

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING - WORK SESSION, FEBRUARY 22, 2017**

The meeting was called to order at 5:30 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: Chris Kielblock.

Staff present: Steve Robinson, City Administrator; Brad Chapulis, Director of Community/Economic Development; Janice Oberloh, City Clerk.

Others present: Justine Wettschreck, KWOA.

ESTABLISH COUNCIL POLICY FOR ACCEPTING OFFERS FOR EDA-OWNED PROPERTY

Steve Robinson, City Administrator, said the purpose of the meeting was to provide information and guidance to Council on a couple of issues, as the City had received a full price offer for purchase of three acres of Economic Development Authority (EDA)-owned property on the west side of Highway 59 North. Brad Chapulis, Director of Community/Economic Development, provided information on the definition and role of the EDA. A copy of Minn. Stat. § 469.105, which addresses the sale of property owned by an EDA, was distributed and discussed. Mr. Chapulis said some of the current zoning of the property may not fit with the City's plan for the area, but as the EDA, they had the ability to go over and above the rules and regulations of the zoning ordinance to protect the EDA interest. Discussion included the purchase process (MOU's, Purchase Agreements), requiring earnest money and required time frame for property development to begin. Mr. Chapulis said covenants could be put on the property.

Following discussion, consensus was for staff to move forward in developing a policy that would include the following:

- Requires a purchase agreement - MOU's would not be acceptable
- Deadline for plans and specs would be six months from execution of the purchase agreement
- Deadline for conveyance of the property is one year from the execution of the purchase agreement
- Would require payment of earnest money equal to 10% of the purchase price

PUBLIC INFRASTRUCTURE / PRIVATE DEVELOPMENT

Council discussed a proposal received from a private developer for the City to install public infrastructure in their private development, to assist with the costs associated with their town house project. Several Council Members noted they had also been contacted by the developer. Mayor Kuhle noted they had indicated to him that they would also need a low interest loan to be paid back to the City when the town houses were built. Some information received by Council Members when contacted by the developer conflicted with other information received. Council Member Ernst wondered why some Members had information on this issue and others didn't. Council Member

Janssen suggested tabling the discussion until everyone has the same information.

Mr. Robinson said while the discussion was wrapped up in a development that is an entirely private property, the other opportunity to be discussed is whether you develop a plat, and plat a public street, and when it's finished it's turned over to the City and it would be the City's ownership, including the utilities that serve it. Perhaps to assist in a situation where a developer can't move ahead because of the costs. The concern is we don't have a new housing subdivision that can accommodate 20 or 30 new homes. Past practice is that the developer would buy the land, do the platting, put the utilities in and build the street, all at their own cost. Then once it's done the City takes ownership of the infrastructure, but he's paid for it, and they recover their cost when they sell the lots. Discussion was held on the role of the City as owner/developer, or with the City as developer on privately owned property. Mayor Kuhle said in previous conversations, Council had discussed the Luverne project where they put the development in north of town and gave the lots away - but had decided to go with the Nobles Home Initiative program because the rebate in taxes would about pay for a lot over five years, which avoided taking the money out of the City budget. He suggested perhaps a committee should be established to take a look at this. Council Member Janssen suggested that someone talk to the contractors to find out why they're not moving ahead with residential building before we move ahead with this option. Council Members Cummings and Ernst were in favor of moving forward with the City doing something. Concern was also expressed on whether the City would be competing with private developers and financial institutions if we took on this role.

Mr. Robinson said staff had enough direction that Council was interested in exploring it further.

ADJOURNMENT

The motion was made by Council Member Harmon, seconded by Council Member Ernst and unanimously carried to adjourn the meeting at 6:38 p.m.

Janice Oberloh, MCMM
City Clerk