

**WORTHINGTON CITY COUNCIL  
SPECIAL MEETING**

**3:30 P.M. - Wednesday, December 18, 2019  
City Hall Council Chambers**

**A. CALL TO ORDER**

**B. CITY COUNCIL BUSINESS - ADMINISTRATION**

1. I.U.O.E Local #49 Bargaining Agreement for 2020
2. Contract for Professional Services - Outdoor Aquatic Center

**C. CITY COUNCIL BUSINESS - COMMUNITY DEVELOPMENT**

1. Resolution Authorizing Reimbursement of Certain Costs in Connection with Tax Increment Financing District No. 18

**D. ADJOURNMENT**

## ADMINISTRATION MEMO

**DATE: DECEMBER 18, 2019**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**SUBJECT: ITEMS REQUIRING CITY COUNCIL ACTION OR REVIEW**

### CASE ITEMS

1. **AGREEMENT WITH INTERNATIONAL UNION OF OPERATING ENGINEERS (IUOE) LOCAL #49 BARGAINING UNIT**

The current two-year agreement with IUOE Local #49, which represents non-supervisory personnel in the Water, Wastewater and Public Works departments and technician positions within the Engineering department, expires at the end of 2019. Based on terms discussed with the joint City Council/Water & Light Commission Wage and Compensation Committee, administrative staff held negotiation sessions with Local #49 and a tentative agreement has been reached. Local #49 membership met and voted in favor of the agreement on December 4.

The City Council/Water & Light Commission Wage and Compensation Committee recommend approval of the agreement which includes the following terms of significance:

- A pre-shift premium rate of one and one-half times the base rate of pay would be paid to employees required to report to work prior to the start time of their regular shift in response to unusual circumstances. Examples would include early reports for snow removal or other storm-related events and responding to watermain breaks. The premium rate would only be paid for hours worked prior to the start of an employee's regular shift.
- The employer share for health insurance premiums increases from 80% to 85% and the employee share decreases from 20% to 15%.
- Employees receive a 3.0% cost-of-living adjustment to their base hourly rate of pay effective January 1, 2020. This is the same cost-of-living adjustment previously approved for the two law enforcement bargaining units and most non-union employees to occur on January 1, 2020.
- Term of the agreement will be from January 1, 2020, through December 31, 2020.

There was some other housekeeping changes made to the agreement but nothing of significance.

The Council is requested to approve the agreement with IUOE Local #49, contingent upon approval of the agreement by the Water & Light Commission, and authorize the Mayor and City Administrator to sign the agreement. The Commission was expected to consider approval at their December 16, 2019 meeting.

2. **CONTRACT FOR PROFESSIONAL SERVICES – OUTDOOR AQUATIC CENTER**

On November 12, 2019, the City Council received a recommendation from the City Aquatic Center Committee to approve a request for proposals (RFP) document for architect-engineer services related to the design of an outdoor aquatic center. Upon receiving the recommendation, the City Council approved the RFP. Proposals were due by 4:00pm on December 3, 2019. City staff sent the RFP directly to four firms that were identified by the Aquatic Center Committee and ultimately received proposals from two firms, US Aquatics of Delano, MN and Water's Edge Aquatic Design of Lenexa, KS. On December 6, the two proposals and evaluation sheets were distributed to Committee members. The Aquatic Center Committee met on December 10, 2019 to discuss the proposals.

After a lengthy discussion that covered many topics, the Committee reached a consensus to recommend awarding the consultant contract to Water's Edge Aquatic Design. Though they felt that both firms were qualified and capable of doing an excellent job, the Committee felt that Water's Edge's proposal was more reflective of the Committee's vision for the project, Water's Edge had demonstrated more innovative features in their design, and felt they were better positioned to provide a more effective public engagement effort, a critical component of the project. Water's Edge's proposal also included Bolton & Menk as a civil engineering subcontractor, whereas the US Aquatics proposal stated they would utilize the City's Engineering department for their civil site design. The costs listed in the proposals were within approximately 2%. City staff estimates the costs associated with the civil engineering component missing from the US Aquatics proposal would range between approximately \$40,000-\$50,000.

Upon receiving the Committee's recommendation, Council is requested to award the consultant contract to one of the firms that submitted a proposal to ensure the design process can begin as soon as possible.

## COMMUNITY DEVELOPMENT MEMO

**DATE: DECEMBER 18, 2019**

**TO: HONORABLE MAYOR AND CITY COUNCIL**

**SUBJECT: ITEMS REQUIRING BOARD ACTION OR REVIEW**

### CASE ITEM

**1. RESOLUTION AUTHORIZING REIMBURSEMENT OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 18**

On October 28, 2019, the City Council stated its support in pursuing the establishment of a new redevelopment tax increment financing (TIF) district to provide assistance in rehabilitating the Hotel Thompson property. On November 25, 2019, the City Council approved a consultant contract with LHB to conduct an assessment of the property and provide a report to determine if the property meets the State of Minnesota criteria for “blighted.” Establishing this finding is a prerequisite for any TIF redevelopment district. The approval was contingent upon staff verifying that existing documentation of the property would not suffice to establish the property’s blighted condition. After reviewing the matter, Ehlers Inc. and Dorsey and Whitney recommended City staff to move forward with the consultant services. The City Council also approved a memorandum of understanding (MOU) with the developer to ensure the City will be reimbursed for the expenses incurred with the consultant. The MOU states that the City will be reimbursed for its costs with the initial TIF proceeds before the developer collects any funds from the district. In the case that the property is not eligible for a redevelopment TIF district, the developer will reimburse the City for its costs within 30 days of receipt of an invoice. Both documents have been executed and the consultant is scheduled to conduct their site visit December 16, 2019.

The developer closed on the property on Monday, December 9, 2019. They are working to install a new boiler and roof as quickly as possible to prevent further damage to the building. Due to the public hearing and documentation requirements, the establishment of a TIF district to assist with the project could not be completed before February 2020. Any eligible costs incurred on this project before that time cannot be included in the TIF district. Staff believes that the City may wish to assist with the project without delaying any of the repairs. To that end, the City’s financial consultant on this matter, Ehlers Inc., has prepared the resolution in Exhibit 2A. By passing this resolution, any eligible expenses incurred from December 18 forward may be included in the TIF district. City staff has also discussed the possibility that the TIF district may generate a greater amount of funds than the City Council can justify contributing to the rehabilitation project. The City may collect TIF funds in excess of the City’s participation in the Hotel Thompson renovation to be used for other projects within the City. For this reason, City staff believes it is in the City’s best interest to ensure any eligible costs incurred during the

renovation are included in the TIF district. For this reason, City staff is recommending the City Council approve the resolution shown in Exhibit 1A.

Council action is requested.

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION AUTHORIZING REIMBURSEMENT OF CERTAIN COSTS IN CONNECTION WITH TAX INCREMENT FINANCING DISTRICT NO. 18.**

WHEREAS, the City of Worthington (the "City") intends to undertake a redevelopment project in the City (the "Redevelopment Project") and establish Tax Increment Financing District No. 18, a redevelopment district, under Minnesota Statutes 469.090 to 469.1082 and 469.174 to 469.1794 (the "TIF Act");

WHEREAS, the Redevelopment Project involves the significant rehabilitation of a certain blighted building The Thompson Hotel (the "Building") located at 1009 Third Avenue, Parcel ID#31-0113-000;

WHEREAS, the deteriorated condition of the Building creates a health and safety concern necessitating the remodeling and rehabilitation of the Building beginning prior to the creation of a tax increment financing district;

WHEREAS, the City intends to enter into an agreement with Clark Unlimited Properties, LLC (the "Developer") to redevelopment the Parcel;

WHEREAS, the City intends to use tax increment to pay for certain costs related to the redevelopment consisting of qualifying improvements, interest and administrative costs (collectively, the "Qualified Costs"), which costs may be financed on a temporary basis from payment by the Developer.

WHEREAS, the City intends to reimburse the Developer for the Qualified Costs from tax increments derived from the TIF District in accordance with the terms of the Contract for Private Development.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Worthington, Minnesota, as follows:

City intends to include the Parcel in Tax Increment Financing District No. 18 established pursuant to the TIF Act.

The City Administrator and staff are hereby authorized and directed to work with Ehlers to draft documents related to the establishment of a redevelopment TIF District.

The Mayor and City Clerk are hereby authorized and directed to execute a Contract for Private Development with the Developer to provide for the redevelopment of the Parcel.

The City reasonably expects to reimburse the Developer for the payment of certain Qualified Costs of the Project out of the tax increment revenues generated from Tax Increment Financing District

No. 18.

The motion for the adoption of the foregoing resolution was duly seconded by Council member \_\_\_\_\_, and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Dated: December 18, 2019

(Seal)

CITY OF WORTHINGTON

By: \_\_\_\_\_  
Mike Kuhle, Mayor

Attest: \_\_\_\_\_  
Mindy L. Eggers, City Clerk