

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING, MAY 23, 2018**

The meeting was called to order at 3:30 p.m. in City Hall Council Chambers by Mayor Mike Kuhle with the following Council Members present: Larry Janssen, Alan Oberloh, Amy Ernst, Mike Harmon. Council Members absent: Chad Cummings (excused).

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

CITY COUNCIL BUSINESS

Council Action Regarding VAST Dropping KARE 11 Their Line Up

Council Member Oberloh suggested that something would need to come from the Mayor to KARE 11 and KDLT requesting that they work this issue out with VAST.

Following a brief discussion, the motion was made by Council Member Janssen, seconded by Council Member Oberloh and unanimously carried that staff bring a resolution forward requesting restoration of this channel to the VAST line up.

Review and Discussion of Policy for Disposal of Real Property

Steve Robinson, City Administrator, noted this discussion was in relation to the property commonly referred to as the dredge site. If Council were to follow the City's Property Disposal Policy, the property would need to be declared as surplus property. Following that declaration, the policy allows for disposal of real property by: 1) public sale; 2) directed sale; 3) conveyance for economic development. He requested that Council direct staff to prepare a case item that would cover the required steps for the disposal. Council Member Oberloh said he didn't see which method of disposal the sale would fit. Mr. Robinson said City Attorney said the Council is not prohibited from departing from the policy, but they should specifically state the conditions why they would depart from the policy so it wouldn't set precedent. The site is a 30 acre parcel of property, with approximately 15 acres of it developable - the Church has asked for six or seven acres of that portion, with the frontage that faces County Road 57. It would also be agreed that the City would stub in a street to allow an access to their property off that street. The City would be requiring them to put a driveway in off of that newly constructed public right of way, and not allow it to be off of CR 57. Council Member Oberloh said we could sell it as economic development as we would be opening up an avenue that is not available now.

Following this procedure, Council will need to establish the asking price for the property, which was appraised at \$35,000 per acre fully developed. Mr. Robinson suggested the offer will probably come in less than that. Council Member Oberloh said he would support it if it would remain a positive sale. Mr. Robinson said their offer is probably going to be about \$28,500 an acre, and the assessments would have to come off of that. Council also discussed the return of the sale proceeds

to the E.O. Olson Fund as required. Council Member Oberloh said he hoped an effort would be made to have infrastructure costs taken care of out of those proceeds. Mr. Robinson said that is how he interpreted the letter he received from the Committee.

Review of Hospital Proceeds Available Funds

Steve Robinson, City Administrator, distributed an updated report of the hospital sale funds loans and cash availability. Brian Kolander, Finance Director, reviewed the information with Council, and noted the cash balance as shown is after all of the loans come back and the recently identified projects are paid out. There is currently \$9.6 million remaining in the bank. After taking out the future commitments, and adding back in the future loan repayments, the total remaining will be \$7,292,104.00. Mr. Kolander pointed out, however, that this is not cash available, because the loans are extended out to 2045. While his figures showed the Public Works building expenditures of \$3.3 million coming back in through the levy over a 15 year period, Mr. Kolander said he wasn't sure if that was Council's intent. The numbers also did not include the potential land sale north of I-90 or interest on the notes. Mr. Robinson said he had a meeting this afternoon that may result in a request for us to complete the build out of the BAC, so those funds should remain as noted.

Council Member Oberloh requested that Mr. Kolander provide another update of the funds in January of 2019.

Emerald Ash Borer

Todd Wietzema, Public Works Director, and Scott Rosenberg, Park Superintendent, talked to Council about their Emerald Ash Borer management plan, noting the beetle had been found 60 miles on either side of this area. His estimate of the economic cost of the plan is about \$878,000. Mr. Wietzema said he was looking at putting funds in the next budget for tree removal and planting, and also mention taking a systematic approach of removing some ash trees as some communities are. The City also has an emergency management fund established since 2005, we can look at the legality of using that. Scott Rosenberg, Parks Superintendent, said there is not a good cure-all for the disease, but chemicals can be injected into the trees. Mr. Rosenberg described what to look for when checking for the disease. We've lost 30% to 40% of our planting sites due to utility infrastructure that has been installed in the boulevards. Information is being provided to the public, and Mr. Wietzema said there is a hotline that residents can call if they have questions. Council Member Oberloh asked if the City had the ability to order removal of a tree on private property. Mr. Wietzema said we do have an ordinance for that but it only addresses elm trees. He will be bringing an ordinance forward to amend it to include ash and other trees.

Local Option Sales Tax Projects

Jerry Fiola and Art Frame, Nobles County Historical Society (NCHS), were at the meeting to request

Council consideration of including the NCHS in the potential projects for the sales tax proceeds if the new sales tax is approved. Mr. Fiola provided information on Pioneer Village including uses, and 2017 revenues and expenses, which resulted in a net operating revenue of -\$22,281.18. He also provided information regarding financial support of the Historical Society Museums in the area.

Mr. Fiola discussed the potential move of the Historical Society to the Armory facility, and the feasibility study that resulted in a three-phase plan for the renovation of the structure over a period of several years. Phase 1 would renovate 5,410 square feet of the facility at a cost of \$2.35 million; Phase 2 would renovate 7,620 square feet of the facility at a cost of \$2.10 million; and Phase 3 would renovate 5,250 square feet of the facility at a cost of \$1.90 million. They do intend to ask the County to increase their contribution. In response to a question from Mayor Kuhle, Mr. Fiola said they still need to determine the costs of moving into the building and said they hope they don't have to invest \$2 million into Phase 1 before they can move. Council Member Oberloh requested they put a number together for what they saw as the City's contribution.

Steve Robinson, City Administrator, said Statutes had historically said cities could not contribute, but that has been overturned. In response to a question from Mr. Robinson, Mr. Fiola said yes, they were requesting assistance with operation funding and the renovation, on-going and capital costs.

Mr. Fiola and Mr. Frame thanked Council for their time.

Council Member Janssen left the meeting at 4:42 p.m.

Steve Robinson, City Administrator, provided an update on the current tax, noting that there is approximately \$650,000 of uncommitted funds. By statute, it is at the discretion of the Council - they can go into the General Fund.

The motion was made by Council Member Ernst, seconded by Council Member Oberloh and unanimously carried to use the funds for the splash pad project, with any remaining funds to be applied to the Beach Nook project.

Mr. Robinson said we are planning on sun setting the current tax on September 30th, and the final excess amount should be closed out by December 31st.

Council reviewed a list of proposed sales tax funded projects that include:

Housing
10th Street Pavilion
Aquatic Center
Field House
Ehlers Park Improvements

Ice Arena
Historic Society Facility Improvements
Lake Improvements

Staff noted that they were looking at a 4% and 5% annual growth, and were recommending using 5%, which has an anticipated yield of \$25.2 million over 15 years, which supports a bond of \$20 million. Council Member Oberloh said he did not want to go with the max and have future Councils commit to projects and then the tax collection falls short. Mayor Kuhle suggested that Council should rank the projects and start the projects, 1, 2, 3, and if collections keep up, you add and start other projects. Mr. Robinson said he still had not received a determination on whether the Public Works facility could be back funded.

Following discussion, Mr. Robinson said that the total amount to be collected and the projects will need to be identified by the time we pass a resolution calling for a referendum.

Mr. Robinson also noted that the Housing and 10th Street Pavilion projects were already allocated out of the hospital funds, and Council needs to determine if they want them to stay there or be part of the sales tax.

Council also reviewed the concept plans for the proposed Aquatic Center, which would add approximately 7,000 square feet to the existing 2,000 square foot facility.

Council Member Oberloh said he needed to leave at this point for another meeting so there would no longer be a quorum.

Cemetery Advisory Committee

No discussion was held.

ADJOURNMENT

The motion was made by Council Member Oberloh, seconded by Council Member Ernst and unanimously carried to adjourn the meeting at 5:00 p.m.

Janice Oberloh, MCMC
City Clerk