

**WORTHINGTON CITY COUNCIL/NOBLES COUNTY COMMISSION
JOINT SPECIAL MEETING - WORK SESSION
NOVEMBER 16, 2015**

The meeting was called to order at 12:00 p.m. in City Hall Council Chambers by Mayor Mike Kuhle and Nobles County Commission Chair Matt Widboom with the following Council Members present: Scott Nelson, Diane Graber, Larry Janssen, Mike Harmon, Rod Sankey - Honorary Council Member: Amy Ernst: and the following County Commissioners present: Marv Zylstra, Don Linssen, Gene Metz, Robert Demuth, Jr.

Staff present: Steve Robinson, City Administrator; Tom Johnson, Nobles County Administrator; Janice Oberloh, City Clerk; Sue Luing; Assistant County Administrator.

Others present: Justine Wettschreck, KWOA; Julie Buntjer, Daily Globe

Prairie Justice Center Lease - Steve Robinson, City Administrator, said he and Tom Johnson, Nobles County Administrator, have been reviewing the current Prairie Justice Center lease between the City and the County and found there to be several instances of outdated language in the lease. Currently, the City pays 12.72% of operating costs (based on floor space) and \$197,000 annually of the facility bond that expires in 2022. Once the bond expires the City's lease payment goes to \$1 per year. One of the concerns is the agreement also includes a capital improvement clause that states the City will pay 12.72% of all capital improvement costs, whether the improvement is a benefit to the City or not. In addition, any expense over \$5,000 would also require a 12.72% payment by the City. Mr. Robinson and Mr. Johnson hope to finish the review of the contract by the end of the year, and will bring their proposal for an updated contract back to their respective boards. It was agreed to schedule another joint meeting of the boards for sometime in January to review the updated contract. Mr. Johnson noted there would be some capital expenses coming up due to the age of the building.

Trail Maintenance - Steve Robinson, City Administrator, said that the City had recently added another employee in the Park Department because of the additional trails to maintain following completion of the Highway 60 project. Nobles County Administrator Tom Johnson said the County really only has one employee for maintenance of their five facilities, and one piece of equipment. Based on this information, Mr. Robinson said because the City has the man power and the equipment, the City will take over the maintenance of all the trails within the City. Steve Schneider, Nobles County Engineer, and Todd Wietzema, the City's Public Works Director, will work out an agreement regarding the trail maintenance to bring to their respective Boards.

Promenade on Oxford/Mall Update - Steve Robinson, City Administrator, said the City has received no substantiation yet for Brian Pellowski's \$9.8 million request. TIF calculations support only about \$3 million. As requested by Council, City Administration sent a letter to Mr. Pellowski indicating we would look at two options - a General Obligation bond that would only be considered after after we receive the complete information we have been requesting for several months, and the other option would be a Pay-As-You-Go TIF in which the City's risk is minimal. There has been no response to the letter at this point. Nobles County Administrator Tom Johnson said their

Commissioners are meeting with Mr. Pellowski tomorrow regarding an outside assessor, which they are requesting the County to assist with paying for. Mr. Robinson noted that no proof of insurance certificate for the mall property has yet been received, nor have the second half property taxes been paid on the property, which puts Mr. Pellowski in breach of his contract with the City.

Discussion was held on the traffic light that MnDOT had removed from the corner of Oxford Street and Omaha Avenue at the entrance to the mall property. Mr. Robinson said MnDOT had indicated they would be open to a traffic study prior to complete redevelopment of the mall property to determine if the light should be reinstalled, however, it may also be determined that the light should instead be installed at the intersection of Grand Avenue and Oxford Street following that street extension project. The City will have input into the signal light but the final determination will be by MnDOT.

Council Member Graber asked if the City had a step by step plan if the mall project falls through. Mr. Robinson responded that the mortgage will be due June 1st - if he defaults we could proceed with foreclosure, and non-payment of taxes and no insurance would be a breach. Mayor Kuhle said we need to stay focused on moving the project forward - we need to get the assessment worked out and the bond TIF, and satisfy bond counsel and do everything right.

In response to a question from Commissioner Demuth, Tom Johnson said that Val had completed an assessment on the property based on the information provided to her and construction costs based on a reasonable number, and their consulting assessor had also completed an assessment and it came within 1% of Val's - a little less than \$3 million in TIF. With a minimum assessment you determine those taxes up front, but even adding an inflator up to 20% that is relative to a TIF that would support \$3 million, would only be another \$600,000, and doesn't get very far into that \$6.8 million gap. Mr. Johnson added that Dorsey- Whitney does not recommend doing a minimum assessment.

ADJOURNMENT

The motion was made by Council Member Nelson, seconded by Council Member Sankey and unanimously carried to adjourn the meeting of the City Council at 12:54 p.m.

The motion was made by Commissioner Linssen, seconded by Commissioner Demuth and unanimously carried to adjourn the meeting of the Nobles County Commissioners at 12:54 p.m.

Janice Oberloh, MCMC
City Clerk