

**WORTHINGTON CITY COUNCIL
REGULAR MEETING, DECEMBER 22, 2014**

The meeting was called to order at 7:00 p.m. in City Hall Council Chambers by Mayor Alan E. Oberloh with the following Council Members present: Mike Kuhle, Diane Graber, Rod Sankey, Ron Wood, Scott Nelson.

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

Others present: Justine Wettschreck, KWOA; Erin Trester, Daily Globe; Arnold Sexe; Chad Cummings; Kevin Donovan; Jason Vote; Larry Davis; Mike Woll.

The Pledge of Allegiance was recited.

RECOGNITION OF YEARS OF SERVICE

Council recognized Arnold Sexe for his years of service on the WGTN-TV3 Board. Mr. Sexe said it's been interesting to see how cable has grown from just having one cable company, and to see how Cable 3 has grown and their vision for the future. He wished them success, and thanked Council.

AGENDA CLOSED/APPROVED WITH CHANGE

Staff requested the addition of *On-Sale Beer License Renewal Application* to the consent agenda, and the addition of Item G.2. *Accept Park Bench Donation* to the regular agenda.

The motion was made by Council Member Nelson, seconded by Council Member Graber and unanimously carried to close/approve the agenda with the requested items.

CONSENT AGENDA APPROVED

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

- City Council Minutes of Regular Meeting December 8, 2014 and Joint City Council/Water and Light Commission Minutes of Emergency Meeting December 10, 2014
- Minutes of Boards and Commissions - Water and Light Commission Minutes of December 15, 2014; Center for Active Living Board Minutes of November 10, 2014; Heron Lake Watershed Board of Directors Minutes of October 21, 2014; Worthington Economic Development Authority Minutes of December 8, 2014
- Municipal Liquor Store Income Statement for the Period January 1, 2014 through November 30, 2014
- Bills payable and totaling \$481,196.78 be ordered paid
- On-Sale Beer License Renewal for Tacos Lupe, Francisco Resendiz, 415 Ninth Street for the license period January 1, 2015 through December 31, 2015

SEARCH FIRM SELECTED TO COMPLETE HIRING PROCESS FOR CITY ADMINISTRATOR

At their October 23, 2014 Emergency meeting, Council met to discuss the filling of the vacancy in the City Administrator position that resulted when former Administrator Craig Clark took a job with the City of Austin. Council determined to use a search firm for the hiring, and to issue a request for proposal for selection of a firm.

Three proposals were received:

<u>Company</u>	<u>Basic Fee</u>	<u>Included in Fee</u>
David Drown Associates	\$14,000	All inclusive - covers professional services and all expenses including travel, advertising, personality index, etc.
Waters & Company (A Springsted Company)	\$16,500	As outlined - covers cost of professional services by the Project Team Leader, project support staff and all project-related expenses such as advertising, printing, candidate background and reference checks and travel expenses for three on-site visits.
Brimeyer Fursman	\$10,800	Phase I - Develop Position Profile; Phase II - Recruit and Screen Candidates; Phase III - Interviews. Expenses including copies and supplies, position advertising, mileage, hotel, management profiles at a not to exceed fee of \$3,250. Additional services were extra.

Following discussion, the motion was made by Council Member Nelson, seconded by Council Member Graber and unanimously carried to use the firm of Brimeyer Fursman to assist with the hiring of a new administrator for the City of Worthington.

ON-SALE BEER LICENSE APPROVED - WORTHINGTON HOTEL GROUP, LLC

The motion was made by Council Member Kuhle, seconded by Council Member Nelson and unanimously carried to approve a new on-sale beer license for the Worthington Hotel Group, LLC.

2015 ADJUSTMENTS APPROVED FOR NON-ALIGNED EMPLOYEES

The motion was made by Council Member Wood, seconded by Council Member Graber and unanimously carried to approve the following adjustments for non-aligned employees as was included in the proposed LELS 274 contract:

- Cost of living adjustment 2015 2%
- Cost of living adjustment 2016 2.5%
- Cost of living adjustment 2017 2.5%
- Previously proposed / approved health insurance provisions
- Other conditions as applicable

CITY HALL CLOSURE - FRIDAY, DECEMBER 26, 2014

As Christmas is on Thursday this year, Mayor Oberloh requested that Council consider closing City Hall on the Friday after Christmas to allow employees time to celebrate the holiday with their families. Employees would be given the same options for their time off as they have for the Friday after Thanksgiving - compensatory time, flex time, PTO, time off without pay, or working their regular eight hours.

The motion was made by Council Member Wood, seconded by Council Member Graber and unanimously carried to approve the closure of City Hall on Friday, December 26, 2014.

RESOLUTION ADOPTED AUTHORIZING GRANT AGREEMENT WITH MN DEPARTMENT OF PUBLIC SAFETY - BUFFALO RIDGE DRUG TASK FORCE FUNDING

Troy Appel, Public Safety Director, reported the Buffalo Ridge Drug Task Force received notice that continued funding for 2015-2016 has been approved by the State of Minnesota. The City of Worthington acts as financial agent for the BRDTF, reimbursing each agency expended monies in accordance with the grant agreement.

The motion was made by Council Member Graber, seconded by Council Member Wood and unanimously carried to adopt the following resolution authorizing the grant agreement:

RESOLUTION RELATING TO BUFFALO RIDGE DRUG TASK FORCE GRANT AGREEMENT

WHEREAS, the Counties of Nobles, Murray and Pipestone, by and through their Sheriff's Departments, and the Cities of Adrian, Fulda, Slayton and Worthington, by and through their Police Departments (sometimes referred to herein as the 'parties'), have formed and operated a task force for the purpose of

coordinating regional drug enforcement efforts; and

WHEREAS, the parties have determined that the task force should be called the 'Buffalo Ridge Drug Task Force'; and

WHEREAS, the parties have determined that, pursuant to Minn. Stat. §471.59, they should form a Joint Powers Agreement for the purposes of coordinating and administering Buffalo Ridge Drug Task Force efforts, and to receive law enforcement funds available for regional narcotics task forces through the State and Federal Government;

WHEREAS, by the Worthington City Council resolution, the City of Worthington entered into a Joint Powers Agreement with the parties for the purpose of forming and operating the 'Buffalo Ridge Drug Task Force';

NOW THEREFORE BE IT RESOLVED, Worthington Police Department, on behalf of Buffalo Ridge Drug Task Force, enter into an agreement with the Minnesota Department of Public Safety, Office of Justice Programs and that Troy Appel, Worthington Public Safety Director, is authorized to execute such agreement and any amendment thereto;

BE IT FURTHER RESOLVED that a copy of this resolution be forwarded to the task force grants administrator of Minnesota Department of Public Safety, Office of Justice Programs.

Adopted by the City Council of the City of Worthington, Nobles County, Minnesota this 22nd day of December 2014.

LAW ENFORCEMENT LABOR SERVICES #274 BARGAINING AGREEMENT FOR 2015-2017 APPROVED

Troy Appel, Public Safety Director, presented the Law Enforcement Labor Services (LELS) #274 Bargaining Contract for 2015-2017 for Council approval. Highlighted changes in the contract include:

- 2% increase in 2015; 2.5% increase in 2016; 2.5% increase in 2017
- increase in language pay from \$225/month to \$240/month
- increase of \$25 per year for boot allowance
- inclusion of the Dispatch Supervisor
- addition of language regarding re-opening negotiations if change is made to the merit pay matrix
- elimination of the Health Insurance Board of Trustees (unnecessary as the City is no

- longer self-insured)
- accommodation of the new health plan structure and other technical and simplification provisions
- Article 17- Reporting Time, Article 20 - Complaint Pay, Article 27 - Safety, and Article 28 - Contract Arbitration were all unnecessary as either outdated or covered under other statutory provisions or personnel policy

The motion was made by Council Member Wood, seconded by Council Member Kuhle and unanimously carried to approve the LELS Bargaining Agreement for 2015-2017 as presented.

2015 OLSON PARK CAMPGROUND RATES AND PARK USER FEES APPROVED

Steve Robinson, Public Works Director, presented the following proposed 2015 Olson Park Campground rates and park user fees:

<u>Use/Permit</u>	<u>Proposed 2015 Fees</u>	<u>Comments</u>	<u>2014 Fees</u>
Chautauqua/Centennial Shelter	\$ 50.00	\$40 key, damage, clean up deposit	\$ 45.00
Park Open Shelters	\$ 30.00	\$40.00 damage, clean up deposit	\$ 25.00
Chautauqua Band Shell	\$ 50.00	\$40.00 damage, clean up deposit (add)	\$ 45.00
Park Open Space	\$ 50.00	99 People or less	\$ 45.00
	\$ 110.00	100 to 499 People	\$ 100.00
	\$ 220.00	500 to 1,000 People	\$ 200.00
		\$40.00 Damage, Clean Up Deposit for Park Open Space	
Olson Park			
Sites 1-12 (Bay Electric	\$ 31.00		\$ 30.00
Sites 13-63 Electric)	\$ 26.50		\$ 25.50
Sites 64-68 (Tent)	\$ 20.50		\$ 19.50
Weekly	\$ 180.00		\$ 175.00
Monthly	\$ 465.00		\$ 450.00
Concession Fees			
One Day, Non Profit	\$ 65.00		\$ 65.00
One Day, Profit	\$ 75.00	All one day permits require \$100	\$ 75.00
Annual, Non-Profit	\$ 80.00	Clean-up Deposit	\$ 80.00
Annual, Profit	\$ 175.00	All annual permits require \$300	\$ 175.00
Annual Mobile, Non-Profit	\$ 275.00	Clean-up Deposit	\$ 275.00

Proposed park fee increases for 2015 are to account for reduced revenue due to sales tax.

Proposed Olson Park Campground fees are to offset funding for existing and new 50 amp services

The motion was made by Council Member Graber, seconded by Council Member Kuhle and unanimously carried to approve the 2015 Olson Park Campground Rates and Park User Fees as

presented.

RESOLUTION NO. 3575 ADOPTED ACCEPTING PARK BENCH DONATION

The motion was made by Council Member Nelson, seconded by Council Member Kuhle and unanimously carried to adopt the following resolution accepting a donation of personal property (park bench) from Joel Krekelberg, Julie Busch, Jane Specken, Nancy Johnson and Jon Krekelberg:

RESOLUTION NO. 3575

A RESOLUTION ACCEPTING A DONATION OF PERSONAL PROPERTY

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 3576 ADOPTED AUTHORIZING ESTABLISHMENT OF INTERFUND LOAN FOR DEMOLITION EXPENSES RELATED TO NORTHLAND MALL REDEVELOPMENT

On August 25th, Council declared its intentions to explore establishment of a redevelopment TIF district to encourage redevelopment of the Northland Mall property. Brad Chapulis, Director of Community/Economic Development, told Council that demolition of a substandard structure is an eligible TIF expenditure. Should reimbursement through the avenues outlined in the Court Order fail to make the City whole financially, the City could use TIF to cover any shortfall. In order to assure TIF can be used for reimbursement of the demolition, Council needed to adopt a resolution authorizing establishment of an interfund loan prior to any expenses being incurred. The interfund loan would be for an amount not to exceed \$200,000 with an interest rate of 4%, the maximum allowed by Statute for 2014. Loan payments would be made when there is any excess increment available after all other obligations have been paid. Should the increment not cover all other obligations or if the district is not established, the expenditures (and/or outstanding balance) would not be reimbursed. The funds for demolition will be transferred from the Worthington Rediscovered fund balance as Council had determined at their December 8, 2014 meeting.

The motion was made by Council Member Kuhle, seconded by Council Member Wood and unanimously carried to adopt the following resolution authorizing establishment of an interfund loan for demolition expenses related to Northland Mall redevelopment:

RESOLUTION NO. 3576

RESOLUTION AUTHORIZING AN INTERFUND LOAN FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 6-16 FOR THE NORTHLAND MALL REDEVELOPMENT

(Refer to Resolution File for complete copy of Resolution)

REQUEST DENIED FOR PARTIAL RELEASE OF NOTICE OF LIS PENDENS ON PORTION OF PROPERTY OWNED BY NORTHLAND MALL REALTY MANAGEMENT, LLC

Council considered a request from Todd Ahlquist, on behalf of Larry Davis, to sign off/approve a partial release of the Lis Pendens the City has filed against the Northland Mall real estate. Mr. Ahlquist was requesting the release by the end of the year to allow his client to proceed with acquisition of 4.32 acres of the Northland Mall Property.

Brad Chapulis, Director of Community/Economic Development, explained that a Lis Pendens is a written notice that a lawsuit has been filed concerning real estate, involving either the title of the property or a claimed interest in it. The Lis Pendens was filed against the subject property to protect the interest of the City as it legally addresses the deterioration of the Northland Mall. The approval of the partial release of the Notice of Lis Pendens for the proposed real estate transaction would reduce the City's ability to financially recover its expenses related to the abatement of the items outlined in the Court Orders. Mr. Chapulis said the partial release would directly impact the City's ability to lien the area released if sold as well as reduce the amount and value of real estate in the event cost recovery through the sale of tax forfeited property.

The motion was made by Council Member Wood and seconded by Council Member Nelson to deny the request for a partial release of the Lis Pendens.

Mayor Oberloh asked if Larry Davis, who was present at the meeting, wished to speak on his own behalf. Mr. Davis said he had been working on a purchase agreement for the property for over two and a half years. He's ready to put money down on the property. If Council would approve the partial release, the sale could go through and \$131,000 in back real estate taxes gets paid off. He doesn't understand where staff says the City wouldn't benefit from the sale - that's money that he'll be paying directly for taxes - Mr. Kohen won't get any of that money. Mr. Davis said he had the Phase I study on the property and it was pretty scary. He added that there are title issues with the property, which is another issue. His plan is to develop the property and put three buildings on it - to start the digging as soon as the frost is out of the ground - put it back on the tax roles. Mayor Oberloh responded that he was not arguing that Mr. Davis would not do that, but that it would not be prudent for the City to separate the property right now.

Mr. Chapulis said we don't have any idea for what the total costs to be incurred by the City will be, and to agree to a partial release, especially of the more valuable portion of the property, with frontage on Oxford, would just not be prudent. This action is separate from any conversations with PBK. We've had numerous conversations with interested parties, and staff's position has always been if we were to halt the proceedings legally, we would want to see a plan for the redevelopment of that property - whether it be an investment to bring the mall back to operable condition, or to tear it down

and redevelop the full 36 acres. We really want the public nuisance to be addressed, and partial release does not address that.

Mr. Davis asked if the City had a purchase agreement with anyone, if they had anything or if they were just hoping at this point. Staff replied that we had a memorandum of understanding, which was a separate conversation. The reality is that we are in legal proceedings, and with the financial stake the City has it would be not prudent of us to release any leverage that we may have to resolving the issue.

Council Member Wood said we need to have patience and persistence with this, and it sounds like we are all in agreement on this, that we need to develop it the right way, and called the question.

The motion was unanimously carried to deny the request.

RESOLUTION NO. 3577 ADOPTED EXTENDING THE DESIGNATION OF PBK INVESTMENTS AS THE SELECTED DEVELOPER OF THE REDEVELOPMENT OF NORTHLAND MALL

At their July 28, 2014 meeting Council adopted a resolution and approved a term sheet that designated PBK Investments as the selected/preferred developer of the redevelopment of the Mall property. The action was granted provided PBK was able to purchase the property, perform its due diligence and finalize a development agreement with the City by December 31, 2014. PBK has, since July, invested in the planning, design, and legal work related to the establishment of a redevelopment plan while working in good faith on the terms of a development agreement, but has been unable to come to terms with the current ownership to acquire the property.

PBK was now requesting a six month extension of the designation to allow him additional time to complete the purchase of the property. Brad Chapulis, Director of Community/Economic Development, noted that staff was recommending approval of the request.

The motion was made by Council Member Kuhle, seconded by Council Member Graber and unanimously carried to adopt the following resolution extending the designation of PBK Investments as the selected developer of the redevelopment of the Northland Mall:

RESOLUTION NO. 3577

RESOLUTION EXTENDING THE SELECTION OF PBK INVESTMENTS, INC. TO DEVELOP THE NORTHLAND MALL AREA AND APPROVING AN AMENDED AND RESTATED TERM SHEET

(Refer to Resolution File for complete copy of Resolution)

2015 MINNESOTA CITY PARTICIPATION PROGRAM APPLICATION APPROVED

Staff presented an application to the Minnesota City Participation Program (MCP), an annually funded program offered through the Minnesota Housing Finance Agency that provides below market interest rate home mortgage loans for low to moderate income first-time home buyers purchasing homes within awarded communities. The program does not require a local match or administration.

The motion was made by Council Member Graber, seconded by Council Member Wood and unanimously carried to authorize City staff to submit an application for the 2015 Minnesota City Participation Program.

COUNCIL COMMITTEE REPORTS

Council Member Kuhle - Cable 3 Joint Powers Board met and most of the discussion centered around staff and possible positions.

Council Member Graber - Heron Lake Watershed still very active - they met and had a discussion on whether burning to get rid of toxic weeds is too dangerous for the pheasant population. Center for Active Living - two new Advisory members need to be appointed - staff has been contacted. There are currently 190 members at the CAL. Park Advisory was already reported by Steve tonight. Council Member Sankey - Had their first meeting of the Oxford Street Steering Committee on December 10th - public input is welcome. NEON met December 11th - we have a legislative platform of 22 items that will be broken down into three topics to be presented to the legislature. The kickoff meeting of the broadband through Blandin will be January 21-22. Also at the NEON meeting Abraham Algadi presented the Nobles Economic Regional Development Program through WREDC. Attended the Legislative Breakfast Wednesday, December 17th with Senator Weber and Rod Hamilton present.

Council Member Nelson - HRA met - 6 of 7 buildings were set on their foundations at the time, and the 7th should be now. Thanked the Mayor for 12 years and Ron for eight - good solid years of service to the city, many projects, it'll be different without them around.

Council Member Wood - Thanked Mayor Oberloh - he's done things for this city that no one in the past has been able to do and it's been an honor to work with him. Also thanked City staff, it's been a good working relationship and he enjoyed working with them. Thanked two former Council Members, Mike Woll and Lyle Ten Haken. Some of the projects accomplished are the new Aquatic Center and YMCA, the BioScience Center, BioScience Park, sold the Hospital at the best time, the fire hall and getting rid of the old Campbell Soup facility, the ½ cent sales tax. It's been a good eight years, but the last two years have been difficult for him - we've gone from a "we" to a "me". We've moved from a future to today. Noted the last meeting two weeks ago was the rudest event he's ever been part of regarding the Prairie View rates. Also discussed the Interim Administrator job, which was offered to him, noting the reason he turned it down was, again, the way Council handled it. You have a new Mayor and two new Council Members coming in - take the time over the next few weeks to think about how you want this city to be run. The City should not be a "me", it should be a "we" - take risks, look forward, it shouldn't be about being re-elected. Don't worry about how you

make someone else on Council feel. I think I did a great job and will walk away feeling really good. I hope that Mike Harmon and Larry Janssen come in and do a real good job too. Also hopes the Mayor will allow him to adjourn the last meeting.

Mayor Oberloh - Noted he and Council Member Wood have bucked heads a lot but the beautiful thing is, in working with past Council people I've served with - Jim Elsing, Bob Petrich, Lee Hain, Roger Nelson, Mike Woll and Lyle Ten Haken - we've all bumped heads and then worked together. Ron already brought up so many points he, himself, wanted to touch on, but he did want to mention the Blandin Leadership program that we were a part of - we came up with the bioscience initiative with Brown County, New Ulm, Marshall - we wanted to be the center of excellence for bioscience, ag-based. And we did it. It was lots of trips to St. Paul, starting with Bob Filson, trying to get the Prairie Expo building back on the tax rolls. Look at the growth that has occurred in that area. Selling the hospital was controversial at the time, but it was the right thing to do. Finally, we had enough money that we could put together not just a new swimming pool but an aquatic center. Yes there's people who want an outdoor pool - if you want it fight for it - but be willing to pay for it - your taxes will go up. You can have any amenity you want in this community but you should expect to pay for it. Ron's comments about the last two years - the last two years have been difficult. We've had a very fragmented Council. You can't sit quiet for fear of not being re-elected, and you have to represent the whole city, not just four or five people who continually have your ear. He also cautioned Council regarding confidentiality - when things are confidential, they are confidential, and you need to keep it that way. He sincerely hopes that the new Council people will be leaders, because right now, we really need leaders. He thank them all very much.

ADJOURNMENT

The motion was made by Council Member Wood, seconded by Council Member Kuhle and unanimously carried to adjourn the meeting at 7:54 p.m.

Janice Oberloh, MCMC
City Clerk