

**WORTHINGTON CITY COUNCIL
REGULAR MEETING
SEPTEMBER 9, 2024**

The meeting was called to order at 5:30 p.m., in City Hall Council Chambers by Mayor Rick Von Holdt with the following Council Members present: Dennis Weber, Amy Ernst, Chris Kielblock, Chad Cummings, Larry Janssen.

Staff present: Todd Wietzema, Public Works Director; Matt Selof, Community Development Director; Hyunmyeong Goo, City Engineer; Cristina Adame, Communications & Relations; Steve Robinson, City Administrator; Mindy Eggers, City Clerk.

Others Present: Ryan McGaughey, Radio Works; Sam Martin, The Globe; Mike Kuhle.

The Pledge of Allegiance was recited.

AGENDA APPROVED WITH ADDITIONS/CHANGES

A motion was made by Council Member Kielblock, seconded by Council Member Cummings and unanimously carried to approve the agenda as presented.

CONSENT AGENDA

A motion was made by Council Member Weber, seconded by Council Member Keilblock and unanimously carried to approve the consent agenda as presented.

- City Council Meeting Minutes of August 26, 2024
- Water & Light Commission Meeting Minutes of September 3, 2024
- Traffic & Safety Committee Meeting Minutes of August 27, 2024
- Application for Parade Permit / to Block Streets - Nobles County Library Welcome Walk
- Bills Payable Totaling \$2,067,556.24

ON-SALE SUNDAY LIQUOR LICENSE APPLICATION - CABAÑAS RESTAURANT APPROVED

Steve Robinson, City Administrator, said Cabañas Restaurant has submitted an application for an On-Sale and Sunday Liquor License application. The fee is \$3,200.00 per year and will be pro-rated at \$2,400.00 for October 1, 2024 through June 30, 2025. All of the required fees, paperwork, and background check has been received and completed.

The motion was made by Council Member Ernst, seconded by Council Member Cummings and unanimously carried to approve the On-Sale and Sunday Liquor License application for the Cabañas Restaurant.

THIRD READING AND ORDINANCE NO. 1206 ADOPTED TO AMEND TITLE XV OF THE CITY CODE OF THE CITY OF WORTHINGTON, NOBLES COUNTY, MINNESOTA - PUD AMENDMENT #14 - GLENWOOD HEIGHTS SECOND AND THIRD ADDITIONS

Pursuant to published notice this is the time and date set for the third reading of a proposed ordinance to Amend Title XV of the City Code of Worthington, Nobles County, Minnesota, to Planned Unit Development #14 to remove the minimum roof requirements, including pitch. If approved, roof pitches less than 6/12 may be allowed as well as alternative roofing materials. The legal description of the property under consideration is as follows:

All of Glenwood Heights Second and Third Additions in the City of Worthington, Nobles County, Minnesota.

A complete copy of the ordinance was provided in your August 12, 2024 Council Agenda.

A motion was made by Council Member Cummings, seconded by Council Member Kielblock and unanimously carried to give a third reading and subsequently adopt the following ordinance:

ORDINANCE NO. 1206

AN ORDINANCE TO AMEND TITLE XV OF THE CITY CODE OF THE CITY OF WORTHINGTON, NOBLES COUNTY, MINNESOTA - PUD AMENDMENT #14 - GLENWOOD HEIGHTS SECOND AND THIRD ADDITIONS

(Refer to Ordinance File for complete copy of Ordinance)

BUDGET AMENDMENT FOR CONTRACT SERVICES FOR EXISTING ACCOUNTING SOFTWARE MIGRATION APPROVED

Mr. Robinson said Finance staff has requested council approval for a 2024 budget amendment to adjust the ERS (Equipment Revolving Schedule) for contract services to migrate the existing accounting software in preparation for the purchase and implementation of new ERP Pro 10 software in 2025. The current software will need to be updated and migrated to the cloud in preparation for the new software package in 2025. The Public Utility departments are also converting to ERP Pro10 and this will allow us to integrate the two systems without having to manually enter the information.

After discussions with sales representatives from Tyler Technologies, the provider of our accounting software, a quoted price of \$28,495 was received for the services. Staff is proposing adjusting ERS balances and "borrowing" from the following items. The 2024 ERS replacement balance of \$16,500 for Microfilm/Storage will not need to be completed in the near future and the server replacement costs for 2025 came in under budget by \$6,000. Those adjustments would get us within \$6,000 of the cost which can be accomplished through our other 2024 budget line items that will not be expended in 2024.

The motion was made by Council Member Weber, seconded by Council Member Ernst and unanimously carried to allow staff to adjust ERS balances and enter into a contract for migration services and amend the 2024 budget, for the purpose of the preparation of new software in 2025.

RESOLUTION NO. 2024-09-56 ADOPTED TO TRANSFER FUNDS FROM THE SPENDING PLAN TO TAX INCREMENT FINANCING DISTRICT NO. 7: DARLINGS THIRD ADDITION APPROVED

Mr. Robinson said City Council approved the transfer of \$2,329,478 in unobligated funds in TIF 7 to the Spending Plan in December 2022. The funds in the Spending Plan may be used to provide improvements, grants, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings or ancillary facilities, which will create or retain jobs in the State, including construction jobs, so long as the private development commences no later than December 31, 2025.

During the 2023 construction season the City undertook the North Humiston Utility Improvement Project to provide sanitary sewer and water service to properties on the east side of North Humiston. TIF 7 funds had always been the designated funding source for this project. The project has been finalized at a total cost of \$1,072,574.77.

Staff is requesting Council transfer \$1,072,574.77 from the Spending Plan back to Tax Increment Financing District 7: Darlings 3rd Addition. Mr. Robinson noted the remaining balance in the Spending Plan will be \$1,256,903.23 after the transfer.

The motion was made by Council Member Cummings, seconded by Council Member Kielblock and unanimously carried to adopt the following resolution approving the transfer of funds:

RESOLUTION NO. 2024-09-56

A RESOLUTION TO TRANSFER FUNDS FROM THE SPENDING PLAN TO TAX INCREMENT FINANCING DISTRICT NO. 7: DARLINGS THIRD ADDITION APPROVED

(Refer to Resolution File for complete copy of Resolution)

NEW TEC DEVELOPMENT SOIL MITIGATION ASSISTANCE APPROVED

Mr. Robinson said on May 13, 2024 the Worthington Economic Development Authority approved the sale of Lot 1 Block 1 and Lot 1 Block 2 Worthington Bio Science Industrial Park Third Addition to NTRA Properties, LLC (New Tec). He explained the buyers subsequently undertook a geotechnical investigation and soil borings noted the presence of unsuitable soils throughout the proposed building footprint. The geotechnical engineers have recommended that unsuitable soils be excavated and replaced. The unsuitable soils may extend to a depth of 6-feet below grade.

While it is difficult to specifically know the exact quantity of soils that would need to be excavated as the soil profile may change throughout the site of the proposed building. Some locations may require more excavation and some less.

New Tec's contractor has provided an estimate that if the entire building site would require excavation to an approximate depth of 6-feet, the over excavation quantity is approximately 7,000 cubic yards and the estimated structural backfill is approximately 9,300 tons of material. The estimated cost is \$213,000 which would be worst case scenerio if the whole depth of 6-feet needs to be excavated.

Staff suggests that the City's efforts to mitigate the soil conditions at the site should be contingent on requiring NTRA having American Engineering performing geotechnical observation and oversight during excavation procedures.

The motion was made by Council Member Weber, seconded by Council Member Cummings and unanimously carried to approve soil mitigation assistance.

BUDGET AMENDMENT FOR TRAILER USED FOR ELECTION PURPOSES

Mr. Robinson said staff is requesting councils approval, to do a 2024 budget amendment to adjust the ERS (Equipment Revolving Schedule) for the purchase of a trailer used in transporting and storing the election equipment.

Staff is proposing adjusting the ERS balance for the Election Equipment. The 2024 ERS replacement balance of \$44,000 would be adjusted by \$7,215 down \$36,785. Council action is requested to allow staff to adjust the ERS balance and purchase a trailer to transport and store the City's election equipment.

Mr. Wietzema noted that in the past staff has had to use a trailer from the county if there was inclement weather when the equipment needed to be moved.

A motion was made by Council Member Ernst, seconded by Council Member Weber and unanimously carried to allow staff to adjust the ERS balance and purchase a trailer to transport and store the City's election equipment.

HELD DISCUSSION CONCERNING PROPOSED 2024 TAX LEVIES COLLECTIBLE IN 2025

Mr. Robinson said the Proposed City of Worthington Tax Levy of \$8,479,206 was presented on Wednesday, September 4. This amount breaks down into an operating levy of \$7,386,917 and Special Tax Levies of \$1,092,289. The proposed levy represents a 16.85% increase over 2024. He explained the proposed levy is an amount not to exceed and may be lowered, but not raised for the final levy certification in December.

Some items for Council to consider prior to deciding what to pre-certify the levy at are as follows:

- 1) All three union contracts are up for renewal so the cost of living increase is not known at this time.
- 2) The City's health insurance increase is not known at this time but we have a 12% increase built into the budget presented. City staff has run two other scenarios one at a 30% increase and one at 50% increase. If the renewal comes in at 30% this would result in an additional levy amount of \$204,729 or 2.82% additional levy. If the renewal comes in at 50% this would result in an additional levy amount of \$432,206 or 5.985% additional levy.

Staff is requesting Council provide a not to exceed levy amount or percentage to pre-certify that will be presented at the Special City Council meeting on Tuesday, September 10, 2024.

Council Member Cummings asked if this was the time Council should consider starting a reserve fund in the amount of \$100,000.00 to \$200,000.00 for the proposed ice arena. He said if they would pre-certify at a higher level it allows room for cutting if needed depending on how some of the unknown costs come in. Mayor Von Holdt said it is better to be proactive than reactive. Council Member Kielblock agreed that the extra percentage allows for wiggle room to come down.

Deb Olsen, Finance Director, said that each \$72,000.00 reduction would drop the budget by a percent.

The motion was made by Council Member Weber, seconded by Council Member Kielblock and unanimously carried to pre-certify at 18%.

COUNCIL COMMITTEE REPORTS

Mayor Von Holdt - No report.
Council Member Janssen - No report.
Council Member Ernst - No report.
Council Member Kielblock - No report.
Council Member Weber - No report.
Council Member Cummings - No report.

CITY ADMINISTRATOR REPORT

Mr. Robinson reminded Council about the Special City Council meeting scheduled for 12:00 p.m., Tuesday, September 10, 2024.

Professional pictures will also be taken of elected officials and department heads for the new website. Everyone agreed to schedule them with Ricker's Photography. Staff will get it scheduled.

ADJOURNMENT

The motion was made by Council Member Kielblock, seconded by Council Member Cummings and unanimously carried to adjourn the meeting at 6:17 p.m.

Mindy Eggers, MCMC
City Clerk