

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, AUGUST 13, 2007**

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 Woll, Ron Wood, Mike Kuhle, Bob Petrich.

City staff present: Joseph Parker, City Administrator; Brian Kolander, Finance Director; Brad Chapulis, Community/Economic Development Director; Jim Laffrenzen, Public Works Director; Myra Onnen, Neighborhood Services Officer; Janice Oberloh, City Clerk.

Others present: Dave Von Holtum, City Attorney; Dan Bogie, Retired City Police Officer; Dave Callister, Ehlers and Associates; Paula Anderson, Nobles Rock Community Health; Darrell Stitt, KWOA Radio; Justine Wettschuck, Daily Globe; Steve Robinson, SEH (7:10 p.m.); Glenn Thuringer, WREDC (7:18 p.m.); Parker Sandhurst, Tyler Hunt, Donna Hunt, Travis Ailts, Keith Ailts, Melody Ailts, Gary Ailts, from Boy Scout Troop 134.

PUBLIC HEARING - OXFORD MOTEL

Pursuant to notice this was the time set for a hearing for determination of public nuisance at the Oxford Motel, 1801 Oxford Street. The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to open the hearing.

Dave Von Holtum, City Attorney, made the presentation to Council. The current owners of the property are the heirs of Karl Schaffer and the heirs of Peter Skliris, none of whom were present at the meeting. The Schaffer heirs have indicated their intention is to fully cooperate in abatement of the nuisance, however, no response has been forthcoming from the Skliris heirs. Mr. Von Holtum interviewed Jim Laffrenzen, Public Works Director, regarding the steps taken thus far with the Oxford Motel property regarding enforcement of Chapter 92 - Nuisances. Mr. Von Holtum then introduced Daniel Bogie, a retired police officer for the City of Worthington, who provided investigative services for this nuisance issue. His report (hearing exhibit 1) and several photos (hearing exhibit 2) of the motel were distributed to Council. Mr. Bogie noted he had attempted personal service of notice on the Skliris heirs but was unable to make contact. He posted several notices at the motel office, a light pole, and on the door of a motel unit. The notice had been removed when he returned at a later date. The motel office is a residence and is currently occupied. Mr. Bogie's opinion is the motel is a definite fire hazard, and added that several of the units are unlocked. The order and bill had been served by mail in accordance with Chapter 92. Mr. Von Holtum was requesting Council approval of a resolution declaring the Oxford Motel a public nuisance and allowing for abatement of the nuisance, and authorizing legal proceedings to order abatement should the owners of the property fail to do so. The time for abatement was been lengthened as more time may be needed to obtain a court authorization expanding the powers of a representative of the Skliris estate to include the authority to sell or enter into an agreement with the City for abatement of the nuisance.

The motion was made by Alderman Kuhle, seconded by Alderman Petrich and unanimously carried

to close the hearing.

The motion was made by Alderman Kuhle, seconded by Alderman Wood and unanimously carried to authorize the following resolution declaring the Oxford Motel, 1801 Oxford Street, a public nuisance, and ordering abatement of the nuisance:

RESOLUTION NO. 3290

RESOLUTION DECLARING THE OXFORD MOTEL A PUBLIC NUISANCE AND ORDERING ABATEMENT

(Refer to Resolution File for Complete Copy of Resolution)

AGENDA APPROVED

Mayor Oberloh noted that an agenda item under Engineering had inadvertently been omitted from the listing on the agenda page, although the case item and information had been included with the agenda. A new page was distributed.

The motion was made by Alderman Petrich, seconded by Alderman Wood and unanimously carried to approve the agenda with the corrected page.

MINUTES

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve the City Council Minutes of July 23, 2007, the Joint City Council/Nobles County Commission Minutes of July 30, 2007, and the Joint City Council/Water and Light Commission Minutes of August 1, 2007.

MINUTES OF BOARDS AND COMMISSIONS

The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried to accept for the review, the Water and Light Commission Minutes of July 23, 2007, the Water and Light Commission Minutes of August 6, 2007, and the Planning Commission/Board of Appeals Minutes of August 7, 2007.

FINANCIAL STATEMENTS

The motion was made by Alderman Kuhle, seconded by Alderman Petrich and unanimously carried to accept the Municipal Liquor Store Income Statement for the Period January 1, 2007 through July 31, 2007.

LAND PURCHASE / FINANCING DISCUSSION - EHLERS & ASSOCIATES

Dave Callister, Ehlers & Associates, was present at the meeting to provide information to Council on public financing options for the City when acquiring land and installing infrastructure. Mr. Callister distributed a handout showing various schedules, and talked about methods of financing, whether the property acquisitions would be on a taxed or tax exempt basis, etc. The Economic Development Authority could purchase the property under a tax exempt bond, but if the property is sold back to private users it becomes a taxable type bond. If there are no land sales coming back to the City, it could potentially become tax exempt financing. Bond issuance would be done on the City's intent for the property. Possibly using a local bank for financing would be a good idea. Mr. Callister noted that by law, you cannot issue General Obligation Bonds necessarily to buy an industrial park, nor would you necessarily want to. Generally, the Economic Development Authority purchases the land and leases it back to the City so the statutory obligations are met, which is a very common thing with land acquisitions or building capital assets. Alderman Kuhle asked if there were any funds available within City entities and would it be better to borrow from them. Mr. Callister responded it depended on how those funds are doing now and what they are designated for in the future. It is always a good idea to borrow internally because you would be saving issuance costs and making interest for which ever fund you are borrowing from, but you also put it at risk because there is not a General Obligation pledge on this revenue. Mayor Oberloh stated he liked the idea of borrowing internally from Worthington Public Utilities reserves with the intention of paying it back, and asked Mr. Callister if his firm would be the one working with the City and the Utility to set this up if this option was selected. Mr. Callister responded that they would, adding that by borrowing from ourselves we would eliminate the tax/tax exempt issue. Mayor Oberloh requested that Mr. Callister research this option for the City. Alderman Ten Haken asked if this type of thing would also work for installation of infrastructure, to which Mr. Callister replied it would. It should not affect our overall rating and would be looked at as a positive by investing in the community, as long as the property does not sit empty for five or ten years. It would also help with the overall debt picture as it won't show up as registered debt.

Mr. Callister also noted that any portion of the purchased land used for public infrastructure, dedicated right-of-way, substations, etc., can be put into the infrastructure portion of it so some of the debt can be shifted from taxable debt to tax exempt debt. Land used for storm water retention issues would also qualify. Mayor Oberloh noted it would then be to our advantage to have a master plan completed fairly soon so all of the public components in that property can be identified.

Mayor Oberloh asked what the time line would be for getting this put together following the closing on the largest parcel of land in January. Mr. Callister said once the City Council authorizes the infrastructure, it would be sixty days to the bond sale and another twenty days before we get the wire. Internal financing would be slightly quicker. He also recommended a reimbursement resolution be done, and will provide a copy of such a resolution to Council.

Mayor Oberloh suggested a joint meeting with the Water and Light Commission for a discussion on

internal financing. Council thanked Mr. Callister for his time and information.

AGREEMENT TO PURCHASE LAND APPROVED - LORENZ

The City initiated a purchase agreement for acquisition of approximately 93 acres of land located north of Interstate 90 and west of Highway 59, which has been accepted by the owners, Joel and Julie Lorenz, at price of \$800,000. Closing on the sale has tentatively been set for January 15, 2008. Council authorization was requested to accept the agreement and to authorize staff to begin annexation proceedings for this parcel.

The motion was made by Alderman Wood, seconded by Alderman Petrich and unanimously carried to accept the purchase agreement in the amount of \$800,000 and authorize staff to initiate annexation proceedings for the property.

AGREEMENT TO PURCHASE LAND APPROVED - KOEPEL/HOFFMAN

The City initiated a purchase agreement for acquisition of a parcel of ground located north of Interstate 90 and west of Highway 59 for the amount of \$140,000, which has been accepted by John C. Koepsell, Kathryn G. Hoffman, Mark A. Koepsell and Sara Koepsell, and Michael D. Koepsell, owners. Closing date would be October 1, 2007.

The motion was made by Alderman Kuhle, seconded by Alderman Wood and unanimously carried to accept the purchase agreement in the amount of \$140,000.

PROPOSAL TO SELL CITY PROPERTY APPROVED

A private party has expressed interest in a parcel of property located at 121 Oxford Street which is owned by the City of Worthington. The parcel was acquired for economic development and assisted in creating further economic development opportunities with the construction of a new Yourway Transportation facility in the industrial park, and is currently rented. According to the "City of Worthington Property Disposal Policy", the Council must determine by which method City owned property will be disposed of. The assessed value of the property is \$86,300. Discussion was held on whether this issue should be handled in closed session and if a minimum bid should be determined.

Based on a recommendation from staff, the motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried that the sale of this tract of land known as 121 Oxford Street be advertised for two weeks in the local newspaper, with sealed bids to be received five days after the last ad is run. The proceeds of the sale should be divided equally between the Worthington Economic Development Authority and the Worthington Water and Light Commission as contributors to the purchase of the property.

RESOLUTION NO. 3291 ADOPTED TRANSFERRING TITLE TO REAL ESTATE TO WORTHINGTON NOBLES BIO-SCIENCE JOINT POWERS BOARD; AND TRANSFERRING OWNERSHIP OF THE CITY'S ½ INTEREST IN THE BUILDING LOCATED THEREON TO THE JOINT POWERS BOARD

Joseph Parker, City Administrator, presented a resolution that would transfer certain property to the Worthington Nobles Bio-Science Joint Powers Board for the purpose of supervising the operation, administration, promotion, and management of economic development in the Bio-Science Industrial Park. It is anticipated that the Joint Powers Board will sell Lots 3 and 4, along with the building located thereon. Upon that sale, the Joint Powers Board will distribute to the City of Worthington fifty percent of the proceeds for the sale of the building and one hundred percent of the proceeds for the sale of the land. The proceeds of the land sale shall then be distributed to Worthington Regional Economic Development Corporation, Worthington Public Utilities, and Nobles County in accordance with the equitable ownership interest of each.

The motion was made by Alderman Wood, seconded by Alderman Petrich and unanimously carried to adopt the following Resolution:

RESOLUTION NO. 3291

RESOLUTION TRANSFERRING TITLE TO REAL ESTATE TO WORTHINGTON NOBLES BIO-SCIENCE JOINT POWERS BOARD; AND TRANSFERRING OWNERSHIP OF THE CITY'S ½ INTEREST IN THE BUILDING LOCATED THEREON TO THE JOINT POWERS BOARD.

(Refer to Resolution file for complete copy of Resolution)

REQUEST FOR FUNDING APPROVED - SOUTHWEST CRISIS CENTER

The Southwest Crisis Center was requesting funding in the amount of \$5,000. The Center has provided services in Worthington since 1984 and has impacted many lives. In fiscal 2007, 65% of the families they helped regarding domestic violence lived in the city of Worthington.

The motion was made by Alderman Woll, seconded by Alderman Kuhle and unanimously carried to approve the funding to the Southwest Crisis Center in the amount of \$5,000.

ORDINANCE NO. 1000 ADOPTED - STORM WATER PROTECTION

Pursuant to published notice, this was the time set for the third reading of the proposed ordinance pertaining to Storm Water Protection. The ordinance will amend Title V, Chapter 54 of the City Code by adding subchapter 54.10 for which purpose is to control, reduce, and to the extent possible, eliminate storm water pollution along with soil erosion and sedimentation within the City by

establishing standards and specification for conservation practices and planning activities, which minimize storm water pollution, soil erosion and sedimentation.

The motion was made by Alderman Woll, seconded by Alderman Ten Haken and unanimously carried to give a third reading to and adopt the following ordinance:

ORDINANCE NO. 1000

AN ORDINANCE TO PREVENT STORM WATER POLLUTION

(Refer to Ordinance file for complete copy of Ordinance)

ORDINANCE NO. 1001 ADOPTED - CHANGE OF ZONE

Pursuant to published notice, this was the time set for the third reading of the proposed ordinance amending Title XV of the City Code to rezone property legally described as Lot 3, Block 1, Chermak's Subdivision, City of Worthington, Nobles County, Minnesota from "R-3" (Low Density Preservation Residential) to "B-3" (General Business).

The motion was made by Alderman Ten Haken, seconded by Alderman Woll and unanimously carried to give a third reading to and adopt the following ordinance:

ORDINANCE NO. 1001

AN ORDINANCE TO AMEND TITLE XV OF THE CITY CODE OF WORTHINGTON, NOBLES COUNTY, MINNESOTA, TO REZONE PROPERTY FROM "R-3" (LOW DENSITY PRESERVATION RESIDENTIAL) TO "B-3" (GENERAL BUSINESS)

(Refer to Ordinance file for complete copy of Ordinance)

ORDINANCE NO. 1002 ADOPTED - ILLUMINATED SIGNS

Pursuant to published notice, this was the time set for the third reading of the proposed ordinance amending Title XV of the City Code - Illuminated Signs. The motion was made by Alderman Petrich, seconded by Alderman Kuhle and unanimously carried to give a third reading to and adopt the following ordinance:

ORDINANCE NO. 1002

AN ORDINANCE TO AMEND TITLE XV OF THE CITY CODE OF WORTHINGTON, NOBLES COUNTY, MINNESOTA

(Refer to Ordinance file for complete copy of Ordinance)

ORDINANCE NO. 1003 ADOPTED - TO CORRECT AN ORDINANCE

Pursuant to published notice, this was the time set for the third reading of the proposed ordinance amending Title XI, Chapter 97, Subchapter 97.09 of the City Code, Disposal of Vehicles Not Sold. The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried to give a third reading to and adopt the following ordinance:

ORDINANCE NO. 1003

AN ORDINANCE CORRECTING AN ERROR IN CHAPTER 97 OF THE CITY CODE OF WORTHINGTON, NOBLES COUNTY, MINNESOTA

(Refer to Ordinance file for complete copy of Ordinance)

ORDINANCE NO. 1004 ADOPTED - AREA TO FLOOR RATIO

Pursuant to public notice, this was the time set for the third reading of the proposed ordinance amending Title XV of the City Code of the City of Worthington, Nobles County, Minnesota - area to floor ratio - schedule of density, area and bulk regulations. The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried to give a third reading to and adopt the following ordinance:

ORDINANCE NO. 1004

AN ORDINANCE TO AMEND TITLE XV OF THE CITY CODE OF WORTHINGTON, NOBLES COUNTY, MINNESOTA

(Refer to Ordinance file for a complete copy of Ordinance)

FIRST READING PROPOSED ORDINANCE REVISING AN ORDINANCE - CHAPTER 92, HEALTH AND SAFETY; NUISANCES

Staff was requesting that Council give a first reading to a proposed ordinance revising Chapter 92 of the City Code, Health and Safety; Nuisances, that would allow for a change in the enforcement procedures which can be utilized by the Neighborhood Services Officer, including issuance of petty misdemeanor citations.

The motion was made by Alderman Petrich, seconded by Alderman Ten Haken and unanimously carried to give a first reading to the proposed ordinance revising an ordinance - Chapter 92 of the City Code, Health and Safety; Nuisances.

APPLICATIONS FOR KING TURKEY DAY APPROVED

Permit/License applications had been received for the 2007 King Turkey Day festivities, including the parade, temporary on-sale beer licenses and temporary dance license. The required fees and insurance certificates have been received.

The motion was made by Alderman Woll, seconded by Alderman Petrich and unanimously carried to approve the following licenses for King Turkey Day:

Request to Block Streets: 6:00 p.m. on Wednesday, September 12, 2007 to 11:00 p.m. on Saturday, September 15, 2007 - Ninth Street from 1st Avenue to 4th Avenue and 4th Avenue from 9th Street to 10th Street.

4:00 p.m. Friday, September 14th to Saturday, September 15th at 12:00 midnight - 1st, 2nd, 3rd, and 4th Avenue from 9th Street to 10th Street and 10th Street between 1st and 2nd Avenue.

8:00 a.m. to 10:30 a.m. on Saturday September 15th - 11th Street between 2nd and 3rd Avenue.

6:00 a.m. to 5:00 p.m. Saturday, September 15th for the parade route.

Temporary On-Sale Beer: Turkey Day Mixer - Thursday, September 13, 2007 from 5:00 p.m. to 11:00 p.m. at Pioneer Village (alternate rain location is Worthington Arena)

Turkey Day Beer Garden - 2:00 p.m. to 12:00 midnight Friday, September 14th and 12:00 noon to 12:00 midnight on Saturday, September 15th.

Temporary Dance: Friday, September 14th and Saturday, September 15th, downtown Worthington, King Turkey Day Beer Garden.

Alderman Woll noted that other events had sometimes raised noise concerns, and after a brief discussion, consensus was that there shouldn't be problem with this location.

OUT OF STATE TRAVEL APPROVED

Alderman Woll will be representing the City of Worthington at Turkey Fest in Cuero, Texas October 10 - 14, 2007. The motion was made by Alderman Ten Haken and seconded by Alderman Wood to approve the out of state travel request and authorize staff to reimburse Alderman Woll for his expenses. With Alderman Woll abstaining from the vote, the motion was unanimously carried.

APPLICATION FOR EXEMPTION FROM LAWFUL GAMBLING APPROVED

The motion was made by Alderman Woll, seconded by Alderman Wood and unanimously carried

to approve the following application for exemption from lawful gambling:

Organization: National Wild Turkey Federation - "Tomorrow's Turkeys"
Chief Executive Officer: Allen J. Thiner
Treasurer: Milo Hawkinson
Types of Games: Raffles
Date of Activity: September 22, 2007, Elks Lodge #2287 - 1105 Second Avenue,
Worthington, Minnesota

NOBLES COUNTY PUBLIC HEALTH DEPARTMENT PRESENTATION: SMOKING BAN - COUNCIL RESPONSIBILITIES

Paula Anderson of the Nobles County Health Department gave a presentation on the smoking ban recently passed by the legislature which goes into effect October 1st. Ms. Anderson covered such topics as harm from second hand smoke, why the ban is important, and enforcement of the ban. The ban covers public places, public vehicles, and home offices if there are two or more people using the space. There are some exemptions from the ban including hotel and motel rooms, private homes and cars, tobacco products shops, traditional Native American ceremonies and casinos, etc. Ms. Anderson noted that local governments can regulate outdoor air at parks, entrances, etc.; hotels/motels; tobacco shops; and penalties for violations.

Ms. Anderson thanked Council for allowing her to give the presentation.

CHANGE ORDER NO. 1 TO THE 2007 AIRPORT HANGAR PROJECT

The 2007 Airport Hangar project specifications called for a certain type of construction in order for the building to meet minimum fire safety related codes. The contract was awarded to Southwest Equipment Sales, Inc. but a review of drawings submitted by Southwest Equipment's building supplier following award revealed that the building as quoted to Southwest Equipment would not meet the specifications. The building supplier explored the option of sprinklering the building in order to eliminate the need for the type of construction specified. In addition to meeting code requirements, the inclusion of a sprinkler system would provide protection of the building, as well as contents, that would not be available if the structure only met specifications.

Alderman Kuhle reported that he had attended a meeting earlier today where it was learned that the building supplier suggested a block lining inside the hangar consisting of ten-inch reinforced painted masonry. In response to a question from Alderman Ten Haken, Steve Robinson, SEH, Inc., stated such a liner would meet the project specifications, thereby eliminating the need for the change order to the project as requested. The proposal has been approved by the Building Official and the Project Engineer. Council approval is not needed as the specifications remain the same, and no additional funds are required. There will, however, be a future change order for the addition of two windows to the hangar.

ADDITIONAL AGREEMENT WITH McDONALD'S USA APPROVED

At their July 23, 2007 meeting, City Council approved a cooperative construction agreement with McDonald's USA regarding the development of the site immediately north of Walgreen's for relocation of its new restaurant. One of the items established in the agreement was that the City would apply for the necessary permits from MnDOT, and that McDonald's would need to meet the requirements of a permit issued by MnDOT. One of those requirements is construction of a temporary frontage road connecting the existing frontage road to the new street at a point opposite the McDonald's driveway. McDonald's was to provide an easement or other form of conveyance of interest over the location of the temporary connection that would remain in place until the planned backage road is constructed. Under the original agreement, the frontage road would be under MnDOT's jurisdiction to avoid the Charter requirements for vacating the street in the future. MnDOT has reneged on taking ownership of the easement, indicating state statute does not allow it. The City Attorney reviewed the original form of easement and agreement proposed to MnDOT for possible modification so as to be with the City, resulting in the proposed agreement.

The motion was made by Alderman Kuhle, seconded by Alderman Wood and unanimously carried to approve the additional agreement with McDonald's USA.

COUNCIL COMMITTEE REPORTS

Mayor Oberloh - Reported on the recent trip to Crailsheim, Germany to celebrate the 60th anniversary of the sister-city partnership.

Alderman Ten Haken - Reported on a Joint City/County/School meeting, suggested truth in taxation date should be moved up to fall. They visited with the Chamber of Commerce staff on a joint marketing effort for the City and School, perhaps a new logo. The legislative booklets need to be addressed to get ready for the upcoming year.

Alderman Woll - Reported that the Senior Center Committee has met a couple of times recently, they met August 15th with the RSVP group to update them - there was good input and some consensus. They will have a report soon.

Alderman Wood - Reported on a Joint Task Force open house meeting of the City/County/Townships. There were good comments from the officials but a different set of comments when the public came. Will have a non consultant meeting next week then meet with consultant in September and get ready to move to a public hearing. Also attended a Housing and Redevelopment Authority meeting.

Alderman Kuhle - Didn't really have any meetings to report on but wanted to commend the Police Department and Officer Schelhaas, who attended their neighborhood picnic to start up a new neighborhood watch group.

Alderman Petrich - Reported that Worthington Public Utilities is talking to Nobles Cooperative Electric regarding realignment of service territory. Also, the Memorial Auditorium Advisory Board has someone coming to look at the facade on the auditorium.

CITY ADMINISTRATOR'S REPORT

Administrator Joe Parker reported he has been working with Brian Kolander on budget and asked Council to pull out their calendars for upcoming budget meetings. Meetings were set for August 22 and 23, 2007 from 6:30 a.m. to 8:00 a.m., and for August 28 and 30, 2007 at the same time if needed.

BILLS PAYABLE

The motion was made by Alderman Wood, seconded by Alderman Ten Haken and unanimously carried that bills payable and totaling \$1,141,635,53 be ordered paid.

ADJOURNMENT

The motion was made by Alderman Petrich, seconded by Alderman Woll and unanimously carried to adjourn the meeting at 8:58 p.m.

Janice Oberloh
City Clerk