

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, MAY 23, 2011**

The meeting was called to order at 7:00 p.m. in City Hall Council Chambers by Mayor Alan E. Oberloh with the following Aldermen present: Lyle Ten Haken, Mike Kuhle, Scott Nelson, Ron Wood, Mike Woll.

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

Others present: Jim Bunner, KWOA; Rolin Sinn, Mn DOT; Lisa Graphenteen, Southwest MN Housing Partnership; Pat O'Neil, Jim Nickel.

AGENDA APPROVED

Craig Clark, City Administrator, noted there was an amendment to the sub-lease before Council regarding Item E.7.

The motion was made by Alderman Wood, seconded by Alderman Kuhle and unanimously carried to approve the agenda with the amended sub-lease agreement.

CONSENT AGENDA APPROVED

Alderman Woll requested that Item 4.A.1. *Application for Temporary On-Sale Beer License* be pulled from the consent agenda for individual discussion and action.

The motion was made by Alderman Wood, seconded by Alderman Kuhle and unanimously carried to approve the consent agenda as follows:

- City Council Minutes - Regular Meeting May 9, 2011 and Special Meeting May 16, 2011
- Minutes of Boards & Commissions - Water and Light Commission Minutes of Regular Meeting May 16, 2011; Park & Recreation Advisory Board Meeting Minutes of May 5, 2011; Worthington Housing and Redevelopment Authority Meeting Minutes of March 10, 2011.
- Municipal Liquor Store Income Statement for the Period January 1, 2011 through April 30, 2011.
- On Sale Beer License for the Nobles County Fair Association from June 1, 2011 through December 31, 2011
- Off-Sale Beer License for El Mexicano #3, 310 Tenth Street from May 24, 2011 through December 31, 2011.
- Application to Block Streets for the International Festival from 9:00 a.m. July 8, 2011 to 12:00 a.m. July 9, 2011 as follows:
 - Third Avenue between 10th Street and 11th Street
 - Fourth Avenue between 10th Street and 11th Street
- On-Sale Liquor, On-Sale Club Liquor, and Wine License renewal applications for the license

period July 1, 2011 through June 30, 2012:

On-Sale Liquor

2011-1 OS La Azteca Tiendo Mexicano, Inc. 223 Tenth Street
2011-2 OS The Ground Round Grill and Bar, 1290 Ryan's Road
2011-3 OS Oxford Bowl, 325 Oxford Street

Club On-Sale

2011-1 COS Worthington Country Club
2011-2 COS VFW 3958, 1117 Second Avenue
2011-3 COS Worthington Eagles Club FOE Aerie 3282, 205 Oxford Street
2011-4 COS Elk's Lodge 2287, 1105 Second Avenue

Wine

2011-1 W LaAzteca Tiendo Mexicana Inc., 223 Tenth Street
2011-2 W The Ground Round Grill and Bar, 1290 Ryan's Road

- Appointments to various committees based on recommendation from the Nominating Committee as follows:
 - Planning Commission Appoint Ken Moser for a three-year term to replace Jan Lowe, which term will expire April 2014
 - Golf Advisory Board Appoint Paul Hoffman for a three-year term to replace Brad Shaffer, which term will expire April 2014
 - Appoint Matt Weg for a three-year term to replace David Saufley, which term will expire April 2014
- Set the time and date for a public meeting for review of the Storm Water Pollution Prevention Plan as 7:00 p.m. on Monday, June 27, 2011 in City Hall Council Chambers at as part of the regular City Council meeting.
- Approved and authorized the Mayor to execute the Revised Terms and Conditions for Accepting Airport Improvements Program Grants, to include the following provision:
 - 5.g.-to clarify that residential "through the fence access" is not permitted.
- Bills payable and totaling \$383,586.70 be ordered paid

AMENDMENT TO YMCA AND CITY AQUATIC CENTER AGREEMENT APPROVED

Staff presented an amendment to the YMCA and City Aquatic Center agreement that changes the process for insurance coverage of the building itself. The original agreement said the City of Worthington would provide coverage on the aquatic center portion of the building, while the YMCA

would provide coverage on the YMCA portion of the facility. Pat O'Neil and Jim Nickel, insurance agents for the YMCA and the City of Worthington, were present at the meeting and have advised that the original arrangement could result in problems in the event of a loss. The amendment stipulates that the YMCA will purchase property and casualty insurance for the entire facility including the aquatic center, with the City named as an additional insured, and the City of Worthington shall reimburse the YMCA for 50% of that portion of the premium for the building coverage on the same dates the YMCA makes payments to the insurer. Currently, the YMCA makes their payments on a monthly basis.

The motion was made by Alderman Ten Haken, seconded by Alderman Wood and unanimously carried to approve the amendment to the YMCA and City Aquatic Center Agreement.

MUNICIPAL CONSENT FOR TH 59/60 PHASE III LAYOUT

Rolin Sinn, Minnesota Department of Transportation (MnDOT), was at the meeting to present the proposed final layout of the Highway 59/60 Phase III project for Council approval, and a Good Faith estimate of project costs including those of the City. MnDOT was seeking Council approval in compliance with State Statutes regarding municipal consent requirements. Mr. Sinn displayed a diagram of the proposed layout, and also provided an update on the end of the Phase II project noting it came in at approximately \$1 million less than the engineer's estimate. The bridge came in right about estimate and is being considered for award now. The City's utility costs for Phase II, however, were higher as the cost of pvc pipe for utility relocation increased approximately 15%. UP will not allow them to take the old bridge out of service until they've completed a trial period on the new bridge, possibly up to 30 days.

Phase III will realign First Avenue to Highway 60, and Dover over to Spring Avenue. MnDOT will install the trails but the City would be responsible for all the maintenance of them. The signal project near Swift is not yet resolved due to a conflict within MnDOT. Council reviewed the layout, with concern over specific areas referred to the "hammerhead" (at the end of the frontage road near Sungold Heights) and the "free right" near Swift. Mr. Sinn commented that, while MnDOT had put the "free right" in the layout design, they were now asking that it not be put in unless future development takes place. Council suggested trading the free right for a "right-in/right-out" at the "hammerhead" near Sungold Heights. The project will end north of the Interstate, and MnDOT will re-do the ramps there to a point. They are attempting a December letting with a spring construct next year, and looking to finish it in one season.

As the resolution that MnDOT presented for Council approval called for removal of the "free right" from East Oxford Street onto Highway 60 eastbound, Dwayne Haffield, Director of Engineering, suggested that Council could choose to not adopt the current resolution instead request that a new "clean" resolution be presented at the next meeting that did not include the elimination of the "free right." Council agreed. Mr. Sinn said the intent would be that Council would revisit the resolution

in a clean form at the next Council meeting, with, prior to that, having received feedback on the right-in/right-out issue. Council thanked Mr. Sinn for his presentation.

PLANS APPROVED FOR CLARY STREET OVERLAY PROJECT

Council considered the plans for the overlay of Clary Street from Park Avenue to Tower Street and from Oslo Street to Humiston Avenue. The overlay includes milling of the existing surface prior to placement of the overlay and installation of detectable warning strips at pedestrian curb ramps. The total estimated cost for the overlay, including engineering and contingencies, is \$218,000. The project is to be funded by Municipal State Aid Street financing.

The motion was made by Alderman Wood, seconded by Alderman Kuhle and unanimously carried to approve the plans for the Clary Street overlay project and to authorize advertisement for bids to be received on June 24, 2011 for consideration at the June 27, 2011 Council Meeting.

RESOLUTION ADOPTED SUPPORTING AN AFFORDABLE HOUSING PROJECT - SOUTHWEST MINNESOTA HOUSING PARTNERSHIP

The Southwest Minnesota Housing Partnership was approached by the owners of Nobles Square I & II Apartments for their interest in acquiring the facility located at 2175/2195 Nobles Street. The complex participates in the USDA's Rural Development Program which provides housing assistance payments for 33 of the 48 units. If the SMHP does acquire the property, it will assume the existing 515 mortgage and housing assistance payment contract with the USDA, preserving the affordable units for an additional 30 years. Because of the current condition of the facility, the SMHP will need to invest approximately \$1.4 million in repair and maintenance. The Partnership is seeking financial assistance with the cost of the renovation from various sources, several of which require local support/contributions to the project to make them eligible. To show the City's support/contributions, the Partnership was requesting Council consideration of the following:

- \$500 reduction of the building permit fee for the project;
- Fast track of its building permit application process; and
- Sponsor a DEED Small Cities Development Program (SCDP) application for the project in the amount of \$350,000, which would be forwarded to the Partnership as a 30 year, 0% loan, which shall be paid back to the City for use in conformance with SCDP guidelines. The Partnership would be responsible for all costs affiliated with the grant, including costs for the preparation of the grant application, and the administration of the grant, if awarded.

The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried to adopt the following resolution in support of the Southwest Minnesota Housing Partnership's request:

RESOLUTION IN SUPPORT OF AN AFFORDABLE HOUSING PROJECT

WHEREAS, the City of Worthington has documented a critical need to provide affordable housing options to low and moderate income residents; and

Whereas, the Southwest Minnesota Housing Partnership is proposing to preserve 48 units of affordable Rural Development 515 units that will swerve 34 low and moderate income households with incomes below 60% of area median income; and

WHEREAS, Nobles Square I and II Apartments, consisting of forty eight (48) one, two and three bedroom housing units, provides a critical affordable housing for the residents of the City of Worthington; and

WHEREAS, the preservation of Nobles Square I and II Apartments was specifically identified as a critical need with the Worthington Community Development Plan from July 2007 and the Southwest Regional Workforce Housing Plan from February 2010 for preservation.

THEREFORE, BE IT RESOLVED by the Worthington City Council to support the Nobles Square I and II Apartments Project in the following manner:

1. The City will provide a \$500 waiver in the plan review and building permit fee;
2. The City agrees to “fast-track” its Building Permit application process as authorized by Minnesota Rules;

NOW, THEREFORE, BE IT RESOLVED that the Worthington City Council finds that this proposed housing development meets a documented community development need within the City of Worthington and supports the preparation of an application for financing to the Minnesota Housing Finance Agency, Greater Minnesota Housing Fund, and Department of Employment and Economic Development.

RESOLUTION OF RECEPTIVITY TO A DEED SCDP AWARD

PROPOSED PROJECT INFORMATION
(Required for grant contracting purposes)

Project Information		
Nobles Square I & II Apartments <small>Project Name</small>	2175 & 2195 Nobles Street <small>Project Address</small>	Worthington, MN <small>Project City</small>
NA		
<small>Street boundaries, or major intersections</small>		

Project Contact Information				
Rick Goodemann	Executive Director	507-836-1602	507-836-8866	
<small>Contact Name</small>	<small>Title</small>	<small>Phone Number</small>	<small>Fax Number</small>	
2401 Broadway Avenue	Slayton	MN	56172	rickg@swmhp.org
<small>Address</small>	<small>City</small>	<small>State</small>	<small>Zip Code</small>	<small>E-Mail Address</small>

City/Township Contact Information			
Brad Chapulis	Director of Community/Economic Development	507-372- 8640	bchapulis@mail.ci.worthington.mn.us
<small>Contact Name</small>	<small>Title</small>	<small>Phone</small>	<small>E-Mail Address</small>

Development Authority Official(s) Contact Information			
Brad Chapulis	Director of Community/Economic Development	507-372- 8640	bchapulis@mail.ci.worthington.mn.us
<small>Name</small>	<small>Title</small>	<small>Phone</small>	<small>E-Mail Address</small>

Developer Information: The developer must meet the HUD definition of an eligible sub-recipient as outlined in HCDA 105(a) and 24 CFR 570.204(a).

This defines the sub-recipient as: Please check which one applies:

- A neighborhood-based non profit organization
- Section 301(d) small business investment company.
- Local development corporation.

Local Government Resolution

Applicant Name: City of Worthington

BE IT RESOLVED that the City of Worthington (Applicant) act as the legal sponsor for the project contained in the Application to be submitted on June 14, 2011 (date) and that the Mayor (Title of First Authorized Official) and the City Administrator (Title of Second Authorized Official) are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Worthington (Applicant).

BE IT FURTHER RESOLVED that the City of Worthington (Applicant) and the Southwest Minnesota Housing Partnership (Developer) have entered into a cooperative agreement for the development of Nobles Square I and II Apartments (Name of Development).

BE IT FURTHER RESOLVED that the City of Worthington (Applicant) has the legal authority to apply financial assistance, and the institutional, managerial and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Worthington (Applicant) has not violated any Federal, State or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the State, the City of Worthington (Applicant) may enter into an agreement with the State of Minnesota for the approved project, and that the City of Worthington (Applicant) certifies that it will comply with all applicable laws and regulations as stated in all contract agreements.

NOW THEREFORE BE IT RESOLVED that the Mayor (Title of First Authorized City Official) and the City Administrator (Title of Second Authorized City Official), or their successors in office, are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the project on behalf of the Applicant.

I CERTIFY THAT the above resolution was adopted by the City Council (governing body of Applicant) of the City of Worthington (Applicant) on May 23, 2011 (date).

COOPERATIVE AGREEMENT

BETWEEN THE CITY OF WORTHINGTON AND THE SOUTHWEST MINNESOTA HOUSING PARTNERSHIP IN SUPPORT OF A SMALL CITIES DEVELOPMENT PROGRAM PROJECT

WHEREAS, the City of Worthington has agreed to act as the legal sponsor for project(s) contained in the Minnesota Department of Employment and Economic Development (“DEED”) Small Cities Development Program Application (hereinafter “the Application”) submitted in June, 2011; and,

WHEREAS, the Application includes the rehabilitation of the Nobles Square I and II Apartments in the City of Worthington; and,

NOW THEREFORE, the City of Worthington and the Southwest Minnesota Housing Partnership cooperatively agree to the following terms and conditions of this agreement:

1. The City of Worthington will act as the applicant for the Application to the Minnesota Department of Employment and Economic Development Small Cities Development Program.
2. The City of Worthington is requesting up to \$350,000 in funding for the rehabilitation of the Nobles Square I and II Apartments.

3. The Southwest Minnesota Housing Partnership will be named as the Local Development Organization under the project.
4. The Southwest Minnesota Housing Partnership will be responsible for the preparation and submittal of the Application to DEED.
5. The City of Worthington will loan the funds to the project as a 0% deferred loan for 30 years.
6. Costs incurred by the City of Worthington in the publication of the public hearing will be reimbursed by the Southwest Minnesota Housing Partnership.
7. Upon the award of the Small Cities Development Program grant, the City of Worthington agrees to enter into a contract with the Southwest Minnesota Housing Partnership for General Administrative Services by the Minnesota Department of Employment and Economic Development Small Cities Development Program at no cost to the City.
8. Upon award by the Minnesota Department of Employment and Economic Development Small Cities Development Program, the City of Worthington agrees to comply with all applicable laws and regulations as stated in all contractual agreements provided by Minnesota Department of Employment and Economic Development.
9. The City of Worthington agrees to track and report, as per the Minnesota Department of Employment and Economic Development Program Income Reporting Guidelines, annually any program income used within the City. The Southwest Minnesota Housing Partnership will assist the City in reporting.
10. At least 51% of the project units must be rented to low to moderate income households whose total income from all members does not exceed 80% of the current Area Median Income, adjusted for household size as published by the Department of Housing and Urban Development (HUD). Incomes must be verified by a third party. Rents on these units must also be affordable which is defined as the Fair Market Rent or Section 8 voucher "payment standard" for the number of bedrooms in each unit.

RESOLUTION NO. 3462 ADOPTED AUTHORIZING SUBMISSION OF MARDAG FOUNDATION GRANT APPLICATION

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to adopt the following Resolution No. 3462 authorizing application to the Mardag Foundation for a \$20,000 grant to be used for the redevelopment of the former YMCA facility:

RESOLUTION NO. 3462

CITY OF WORTHINGTON RESOLUTION

(Refer to Resolution File for complete copy of Resolution)

If awarded, the City's obligation would be to sign a grant agreement and complete a final report one month after the completion of the project.

COUNCIL COMMITTEE REPORTS

Mayor Oberloh - nothing to report but thanked all who serve, or have served, on the various City committees.

Alderman Ten Haken - on Friday attended the South West Initiative Foundation's 25th anniversary banquet in Redwood Falls- they announced a deal with the McKnight Foundation for a five year program (approximately \$6 million) to continue with past programs.

Alderman Kuhle - nothing to report.

Alderman Nelson - He and Alderman Kuhle attended a Highway 60 Landscape Committee meeting - a letter will be going out to the Morningside area residents for a meeting to discuss how to handle the mowing on the backside of the wall.

Alderman Wood - nothing to report.

Alderman Woll - Reminded the Mayor that Council still need to revisit the Regatta's request for a temporary on-sale beer license that had been pulled from the consent agenda.

TEMPORARY ON-SALE BEER LICENSE APPROVED - WORTHINGTON OKABENA WINDSURFERS FOR THE 2011 REGATTA

Council had delayed action on this item until the times of the temporary on-sale beer license for the 2010 Regatta could be verified, as Alderman Woll was concerned about the request for the license to extend until midnight on Friday and Saturday evenings of the event. After checking with Darlene Macklin of the Worthington Area Chamber of Commerce, Craig Clark, City Administrator, reported that the 2010 Regatta festivities were granted a temporary license that expired at 12:00 midnight on both Friday and Saturday evenings.

The motion was made by Alderman Wood, seconded by Alderman Kuhle and unanimously carried to approve the Temporary On-Sale Beer license for the 2011 Regatta as follows:

Friday, June 10, 2011 from 12:00 Noon until 12:00 Midnight
Saturday, June 11, 2011 from 12:00 Noon until 12:00 Midnight

CITY ADMINISTRATOR'S REPORT

Craig Clark, City Administrator, reported that the House and Senate Conference Committee met on the tax bill and approved and LGA reduction of \$325,000 and MVC of \$199,000, but initially the Governor is not likely to sign it, nor is the end of the session probable for this evening.

Alderman Ten Haken raised the question of the dock request discussed at the May 9th Council

meeting - a brief discussion followed.

Alderman Woll expressed his disappointment regarding the Southwest Mental Health Center's decision to not rehabilitate the former Unity House facility prior to putting it on the market, as it is in a markedly dilapidated state.

ADJOURNMENT

The motion was made by Alderman Wood, seconded by Alderman Ten Haken and unanimously carried to adjourn the meeting at 8:44 p.m.

Janice Oberloh, CMC
City Clerk