

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, MARCH 9, 2015**

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: Steve Forrest.

Staff present: Brad Chapulis, Director of Community/Econ. Development/Interim Administrator; Steve Robinson, Public Works Director; Janice Oberloh, City Clerk; Dan Wycoff, Liquor Store Manager.

Others present: Alan Drost; Justine Wettschreck, KWOA; Erin Trester, Daily Globe;

The Pledge of Allegiance was recited.

**PUBLIC HEARING - SALE OF LOTS 13, 14, 15, & 16, BLOCK 3, WORTHINGTON BIO SCIENCE INDUSTRIAL PARK ADDITION**

Pursuant to published notice, this was the time and date set for a public hearing regarding the sale of Lots 13, 14, 15, & 16, Block 3, Worthington Bio Science Industrial Park Addition.

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/Interim Administrator, provided background on the proposed sale, stating that Bioverse, Inc. has offered to purchase Lots 13, 14, 15, & 16, Block 3, Worthington Bio Science Industrial Park Addition, from the City through its established land acquisition policy. Bioverse intends to construct a 15,732 square foot office/manufacturing facility to permanently house the company's operations. The established asking price for the 5,497 acres of land is \$150,872.40, or \$0.63 per square foot. Mr. Chapulis said the City's land acquisition policy allows for the actual sale price of real estate to be reduced by the present value of the property taxes generated by a new facility, over a twenty period at a 6.5% rate of return. The present value is then structured as a forgivable loan to comply with State Statute as well as protect the City's financial interest in the property. A default in any of the terms of the documents would result in the discontinuance of the forgiveness of the monthly payment obligations. The buyer is responsible for the payment due at closing plus the costs of subdividing the property, updating the abstract, City Attorney's time, remaining assessments, and all other closing costs affiliated with the sale.

The company has requested to buy the property for \$0.50 per square foot through the land acquisition policy. The City and the company had initially executed an option agreement for 3 of the 4 lots, at the same time the BAC lease was executed, at an agreed on price of \$35,000 per acre, or \$0.80 per square foot. The agreement was established before the City had an appraisal completed and established the current asking price of \$0.63 per square foot. Mr. Chapulis said it is staff's opinion that the company is already getting a discount through the land acquisition policy and encouraged

Council to remain at the asking price of \$0.63 per square foot. Reducing the price would also reduce the value of the remainder of the land the City is marketing within the Park. After holding public hearing as required by State Statute, Council may approve the sale as presented or amend it as they deem necessary provided it is within the context of the City's policies. Staff was requesting Council approval of the sale contingent on the following conditions:

1. The City sell Lots 13, 14, 15, & 16, Block 3, Worthington Bio Science Industrial Park addition to Bioverse at the established price of \$150,872.40;
2. The City structure the sale in accordance with the City's land acquisition policy. Any loan portion shall be structured as a forgivable loan with a loan term of 20 years and an interest rate of 5%;
3. Bioverse agrees to construct building improvements that will have an estimated market value for tax purposes of at least \$1,138,600 and that the improvements are commenced within 12 months and completed within 24 months;
4. Bioverse agrees to create a minimum of 8 full time jobs within two years as well as maintain its existing 9 full time jobs during the same period; and
5. Bioverse is not relieved of the actual sale price until such time the project is completed.

Mayor Kuhle asked if there was anyone who wished to present testimony. There was none.

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

The motion was made by Council Member Graber, seconded by Council Member Nelson and unanimously carried to negotiate the sale at the established sale price of \$0.63 per square foot and subject to the five conditions listed.

#### **AGENDA APPROVED/CLOSED WITH CHANGE**

Staff noted that item F.1. should state *Second Reading Proposed Ordinance...* instead of *First Reading...*

Council Member Nelson said he mis-spoke at the February 23<sup>rd</sup> meeting when reporting on the proposed garage expansion project at the Law Enforcement Center, and clarified that it is the County that is ready to move on the project, not the City as he had stated.

The motion was made by Council Member Sankey, seconded by Council Member Nelson and unanimously carried to approve/close the agenda with the requested change to *Second Reading*.

#### **CONSENT AGENDA APPROVED**

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

- City Council Minutes of Special Meeting February 23, 2015 and Regular Meeting February 23, 2015
- Minutes of Boards and Commissions - Water and Light Commission Minutes of Regular Meeting March 2, 2015; Housing and Redevelopment Authority Board Minutes of January 22, 2015; Center for Active Living Committee Minutes of February 9, 2015; Traffic and Safety Committee Minutes of February 25, 2015; Public Arts Committee Minutes of February 12, 2015; Prairie View Long Range Planning Committee Minutes of February 10, 2015; Planning Commission/Board of Appeals Minutes of March 3, 2015
- Application for Exemption from Lawful Gambling Permit - Worthington Area Chamber of Commerce as follows:

Organization:	Worthington Area Chamber of Commerce
CEO:	Darlene Macklin
Type of Event:	Raffles
Date and Location of Event:	Sunday, April 19, 2015 Worthington Hockey Arena, 1600 Stower Drive
- Bills payable and totaling \$560,721.321 be ordered paid

**SECOND READING PROPOSED ORDINANCE AMENDING TITLE V, CHAPTER 54, SECTION 54.10 OF THE WORTHINGTON CITY CODE - STORM WATER REGULATIONS**

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance amending Title V, Chapter 54, Section 54.10 of the Worthington City Code - Storm Water Regulations - as follows:

The ordinance adopted by the Council regulates all storm water discharged into the municipal storm water system as well as all non-storm water discharges into the system. The ordinance prohibits certain activities and items of personal property in areas susceptible to draining into the municipal system. The ordinance establishes erosion and sediment controls upon certain sites and establishes control over privately owned storm water management systems.

Adoption of the ordinance will bring the City's storm water regulations into compliance with changes to the Minnesota Pollution Control Agency's requirements.

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to give a second reading to the proposed ordinance.

**COUNCIL ACTION RESCINDED AND NEW TIME AND DATE SET FOR LOCAL BOARD OF APPEAL AND EQUALIZATION SET**

At their February 23, 2015 meeting, Council established the time and date for the local Board of Appeals/Equalization as 9:00 a.m. on Friday, June 5, 2015, based on a request from the Nobles County Assessor's office to amend their first schedule, which had set the time and date as 9:00 a.m. on Friday, May 15, 2015. Since the February 23<sup>rd</sup> meeting, staff has received notification from the Assessor's office that holding the meetings in June would not provide time for followup meetings if they were required. The Assessor also indicated the County would be keeping to their original schedule, which set the time and date as 9:00 a.m. on Friday, May 15<sup>th</sup>. Staff was requesting that Council rescind their action taken at the February 23, 2015 meeting which set the time and date for the City's Board of Appeal/Equalization as 9:00 on Friday, June 5, 2015, and to take action to reset the time and date as 9:00 a.m on Friday, May 15, 2015.

The motion was made by Council Member Nelson, seconded by Council Member Graber and unanimously carried to rescind Council action taken at the February 23, 2015 meeting regarding this item, and to re-set the time and date for the City's Board of Appeal/Equalization as 9:00 a.m. on Friday, May 15, 2015 in the Nobles County Commission Boardroom.

**APPROVAL OF NEW 3/4 RETAIL CLERK POSITION AT THE MUNICIPAL LIQUOR STORE**

Dan Wycoff, Liquor Store Manager, told Council that with the impending retirement of a long time part-time clerk, he is requesting approval of a new 3/4 time retail clerk position at the liquor store. The position will replace the retiring employee and an additional part-time clerk who left that had a combined total of 36 hours per week. Mr. Wycoff said in the past there had been three full-time clerks, but that number was reduced to two, with additional part-time clerks hired to pick up the hours. With the constant growth seen at the store over the last few years, it is staff's opinion that the 3/4 time position is warranted.

The position will be a key holder position, which will include the responsibilities of opening and closing the store and will be eligible for 3/4 benefits from the City, including health insurance. The impact to the budget for the position and benefits is an additional \$14,000 annually.

The motion was made by Council Member Nelson, seconded by Council Member Sankey and unanimously carried to approve the new 3/4 retail clerk position at the Worthington Municipal Liquor Store.

**INTERNATIONAL UNION OF OPERATING ENGINEERS (I.U.O.E.) LOCAL 49 BARGAINING AGREEMENT FOR 2015-2017 APPROVED**

Steve Robinson, Public Works Director, presented the proposed agreement between the City of Worthington and I.U.O.E. Local 49 Bargaining Unit for 2015-2017, which was the result of a court ordered mediation as requested by Local 49. The primary differences between the new agreement and the old agreement are:

- On Call Pay - increases compensation for one week of on-call from 9 hours to 10.5 hours of regular pay (restricted to Public Utilities employees)
- PTO Conversion - Includes contribution to a Health Savings Account as a qualified option for PTO conversion
- Health Insurance -  
Employer contribution for family coverage for years 2015-2017:

PEIP Advantage Plan:	70%
PEIP Value Plan:	75%
PEIP HSA Plan	80% plus \$1,500/year to HSA

Employer contribution for single coverage:

2015:	100% for all plans plus \$750 for HSA plans
2016	100% for HSA Plan plus \$750 to HSA 100% for Value Plan 85% for Advantage Plan
2017	100% for HSA Plan plus \$750 to HSA 90% for Value Plan 80% for Advantage Plan

- Wage Adjustments

2015	2%
2016	2.5%
2017	2.5%

- Other

Retroactive to January 1, 2015  
MOU regarding Self Insurance Health Care Trust Account

The motion was made by Council Member Graber, seconded by Council Member Sankey and unanimously carried to approve the I.U.O.E. Local 49 Bargaining Agreement for 2015-2017.

**FIRST READING PROPOSED ORDINANCE - CHANGE OF ZONE - WEST 304' OF GOV'T LOT 4 (SW 1/4 OF SW 1/4) NORTH OF CSAH 35 FROM CURRENT "TZ" TRANSITIONAL ZONE TO "M-1" - LIGHT INDUSTRIAL**

Brad Chapulis, Director of Community/Economic Development/Interim Administrator, presented a proposed ordinance that would rezone the west 304' of Gov't Lot 4 (sw 1/4 of sw 1/4) north of CSAH 35 from current "TZ" - Transitional Zone to "M-1" - Light Industrial. The property is legally described as follows:

**Section I.**

In order to better protect and enhance public health, safety and general welfare, the Worthington City Council hereby finds that it is necessary to modify the zoning district designation of certain areas of the City of Worthington from "TZ" - Transitional Zone to "M-1" - Light Industrial.

**Section II.**

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

That part of Government Lot 3 of Section 19, Township 102 North, Range 39 West, City of Worthington, Nobles County, Minnesota, described as follows:

Commencing at the West Quarter corner of said Section 19; thence on an assumed bearing of South 0 degrees 04 minutes 08 seconds West, along the west line of said section, a distance of 1142.35 feet to the north line of the South 185 feet of Government Lot 3 of said section and the point of beginning of the tract to be described; thence continuing South 0 degrees 04 minutes 08 seconds West, along said west line, a distance of 176.00 feet; thence North 89 degrees 51 minutes 32 seconds East a distance of 304.00 feet; thence North 0 degrees 04 minutes 08 seconds East a distance of 176.00 feet to the north line of the South 185 feet of said Government Lot 3; thence South 89 degrees 51 minutes 32 seconds West, along said north line, a distance of 304.00 feet to the point of beginning.

Together With

That part of Government Lots 3 and 4 of Section 19, Township 102 North, Range 39 West, City of Worthington, Nobles County, Minnesota, described as follows:

Commencing at the West Quarter corner of said Section 19; thence on an assumed bearing of South 0 degrees 04 minutes 08 seconds West, along the west line of said section, a distance of 1318.35 feet to the point of beginning of the tract to be described; thence North 89 degrees 51 minutes 32 seconds East a distance of 304.00 feet; thence North 0 degrees 04 minutes 08 seconds East a distance of 176.00 feet to the north line of the South 185 feet of Government Lot 3 of said section; thence North 89 degrees 51 minutes 32 seconds East, along said north line, a distance of 478.40 feet; thence South 1 degree 30 minutes West a distance of 185.08 feet to the north line of Government Lot 4 of said section; thence North 89 degrees 51 minutes 32 seconds East, along said north line, a distance of 371.00 feet; thence South 0 degrees 00 minutes West a distance of 530.32 feet the north line of a tract as recorded in Doc. No. A332109; thence North 86 degrees 43 minutes 41 seconds West, along said north line, a distance of 127.40 feet to the Northwest corner of said tract; thence South 2 degrees 45 minutes 04 seconds West, along the west line of said tract, a distance of 104.80 feet to the Southwest corner of said tract, located on the northeasterly right of way line of County State Aid Highway No. 35; thence North 67 degrees 48 minutes 07 seconds West, along said northeasterly right of way line, a distance of 987.58 feet; thence North 33 degrees 51 minutes 59 seconds West, along said northeasterly right of way line, a distance of 124.45

feet; thence North 67 degrees 48 minutes 08 seconds West, along said northeasterly right of way line, a distance of 35.62 feet to the west line of said section; thence North 0 degrees 04 minutes 08 seconds East, along said west line, a distance of 143.99 feet to the point of beginning.

Adoption of the proposed ordinance would change zoning for all 14.266 acres, and allow Alan Drost, who would acquire 13.20 acres of the subject property, to construct a self-storage development.

The Planning Commission considered the requested change of zone at the March 3, 2015 meeting, and after holding a public hearing, voted unanimously to recommend Council approval of the requested change of zone by adoption of the proposed ordinance.

The motion was made by Council Member Graber, seconded by Council Member Sankey and unanimously carried to give a first reading to the proposed ordinance - change of zone.

#### **APPLICATION FOR MINOR SUBDIVISION APPROVED**

Alan Drost was requesting the approval of a minor subdivision of 14.458 acres of land currently owned by Marvin/Melvin Voss, located directly northeast of the intersection of County Road 5 and County Road 35. Brad Chapulis, Director of Community/Economic Development/Interim Administrator, said the subdivision would not create additional parcels of land but will rearrange the boundary lines of the subject property and clean up some discrepancies with neighboring properties.

The Planning Commission reviewed the request at their March 3, 2015 meeting, and voted unanimously to recommend City Council approval with the following conditions:

1. The approval of the change of zone from "TZ" to "M-1";
2. The approval and recording of a Realignment of Property Lines for Tracts C & D with the neighboring property owner;
3. The minor subdivision shall be as per the survey from, Madsen Land Surveying, Inc., and dated February 13, 2015, File No. 15006;
4. The applicant shall, within 60 days of final approval, record in the office of the Nobles County Recorder, a copy of the approved registered land survey bearing the signature of the City Clerk as evidence of the Council's approval. This action must be taken before a development permit may be issued for the minor subdivision;
5. Within 10 days of recording of the registered land survey, the applicant shall provide the City with a reproducible copy of the registered land survey showing evidence of recording, or the City's approval of the minor subdivision shall be null and void, and the City Clerk shall so notify the Recorder.

Mr. Chapulis said approval of the minor subdivision should be subject to the five conditions and contingent on the third reading of the proposed ordinance to rezone being completed in April.

The motion was made by Council Member Graber, seconded by Council Member Janssen and unanimously carried to approve the application for minor subdivision as requested, subject to the five conditions set by the Planning Commission and that the third reading of the proposed ordinance to re-zone the property be completed in April.

### **SPECIAL USE PERMIT APPROVED - 244 COUNTY ROAD 5**

Alan Drost submitted an application for a special use permit for the construction of 15 self storage buildings on 13.20 acres currently owned by Marvin/Melvin Voss, 244, County Road 5. The buildings will range from 7,200 square feet to 12,000 square feet, with a cumulative total of 153,000 square feet when fully developed. Warehousing is a permitted use in the "M-1" - Light Industrial district, which is the proposed zoning for the subject property, through a special use permit. The legal description of the subject property under consideration is as follows:

That part of Government Lots 3 and 4 of Section 19, Township 102 North, Range 39 West, City of Worthington, Nobles County, Minnesota, described as follows:

Commencing at the West Quarter corner of said Section 19; thence on an assumed bearing of South 0 degrees 04 minutes 08 seconds West, along the west line of said section, a distance of 1318.35 feet to the point of beginning of the tract to be described; thence North 89 degrees 51 minutes 32 seconds East a distance of 304.00 feet; thence North 0 degrees 04 minutes 08 seconds East a distance of 176.00 feet to the north line of the South 185 feet of Government Lot 3 of said section; thence North 89 degrees 51 minutes 32 seconds East, along said north line, a distance of 478.40 feet; thence South 1 degree 30 minutes West a distance of 185.08 feet to the north line of Government Lot 4 of said section; thence North 89 degrees 51 minutes 32 seconds East, along said north line, a distance of 371.00 feet; thence South 0 degrees 00 minutes West a distance of 530.32 feet the north line of a tract as recorded in Doc. No. A332109; thence North 86 degrees 43 minutes 41 seconds West, along said north line, a distance of 127.40 feet to the Northwest corner of said tract; thence South 2 degrees 45 minutes 04 seconds West, along the west line of said tract, a distance of 104.80 feet to the Southwest corner of said tract, located on the northeasterly right of way line of County State Aid Highway No. 35; thence North 67 degrees 48 minutes 07 seconds West, along said northeasterly right of way line, a distance of 987.58 feet; thence North 33 degrees 51 minutes 59 seconds West, along said northeasterly right of way line, a distance of 124.45 feet; thence North 67 degrees 48 minutes 08 seconds West, along said northeasterly right of way line, a distance of 35.62 feet to the west line of said section; thence North 0 degrees 04 minutes 08 seconds East, along said west line, a distance of 143.99 feet to the point of beginning.

The Planning Commission considered the application at its March 3, 2015 meeting, and after holding a public hearing, voted unanimously to recommend City Council approve the special use permit subject to the following conditions:

1. The approval of the change of zone from "TZ" to "M-1";
2. The approval of the minor subdivision of the subject property;
3. The applicant properly screens any trash areas in compliance with the Zoning Ordinance;
4. The applicant properly provides off-street parking facilities that are in



- compliance with the Zoning Ordinance; and
5. The proposed improvements are completed in accordance with a revised site plan showing compliance with conditions 3 & 4.

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to approve the special use permit as requested.

**RESOLUTION NO. 3584 ADOPTED CALLING FOR A PUBLIC HEARING BY THE CITY COUNCIL ON THE PROPOSED ESTABLISHMENT OF THE REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 6 AND THE PROPOSED ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 16 THEREIN AND THE PROPOSED ADOPTION OF A TAX INCREMENT FINANCING PLAN THEREFOR**

Based on Council direction at their August 25, 2014 and December 22, 2014 meetings, regarding intent to explore the establishment of a redevelopment TIF district to encourage the redevelopment of the Northland Mall property and the surrounding area, staff has been working with representatives of Ehlers & Associates, the City's financial advisors, and Dorsey Whitney, the City's legal counsel to prepare proper documentation to present to Council regarding the proposed TIF district. The documentation will be the basis the City will utilize in drafting/negotiating a development agreement that will ultimately outline the City's financial role in the redevelopment or new development within the boundaries of the TIF district.

To formally consider the creation of TIF district #16, Council must set a time and date for a public hearing, where Council will complete its review of the TIF plan, entertain public opinion, and take final action on the establishment of the proposed TIF district. Staff was recommending Council set the time and date for the public hearing as 7:00 p.m. on Monday, April 27, 2015 at the regular City Council meeting.

The motion was made by Council Member Nelson, seconded by Council Member Janssen and unanimously carried to adopt the following resolution calling for a public hearing to establish TIF district 16:

**RESOLUTION NO. 3584**

**CALLING FOR A PUBLIC HEARING BY THE CITY COUNCIL ON THE PROPOSED ESTABLISHMENT OF THE REDEVELOPMENT PLAN FOR REDEVELOPMENT PROJECT NO. 6 AND THE PROPOSED ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 16 THEREIN AND THE PROPOSED ADOPTION OF A TAX INCREMENT FINANCING PLAN THEREFOR**

(Refer to Resolution File for complete copy of Resolution)

### **COUNCIL COMMITTEE REPORTS**

Mayor Kuhle - This past Friday and Saturday five candidates were interviewed for the position of City Administrator. Council spent a considerable amount of time with the candidates, along with a Community Group and staff. It was a very competitive process, Council did a great job and selected a great person for the position. He commended Council and staff for their time.

Council Member Nelson - Attended an HRA meeting but Randy Thompson provided a good update over the weekend so he won't report on that. Airport Board met March 5<sup>th</sup>, working on the FBO contract which will include a 3% increase. Talked about the AWOS (Automated Weather Observation Station), the FAA is going to inspect it on March 12<sup>th</sup> - they would likely do some updates in the fall at their expense. They are having issues with their generator out there - in the 2015 CIP - Barr Engineering will be taking a look at it. They are also discussing the status of the big hangar door - its been an on-going problem and will be a large expenditure if it needs to be replaced, approximately \$100,000. They will be exploring all options for funding. There will be a Chamber Mixer at the Airport on May 5, 2015 from 5 - 7 p.m.

Council Member Graber - She, the Mayor and Mike Harmon attended a Marnita's Table meeting. It's an option for Worthington to have these meetings to increase cultural awareness. The School District brought it to the front. Attended a Planning Commission meeting last week, dealt with Alan Drost's stuff, and received a training session by a design planner who talked about ideas to keep a theme for a city. He would be available to help with the Oxford Street redevelopment. There will be a Memorial Auditorium meeting and a Public Arts meeting coming up, among others.

Council Member Janssen - Okabena-Ocheda Watershed Broad met - they talked about the TMDL study that Wenck is performing, and about projects for 2015. They also talked about Prairie View and the ponds there - they are probably not big enough to remove all the silt that could come in from a big storm. The Governor is now requesting a 50 foot setback on each side of a waterway from the current 16 feet. NEON will be meeting on Thursday.

Council Member Sankey - Also attended Marnita's Table on Tuesday, and had full days of interviews for Administrator on March 6<sup>th</sup> and 7<sup>th</sup>. The Blandin Vision team met today and will have a followup meeting on Thursday. They are heading towards getting broadband out into the County.

### **INTERIM CITY ADMINISTRATOR REPORT**

Brad Chapulis, Director of Community/Economic Development/Interim Administrator, verified that there will be a Council work session scheduled for Wednesday, March 18<sup>th</sup> at 7:00 a.m and noted topics would include a "101" on the rental housing ordinance and nuisance ordinance, and wondered if there would be anything else. Council asked if Worthington Rediscovered could also be added to that agenda. Mr. Chapulis noted any specific properties would need to go through the Worthington Rediscovered Committee before coming to Council, but he would like to talk to Council about funding for the program as there is a little over \$100,000 left in the fund.

### **ADJOURNMENT**

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

Janice Oberloh, MCMC  
City Clerk