

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING, FEBRUARY 18, 2015**

The meeting was called to order at 7:00 a.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.

Staff present: Brad Chapulis, Director of Community/Economic Development/Interim Administrator; Steve Robinson, Public Works Director; Janice Oberloh, City Clerk, Armand Eshleman, Building Official.

Others present: Mark Shepherd, City Attorney; Justine Wettschreck, KWOA; Erin Trester, Daily Globe.

AUTHORIZATION TO MOVE AHEAD WITH ANNEXATION STUDY FOR AREA IDENTIFIED AS SOUTH OF THE FORMER SOUTH BELTLINE AND NORTH OF THE NEWLY COMPLETED HIGHWAY 60

Brad Chapulis, Director of Community/Economic Development and Interim Administrator, said this item was a follow up to the conversation with Nobles County at the joint meeting last Tuesday. Mr. Chapulis noted while annexation has typically been voluntary in the past, the two areas currently under discussion for potential annexation, annexation process for both of these areas would be involuntary. In referencing information from the League of Minnesota Cities on annexation, Mr. Chapulis said there are five questions Council would need to answer before pursuing annexation of the areas. Under statutes, the following three requirements must be met before annexation can occur:

- the land must adjoin the corporate limits of the annexing city
- Municipal Boundary Adjustments may approve an annexation if it finds city governance of the area is necessary to protect the public health, safety, and welfare
- the land may not already be part of another city

Mr. Chapulis said there are two methods of annexation - by ordinance, which then requires hearings by the state, or by orderly annexation, which requires an agreement between the city and affected townships where both parties have agreed to what land to be annexed is warranted. We currently have an agreement with both Lorraine and Worthington Townships, entered into in 1972. Mr. Chapulis referenced a map showing the area covered by the agreements. Regardless of the method of annexation, statute does require us to provide compensation for a full two years to the townships, based on the townships share of taxes collected at the time of annexation.

The first proposed area of annexation is an area south of the old beltline, south of Shine Brothers, but north of Highway 60. There was some work done a few years ago regarding costs for extending services to the area, which didn't move forward because the amount of assessments. Now with additional interest in the area staff can refresh those numbers and bring them back to Council. Because there is an expectation of services with annexation Council should consider those costs.

The second area is on the east side of the city south of Smith Trucking and east of New Vision Coop. This area has been identified in our comprehensive plan for future industrial growth, however, in the 90's the ownership opposed the acquisition and annexation of the property. Mr. Chapulis reminded Council that they were already making investments and opening up other areas for development - the west side of 59 north - opening up multiple areas may lead to letting infrastructure and your investment sit. Annexing this area would require some reconstruction of existing infrastructure and addition of new infrastructure.

Mayor Kuhle said it makes sense to look at the south parcel as a group of local investors have suggested the City provide sewer and water to them by year-end, or that the City annex the property by the end of the year which will bring sewer and water to them, or, if we're not going to annex, they will provide their own and request a statement from the City that we won't require them to add city sewer and water for ten years.

Mr. Chapulis stated an annexation study would need to be done to identify costs related to capital improvements and indirect costs. Previous Council had determined to move ahead with professional services from Bolton and Menk for a master plan for that area, which is essentially complete. Based on those findings the engineering staff has compiled estimates for immediate sewer and water improvements down along County Road 57.

Council Member Sankey said he was in favor of annexing the south area - what was the best way to go. Mr. Chapulis said that's what an annexation study would show, and what costs were involved. The Comprehensive Plan identifies the south area as business park - primarily industrial in nature with commercial opportunities at the point of intersection.

The motion was made by Council Member Graber, seconded by Council Member Nelson and unanimously carried to move ahead with an annexation study for the south area.

Conversation continued regarding the east area identified for potential future annexation - annexing a property does not necessarily mean it will become for sale, nor can the City take the property for development. Consensus of Council was that staff will present additional information to Council regarding existing infrastructure on the east area identified for potential future annexation, but the south parcel takes priority.

ADDITIONAL MEMBER APPOINTED TO OXFORD STREET REDEVELOPMENT COMMITTEE

The motion was made by Council Member Nelson, seconded by Council Member Harmon and unanimously carried to appoint Kevin Donovan as an additional member of the Oxford Street Redevelopment Committee.

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The appointment came at the request of Abraham Algadi, WREDC.

NORTHLAND MALL LITIGATION - CLOSED SESSION UNDER MS. § 13D.05, SUBD. 3 (B) - ATTORNEY-CLIENT PRIVILEGE

Mayor Kuhle announced that Council would be going into closed session under MS. § 13D.05, Subd. 3 (b) - Attorney-Client Privilege - Northland Mall litigation.

The motion was made by Council Member Graber, seconded by Council Member Sankey and unanimously carried to close the meeting at 7:39 a.m.

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to re-open the meeting at 8:25 a.m.

ADJOURNMENT

The motion was made by Council Member Janssen, seconded by Council Member Sankey and unanimously carried to adjourn the meeting at 8:26 a.m.

Janice Oberloh, MCMC
City Clerk