

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, JUNE 27, 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: Clyde Hoffman.

Staff present: Steve Robinson, City Administrator; Troy Appel, Public Safety Director; Brad Chapulis, Director of Community/Economic Development; Todd Wietzema, Public Works Director; Janice Oberloh, City Clerk.

Others present: Justine Wettschreck, KWOA; Gretchen O'Donnell, Daily Globe; Jorge Lopez, Southwest Minnesota Housing Partnership; Wayne Drealan, Drealan Kvilhaug Hoefker & Co., PA; Gail Holinka; Terri Janssen; Cecilia Bofah; Jesus Vega; Alan Jeppesen; Jayme Boots; Letty Rodriguez; Jessica Velasco; Worthington FC 18; Stacey Luong; Mike Kangkong.

The Pledge of Allegiance was recited.

HONORARY COUNCIL MEMBER

Mayor Kuhle welcomed Clyde Hoffman as the Honorary Council Member for May, June and July, 2016.

PUBLIC HEARING AND RESOLUTION NO. 3673 ADOPTED - NOBLES HOME INITIATIVE APPLICATION - LOT 2, BLOCK 1, DAVIS ADDITION, CITY OF WORTHINGTON, NOBLES COUNTY, MINNESOTA

Pursuant to published notice, this was the time and date set for a public hearing regarding a Nobles Home Initiative application - Lot 2, Block 1, Davis Addition, City of Worthington, Nobles County, Minnesota.

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

Brad Chapulis, Director of Community/Economic Development, said Larry Davis was seeking the approval of tax abatement for the construction of a single family dwelling on property he will spec build on legally described as Lot, Block 1, Davis Addition, city of Worthington, Nobles County, Minnesota. The single family dwelling will include 1,566 square feet of living space on the main level, an unfinished basement, and a two-stall attached garage. Mr. Chapulis said staff has reviewed the application and determined it meets all the parameters of the NHI Guidelines, and was therefore recommending approval of the application. The hearing tonight was to comply with State Statute regarding tax abatement in allowing for public comment.

Mayor Kuhle asked if there was anyone in attendance who wished to present testimony for or against the application. None was received.

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

The motion was made by Council Member Nelson, seconded by Council Member Janssen and unanimously carried to adopt the following resolution approving the application for tax abatement:

RESOLUTION NO. 3673

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

The City Clerk noted that the case item information for Public Safety Department item listed as G. 1 on the agenda had been omitted from the packet when initially distributed, but that handouts of the information had since been distributed to Council and press.

The motion was made by Council Member Janssen, seconded by Council Member Graber and unanimously carried to close/approve the agenda as noted.

CONSENT AGENDA APPROVED

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

- City Council Minutes of Regular Meeting June 13, 2016
- Minutes of Boards and Commissions - Water and Light Commission Minutes of Regular Meeting June 20, 2016; Heron Lake Watershed District Board of Directors Minutes of April 19, 2016
- Municipal Liquor Store Income Statement for the Period January 1, 2016 through May 31, 2016
- Additional 2016 License Renewal Applications as presented
- Application to Block Street - Farm to Table event as requested
- Application for Exemption from Lawful Gambling Permit - St. Mary's Church as requested
- Application for Temporary On-Sale Liquor License - Worthington Area Chamber of Commerce as requested
- Bills payable and totaling \$683,874.74 be ordered paid

2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) ACCEPTED

Wayne Drealan, of Drealan Kvilhaug Hoefker & Co. PA, presented the City's 2015 Comprehensive Annual Financial Report (CAFR) to Council, noting the City maintains consistency and stability in their reporting. Mr. Drealan said 2015 was different in that it reflected a small deficit, as some of the City's projects were catching up, and also the required inclusion of the City's stated liability for the state pension plans for City Employees for future retirement benefits over their lifetimes. His overall opinion was without qualification or reporting inconsistencies, and he commended the City and the Finance Department for their reporting.

The motion was made Council Member Graber, seconded by Council Member Harmon and unanimously carried to accept the 2015 Comprehensive Annual Financial Report.

**ARTPLACE AMERICA COMMUNITY DEVELOPMENT INVESTMENTS
MEMORANDUM OF UNDERSTANDING APPROVED**

Steve Robinson, City Administrator, stated that Southwest Minnesota Housing Partnership (SMHP) had received an award of funding through ArtPlace to incorporate arts and culture into community engagement, planning, and implementation activities on order to strengthen the social, physical and economic fabric of communities. The SMHP has selected Worthington as one of the recipients to receive planning assistance to engage community members in the planning process. Jorge Lopez of the SMHP was present at the meeting and said they will be making information available and seeking information from the public at the International Festival. The dollars are not for individual projects but more for the planning process. There is \$3 million available but they will be looking for additional funds. Mr. Lopez noted it is a three-year program and then it's done. A Memorandum of Understanding was submitted for Council consideration outlining terms and conditions under the project.

The motion was made by Council Member Graber, seconded by Council Member Janssen and unanimously carried to enter in to the Memorandum of Understanding with the Southwest Minnesota Housing Partnership.

SECOND READING PROPOSED ORDINANCE AMENDING ORDINANCE NO. 1095

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance amending Ordinance No. 1095 - Drost Annexation. The amendment corrects an error in the legal description of the property, which is as follows:

A petition for annexation under Minnesota Statutes Section 414.033, Subdivision 2, Clause 3 has been filed with the governing body of the City of Worthington, Minnesota by the sole owner of the land contained in said petition, requesting that the following described land be annexed to the City of Worthington, Minnesota, to-wit:

That part of the Northeast Quarter of Section 34, Township 102 North, Range 40 West, lying Northwest of the right-of-way of the Chicago, St. Paul, Minneapolis and Omaha Railway Company, EXCEPT a tract beginning at the North Quarter Corner of said Section 34; thence Easterly along the North line of said Section 34, a distance of 115.00 feet; thence Southwesterly, a distance of 119.60 feet, more or less, to a point on the West line of the Northeast Quarter of said Section 34 distant 33.00 feet South of the North Quarter corner of said Section 34, a distance of 33.00 feet to the point of beginning.

ALSO EXCEPTING

That part of the Northwest Quarter of the Northeast Quarter of Section 34, Township 102 North, Range 40 West, Nobles County, Minnesota described as follows:

Commencing at the North Quarter corner of said Section 34; thence on an assumed bearing of North 85 degrees 31 minutes 44 seconds East, along the north line of said section, a distance of 231.00 feet to an iron monument, said iron monument being the point of beginning of the tract to be described; thence South 0 degrees 54 minutes 01 seconds East a distance of 212.00 feet to an iron monument; thence North 85 degrees 31 minutes 44 seconds East a distance of 132.00 feet to an iron monument; thence North 50 degrees 08 minutes 05 seconds East a distance of 74.45 feet to an iron monument; thence North 0 degrees 54 minutes 01 West a distance of 168.79 feet to an iron monument located on the north line of said section; thence South 85 degrees 31 minutes 44 seconds West, a distance of 190.00 feet to the point of beginning.

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

BUSS SOCCER FIELD COMPLEX PRELIMINARY ENGINEERING PLANS AND PROJECT ESTIMATES APPROVED AND ADVERTISEMENT FOR BIDS AUTHORIZED

At their May 9, 2016 meeting, Council retained SEH to prepare preliminary plans and cost estimates for a three-field soccer complex at Buss Field, based on the following options:

- An option for three turf (grass) fields
- An option for two turf fields and one artificial turf field
- An option for a paved parking area

SEH completed the preliminary phase of work, and were submitting the preliminary site plans and construction cost estimates as follows:

- Option one - Three turf fields, no parking lot improvements: \$1,043,667.68
- Option two - Two turf fields, one artificial field, no parking improvements: \$1,567,805.19
- Option three - Three turf fields, paved parking lot: \$1,210,415.51
- Option four - Two turf fields, one artificial field, paved parking lot: \$1,759,272.54

Also included was SEH's proposal for additional engineering services to prepare construction and bid documents, perform bidding services and perform limited construction administration, at a not to exceed fee of \$23,200.00, including expenses.

Following discussion, the motion was made by Council Member Graber, seconded by Council Member Nelson and unanimously carried to go with option 3 for three turf fields and paved parking lot at the estimated cost of \$1,210,415.51.

The motion was made by Council Member Nelson, seconded by Council Member Sankey and unanimously carried to approve SEH's proposal for additional engineering services as stated at a not to exceed fee of \$23,200.00 and to authorize staff to advertise for bids for the project.

LEGISLATIVE HEARING OFFICER APPOINTED

With the recent retirement of the City's Legislative Hearing Officer from law practice, it was necessary to appoint someone to the position who's duties include hearing and deciding appeals from notice of violations issued by enforcement officers. The Legislative Hearing Officer also has the authority to conduct hearings on such other matters as the City Council may direct. City Attorney Mark Shepherd was recommending that Council appoint attorney Jeffrey Haubrich from Luverne as the City's Legislative Hearing Officer.

The motion was made by Council Member Harmon, seconded by Council Member Sankey and unanimously carried to appoint attorney Jeffrey Haubrich as the Legislative Hearing Officer for the City of Worthington.

RESOLUTION NO. 3674 ADOPTED APPROVING MODIFICATIONS TO THE JOINT POWERS AGREEMENT FORMING THE SOUTHWEST REGIONAL EMERGENCY COMMUNICATIONS BOARD

In 2008 Council adopted a resolution authorizing participation in a Joint Powers Agreement associated with the Southwest Minnesota Regional Communications Board. Since the Board's inception, its main priority has been the migration of radio communications to the ARMER system.

Troy Appel, Public Safety Director, said the Minnesota Legislature has amended Minnesota Statute 471.59 to provide authority for federally recognized Indian tribes to participate in Joint Powers Agreements. Compliance with the amendment to the statute requires modification of the existing Joint Powers Agreement. City Attorney Mark Shepherd has reviewed the proposed modified agreement and found it to be acceptable.

The motion was made by Council Member Graber seconded by Council Member Harmon and unanimously carried to adopt the following resolution approving the modifications to the Joint Powers Agreement:

RESOLUTION NO. 3674

A RESOLUTION APPROVING MODIFICATIONS TO THE JOINT POWERS AGREEMENT FORMING THE SOUTHWEST MINNESOTA REGIONAL EMERGENCY COMMUNICATIONS BOARD

(Refer to Resolution File for complete copy of Resolution)

LOCATION OF RESTORED JAPANESE CANNON

Todd Wietzema, Public Works Director, told Council that the restoration of the Japanese cannon that was formally located in Chautauqua Park has been completed. At their April 14, 2014 meeting, Council took action to place the cannon at Memorial Auditorium once the restoration was complete. However, some Council Members have received concerns from local veterans regarding the relocation. The Park Advisory Board considered the issue at its May 27, 2016 meeting, and made a recommendation that the cannon be placed back in its original spot in Chautauqua Park until such time it could be moved to an inside location at the Historical Society or some such place. There will be pads put down in the park.

The motion was made by Council Member Janssen, seconded by Council Member Sankey and unanimously carried to approve locating the restored Japanese cannon in Chautauqua Park at this time.

RESOLUTION NO. 3675 AND RESOLUTION NO. 3676 ADOPTED ACCEPTING PARK BENCH DONATIONS

The motion was made by Council Member Harmon, seconded by Council Member Nelson and unanimously carried to adopt the following resolutions accepting park bench donations on behalf of Bill and June Horak, and Vincent G. Cortright and Kallie Mae Aljets:

RESOLUTION NO. 3675

A RESOLUTION ACCEPTING A DONATION OF PERSONAL PROPERTY

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 3676

A RESOLUTION ACCEPTING A DONATION OF PERSONAL PROPERTY

(Refer to Resolution File for complete copy of Resolution)

QUOTE FOR CITY HALL SECURITY UPDATES ACCEPTED WITH BUDGET AMENDMENT

Based on Council direction at their May 23, 2016 meeting, staff obtained additional quotes for City Hall security updates. Todd Wietzema, Public Works Director, said he had contacted five additional companies but received only two additional quotes. Following review of the quotes, it was staff's recommendation to accept the quote from Midwest Alarms that was previously submitted to Council. Mr. Wietzema said the recommendation is partially due to the fact that Midwest Alarms could make use of our existing dialer to directly contact the Public Safety Department should the panic button be activated. In addition, the other quotes required a monthly fee to utilize a central monitoring system.

Council Member Graber stated firmly that she wants security at the additional City facilities addressed, and requested that staff come up with a plan to address the issue. Staff noted that the City Hall security measures were being addressed now because of the number of people that come in, this is just a start to getting something in place - and that additional measures would be discussed during Council budget meetings.

The motion was made by Council Member Graber, seconded by Council Member Harmon and unanimously carried to accept the quote from Midwest Alarms, and that staff should provide a plan to Council for security measures at other City facilities within three months.

2016 BITUMINOUS OVERLAY PROJECT CONTRACT AWARDED

The following bids were received June 24, 2016 for the 2016 Bituminous Overlays project:

<u>Engineer's Estimate</u>	<u>Duininck, Inc.</u>	<u>Southern Minnesota Construction</u>
\$277,857.60	\$268,449.05	\$318,866.48

The project includes the following street segments:

Tenth Avenue - Tower Street to Winifred Street
Milton Avenue - Dover Street to Oxford Street
Omaha Avenue - Dover Street to Oxford Street
South Shore Drive - Causeway to Knollwood Drive
Park Avenue and Clary Street Intersection

The motion was made by Council Member Nelson, seconded by Council Member Harmon and unanimously carried to award the bid for the 2016 Bituminous Overlay project to Duininck, Inc. as the low qualified bidder in the amount of \$268,449.05.

DEVELOPMENT CONTRACT AND LOAN/MORTGAGE AMENDMENT AND RELEASE OF LIEN APPROVED - YELLOW COMPANY

Council considered a proposed development agreement and loan/mortgage amendment between the City, the City's EDA and Yellow Company, LLC, outlining the responsibilities of each party as related to the redevelopment of the former Northland Mall site. Brad Chapulis, Director of Community/Economic Development, noted the following highlights of the proposed agreement:

- Yellow Company will redevelop the 35+ acres in accordance with the conceptual site plan submitted, with the commercial component to be completed by July 1, 2019.
- The City's EDA will commit the use of tax increment financing to financially assist with the eligible expenditures related to the development, which has been set at \$3,675,000.
- The City will revise its current loan from 5 to approximately 25 years (co-terminus with the life of the projected TIF payments) and increase the loan proceeds to an amount not to exceed \$2,450,000. The final loan amount will represent the cost of acquisition, mall demolition, and Grand Avenue special assessments.
- All three parties agree that annual TIF proceeds shall be applied to the loan until such time the loan has been fully repaid. In the event the loan is fully repaid prior to the required decertification of the TIF District, the annual TIF proceeds will be given to Yellow Company to financially assist with the eligible expenditures that it incurred with the development.
- All three parties agree that net proceeds from the sale of any real estate within the development will be applied to the principal balance of the City loan at the time of sale.
- Yellow Company will be responsible to pay the outstanding balance of the loan at the end of the loan should TIF proceeds and real estate sales do not do so.

Yellow Company was also requesting the release of the City lien on the Dealership site which is legally described as Lot 1, Block 1, Worthington Community Addition, which will allow the company to proceed with its permanent financing of the dealership. Mr. Chapulis said completion of an Analysis for Loan Repayment provided by Rebecca Kurtz of Ehlers and Associates, the City's

Financial Advisor, determined that there is adequate net worth, and Aaron Marthaler has the ability to cover any shortfall the TIF proceeds fail to provide. The City's EDA had earlier in the evening reviewed and approved the development agreement.

The motion was made by Council Member Harmon, seconded by Council Member Graber and unanimously carried to approve the development contract and Loan/Mortgage Amendment and release of lien - Yellow Company, LLC.

COUNCIL COMMITTEE REPORTS

Mayor Kuhle - nothing to report.

Council Member Nelson - attended the movie at Memorial Auditorium on Sunday; noted that HRA will be meeting tomorrow night.

Council Member Graber - nothing to report.

Honorary Council Member Hoffman - nothing to report.

Council Member Janssen - nothing to report.

Council Member Harmon - reported on Water and Light Commission last Monday; the Chamber presentation at the hospital last week; noted his attendance at the League of Minnesota Cities Summer Conference June 15-17.

Council Member Sankey - Noted the LMC Conference in St. Paul; Feasibility Study on Broadband; Nobles County Historical Society lunch at the museum.

CITY ADMINISTRATOR'S REPORT

Steve Robinson, City Administrator, provided an update on the pickle ball courts, noting the surface should be done in the middle of this week and they should be playing in a week or so. Work is being done at the disc golf course to add the second nine-holes. The Crailsheim sculpture is almost completed, and the unveiling and ceremony has been moved to Friday, August 12th around 6:00 or 6:30 p.m., with the band concert at 7 p.m. He also noted his attendance at the movie shown at Memorial Auditorium - enjoyed it, a really nice environment, nice venue. Looking forward to seeing more movies there. July 1st and 2nd, Friday and Saturday, there are 7:00 p.m. showings scheduled and a Sunday afternoon matinee at 2:00.

ADJOURNMENT

The motion was made by Council Member Sankey, seconded by Council Member Janssen and unanimously carried to adjourn the meeting at 8:35 p.m.

Janice Oberloh, MCMC
City Clerk