

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING, NOVEMBER 1, 2016**

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: Steve Robinson, City Administrator; Brian Kolander, Finance Director; Brad Chapulis, Director of Community/Economic Development; Janice Oberloh, City Clerk; Dan Wycoff, Liquor Store Manager; Dwayne Haffield, Director of Engineering (7:29 a.m.).

Others present: Justine Wettschreck, KWOA; Karl Evers-Hallstrom, Daily Globe; Amy Ernst; Abraham Algadi; Alan Oberloh (7:02 a.m.); Chris Kielblock (7:08 a.m.).

**PUBLIC HEARING AND RESOLUTION NO. 3695 ADOPTED APPROVING TAX
ABATEMENT FOR CERTAIN PROPERTY PURSUANT TO MINN. STAT. 469.1813**

Pursuant to published notice this was the time and date set for a public hearing for approval of a Nobles Home Initiative application submitted by North Development Group, LLC.

The motion was made by Council Member Janssen, seconded by Council Member Nelson and unanimously carried to open the hearing.

Brad Chapulis, Director of Community/Economic Development, said the applicant was seeking approval of the application for construction of a 72-unit apartment complex on 6.3 acres it is acquiring, and located directly east of the intersection of Darling Drive and Grand Avenue. The property is currently owned by Kelly Properties of Worthington, LLC and is legally described as:

That part of the Northeast Quarter of the Southwest Quarter, Section 13, Township 102, Range 40, City of Worthington, Nobles County, Minnesota lying north of a westerly projection of the north line of Block 2, Northland Park Second Addition, City of Worthington, Nobles County, Minnesota EXCEPT 8.63 acres for Interstate 90 and EXCEPT 8.02 acre tract described in Document No. 212660 and EXCEPT that part of the Northeast Quarter of the Southwest Quarter of Section 13, Township 102 North, Range 40 West, City of Worthington, Nobles County, Minnesota, described as follows:

Commencing at the southeast corner of Lot 3 of Auditor's Plat of the West Half of the Southwest Quarter of Section 13, Township 102, Range 40, City of Worthington, according to the recorded plat thereof; thence on an assumed bearing of South 89 degrees 04 minutes 09 seconds East, along the easterly extension of the south line of said Lot 3, a distance of 208.33 feet; thence North 0 degrees 01 minutes 52 seconds West, parallel with the east line of Lots 1, 2 and 3 of said Auditor's Plat, a distance of 437.57 feet to the southerly right-of-way line of Interstate Highway No. 90 as recorded in Document No. 189598; thence North 89 degrees 12 minutes 07 seconds West, along said southerly right-of-way line, a distance of 208.33 feet to the east line of Lot 1 of said Auditor's Plat; thence South 0 degrees 01 minutes 52 seconds East, along the east line of Lots 1, 2 and 3 of said Auditor's Plat, a distance of 437.09 feet to the point of beginning, containing 2.09 acres, subject to easements now of record in said county and state,

and EXCEPT that part of the Northeast Quarter of the Southwest Quarter of Section 13, Township 102 North, Range 40 West, City of Worthington, Nobles County, Minnesota, described as follows:

Commencing at the center of said Section 13; thence on an assumed bearing of South 0 degrees 00 minutes 00

seconds West, along the north-south quarter line of said Section, a distance of 282.95 feet to the southerly right-of-way line of Interstate Highway No. 90; thence North 89 degrees 11 minutes 29 seconds West, along said southerly right-of-way line, a distance of 445.00 feet to the intersection with the westerly line of the Worthington Christian School Tract as recorded in Document No. 212660, said intersection being the point of beginning of the tract to be described; thence North 89 degrees 12 minutes 06 seconds West, along said southerly right-of-way line, a distance of 330.00 feet; thence South 0 degrees 00 minutes 00 seconds West a distance of 438.36 feet; thence North 89 degrees 04 minutes 09 seconds West a distance of 135.00 feet; thence South 0 degrees 00 minutes 00 seconds West a distance of 70.01 feet; thence South 89 degrees 04 minutes 09 seconds East a distance of 135.00 feet; thence South 0 degrees 00 minutes 00 seconds West a distance of 172.64 feet; thence South 89 degrees 12 minutes 06 seconds East a distance of 330.00 feet to the westerly line of said Worthington Christian School Tract as recorded in Document No. 212660; thence North 0 degrees 00 minutes 00 seconds East, along said westerly line, a distance of 269.00 feet; thence North 89 degrees 12 minutes 06 seconds West, along said westerly line a distance of 125.00 feet; thence North 0 degrees 00 minutes 00 seconds East, along said westerly line, a distance of 88.00 feet; thence South 89 degrees 12 minutes 06 seconds East, along said westerly line, a distance of 125.00 feet; thence North 0 degrees 00 minutes 00 seconds East, along said westerly line, a distance of 324.00 feet to the point of beginning, containing 5.12 acres, subject to easements now of record in said county and state.

Mr. Chapulis said the application has been reviewed and staff concluded it meets all of the parameters of the NHI Guidelines, and were recommending approval of the application. He added that the public hearing was required by State Statute regarding tax abatement.

Mayor Kuhle asked if there was anyone present who wished to present testimony on the application. None was received.

The motion was made by Council Member Harmon, seconded by Council Member Nelson and unanimously carried to close the hearing.

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to adopt the following resolution approving the Nobles Home Initiative application for tax abatement:

RESOLUTION NO. 3695

A RESOLUTION APPROVING TAX ABATEMENT FOR CERTAIN PROPERTY PURSUANT TO MINN. STAT. 469.1813

(Refer to Resolution File for complete copy of Resolution)

RESOLUTION NO. 3696 ADOPTED APPROVING SPONSORSHIP WORKFORCE HOUSING GRANT APPLICATION - NORTH DEVELOPMENT GROUP, LLC

Brad Chapulis, Director of Community/Economic Development, said North Development Group, LLC of Richmond, Illinois was requesting City sponsorship of its application for a Workforce Housing grant it is seeking from the Minnesota Department of Employment and Economic

Development. The Company is seeking an \$868,000 grant for a \$6,517,184 - 72 unit market rate apartment complex it intends to construct on 6.3 acres located directly east of the intersection of Darling Drive and Grand Avenue. The State of Minnesota is prohibited from granting these funds directly to a non-governmental agency, and as such, North Development Group, LLC is requesting that the City act as the sponsor for their application. Sponsorship of the application would not have any financial bearing on the City other than staff time in administration of the grant if awarded. Mr. Chapulis noted construction of the project would need to be done at prevailing wage.

The motion was made by Council Member Graber, seconded by Council Member Harmon and unanimously carried to adopt the following resolution approving the sponsorship of the Workforce Housing Grant Application:

RESOLUTION NO. 3696

A RESOLUTION AUTHORIZING THE SUBMITTAL OF A WORKFORCE HOUSING GRANT APPLICATION TO THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

(Refer to Resolution File for complete copy of Resolution)

PURCHASE AGREEMENT APPROVED FOR PROPERTY IDENTIFIED AS PARCEL NO. 31-3882-000

Following the closed session held at the October 24, 2016 regular City Council meeting, staff presented a purchase agreement for the property identified as Parcel No. 31-3882-000 and owned by Larry and Sharon Davis of Worthington, as a potential new location for the Municipal Liquor Store. The property is legally described as:

The west 8 acres, excepting therefrom the south 200 feet, of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 14, Township 102, Range 40, City of Worthington, Nobles County, Minnesota.

AND EXCEPTING a tract located therein containing approximately 4.333 acres described as follows:

Commencing at the Southeast corner of said Section 14; thence South 89 degrees 05 minutes 22 seconds West, along the South line of the Southeast Quarter of said Section 14, a distance of 1323.87 feet to the Southwest corner of the Southeast Quarter of the Southeast Quarter of said Section 14; thence North 00 degrees 01 minutes 20 seconds West, along the West line of said Southeast Quarter of the Southeast Quarter, a distance of 200.02 feet to a point on a line lying parallel with and 200.00 feet North (measured at right angles) of the South line of said Southeast Quarter of the Southeast Quarter said point begin the point of beginning; thence continuing North 00 degrees 01 minutes 20 seconds West, along the West line of said Southeast Quarter of the Southeast Quarter, a distance of 710.08 feet to a point

on a line lying parallel with and 910.00 feet North (measured at right angles) of the South line of said Southeast Quarter of the Southeast Quarter; thence North 89 degrees 05 minutes 22 seconds East, along said line, a distance of 265.86 feet to the East line of the West 8 acres of said Southeast Quarter of the Southeast Quarter; thence South 00 degrees 01 minutes 20 seconds East, along the East line of said West 8 acres, a distance of 710.08 feet to a point on a line lying parallel with and 200.00 feet North (measured at right angles) of the South line of said Southeast Quarter of the Southeast Quarter; thence South 89 degrees 05 minutes 22 seconds West, along said line, a distance of 265.86 feet to the point of beginning.

Steve Robinson, City Administrator, said the agreement includes the following:

- Total purchase price is \$1,000,000, to be paid at closing
- Closing shall take place on or before December 30, 2016 should the City decide to proceed with acquisition of the property
- The City has the right to cancel the agreement on or before 5 p.m. on December 16, 2016

Mr. Robinson said the agreement would give the City the time it needs to complete its due diligence on the potential purchase of the property, which would include engaging the City's Architect to prepare preliminary site plans, building improvement plans and cost estimates for the improvements.

Council Member Sankey expressed some concerns regarding the property, and noted Council had previously been told that the new cooler recently installed in the current location could be transferred to any new location - why are they looking at new and what is our hurry?

Dan Wycoff, Manger of the Worthington Municipal Liquor Store, said location is key, and that is a pretty good location - it needs to be closer to the growth area. Numbers provided by the City of Marshall showed a large increase in sales following the relocation of their liquor store. Mr. Wycoff added that if the intent when the new cooler was purchased was to move it to a future liquor store location it could certainly be done, along with the recently installed check out counters.

The motion was made by Council Member Janssen, seconded by Council Member Graber and unanimously carried to approve the purchase agreement between the City of Worthington and Larry and Sharon Davis for the property identified as Parcel No. 31-3882-000.

BUDGET DISCUSSION

Liquor Store - Dan Wycoff, Liquor Store Manager - ERS - replacing the cooler that was there before him, if the compressor goes out there are funds available to replace it. He will operate the same as in past years - the funds are there if something needs to be replaced. Some of the recent improvements will be moved to the new location if the City decides to move ahead with that. Sales this year are a little flat - usually seeing 5% to 7% increase but right now we're not even at 2%. He

is looking for a strong fourth quarter.

Street Lighting Budget - Dwayne Haffield, Director of Engineering, said there really weren't any changes in the 607 budget. The utilities charges for the infrastructure maintenance replacement, and the other expense item is the utilities charges - the electric. Even though they are projecting a little bit of an electric rate increase they are also looking at usage decrease that will offset it, due to the switch over to LED lights. Mr. Haffield said there is no proposed rate changes to the Street Lighting budget.

Storm Water Budget - Dwayne Haffield, Director of Engineering, distributed an amended Storm Water Budget, noting the amendment pertains to the Capital Improvement budget program. There is not a lot of change in the operations budget, however, the Capital Improvements fund will increase almost \$205,000, with \$160,000 of that targeted for lift station replacement. There is one storm lift in town and that is over on Centennial Park - it covers a chunk of the community to the east of it, and it has some issues. It will be about a \$750,000 project, hard to deal with in one year, so we've been increasing reserves to be done in 2021.

The numbers for Phase I of the County Ditch 12 project are not going well - costs jumped a lot due to a problem with the calculation that went in with the grant application - we'll be breaking well over a million. At this point it's not sure if that project will go forward or not.

The Storm Sewer CIP shows about \$1.7 Million in projects identified in the storm water budget but not within the next 5 years. Those listed in year 9999 are not scheduled at all.

Mr. Haffield listed the following options for the Storm Water budget:

1. Adopt the amended budget as shown - No Rate Increase: adds \$44,782 to Reserves for Unspecified projects
2. Adopt amended budget as shown - No rate increase - adds \$44,782 to reserves for projects and begin advancing existing projects as possible
- 3 a/b. Amend budget as shown to include 1.2% or 2.5% rate increase: adds \$58,805 or \$72,820 to reserves for unspecified projects
- 4a/b. Amend budget as shown to include 1.2% or 2.5% rate increase: adds \$58,805 or \$72,820 to reserves for projects and begin advancing existing projects as possible

Council Member Graber said she thought a planning session was needed to take a look at the overall picture of the projects, where we were with them and how they fit into the master plan.

Mr. Haffield reminded Council that any change is usually implemented January 1st, and is required to be done by ordinance, with the readings typically started at the first meeting in November to be adopted by the end of the year. Council could also choose to implement a mid-year increase.

The motion was made by Council Member Sankey and seconded by Council Member Janssen to increase the storm utility rate by 2.5% , with the following Council Members voting in favor of the motion: Nelson, Janssen, Harmon, Sankey; and the following Council Members voting against the motion: Graber. Motion carried.

FINAL BUDGET / LEVY CERTIFICATION DISCUSSION

Staff presented a list of proposed changes to the budget that would reduce the pre-certified levy amount of \$3,693,604 (7.32% increase) to \$3,675.697 (6.8% increase). The adjustments included the following:

2017 Pre-Certified Levy	3,693,604	7.32%
Health Insurance		
- 6% increase reduced to 3%	(15,907)	-0.46%
- Performance review changes		
- New Hire changes		
General Fund:		
- Increase in CAL janitorial	6,500	0.19%
Memorial Auditorium:		
- Increase in Rents	(4,000)	-0.12%
- Decrease in expenses	(13,000)	-0.38%
- Increase in gas utilities	6,000	0.17%
Fire Truck:		
-Additional ERS Funding (Pumper Truck #709)	<u>2,500</u>	<u>0.07%</u>
Revised 2017 Levy	<u><u>3,675,697</u></u>	<u><u>6.80%</u></u>

Following discussion, Council Member Nelson moved to approve a 6.8% increase in the 2016 levy collectible in 2017.

Staff noted that they were not looking for a action on this item, only a consensus so they can move forward with final certification at the December 12, 2016 meeting, during which there will be an

opportunity for public comment.

Council Member Nelson rescinded his motion.

Consensus of Council was that 6.8% was acceptable, with some members wondering if it was enough to maintain our infrastructure like it should be.

ADJOURNMENT

The motion was made by Council Member Sankey, seconded by Council Member Graber and unanimously carried to adjourn the meeting at 8:07 a.m.

Janice Oberloh, MCMC
City Clerk