

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, DECEMBER 26, 2018**

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, Alan Oberloh, Chad Cummings, Amy Ernst, Mike Harmon. Honorary Council Member: Mcnay Nkashama.

Staff present: Steve Robinson, City Administrator; Todd Wietzema, Public Works Director; Jason Brisson, Director of Community Development, Planning, Zoning and Building Services; Janice Oberloh, City Clerk.

Others present: Justine Wettschreck, KWOA; Julie Buntjer, The Globe; Kyle Johnson; Angie Palma and Analli Rodriguez.

The Pledge of Allegiance was recited.

**HONORARY COUNCIL MEMBER**

Mayor Kuhle welcomed Mcnay Nkashama as the Honorary Council Member for the months of October, November and December 2018, and presented him with a certificate for his service.

Mr. Nkashama thanked Council for the opportunity and said it was quite a good learning experience, and asked that Council continue to find a way to break the ice with others like him in the community to get them engaged.

**AGENDA CLOSED / APPROVED**

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

**CONSENT AGENDA APPROVED**

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

- City Council Minutes of Regular Meeting December 10, 2018
- Minutes of Boards and Commissions - Heron Lake Watershed Board Minutes of October 16, 2018
- Municipal Liquor Store Income Statement for the Period January 1, 2018 through November 30, 2018
- Additional 2019 License Renewal Applications as presented
- Application for Exemption from Lawful Gambling Permit - Worthington Area YMCA
- Renewal of Agreement between City of Worthington and Round Lake Vineyard to Dispense Liquor at Memorial Auditorium
- 2019 Olson Park Campground Rates as presented

- 2019 Industrial Wastewater Treatment Fund Budget
- Bills payable and totaling \$2,325,814.29 be ordered paid

**SECOND READING PROPOSED ORDINANCE- CHANGE OF ZONE (CERTAIN PROPERTIES IN THE AREA BOUNDED BY THE RAILROAD, LAKE STREET, SECOND AVENUE AND EIGHTH STREET EXTENDED SOUTHEAST)**

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance that would rezone certain property from a mix of "B-2" - Central Business and "M-2" - General Manufacturing, to "B-2" - Central Business District as follows:

Those properties currently zoned "M-2" within the following described property shall henceforth be included in the "B-2" district:

That part of the northeast quarter of Section 26, all in Township 102 North, Range 40 West, Nobles County Minnesota described as follows:

Beginning at the intersection of the centerline of Lake Street and northwesterly right-of-way line of the Union Pacific Railroad; thence northeasterly along the northwesterly right-of-way line of the Union Pacific Railroad to a southeasterly projection of the centerline of Eighth Street; thence northwesterly along a southeasterly projection of the centerline of Eighth Street to the centerline of Second Avenue; thence southwesterly along the centerline of Second Avenue to the centerline of Lake Street; thence southwesterly, southerly and southeasterly along the centerline of Lake Street to the point of beginning.

Adoption of the ordinance will correct an error in a previous ordinance adopted by Council.

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

**SECOND READING PROPOSED ORDINANCE - CHANGE OF ZONE (CERTAIN PROPERTIES IN THE AREA BOUNDED BY THE RAILROAD, EIGHTH STREET EXTENDED SOUTHEAST, SECOND AVENUE AND TENTH STREET)**

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance to rezone certain property from "B-3" - General Business to "B-2" - Central Business as follows:

The following legally described area, presently included in the "B-3" district, shall

henceforth be included in the "B-2" district:

That part of the southeast quarter of Section 23, Township 102 North, Range 40 West, Nobles County Minnesota described as follows:

Beginning at the intersection of the centerline of Eighth Street and the centerline of Second Avenue; thence northeasterly along the centerline of Second Avenue to the centerline of Tenth Street; thence southeasterly along the centerline of Tenth Street to the southeasterly right-of-way line of First Avenue; thence southwesterly along the southeasterly right-of-way line of First Avenue to its intersection with the southwesterly right-of-way line of Tenth Street, thence southeasterly along a southeasterly extension of the southwesterly right-of-way line of Tenth Street to the northwesterly right-of-way line of the Union Pacific Railroad; thence southwesterly along the northwesterly right-of-way line of the Union Pacific Railroad to a southeasterly projection of the centerline of Eighth Street; thence northwesterly along a southeasterly projection of the centerline of Eighth Street to the point of beginning.

Adoption of the ordinance will clarify the legal description of a triangular piece of property included in a previous ordinance adopted by Council that was questioned by the County Recorder.

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

**SECOND READING PROPOSED ORDINANCE - CHANGE OF ZONE (CERTAIN PROPERTIES IN SECTION 26 LYING EAST OF SOUTH LAKE STREET, NORTH OF SHERWOOD STREET AND SOUTHEAST OF THE RAILROAD)**

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance that would rezone certain properties from "M-2" - General Industrial to "B-3" General Business District as follows:

The following legally described area, presently included in the "M-2" district, shall henceforth be included in the "B-3" district:

That part of the northeast quarter of Section 26, Township 102 North, Range 40 West, Nobles County, Minnesota lying northwest of the centerline of Sherwood Street, northeast of the centerline of South Lake Street, east of the center line of Lake Street, and southeast of the northwesterly right-of-way line of the Union Pacific Railroad.

Adoption of the ordinance will clarify language that was unclear in a previous rezoning ordinance adopted by Council.

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

**SECOND READING PROPOSED ORDINANCE - CHANGE OF ZONE (LOTS 2-6 IN BLOCK 6, EAST ADDITION)**

Pursuant to published notice, this was the time and date set for the second reading of a proposed ordinance to rezone certain property from "B-3" - General Business, to "R-4" - Medium Density Residential as follows:

The following legally described area, presently included in the "B-3" district, shall henceforth be included in the "R-4" district:

Lots 2, 3, 4, 5, and 6, Block 6, East Addition to Worthington, Nobles County, Minnesota.

Adoption of the ordinance will correct an ambiguous legal description in a previous ordinance adopted by Council to clarify the zoning of the subject property is to be included in the "R-4" District.

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

**NOMINATING COMMITTEE RECOMMENDATIONS FOR COMMITTEE APPOINTMENTS / REAPPOINTMENTS APPROVED**

The Nominating Committee met on Friday, December 14, 2018 and were making the following recommendations for Committee appointments / reappointments:

Airport Advisory Board

Reappoint Brian Larson for a second five-year term - term to expire 09/30/2023

Center for Active Living Committee

Appoint Bob Miller for a three-year term to replace Marie Hoffmann who declined to serve a second term, term to expire 12/31/2021

Appoint Beth Ten Haken for a three-year term

to replace Julie Haas who is not eligible for another term, term to expire 12/31/2021

Appoint Karen Wilttrout for a three-year term to replace Jerry Perkins who is not eligible for another term, term to expire 12/31/2021

Charter Commission

Approve Jay Vargas for submission to the District Court Judge to fill the unexpired term of Bob Demuth, Sr., who resigned his term effective immediately. Term will expire March 31, 2019.

Econ. Dev./Rev. Loan Fund

Appoint Bob Timms to replace Dan Greve who was not eligible for another term, term to expire 12/31/2020

Appoint Chad Nixon to replace Doug Tate who was not eligible for another term. Term to expire 12/31/2020

Housing & Redev. Auth. Brd.

Reappoint Lyle Ten Haken for a second five-year term, term expires 10/31/2023

Public Arts Commission

Reappoint Kelly Henkels for a first full three-year term, term to expire 11/30/2021

Appoint Zuby Jansen to a three-year term to replace Gail Holinka who was not eligible for another term, term to expire 11/30/2021

Traffic and Safety Committee

Appoint Chris Heinrichs to replace Mark Nelson who was not eligible, term to expire 10/31/2019

The motion was made by Council Member Harmon, seconded by Council Member Janssen and unanimously carried to approve the committee appointments / reappointments as recommended by the Nominating Committee.

**POSITION RE-CLASSIFICATION APPROVED - LIQUOR STORE MANAGER**

Steve Robinson, City Administrator, said it was determined through surveys conducted by the Worthington Public Utilities Manager and the City Administrator that the salary midpoint of the Liquor Store Manager position is 12% below the average salaries for comparable cities. It was recommended to adjust the salary grade from an Exempt Grade 3 to an Exempt Grade 5 to comply with the City's policy of being within 10% of comparable positions. The change in Grade will put the mid-point salary of \$36.91 at 101% of the market average. The Manager's current salary falls within the E-5 schedule so will not result in an immediate adjustment to the current salary or have an impact on the tax levy. The change would become effective January 1, 2019.

The motion was made by Council Member Oberloh, seconded by Council Member Ernst and unanimously carried to approve the position re-classification for the Liquor Store Manager.

#### **TRAVEL POLICY UPDATE APPROVED**

The City's Travel Policy, which establishes travel guidelines for all City Employees and Council Members, had not been updated since 2009. Staff presented an updated policy which included increased meal allowances based on IRS approved rates, high city meal allowances and more stringent receipt and requirements. Staff was also requesting that Council authorize adjustments to the rates to follow IRS guidelines as they change. Steve Robinson, City Administrator, noted that Council had in the past authorized the same type of adjustment regarding mileage rate reimbursement, which is also based on the approved IRS rate.

The motion was made by Council Member Ernst, seconded by Council Member Cummings and unanimously carried to approve the Travel Policy Update and to authorize future adjustments to follow IRS guidelines as they change, as presented.

#### **RESOLUTION NO. 2018-12-04 ADOPTED EXECUTING STATE OF MINNESOTA GRANT AGREEMENT**

Todd Wietzema, Public Works Director, said the City of Worthington was recently notified that they have been awarded a Minnesota Department of Transportation Grant to purchase and install a new 90 foot by 24 foot high hangar door in the municipal airports commercial hangar. The total amount of the replacement is \$104,440.00, and the grant would provide for 70% of the cost, or \$73,108.00. The City's local share is \$31,332.00, which is included in the 2109 Airport Capital Improvement Plan.

The motion was made by Council Member Oberloh, seconded by Council Member Cummings and unanimously carried to adopt the following resolution authorizing the Mayor and Clerk to execute the State of Minnesota Grant Agreement:

RESOLUTION NO. 2018-12-04

AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION  
GRANT AGREEMENT FOR AIRPORT IMPROVEMENT EXCLUDING LAND ACQUISITION

(Refer to Resolution File for complete copy of Resolution)

**ACTION REGARDING REQUEST FOR SITE PREPARATION ASSISTANCE  
POSTPONED - JUAN AND ANGELA PALMA**

Council considered an application from Juan and Angela Palma for site preparation assistance for their 6,550 square foot commercial facility under construction at 1434 Oxford Street. The requested assistance would be for the costs affiliated with demolition of an existing commercial structure on the parcel that would be required for their new building to comply with City Zoning requirements. The legal description of the subject property is:

West 160' of Lots 12, 13, and 14, Block 14k Moulton's Resurvey & Subdivision of  
Clary's Addition to the Village (now City) of Worthington, Minnesota

The property is in TIF District 7, and Staff assessed the application and determined that it does meet all eligibility under the program guidelines. The property contains a dilapidated structure that detracts from redevelopment opportunities and prevents the new commercial building under construction from complying with City Zoning regulations. Jason Brisson, Director of Community Development, Planning, Zoning and Building Services, said the applicant has a quote of \$6,700 for the demolition of the structure. The total project cost is approximately a quarter of a million dollars. Upon completion of the project, the subject property will have an estimated taxable value of \$507,000, and generate an estimated \$14,567 in real estate taxes. The maximum amount of participation that can be considered is \$62,485.00. Staff was recommending that the assistance be limited to an amount not to exceed \$8,040 (the amount of the bid plus a 20% contingency), and be subject to the applicant providing proof of competitive bidding. Kyle Johnson, Johnson Builders, was present at the meeting and said an additional bid had been received which was higher than the first bid.

Council Member Oberloh inquired if the remaining portion of a quanset structure would go away with the project. Mr. Johnson said it would. Council Member Oberloh addressed a followup question to Angie Palma, inquiring why that demolition cost was not included in this request. Ms. Palma said they doing the project in phases and were currently using that structure for storage. Council Member Oberloh pointed out this was a one time assistance on that project, it should be included. Council urged Ms. Palma to take advantage of the program now because it is a one-time shot. Steve Robinson, City Administrator, asked Mr. Brisson if the request could be amended. Mr. Brisson said that would be the best way - to lay it over to the next meeting to allow the applicant to bring back a bid for the additional demolition work. Work done previously by the applicant would not be included.

Council determined to postpone action on this item to a later meeting to allow for inclusion of additional expected demolition costs and other expected eligible expenses on a new application.

**REQUEST FOR SITE PREPARATION ASSISTANCE PAYMENT APPROVED - 1317 RAY DRIVE**

At their October 23, 2017 meeting, Council approved an application from Du Nguyen and Khanh Le for Site Preparation Assistance for their commercial development project at 1317 Ray Drive - Professionail Salon. The approval allocated up to \$50,000 to offset the costs affiliated with soil remediation due to unstable soils, and in return the company agreed to construct a 3,400 square foot commercial facility. Due to the uncertainty of the soil conditions under the proposed building, the applicant submitted their best guess estimate for the eligible expenditures for assistance. The project incurred an additional \$7,680 of additional expenses attributable to soil conditions. The original no to exceed amount did include a 20% contingency over the original estimate amount. The applicants were requesting that Council consider the additional expenditures and award a full payment of \$52,795. The \$483,600 project will generate approximately \$14,356 in property taxes. Based on the program guidelines, the increased property taxes allowed for a maximum assistance of \$102,584, which is more than the amount requested.

Jason Brisson, Director of Community Development, Planning, Zoning and Building Services, said that Du Nguyen and Khan Le had completed all of the obligations necessary for disbursement of the Site Preparation funds. Based on the purpose / intent of the program, and because all of the obligations in the program guidelines were fulfilled, staff was recommending that Council authorize payment in the amount of \$52,795.

Council Member Oberloh said that property was a dump site for many years, and a lot of product had been brought back in for fill - were we paying for that product? Kyle Johnson, Johnson Builders, said the calculation was based on 18" below current grade, however the adjustment was based on areas of over-dig that were required, which was quite large. Council Member Oberloh said he would rather stay at the originally approved amount of \$50,000.

The motion was made by Council Member Oberloh to authorize reimbursement at the previously approved amount of \$50,000.

Mr. Johnson said the adjusted amount was still based on bringing it to 18" below grade, and provided information on the over-dig, including that it did not include the additional material over the native soil - they were just asking for reimbursement of their costs.

Council Member Oberloh amended his motion to authorize payment in the amount of \$52,795 as requested. The amended motion was seconded by Council Member Ernst and unanimously carried.



**DECLARATION OF CITY-OWNED VEHICLE AS SURPLUS PROPERTY WITH AUTHORIZATION TO LIST FOR SALE**

Per the City's Property Disposal Policy, Staff was requesting that Council declare the following vehicle as surplus property and allow for its disposal on the Govdeals.com auction site:

- 2001 Ford Ranger 4x4 with 62,271 miles

The motion was made by Council Member Oberloh, seconded by Council Member Janssen and unanimously carried to declare the City-owned 2001 Ford Ranger pickup as surplus property and authorize staff to list the vehicle for disposal.

**REVIEW OF BIDS AND BID AWARD - HOTEL THOMPSON ROOF PROJECT**

At their October 22, 2018 meeting, Council authorized entering into a professional services agreement with SEH, Inc. for preparation of roof design and bid documents to re-roof the Hotel Thompson. On November 26, 2018 Council approved the plans and authorized City staff to work with the consultant to advertise for bids to re-roof the building with the option to provide a bid alternate for a pitched roof.

Jason Brisson, Director of Community Development, Planning, Zoning and Building Services, said two bids had been received for the roof replacement - from Gag sheet Metal, Inc. in the amount of \$283,150, and JG Hause, Inc., in the amount of \$270,000. The Consultant's estimate for the project was \$350,000, including design services. The bids received were approximately \$47,000 to \$60,000 less than the estimates once the design fees are removed. The difference between the two bids is \$13,150, however, the higher bid included a completion time of 30 days, and the lower bid included a completion time of 180 days as they do not intend to start work until spring when the weather is warmer. Following review of the bids, SEH determined that both bidders submitted responsive and responsible bids and are qualified, and was recommending award of the bid to the low bidder, JG Hause, Inc.

Council Member Ernst asked if it would be more expensive to wait. Mr. Brisson said water is already coming into the building and caused damage but they are not sure to what extent. Council Member Janssen reminded Council that, when they vote, they should remember that the City does not own the building. Council Member Oberloh said it is a health and safety issue, and pointed out that the 180 days proposed in the JG Hause, Inc. bid is beyond the time line required in the bid. Steve Robinson, City Administrator, said based on that, the low bid could be determined to be non-responsive, and we are not obligated to award to them.

The motion was made by Council Member Oberloh and seconded by Council Member Ernst to award the bid to GAG Sheet metal, upon approval from legal counsel, in the amount of \$283,150,

with the following Council Members voting in favor of the motion: Oberloh, Cummings, Ernst, Harmon; and the following Council Members voting against the motion: Janssen. Motion carried.

### **COUNCIL COMMITTEE REPORTS**

Mayor Kuhle - No committee report but thanked staff and department heads for all the work they did in 2018, and thanked the Law Enforcement Officers for keeping us safe, and the Fire Department and Council members for their work too.

Council Member Janssen - No report.

Council Member Oberloh - Reported that the Committee will be meeting at 1:30 tomorrow on the Beach Nook project. Based on a request from Todd Wietzema, Public Works Director, he had visited with a couple of local contractors on the project and both said they would anticipate the project could come in at the numbers we want.

Council Member Cummings - No report.

Council Member Ernst - No report.

Council Member Harmon - The Water and Light Commission met a week ago - they discussed a solar garden and potential locations for solar panels. Leaks in the recently installed Lewis and Clark water pipeline are being repaired.

### **CITY ADMINISTRATOR'S REPORT**

Steve Robinson, City Administrator, reminded Council of the retirement coffee on Friday for Virgil Veen, who has been the City's Animal Control Officer and Maintenance/Custodian person for the about 17 years. Council Member Oberloh also mentioned that a retirement coffee for Henry Luitjens, long-time maintenance person at the Atrium, was scheduled for Thursday at the Atrium.

### **ADJOURNMENT**

The motion was made by Council Member Oberloh, seconded by Council Member Cummings and unanimously carried to adjourn the meeting at 8:00 p.m.

Janice Oberloh, MCMC  
City Clerk