

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, FEBRUARY 24, 2014**

The meeting was called to order at 7:00 p.m. in City Hall Council Chambers by Mayor Alan E. Oberloh with the following Council Members present: Mike Kuhle, Diane Graber, Rod Sankey, Ron Wood, Scott Nelson. Council Members absent: Honorary Council Member Andy Johnson (excused).

Staff present: Craig Clark, City Administrator; Dwayne Haffield, Director of Engineering; Janice Oberloh, City Clerk.

Others present: Aaron Hagen, Daily Globe; Abraham Algadi, WREDC; Cheryl Avenel-Navara; Paula Bloemendaal; Don Linssen; Tom Johnson; Pastor John Stewart; Wayne Freese; Donna Tims; Mike Woll.

The Pledge of Allegiance was recited.

**PUBLIC HEARING AND SALE OF LOTS 1 THROUGH 8, BLOCK 3, WORTHINGTON
BIO SCIENCE INDUSTRIAL PARK**

Pursuant to published notice, this was the time and date set for a public hearing on the sale of lots 1 through 8, Block 3, Worthington Bio Science Industrial Park to the Prairie Holdings Group (PHG). Wayne Freese and Donna Tims were present at the meeting representing PHG.

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

Craig Clark, City Administrator, presented the hearing. PHG wants to purchase Lots 1-8, Block 3 in the Bio Science Industrial Park from the City to create a primary campus for its operations. PHG is intending to complete a 21,000 square foot office building and a 12,650 square foot manufacturing/distribution center in Phase 1, and a time line has not been established for future phases. Established asking price for the 13.88 acres of land is \$360,000.

Per the City's Land Acquisition policy, the actual sale price of industrial property may be reduced by the present value of the property taxes generated by a new facility, over a twenty year period at a 6.5% rate of return. The present value is then structured as a forgivable loan to protect the City's financial interest in the property and terms of the agreement. Should present value exceed sale price, the sale may be entirely structured as a forgivable loan. At the sale price of \$360,000, PHG must construct improvements that will have an estimated market value for tax purposes of at least \$2,500,000 in order to be eligible to acquire the entire property as a forgivable loan. The estimated cost of the proposed project exceeds \$4 million. The improvements would have to be commenced within 12 months and completed within 24 months of the date of the agreement. The forgivable loan is intended to forgive each and every payment due over the term of the loan so long as the buyer abides by the terms of the loan agreement, contract of deed, and the development contract. A default in any term of the documents would result in the discontinuance of the forgiveness of the monthly

payment obligation. The loan is structured to have a loan term of 20 years and an interest rate of 5%, and the amount of the loan is the amount of the sale price minus one dollar. The buyer is responsible for the payment of the \$1 plus the costs of updating the abstract, City Attorney's time, remaining assessments, and all other closing costs of the sale.

The proposed sale is considered a business subsidy under Minnesota Statute 116J.993 & 116J.994. The transaction must meet a public purpose other than tax base. Under the City's Business Subsidy Policy, another public purpose is to create full-time equivalent job opportunities within the community. PHG will be creating 18 full time equivalent positions beyond the 45 they already employ. The proposed transaction includes:

1. The City sells Lots 1-8 , Block 3, Worthington Bio Science Industrial Park to PHG at the established price of \$360,000;
2. The City structure the sale as a forgivable loan with a loan term of 20 years and an interest rate of 5%;
3. PHG agrees to construct building improvements that will have an estimated market value for tax purposes of at least \$2,500,000 and that the said addition(s) is commenced within 12 months and completed within 24 months;
4. PHG agrees to create a minimum of 18 FTE jobs within two years as well as maintain its existing 45 FTE & 4 part-time jobs during the same period; and
5. PHG is not relieved of the actual sale price until such time the project is completed.

Council Member Wood requested that the diagram of the proposed facility and future expansion be adjusted out of lot 9, and requested a future discussion regarding the property taxes - to set up an Economic Development fund for that amount to be used for improvements on the other side.

Wayne Freese and Donna Tims from Prairie Holdings Group were at the meeting to answer questions about the project. Mr. Freese noted they could make the requested adjustment regarding Lot 9. Ms. Tims provided an overview of the new 18 full time positions that will be created.

Mayor Oberloh asked if there was anyone present to provide testimony - none was received.

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

The motion was made by Council Member Wood, seconded by Council Member Kuhle and unanimously carried to approve the sale of Lots 1 through 8, Block 3, Worthington Bio Science Industrial Park to Prairie Holdings Group, as proposed.

RESOLUTION NO. 3538 ADOPTED REGARDING SUPPORT OF JOB CREATION FUND APPLICATION IN CONNECTION WITH PRAIRIE HOLDINGS GROUP, LLC

In conjunction with the proposed development by Prairie Holdings Group, the company is seeking funds from the Minnesota Department of Employment and Economic Development (DEED) through its Job Creation Fund to assist with the cost of development. In order for Prairie Holdings Group to be formally considered by DEED for JCF funding, the City needs to approve a resolution of support that would be included in their application. If awarded, the City would be obligated to assist Prairie Holdings Group with its annual reporting to DEED.

The motion was made by Council Member Kuhle, seconded by Council Member Graber and unanimously carried to adopt the following resolution of support for Prairie Holdings Group:

RESOLUTION NO. 3538

RESOLUTION REGARDING THE SUPPORT OF A JOB CREATION FUND APPLICATION IN CONNECTION WITH PRAIRIE HOLDINGS GROUP, LLC

(Refer to Resolution File for complete copy of Resolution)

AGENDA APPROVED/CLOSED WITH CHANGE

Staff requested an addition to the agenda of Item F7. *Resolution Authorizing the Mayor and Clerk to Execute an Agreement for Dispensing Liquor at Memorial Auditorium.*

The motion was made by Council Member Wood, seconded by Council Member Nelson and unanimously carried to approve/close the agenda with the addition of item F7.

CONSENT AGENDA APPROVED

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

- City Council Minutes of regular meeting February 10, 2014 and special meeting February 21, 2014
- Minutes of Boards and Commissions - Water and Light Commission Minutes of February 18, 2014; CAL Committee Minutes of January 13, 2014; Worthington Public Arts Commission Minutes of December 19, 2013; Heron Lake Watershed Board of Directors Minutes of December 17, 2013
- Radio Dispatch Supervisor Position Guidelines
- Request from the YMCA to close the following streets for their 2nd Annual Color Dash:
 - Second Avenue from 9th to 10th Streets - from 7:30 a.m. - 11:30 a.m.
 - South Shore Drive from First Avenue SW to Pleasant Avenue - from 10:15 - 10:45 a.m.

- Application for Exemption from Lawful Gambling Permit for the Southwest Crisis Center to conduct raffles on April 5, 2014 at BenLee's Restaurant, 212 Tenth Street, Sarah Wahl, CEO
- Application for off-site gambling permit for the Worthington Hockey Association to conduct raffles at the Worthington Hockey Arena, 1600 Stower Drive, on March 13, 2014, Kevin Black, CEO
- Advertising expenditure of \$1,000 for the Worthington Okabena Windsurfers for the 2014 Nationals Windsurfing Event
- Bills payable and totaling \$373,104.01 be ordered paid

PRESENTATION / UPDATE OF RESTORATION OF JAPANESE CANNON IN CHAUTAUQUA PARK

The Cannon Restoration Committee, a spin-off of the Veterans Park Committee, has obtained an estimate of \$12,000 for a complete restoration and \$6,000 for a partial restoration of the type 94 - 37 mm Japanese cannon in Chautauqua Park . Pastor John Stewart provided information to Council regarding the planned restoration Funding for the project would be through private donations - the Committee raised approximately \$800 at a fund raiser this past week. Pastor Stewart said they were looking for Council's blessing for the project and would provide updates on its progress.

Council Member Kuhle noted the cannon should be presented, perhaps by a marker to note its significance and so people will know what it is.

REQUEST FROM NOBLES COUNTY RELATING TO MODIFICATIONS TO THE COUNTY TOBACCO ORDINANCE

Tom Johnson, Nobles County Administrator, presented the County's modified tobacco ordinance to Council for discussion and comment. Council expressed concern regarding provisions that would seemingly single out Worthington based on size and location restrictions, and that would prevent pharmacies that are currently licensed to sell tobacco products from obtaining licenses in the future based on the premise that their business is health care. The proposed ordinance is scheduled to go before the Nobles County Commission at their March 18, 2014 meeting. Mr. Johnson thanked Council for their comments.

REQUEST FROM LOCAL STATE-WIDE HEALTH IMPROVEMENT PROGRAM (SHIP) COMMITTEE FOR FUNDING APPROVED

The local State-wide Health Improvement Program (SHIP) Committee received state grant funds to complete a neighborhood assessment of the area north of Oxford Street between Humiston Avenue and McMillan Street. Aaron Hagen and Mike Woll were at the meeting representing the local SHIP Committee, noting their concern for pedestrian safety in that area. The Committee was

requesting funding in the amount of \$1,000 from the City to put towards the project and show a partnership effort. Total project cost is \$10,000 of which \$4,675 is from a SHIP grant and a request for \$4,325 has been submitted to the Worthington Health Care Foundation (WHCF). Mr. Hagen noted they could not pay for “brick and mortar” but they would pay for a study the City could use. Mayor Oberloh asked if it was possible that they could get over to Stower also.

The motion was made by Council Member Wood, seconded by Council Member Sankey and unanimously carried to approve the request from the local SHIP Committee for \$1,000 for their project.

CITY OF WORTHINGTON DATA PRACTICES POLICY APPROVED AND RESOLUTION APPOINTING RESPONSIBLE AUTHORITY AND DESIGNEES ADOPTED

Staff presented a Data Practices Policy developed with the assistance of the City Attorney, and to the recommendation of the League of Minnesota Cities Insurance Trust. MS. §13.02, Subd. 16, as amended, requires the City to appoint a person as the Responsible Authority to meet the requirements of the Minnesota Government Data Practices Act (MGDPA). Staff was requesting that City Administrator Craig Clark be appointed as the responsible Authority, and that Janice Oberloh, City Clerk, and Michael J. Cumiskey, Director of Public Safety, be appointed as designees to assist - the Clerk to assist with general data requests in reference to chapter 13, and the Public Safety Director to assist with law enforcement data requests in reference to section 13.82 of the MGDPA.

The motion was made by Council Member Graber, seconded by Council Member Kuhle and unanimously carried to approve the City of Worthington Data Practices Policy and to adopt the following resolution appointing the City Clerk and Public Safety Director as designees:

RESOLUTION

APPOINTING A RESPONSIBLE AUTHORITY AND DESIGNEES
AND ASSIGNING DUTIES

WHEREAS, Minnesota Statutes, section 13.02, subdivision 16, as amended, requires that the City of Worthington appoint a Responsible Authority to administer the requirements for collection, storage, use and dissemination of data on individuals within the City and,

WHEREAS, the Worthington City Council shares concern expressed by the Legislature on the responsible use of all City data and wishes to satisfy this concern by immediately appointing an administratively qualified Responsible Authority as required under the statute, and

WHEREAS, the Worthington City Council agrees that the Responsible Authority requires

the appointment of designees to assist him in complying with the Minnesota Governmental Data Practices Act (MGDPA).

BE IT RESOLVED, the City Council of Worthington appoints Craig Clark, City Administrator as the Responsible Authority and Janice Oberloh, City Clerk, and Michael Cumiskey, Public Safety Director as the Responsible Authority's designees for the purposes of meeting all requirements of Minnesota Statutes, chapter 13 as amended, and with rules as lawfully promulgated by the commissioner of Administration.

FURTHER, BE IT RESOLVED, the Responsible Authority and his designees shall require the requesting party pay the actual cost of making, certifying, and compiling copies and of preparing summary data, as allowed by Minnesota Statutes, chapter 13 and by Minnesota Rules, chapter 1205, as amended.

SECOND READING PROPOSED ORDINANCE AMENDING TITLE XV OF THE CITY CODE OF WORTHINGTON, NOBLES COUNTY, MINNESOTA, TO REZONE PROPERTY FROM "M-3" (LIGHT MANUFACTURING) TO "B-3" (GENERAL BUSINESS) AND "M-2" (GENERAL MANUFACTURING)

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance that would rezone the following area bounded by Oxford Street, Rowe Avenue, Stower Drive, and McMillan Street, and legally described as follows:

The following legally described area, presently included in the "M-1" district, shall henceforth be included in the "B-3" district:

Block 1, Prins Addition; Outlot 2 of the Auditor's Plat of Outlots 1-12, Section 14 T102N R40W; the southerly 334.35 feet of Outlot 1 of the Auditor's Plat of Outlots 1-12, Section 14, T102N, R40W; the southerly 230 feet of the former railroad right-of-way lying north of Oxford Street in the South 1/2 of the Southwest 1/4 Section 14, T102N, R40W; and the southerly 263.3 feet of that part of the South 1/2 of the Southwest 1/4 of Section 14, T102N, R40W lying west of the former railroad right-of-way and east of North Frederick Avenue except that part currently zoned B3; all in Nobles County, Minnesota.

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

That part of the Southwest 1/4 Section 14, T102N, R40W, Nobles County, Minnesota lying south of Stower Drive, north of Oxford Street, east of Rowe Avenue and west of McMillan Street except those parts currently zoned B3 and except that part proposed to be rezoned to B3 as described above

The motion was made by Council Member Nelson, seconded by Council Member Wood and unanimously carried to give a second reading to the proposed ordinance as requested.

2014 BOARD OF REVIEW/EQUALIZATION SET

Notification was received from the Nobles County Assessor's Office that the 2014 Board of Review/Equalization has been set for 9:00 a.m. on Monday, April 28, 2014 in the Nobles County Commissioners Board Room. Staff requested that Council members add this date to their calendars, noting that the Worthington City Charter requires at least three qualified members of the City Council to constitute the Board of Equalization. Currently, all members of City Council are certified.

RESOLUTION NO. 3539 ADOPTED AUTHORIZING THE MAYOR AND CLERK TO EXECUTE AN AGREEMENT FOR DISPENSING LIQUOR AT MEMORIAL AUDITORIUM

At their October 28, 2012 meeting, Council adopted Resolution No. 3502 authorizing the City to enter into an agreement with Hickory Lodge Bar & Grill, LLC to dispense liquor at the Memorial Auditorium. That agreement terminated December 31, 2012. Auditorium staff was now requesting that Council grant the ability to have liquor at the auditorium for an upcoming event, and presented a more generic resolution that would allow the City to enter into an agreement with a holder of an intoxicating liquor license issued by the City, or by an adjacent municipality, to provide intoxicating liquor service for upcoming events at the Auditorium for a period of one year, and which may be renewed.

As Hickory Lodge has expressed interest in entering into another agreement for dispensing liquor at the Auditorium, staff also presented a proposed agreement that would allow Hickory Lodge to dispense alcohol at the Auditorium for one year.

The motion was made by Council Member Graber, seconded by Council Member Kuhle and unanimously carried to adopt the following resolution authorizing the Mayor and Clerk to execute agreements with Liquor License holders to dispense liquor at Memorial Auditorium, and to approve the agreement between the City of Worthington and Hickory Lodge Bar & Grill, LLC to dispense liquor at the Memorial Auditorium for a period of one year:

RESOLUTION NO. 3539

A RESOLUTION AUTHORIZING THE MAYOR AND CLERK TO EXECUTE AGREEMENTS WITH LIQUOR LICENSE HOLDERS TO DISPENSE LIQUOR AT MEMORIAL AUDITORIUM

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 3540 ADOPTED RECEIVING REPORT AND CALLING FOR HEARING ON PROPOSED IMPROVEMENT

At their June 24, 2013 meeting, Council adopted Resolution No. 3521 authorizing a feasibility report to be prepared with reference to the improvement of Okabena Street between the west line of Kragness Avenue and the west line of Boote's Addition, by extension of the municipal water distribution system.

Staff was recommending Council receive the report by passing a resolution receiving the report and calling for a hearing on the improvement to be set at 7:00 p.m. at the regular City Council meeting on March 24, 2014.

The motion was made by Council Member Wood, seconded by Council Member Nelson and unanimously carried to adopt the following resolution receiving the report and calling for a hearing:

RESOLUTION NO. 3540

RECEIVING REPORT AND CALLING FOR HEARING ON PROPOSED IMPROVEMENT

(Refer to Resolution File for complete copy of Resolution)

PROPOSAL FROM BOLTON AND MENK FOR PREPARATION OF CONDITIONAL LETTER OF MAP REVISION (CLOMR) APPROVED WITH BUDGET AMENDMENT TO STORM WATER UTILITY FUND

At their February 10, 2014 meeting, Council delayed action on a request to accept a proposal from Bolton and Menk for preparation of a Conditional Letter of Map Revision (CLOMR) to allow Council additional time to review the Flood Mitigation Study. Staff agreed to bring the proposal back to Council at their next meeting.

The motion was made by Council Member Kuhle, seconded by Council Member Nelson and unanimously carried to accept the proposal from Bolton and Menk to prepare the Conditional letter of Map Revision, subject to the City Attorney's approval of the contract, and to approve a budget amendment to the Storm Water Utility Fund budget to utilize \$25,000 of the \$250,000 budget for land acquisition for CD 12 improvements for consulting fees and other costs associated with obtaining the CLOMR.

The additional costs include fees to be paid to FEMA which is currently expected to be \$4,400 to \$6,050.

COUNCIL COMMITTEE REPORTS

Mayor Oberloh - Attended a meeting in St. James all day for TAP projects - they're spending \$1.8 million for 3 projects - Luverne, St. James and Mankato. The project Worthington submitted was ranked the lowest.

Council Member Kuhle - Nothing to report.

Council Member Graber - Attended a Heron Lake Watershed meeting - lengthy discussion on access to time sheets and approved a grant for manure storage in Murray County. The CAL Committee met February 17th - looking for a new logo. Reviewed their budget and new handbook - had a nutrition meeting and reviewed kitchen costs - the Committee was in favor of supporting negotiating for reduced rent. Memorial Auditorium Advisory Board will meet March 11th.

Council Member Sankey - On Tuesday he attended a meeting regarding Nobles County's proposed collaborative board.

Council Member Wood - Nothing to report.

Council Member Nelson - Attended the same meeting as Council Member Sankey in Brewster - lots of discussion and enthusiasm. Will be attending the LMC meeting in the Cities on Thursday. Will be attending a strategic planning session for the HRA for half a day next Saturday.

CITY ADMINISTRATOR REPORT

Craig Clark, City Administrator, reported that the upcoming meeting with Representative Hamilton was cancelled but will be seeing him in St. Paul on March 5th. They are working on Lewis and Clark - discussion on bills that were introduced and how they compared to the Governor's bill. The housing proposal will come forward from WREDC at the March 10th Council meeting. The collaborative effort that Council Member Sankey spoke about was positive - they mentioned the fire meeting in Fulda - he will work on setting up a follow-up meeting.

ADJOURNMENT

The motion was made by Council Member Wood, seconded by Council Member Sankey and unanimously carried to adjourn the meeting at 8:15 p.m.

Janice Oberloh, MCMC
City Clerk