

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, NOVEMBER 25, 2019**

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: Larry Janssen, Chad Cummings, Amy Ernst, Alan Oberloh, Mike Harmon.

Staff present: Jason Brisson, Assistant City Administrator/Director of Economic Development; Todd Wietzema, Public Works Director; Troy Appel, Public Safety Director; Dwayne Haffield, Director of Engineering; Jeremiah Cromie, City Planner; Mindy Eggers, City Clerk.

Others present: Leah Ward, The Globe, Dale Wolter, Sharon Wolter, Michaela Hertz, Makenzie Wolter, John Landgaard, Brad Shaffer, Jennifer Weg, Bernell Hillesheim, Kathy Hillesheim, Kevin Hertz, Marcie Hertz, Kari Sauerbrei, Payton Sauerbrei, Stacy Sauerbrei, Tristan Sauerbrei, Chad Rasmussen, Kara Rasmussen, Pat Shorter, Jason Larsen, Josh Noble, Janice Oberloh, Parker Sandhurst, Andrea Duarte, Ivan Parga.

The Pledge of Allegiance was recited.

AGENDA CLOSED / APPROVED

Staff requested moving Item F. 1. *Lifesaving Awards* to right after the Consent Agenda, and the addition of Consent Agenda Case Item D.3.2. *Application for Parade Permit / to Block Street (s) - St. Mary's Church*, Administration Item E.7. *Workforce Housing Program Application* and Item E.8. *Thompson Hotel Consultant Services*

The motion was made by Council Member Cummings, seconded by Council Member Ernst and unanimously carried to close / approve the agenda with the following change and additions of moving Item F. 1. *Lifesaving Awards* to right after the Consent Agenda, addition of Consent Agenda Case Item D.3.2. *Application for Parade Permit / to Block Street (s) - St. Mary's Church*, Administration Items E.7 *Workforce Housing Program Application* and Item E.8. *Thompson Hotel Consultant Services* as presented.

CONSENT AGENDA APPROVED

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

- City Council Minutes of Regular Meeting Minutes of November 12, 2019
- Water & Light Commission Meeting Minutes of November 4, 2019
- Public Arts Commission Meeting Minutes of October 17, 2019
- LEC Joint Powers Operation Committee Meeting Minutes of August 29, 2019
- Heron Lake Waterhsed Board Meeting Minutes of September 17, 2019
- Water & Light Commission Meeting Minutes of November 18, 2019
- Audit Engagement Letter
- 2020 Hangar Lease Rates - Worthington Municipal Airport

- Application for Parade Permit / to Block Street (s) - St. Mary's Church
- Bills payable and totaling \$1,952,407.04 be ordered paid

LIFE SAVING AWARDS

Troy Appel, Public Safety Director, said on Tuesday, August 20th, 2019, emergency services were dispatched to the Worthington High School football practice field regarding a juvenile male who had collapsed and was barely breathing. Officer Hillesheim was on patrol nearby and arrived just minutes after the call. Coaches Gene Lais and Casey Hertz were tending to the male as Hillesheim approached. It was immediately determined the child was not breathing and had no pulse. Lais and Hertz assisted with CPR while Officer Hillesheim applied an automated external defibrillator (AED). No heart beat was detected. Two shocks were administered to the child and after the second shock, a heartbeat was detected. A Sanford ambulance arrived and the child was transported to the ER where he was stabilized and later flown to Iowa City for additional treatment. Data from the Worthington Police Department AED was later utilized in medical treatment.

Mr. Appel said this incident is a great example of school staff (including the entire coaching staff), law enforcement personnel and medical professionals effectively working together to save a life. Without the competence of any of the three, or without the lifesaving equipment provided to our police officers, a life would have been lost on the WHS football field on August 20th.

He said, typically, no one wants to be singled out for their involvements in incidents such as this. Tonight, however, we are going to recognize the actions of individuals. The actions of Coaches Gene Lais and Casey Hertz, and Officer Hillesheim were lifesaving, heroic and outstanding contributions to public safety in the City of Worthington. Tonight we celebrate by presenting them with Lifesaving Awards.

On behalf of the Worthington Police Department, the City of Worthington, and the Sauerbrei family, congratulations and thank you.

Stacy Sauerbrei thanked everyone involved in saving their son Tristan.

Mayor Kuhle thanked and commended everyone involved in the lifesaving event.

SECOND READING PROPOSED ORDINANCE TO AMEND THE STORM WATER UTILITY APPROVED

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance Relating to Storm Water Utility Rates as follows:

The City Council of the City of Worthington Do Ordain:

SECTION I.

Worthington City Code, Title V, Chapter 54, Section 54.04 ©, is hereby amended and shall read as follows:

The annual fee per acre for residential is \$288.00.

SECTION II.

This ordinance shall take effect January 1, 2020.

A motion was made by Council Member Oberloh, seconded by Council Member Ernst and unanimously carried to give a second reading to the proposed ordinance Amending the Storm Water Utility Rate.

CLOSEOUT 2009-2018 LOCAL OPTION SALES AND EXCISE TAX APPROVED

Steve Robinson, City Administrator, explained that the 2009-2018 Local Option Sales and Excise Tax terminated on September 30, 2018 and all collections have been received and reconciled. Legislation originally called for collection of \$6.0 million plus financing costs for construction of the City's Event Center and an addition and improvements to Memorial Auditorium. Financing costs were nearly \$295,000. Legislation was amended in 2017 allowing the collection of an additional \$1.3 million for construction of Buss Soccer Fields. Collections grew from an average of just under \$49,000 per month in 2009 to more than \$88,000 per month in 2018.

The Minnesota Department of Revenue was notified in July 2018 that the City had collected the statutory limit of \$7.3 million plus financing costs and that termination of the sales tax should be scheduled for the end of the next fiscal quarter (September 30). The City received the final distribution in December 2018.

Minnesota Statute directs "Any funds remaining after payment of the allowed costs due to timing of the termination shall be placed in the City's general fund".

Sales and excise collections totaled \$8,282,019.21. An additional \$80,388.72 in interest earnings brought the total revenue to \$8,362,407.93. Approved expenditures were \$7,531,485.93 leaving remaining funds of \$830,922. Staff is suggesting the following remaining funds be distributed accordingly:

Memorial Auditorium Capital Assigned Funds	\$100,000
Event Center Capital Assigned Funds	\$ 50,000

Fairgrounds Road	\$ 66,000
Beach Nook	<u>\$614,922</u>
Total Future Expenditures	\$830,922

A motion was made by Council Member Oberloh, seconded by Council Member Cummings and unanimously carried to approve the Closeout of the 2009-2018 Local Option Sales and Excise Tax and the proposed distribution of the remaining funds.

RESOLUTION NO. 2019-11-83 ADOPTED AUTHORIZING SUPPORT OF APPLYING FOR A MINNESOTA STATE FIRE MARSHAL SERVICE PLANNING GRANT

Steve Robinson, City Administrator, explained The Nobles County Mutual Aid Association, representing area volunteer fire departments, is applying for a grant offered through the State Fire Marshal's office to fund a study to mutually serve patrons the most effectively and to also identify a formula for equitable compensation from townships and other municipalities. The findings of the study will be used to better serve all patrons of the Nobles County fire districts.

Fire Chief Jason Larsen and Assistant Fire Chief Pat Shorter said that this grant will help the smaller departments by increasing rates which will increase their net income. People will be better served in regards to quicker response times for increased overall safety.

A motion was made by Council Member Ernst, seconded by Council Member Harmon and unanimously carried to adopt the following Resolution authorizing support for the State Fire Marshal Service Planning Grant.

RESOLUTION NO. 2019-11-83

MUNICIPAL SUPPORT FOR THE MUTUAL AID ASSOCIATION'S (OF NOBLES COUNTY) EFFORT TO MAXIMIZE RESPONSE TIMES AND ENSURE EQUITY WITH PER-SECTION REVENUE RATES

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 2019-11-84 ADOPTED ACCEPTING STATE FIRE MARSHAL GRANT AWARD

Steve Robinson, City Administrator, stated The Worthington Fire Department has been awarded a grant through the State Fire Marshal Division of the Minnesota Department of Public Safety to assist in the purchase and installation of a turn-out gear dryer. The award is in the amount of \$4825.50 with a local match of \$1608.50

Jason Larsen, Fire Chief, stated that the piece of equipment is a special dryer for the turn-out gear because regular dryers cannot be used for the equipment.

A motion was made by Council Member Cummings, seconded by Council Member Oberloh and unanimously carried to adopt the following Resolution accepting the State Fire Marshal Grant Award.

RESOLUTION NO. 2019-11-84

A RESOLUTION RELATING TO STATE FIRE MARSHAL DIVISION OF THE MINNESOTA DEPARTMENT OF PUBLIC SAFETY

(Refer to Resolution File for complete copy of Resolution)

PROFESSIONAL SERVICES AGREEMENT FOR DESIGN AND CONSTRUCTION PROJECT REPRESENTATION AND CONSTRUCTION SERVICES OF THE W.E.L.L. PROJECT APPROVED

Steve Robinson, City Administrator, explained City Council approved a Memorandum of Understanding (MOU) at the October 16, 2019 Special Meeting for the City to pro-rate participation on a square footage basis for professional design and project representation. The initial estimate is that the City will occupy five percent of the completed project. Final distribution of costs to the City will be determined based on the actual percentage of square footage attributed to the City.

A motion was made by Council Member Ernst, seconded by Council Member Harmon and unanimously carried to approve the professional services agreement for design and construction project representation and construction services for the W.E.L.L. project.

WORKFORCE HOUSING PROGRAM RE-FINANCING SUBORDINATION REQUEST APPROVED

Steve Robinson, City Administrator, stated City Council approved a forgivable loan through the Workforce Housing Program to Wesley and Katherine Kouba, 2211 Castlewood Drive, in July 2015. The program was adopted by the City in 2008 to encourage the construction of affordable housing units within the boundaries of TIF District #7 by offering forgivable loans to qualified home buyers to pay any outstanding assessments for public infrastructure levied against properties that met certain requirements. The loan was in the amount of \$10,080.19 structured for five years at an interest rate of 5.0%. The outstanding balance as of October 31, 2019 is \$1,676.90 and is scheduled to terminate on July 31, 2020. The Kouba's are refinancing their home and the lender has requested that the City execute a subordination agreement.

A motion was made by Council Member Harmon, seconded by Council Member Cummings and

unanimously carried to approve the workforce housing program refinancing subordination request.

WORKFORCE HOUSING PROGRAM APPLICATION APPROVED

Jason Brisson, Assistant City Administrator/Economic Development Director, explained Sawywarblutpoh and Nawlahsherpaw Moodoh have applied for a forgivable loan through the City's Workforce Housing Program for the eligible developer installed infrastructure improvements installed for the newly constructed house they have purchased at 2234 Eleanor Street. The program, which was adopted in 2008, was created to encourage the construction of affordable housing units within the boundaries of TIF District #7.

Mr. Brisson explained upon review of the infrastructure costs submitted by the developer, staff has determined the value of the eligible expenditures is \$24,701.19. Based on the program policy, the forgivable loan would be structured for five years and at an interest rate of 5%. For each year the applicant owns and resides in the home, the annual mortgage payment would be forgiven. After five years, the loan is fully forgiven. Should the applicant move or sell the house during the loan period, they would be responsible for the outstanding loan balance.

Mr. Brisson said after reviewing the application, the applicant meets the eligibility criteria (i.e. income qualifications, loan-value ratio, debt-income ratio) and are eligible for the forgivable loan.

A motion was made by Council Member Cummings, seconded by Council Member Ernst and unanimously carried to approve the Workforce Housing Program application.

THOMPSON HOTEL CONSULTANT SERVICES APPROVED

Jason Brisson, Assistant City Administrator/Economic Development Director, stated at the October 28, 2019 City Council meeting, Council discussed a request from the buyers of the Hotel Thompson building to set up a new TIF district to assist with the redevelopment of the property. Council voiced its support for pursuing a new TIF district for this purpose. In the State of Minnesota, there are five TIF district types. The developer has requested a redevelopment TIF designed to redevelop blighted areas. It provides for a maximum of 25 years of tax abatement for eligible projects.

Mr. Brisson said to establish a new redevelopment TIF district for the Hotel Thompson, the building must be found to be "blighted" as defined by the State of Minnesota. Mr. Brisson explained the City has received a proposal from the design firm LHB to survey the property, conduct an interior and exterior visual review, provide a replacement cost estimate, evaluate the existing conditions, determine building code deficiencies, and prepare and deliver a report. This report will establish the status of the building with respect to blight as defined by the State of Minnesota. The contract is structured as an hourly rate with a not-to-exceed amount of \$5,900. The proposed contract features a limits of liability provision. Mr. Brisson noted that Ehlers & Associates recommended this step in the chance it was challenged.

Mr. Brisson explained the expenses associated with establishing a TIF district are customarily the responsibility of the TIF recipient. He said staff has worked with the City Attorney to prepare the memorandum of understanding. The memorandum is structured as an agreement between the City and the developer, Clark Properties, the developer agrees to reimburse the City for the expenses associated with the TIF inspection and report within 30 days of receiving an invoice for the services. During discussions, the developer has requested that the City consider using the first proceeds from the TIF district to pay for LHB's services. They agreed to a provision that the developer would reimburse the City within 30 days if the building can't be established as blighted and no TIF proceeds are to be generated.

A motion was made by Council Member Oberloh, seconded by Council Member Janssen and unanimously carried to approve \$5,900.00 for the Thompson Hotel property review to establish status of "blighted" property to allow for a TIF District to be established.

RESOLUTION NO. 2019-11-85 ADOPTED ACCEPTING DONATION OF FUNDS

Troy Appel, Public Safety Director, stated a person who wished to remain anonymous donated \$5,000 to the Worthington Police Department. The donor requested the funds be distributed over the next several years to members of the public through a Secret Santa Program. Worthington patrol officers will give out \$100 dollar bills tucked inside cards at traffic stops during the next few Christmas seasons.

A motion was made by Council Member Cummings, seconded by Council Member Ernst and unanimously carried to adopt the following resolution accepting the donation:

RESOLUTION NO. 2019-11-85

A RESOLUTION ACCEPTING A DONATION OF FUNDS

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 2019-11-86 ADOPTED ACCEPTING DONATION OF FUNDS

Troy Appel, Public Safety Director, stated Quality Refrigerated Services donated \$1,000 to the Worthington Police Department to benefit police programs associated with the local school district. The funds will be used to purchase items for WPD's Blue in the School program such as books, pencils and other items that will be given to students and teachers.

A motion was made by Council Member Harmon, seconded by Council Member Janssen and unanimously carried to adopt the following resolution accepting the donation:

RESOLUTION NO. 2019-11-86

A RESOLUTION ACCEPTING A DONATION OF FUNDS

(Refer to Resolution File for complete copy of Resolution)

APPROVED FINAL CHANGE ORDERS FOR THE PUBLIC WORKS REMODELING PROJECT

Todd Wietzema, Public Works Director, said the Public Works Remodeling project includes a 32,000sq.ft vehicle storage area, new public works offices, bathroom facilities and breakroom area. The bid for the remodeling project was \$1,907,110. Mr. Wietzema explained Wilcon Construction, the contractor for the project, has proposed 12 additional Change Orders.

They are as follows:

- 1.) Add 12” cabinets in the breakroom: Add \$415.96
- 2.) Additional ceiling tile: Add \$1,037.64
- 3.) Test and repair damaged sprinkler lines: Add \$1,304.44
- 4.) Added steel studs for vent line: Add \$516.89
- 5.) Owner do final cleanup: Deduct (\$4,000.00)
- 6.) Credit for window repairs: Deduct (\$22,531.00)
- 7.) Credit for returning ceramic tile: Deduct (\$571.32)
- 8.) Credit for not sealing floors; Deduct (\$4,950.00)
- 9.) Adding electrical sub panel: Add \$1,447.49
- 10.) Deducts for painting specs: Deduct (\$10,185.00)
- 11.) Add exhaust fans in washbay: Add \$3,197.57
- 12.) Additional electric wiring: Add \$4,348.21

The total change amount: Deduct (\$29,969.12)

With the current contract sum at \$1,969,777.83, Mr. Wietzema stated these change orders will decrease our current contract amount to \$1,939,808.71. He noted the original architects estimate for this project was \$2,035,710.

A motion was made by Council Member Harmon, seconded by Council Member Ernst and unanimously carried to approved the change orders as presented for the Public Works building.

RESOLUTION NO. 2019-11-87 ADOPTED RE-ESTABLISHING THE INTEREST RATE ON THE PAYBACK TERMS SET FORTH IN RESOLUTIONS ADOPTING THE SPECIAL ASSESSMENTS FOR CERTAIN IMPROVEMENTS

Dwayne Haffield, Director of Engineering, stated on October 14, 2019, the assessments for the West Gateway Drive Area and North Crailsheim Drive sewer and water improvement projects were

adopted. At that time, the sale of the bond used (2019A), in part, to finance the projects was being concluded. The final assessment process was initiated based on a projected interest cost that was higher than the actual true interest cost of 2.08%. The adopted assessment interest rate was 3.6% or 1 percentage point above the projected interest cost of 2.6%. The additional percentage point reflects the policy of increasing the interest rate to help recover internal costs associated with improvement financing .

Mr. Haffield said in August of 2009 the City issued a General Obligation Permanent Improvement Revolving (PIR) Fund Bond, Series 2009C to finance 5 improvement projects that had been assessed in 2008 through 2011. These improvements included the 2007 and 2008 Street Improvements, 27th Street Improvements and the Cherrywood Addition Sewer and Water Improvements. The interest rates on the assessments were adopted at 5.5% (2007 Street Improvements) and 4.5% (all others). The bond sale concluded in October of 2019 was, in part, to refinance the 2009 PIR Bond (2009C). As noted above the true interest cost of 2019A was 2.08%.

Mr. Haffield said in regard to the 2019 assessments, had the bond interest cost been known at the time the assessment process was initiated the proposed interest rate would have been 3.1% rather than 3.6%. In regard to the 2008 through 2011 assessments, it has been the practice of the City to amend the interest rates on any current assessments to reflect the new financing rate. It would be consistent with the interest rate policy and the refinancing practice to amend the interest rates on all the affected assessments to 3.1%. Staff is recommending Council pass the resolution amending the interest rate on the assessments effective with the installment to be certified this year.

A motion was made by Council Member Cummings, seconded by Council Member Janssen and unanimously carried to adopt the following resolution Re-Establishing the Interest Rate on the Payback Terms set in Forth in Resolutions Adopting the Special Assessments for Certain Improvements.

RESOLUTION NO. 2019-11-87

RE-ESTABLISHING THE INTEREST RATE ON THE PAYBACK TERMS SET FORTH IN RESOLUTIONS ADOPTING THE SPECIAL ASSESSMENTS FOR CERTAIN IMPROVEMENTS

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 2019-11-88 ADOPTED REAPPORTIONING ASSESSMENTS FOR PAVING IMPROVEMENT NO. 108

Dwayne Haffield, Director of Engineering stated the Economic Development Authority's (EDA) sale of approximately 1 acre of property abutting 27th Street to JB Brooke Properties is cause for reapportioning the assessments previously levied against the entire tract owned by the EDA. A

petition has been received requesting reapportionment of the assessments in a manner they would have been assessed if the two lots existed at the time the improvements were completed. The original paving improvement assessments and the reapportionments as proposed and petitioned for are, on a per front foot basis. Mr. Haffield noted the paving improvement did include sewer and water extensions.

A motion was made by Council Member Cummings, seconded by Council Member Janssen unanimously carried to adopt the following resolution Reapportioning the Special Assessments for Paving Improvement No. 108.

RESOLUTION NO. 2019-11-88

REAPPORTIONING THE SPECIAL ASSESSMENTS FOR PAVING IMPROVEMENT NO. 108

(Refer to Resolution File for complete copy of Resolution)

COUNCIL COMMITTEE REPORTS

Mayor Kuhle - Attended a MN Mayor's Regional meeting, the enrollment is up at MN West Community College. The State Department reported that letters will be sent out to cities asking for them to be "welcoming communities" Council Member Oberloh stated he wouldn't want it to be misconstrued as a "sanctuary city" Mayor Kuhle said that there are 500,000 immigrants in the state and 84,000 illegal immigrants.

Council Member Janssen - None.

Council Member Oberloh - Still unhappy about the article in The Globe pertaining to the City water source. The CGMC has put millions of dollars towards water improvement throughout the state.

Council Member Cummings - YMCA Director search ended with 24 applicants from nationwide, narrowed down to 8, interviews will be held the first week in December.

Council Member Ernst - None.

Council Member Harmon - Attended the CGMC Conference, the bonding bill started at 3.175 billion and will most likely be cut down to between 1.5-1.8 billion which could have an effect on the W.E.L.L. project funding. Also attended the LEC Committee Meeting.

CITY ADMINISTRATOR'S REPORT

Steve Robinson, City Administrator said the YMCA Director search had 24 initial applications and has been narrowed down to 8, with video interviews being held on December 3rd and 4th. The final paperwork for the sales and use tax has been submitted to the State.

ADJOURNMENT

The motion was made by Council Member Oberloh, seconded by Council Member Cummings and

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unanimously carried to adjourn the meeting at 8:11 p.m.

Mindy L. Eggers, MCMC
City Clerk