF SENIOR HOUSING REVENUE BONDS - MEADOWS OF WORTHINGTON, LLC (ECUMEN)**

Meadows of Worthington, LLC, operating under the corporate umbrella of Ecumen, a Minnesota based non-profit organization, had requested the City of Worthington to issue tax-exempt revenue Bonds not to exceed \$5,900,000 on its behalf to refinance the revenue bonds originally issued in 2009 and refinanced in 2014. Proceeds from the original bond were used to construct a 42-unit addition to its senior housing facility (The Meadows) located at 1801 Collegeway.

Brad Chapulis, Director of Community/Economic Development, said the City is authorized to issue the bonds pursuant to State Statute Chapter 462C, relating to multi-family housing. The bonds would not be general or moral obligations of the City, and the City's credit, assets, and taxing powers

would not be pledged to make payments due on the bonds. In return for the use of the City's bonding authority, Ecumen will pay a fee to the City of \$7,375, and all legal expenses incurred with the project.

The motion was made by Council Member Graber, seconded by Council Member Janssen and unanimously carried to adopt the following resolution approving the issuance and sale of a Housing Revenue Refunding Note:

RESOLUTION NO. 3650

RESOLUTION APPROVING THE ISSUANCE AND SALE OF A HOUSING REVENUE REFUNDING NOTE (MEADOWS OF WORTHINGTON PROJECT), SERIES 2016 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO

(Refer to Resolution File for complete copy of Resolution)

### **COUNCIL COMMITTEE REPORTS**

Mayor Kuhle - Attended the Southwest Regional Development Commission meeting last week - they held a considerable discussion on solar energy - communities should be looking at having an ordinance in place, perhaps a Planning Commission discussion with the appropriate departments involved.

Council Member Nelson - Attended the Clean Water Partnership Board meeting, and an HRA meeting is scheduled for tomorrow.

Council Member Graber - Planning Commission discussed the sign issue regarding Great Life. The Memorial Auditorium Advisory Board discussed the equipment purchase that Council just acted on. Public Arts Commission - is in the 30-day comment period regarding the Crailsheim bridge sculpture. They met with former Mayor Demuth regarding the depth of history of that relationship. Also attended the WREDC Annual Meeting, Darlene Vortherms was the speaker and did an excellent job. Crailsheim exchange student interviews will be held this week, and there is a Buffalo Ridge Transportation meeting tomorrow.

Council Member Janssen - Attended the Clean Water Partnership Board meeting. Also attended the NEON meeting - most of the discussion was regarding the lack of good gravel in the county.

Council Member Harmon - Water and Light Commission met last Tuesday and listened to a solar presentation. The wells have been maintaining or increasing their levels. The American Public Power Association's meetings are scheduled in Washington March 10<sup>th</sup> and 11<sup>th</sup> - Commissioners Elsing and Thompson will represent Worthington. The Center for Active Living Committee met - membership was their main topic - there are 160 to 170 members now. Also attended the WREDC Annual Meeting, which was good.

Council Member Sankey - Nothing to report.

**CITY ADMINISTRATOR'S REPORT**

Steve Robinson, City Administrator, reminded Council of the 7<sup>th</sup> Grade Social Studies class on Friday for their attendance. He had a discussion with Kevin Black on decommissioning of the golf course - the shared equipment has to be dealt with, in addition to the other equipment that could be sold. Kevin will be attending a meeting where he can get information on the market for the equipment. Mr. Robinson also reported that on March 4<sup>th</sup> he and Brad Chapulis will be meeting with the Housing Partnership for the Art Place grant they received.

**ADJOURNMENT**

The motion was made by Council Member Janssen, seconded by Council Member Sankey and unanimously carried to adjourn the meeting at 8:42 p.m.

Janice Oberloh, MCMC  
City Clerk