

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, NOVEMBER 28, 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: Rhina Galvez.

Staff present: Steve Robinson, City Administrator; Dwayne Haffield, Director of Engineering; Todd Wietzema, Public Works; Police Chief Troy Appel, Public Safety; Mindy Eggers, Assistant City Clerk.

Others present: Karl Evers-Hillstrom, Daily Globe: Justine Wettschreck, KWOA; Amy Ernst, Chad Cummings.

The Pledge of Allegiance was recited.

HONORARY COUNCIL MEMBER

Mayor Kuhle welcomed Rhina Galvez as the Honorary Council Member for the months of October, November, and December, 2016.

AGENDA CLOSED/APPROVED

Mayor Kuhle stated that item G-1 would be moved before item E-1 in the agenda.

The motion was made by Council Member Janssen, seconded by Council Member Graber and unanimously carried to close/approve the agenda, moving item G-1 before item E-1.

CONSENT AGENDA APPROVED

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

- City Council Minutes of Regular Meeting November 14, 2016
- Minutes of Boards and Commissions - Board of Canvass Minutes of November 14, 2016; Water & Light Commission Minutes of November 7, 2016; Water & Light Commission Minutes of November 21, 2016; Park & Recreation Board Minutes of October 24, 2016; Heron Lake Watershed Board Minutes of September 20, 2016
- Municipal Liquor Store Income Statement for the period January 1, 2016 through October 31, 2016
- Approved Reschedule of Street Closure for Holiday Parade
- Approved Storm Water Utility Credit Adjustment
- Bills payable and totaling \$679,382.55 be ordered paid

APPROVED SECOND READING PROPOSED ORDINANCE AMENDING STORM

SEWER UTILITY RATES

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

The annual fee per acre for residential is \$249.00.

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

APPROVED SECOND READING PROPOSED ORDINANCE - AMENDING CHAPTER 155 OF THE WORTHINGTON CITY CODE (TEXT AMENDMENT - SPECIAL USE /CONDITIONAL USE)

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance amending Chapter 155 of the Worthington City Code (Text Amendment - Special Use/Conditional Use):

Chapter 155 of the Worthington City Code is hereby amended so as to replace the term "special use" with the term "conditional use" in every section, subsection, table, and appendix where such term is found.

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

FIRST READING PROPOSED ORDINANCE AMENDING CHAPTER 111 TO ADD SECTION 111.29 - SUNDAY INTOXICATING LIQUOR LICENSES APPROVED

Steve Robinson, City Administrator stated that the General Election Ballot included a City Question regarding the approval of Sunday on-sale liquor as brought forth by petition, and approved by Council to go before the voters as required by MS §340A.504, Subd. 3 (C). The question passed by majority vote and now requires approval by ordinance, which following adoption would become effective January 1, 2017.

A motion was made by Council Member Nelson, seconded by Council Member Janssen and unanimously approved to give first reading to the Ordinance Amending Chapter 111 to add Section 111.29 - Sunday Intoxicating Liquor Licenses.

APPROVED ARCHITECTURAL SERVICE AGREEMENT AMENDMENT NO. 1

Steve Robinson, City Administrator explained the City has engaged the architectural firm of TSP to prepare a schematic design package and preliminary project budget for a new liquor store. The firm prepared preliminary site and building plans for potential sites selected by members of the City staff. Mr. Robinson explained the City is now considering the former Dollar General store as a potential site to relocate the liquor store. TSP has requested an amendment to the agreement to provide additional design services and site investigation for the new site. Mr. Robinson noted the request is an increase of \$4,500.00 above the original contract price of \$9,800.00, which would make the new contract amount \$14,300.00.

Mayor Kuhle asked where the funding for the architectural services would come from. Mr. Robinson replied that funding would come from the Liquor Store Budget, the additional services have been requested by staff.

A motion was made by Council Member Janssen, seconded by Council Member Harmon and unanimously carried to approved the Architectural Service Agreement Amendment No. 1 as presented.

2017 UTILITY DEPARTMENT STRATEGIC FINANCIAL PLANS APPROVED

Scott Hain, General Manager Worthington Public Utilities, presented the 2017 Utility Department Strategic Financial Plans to Council. Mr. Hain noted that Section 6.04 of the City Charter provides that the Water and Light Commission shall have the power to establish rates, fees, rules, regulations and policies for the operation and management of municipal utilities under their control subject to such ordinances as the City Council may adopt. Section 6.04 of the Charter also directs that the Commission will annually prepare a budget forecast for the ensuing years and furnish a copy to the City Council for their review and approval.

The Water and Light Commission reviewed and approved the 2017 Water Department Strategic Financial Plan at their regular meeting on November 7, 2016, along with the 2017 Wastewater Department Strategic Financial Plan, including the 2017 sewer rates as established by the Sewer Service Charge System approved by City Council at their regular meeting on November 14, 2016. The 2017 Electric Department Strategic Financial Plan was considered and approved by the Water and Light Commission at their meeting on November 21, 2016. Mr. Hain noted Executive Summaries were delivered to the Mayor and City Council members on November 23, 2016 for advance review.

Mr. Hain explained there is a slight increase in the Water Budget debt service. The monthly usage will have a slight rate increase, the first since January 2015. The usage rate for residential and commercial will go from \$3.00 per thousand gallons to \$3.10 and the usage rate for industrial will go from \$2.60 to \$2.69 per thousand gallons. A 5,000 gallons per month user will see a \$.50 per

month increase on their bill. Utilities are proposing to continue to use the purchased water adjustment charge to offset costs associated with purchases from Lincoln/Pipestone which are above what we have included for purchased water costs in our budget. Mr. Hain noted essentially the well levels have come up and are in very good shape right now and staff will wait until the first of the year to decide if we may be able to back off water purchases from Lincoln/Pipestone as they will be raising their rates at the first of the year, if significantly less water can be purchased customers may see lower water bills even with the rate increase.

Mr. Hain stated the 2017 Wastewater Budget new money operational maintenance expenses are up about 22,500, which is a 1.6% increase. New money fixed assets expenses are up about 8.2%. Mr. Hain noted Council has already acted on the 2017 Sewer rates at their November 14, 2016 meeting.

Mr. Hain stated the 2017 Electric Budget new money operational maintenance expenses are up 6/10 of 1 percent. On the wholesale side there was a significant decrease in wholesale rates from Western Area Power Administration. There was a slight decrease in our third-party transmission cost and a wholesale rate increase from Missouri River, the net effect of those three things was just about a wash in what our purchased power costs were. Mr. Hain explained purchased power transmission is a major component of our budget. Council Member Sankey asked why the Western Area Power Administration would drop their price and how is their price adjusted. Mr. Hain replied back in 2009 they started instituting a drought adder due to the low levels of water. They have reduced the drought adder because the debt is almost fully repaid. Mr. Hain said the fixed assets are up about \$150,000, and based on projected sales volumes and current rates there will be no changes proposed for 2017 electric rates. Overall the three utility rates combined will result in an increase of \$1.65 per residential customer.

The motion was made by Council Member Janssen, seconded by Council Member Harmon and unanimously carried to approve the 2017 Utility Department Strategic Financial Plans as presented.

RESOLUTION NO. 3704 AUTHORIZING TRANSFER OF K-9 THOR TO PET STATUS

Troy Appel, Police Chief stated that The Worthington Police Department has set the official date for K-9 Thor's retirement for November 30th, 2016.

Mr. Appel explained that K-9 Thor started his career with the WPD on June 1, 2009 when he was teamed with Sergeant Brett Wiltrout. Together, they earned the 2009 USPCA Region 12 Rookie Dog Award. In 2012, K-9 Thor was paired with Officer Palmersheim and they have displayed professionalism and dedication to Worthington and have been instrumental in keeping the City safe for the last five years. Throughout Thor's career he has been responsible for locating felony suspects, drugs, money and assets of approximately \$110,000.

Mr. Appel noted staff is requesting that on November 30th, 2016 Thor be decommissioned as City property and requests Council resolve that he becomes the family pet of Colby Palmersheim. Colby has signed an agreement that Thor will not be used for law enforcement purposes after November 30th.

The motion was made by Council Member Graber, seconded by Council Member Nelson and unanimously carried to adopt the following resolution authorizing transfer of K-9 Thor, to pet status:

RESOLUTION NO. 3704

AUTHORIZING TRANSFER of K-9, THOR, TO PET STATUS

(Refer to Resolution File for complete copy of Resolution)

2017 HANGAR LEASE RATES APPROVED - WORTHINGTON MUNICIPAL AIRPORT

Todd Wietzema, Public Works Director, explained the Airport Advisory Board, at their November 3rd meeting, reviewed and recommended that there be no rate change in 2017 for leasing a hangar at the Worthington Municipal Airport. Mr. Wietzema noted that there was a 5% increase in the rates charged for 2016 and staff feels that no increase is needed at this time.

Mr. Wietzema said at this time nineteen of the twenty-two available hangars are currently rented for an 86% occupancy rate. Full occupancy would result in an annual revenue of \$31,144.00

The motion was made by Council Member Sankey, seconded by Council Member Janssen and unanimously carried to approve the 2017 Hangar Lease Rates with no change at the Worthington Municipal Airport.

AUTHORIZE EXECUTION OF AIRPORT FARM LAND LEASE APPROVED

Todd Wietzema, Public Works Director stated the current rental lease for the approximately 347 acres of agricultural land at the Worthington Municipal Airport expires on February 28, 2017. In order to permit a new lessee to perform any fall tillage on the property, proposals were requested for a new three year lease of this agricultural land.

Mr. Wietzema explained staff mailed request for proposal letters to ten different area renters and advertised in the local newspaper. Nine qualified proposals were received and opened in council chambers on Tuesday, November 15th. The list of proposals received is included in your packet. The amount of each proposal is annual rent for the 347 acres of land.

Mr. Wietzema said that Justin Freking of Brewster, MN was the winning proposal with an annual payment of \$95,800.00. A copy of the new three year lease commencing on March 1, 2017 and ending on February 8, 2020 showing the new rental amount of \$95,800.00 is included in your packet.

The motion was made by Council Member Harmon, seconded by Council Member Graber and unanimously carried to approve the Airport Agricultural Land Lease.

AUTHORIZE EXECUTION OF HIGHWAY 59 FARM LAND LEASE APPROVED

Todd Wietzema, Public Works Director stated the current rental lease for the approximately 63 acres of agricultural land at the Highway 59 West Industrial Park expires on February 28, 2017. As with the previous lease in order to permit a new lessee to perform any fall tillage on the property, proposals were requested for a new three year lease of this agricultural land.

Mr. Wietzema explained staff mailed request for proposal letters to ten different area renters and advertised in the local newspaper. Seven qualified proposals were received and opened in council chambers on Tuesday, November 15th. The list of proposals received is included in your packet. The amount of each proposal is annual rent for the 63 acres of land.

Mr. Wietzema said Justin Freking of Brewster, MN was the winning proposal with an annual payment of \$17,750.00. A copy of the new 3-year lease commencing on March 1, 2017 and ending on February 8, 2020 showing the new rental amount of \$17,750.00 is included in your packet.

The motion was made by Council Member Nelson, seconded by Council Member Sankey and unanimously carried to approve the Highway 59 Agricultural Land Lease.

TRANSPORTATION ALTERNATIVES PROGRAM FUNDING APPLICATION APPROVED

Dwayne Haffield, Director of Engineering explained that the Transportation Alternatives Program (TAP) provides a competitive federal grant opportunity for local communities and regional agencies to fund projects for pedestrian and bicycle facilities, historic preservation, Safe Routes to School and certain other transportation related projects. Funding is for 80% of construction costs only and does not fund engineering or right-of-way acquisition.

Mr. Haffield said staff submitted a letter of intent to apply for three trail segments identified in the City's Active Living Plan (ALP). The first two of these trails were initially identified in the school district's Safe Route to Schools (SRTS) plan. These trails connect Prairie Elementary School to Knollwood Drive and to Pleasant Avenue. The third trail connects Cecilee Street to the TH 60 trail at a point south of Armour Road.

The School Board considered the two trails that would utilize school property. The board approved the Knollwood Drive to Prairie Elementary trail but did not approve the Pleasant Avenue connection. The board's decision was based on the potential impact of the Pleasant Avenue trail on potential development east of the school. The school board's discussion did not include participation in funding local costs or long term maintenance. A commitment to long term maintenance is required as part of the funding application.

Estimated project costs are presented below.

<u>TAP PROJECT</u>	<u>Total</u>	<u>TAP Funding</u>	<u>Local Cost</u>
Prairie Elementary to Knollwood Drive	\$128,434	\$89,334	\$39,100
Cecilee Street to TH 60	<u>\$201,001</u>	<u>\$139,799</u>	<u>\$61,200</u>
TOTAL COST	\$329,435	\$229,133	\$100,301

The TAP funding presented above is based on 80% of construction costs while total cost includes engineering. Mr. Haffield noted these costs are estimates at this time. Council Member Sankey asked what the estimated dollar value of the projects are. Mr. Haffield replied that the estimated value is approximately \$330,000 and is not eligible for state aid but will be federally funded in the amount of \$230,000 with funding scheduled for 2021. Mayor Kuhle asked if any other projects could be added to this project? Mr. Haffield replied that no other projects could be added. Mayor Kuhle asked about other trails that have been discussed along Ryan's Road. Mr. Haffield explained that any trail projects that would parallel a state aid route would qualify for state aid funding but at this time there have been no trails identified on Ryan's Road.

Mr. Haffield explained the TAP funding application is due in mid January, at that time Council and the school board will each be requested to adopt a formal resolution.

Council consensus is the City and School District share 50% of the up front costs, with the school district taking care of the routine maintenance such as snow and debris removal, and the City taking care of major maintenance such as seal coating and crack repair for the useful life of the trail.

In regards to the Cecilee Street connection the project would be locally funded by the City and all maintenance would be taken care of by the City obligation in the same manner as those trails classified as recreational trails.

COUNCIL COMMITTEE REPORTS

Mayor Kuhle - Nothing to report.

Council Member Nelson - Attended the CGMC Conference in Alexandria, MN many things addressed, roads & bridges, a possible increase in gas tax to cover the 18 million dollar gap that is projected by 2025; much discussion on MNSure Healthcare and the Governor's Legacy projects.

Council Member Graber - Nothing to report.

Council Member Janssen - Attended the CGMC Conference, good information; attended Joint Powers Transit Board Meeting discussed an approved grant for a new bus route that will run in the City.

Council Member Harmon - Attended the CGMC Conference; attended the Water & Light Commission meeting on November 21st approved the Electric budget; approved the CGMC appropriation for the Environmental Action fund in the amount of \$4,700.00

Council Member Sankey - Nothing to report.

CITY ADMINISTRATOR'S REPORT

Steve Robinson, City Administrator, stated that he has been asked to serve on a Pollution Control Committee that will establish permit standards on chloride wastewater discharge, there will be four meetings in Mankato and then a recommendation will be made to the NPCA Committee; preliminary floor plans for the new Liquor Store are expected tomorrow; MN DOT received a \$60,000 grant for local bus service that will have a route in the city, there will be a fee to ride as the grant will only cover the labor for the driver, public input will be sought for route origins and destinations.

ADJOURNMENT

The motion was made by Council Member Sankey, seconded by Council Member Janssen and unanimously carried to adjourn the meeting at 8:13 p.m.

Mindy Eggers, MCMC
Assistant City Clerk