

**WORTHINGTON CITY COUNCIL  
REGULAR MEETING, DECEMBER 8, 2014**

The meeting was called to order at 7:00 p.m. in City Hall Council Chambers by Mayor Alan E. Oberloh with the following Council Members present: Mike Kuhle, Diane Graber, Rod Sankey, Ron Wood, Scott Nelson.

Staff present: Brian Kolander, Finance Director; Brad Chapulis, Director of Community/Economic Development; Dwayne Haffield, Director of Engineering; Steve Robinson, Public Works Director; Scott Hain, General Manager Worthington Public Utilities Janice Oberloh, City Clerk.

Others present: Justine Wettschreck, KWOA; Erin Trester, Daily Globe; Andy Johnson, Marty Van De More, Tyler Knutson, Abraham Algadi.

The Pledge of Allegiance was recited.

**AGENDA APPROVED/CLOSED WITH ADDITION**

Staff requested the addition of Item E.4. *Application for New On-Sale Wine License* to the agenda. Mayor Oberloh noted that the Okabena-Ocheda-Bella Watershed Board Minutes listed on the consent agenda were dated September 13, 2014 but should be corrected to September 13, 2013.

The motion was made by Council Member Nelson, seconded by Council Member Wood and unanimously carried to approve/close the agenda with the requested addition/correction.

**CONSENT AGENDA APPROVED**

The motion was made by Council Member Wood, seconded by Council Member Graber and unanimously carried to approve the consent agenda as follows:

- City Council Minutes of Regular Meeting November 24, 2014
- Minutes of Boards and Commissions - Water and Light Commission Minutes of December 1, 2014; Planning Commission Minutes of December 3, 2014; Airport Advisory Board Minutes of December 2, 2014; Traffic and Safety Committee Minutes of November 26, 2014; Nobles Economic Opportunity Network Meeting Minutes of November 13, 2014; Worthington Housing and Redevelopment Authority Minutes of Regular Meeting October 28, 2014; Worthington Public Arts Commission Minutes of October 8, 2014; Okabena-Ocheda-Bella Clean Water Partnership Joint Powers Board Minutes of September 1, 2014
- Audit Engagement Letter with Drealan Kvilhaug Hoefker & Co., P.A. for year end audit services at a maximum not to exceed amount \$20,100, excluding word processing of the report
- Additional 2015 license renewals:
  - On Sale Beer
  - El Taco Restaurant, Jose Maldonado, 420 Tenth Street
  - Bob & Steve's, Jesse Raudenbush, 1408 Oxford Street

Mini Market Lupita, Maria Parga, 1906 Oxford Street

Off Sale Beer

Mini Market Lupita, Maria Parga, 1906 Oxford Street

Pawnbroker's License

Pawn-It, Inc., Loren and Vance Johanning, 1730 Oxford Street

- Application for Exemption from Lawful Gambling Permit - St. Mary's Church, as follows:

Organization	St. Mary's Church
CEO:	Kathy Lesnar
Type of Event:	Raffles
Date and Location of Event:	February 13, 2015 St. Mary's School, 1206 Eighth Avenue
- Storm Water Utility Credit of 11.85 acres for Parcels 31-3786-567 through 31-3786-581 and tract abutting on the north (parcel number not yet assigned), 1525 Bioscience Drive
- Bills payable and totaling \$601,511.14 be ordered paid

**RESOLUTION ADOPTED APPROVING THE 2014 TAX LEVIES COLLECTIBLE IN 2015**

Staff presented a resolution approving the 2014 Tax Levies of \$3,262,150, Collectible in 2015, for Council consideration. The levy represents a 2.73% increase over 2014, and includes a General Purpose Tax Levy of \$2,220,540 and Special Tax Levies of \$1,041,610. The General Purpose Tax includes an Economic Development Levy of \$83,000 - the Special Tax Levy includes Economic Development Tax Abatements of \$27,000.

Brian Kolander, Finance Director, told Council that, per legislation changes, public comment may be taken tonight regarding the proposed levies as opposed to the full Truth in Taxation hearing. Mr. Kolander provided background information regarding the proposed levies.

Mayor Oberloh asked if there was anyone present who wished to offer testimony regarding the proposed 2015 tax levies. None was received.

The motion was made by Council Member Wood, seconded by Council Member Graber and unanimously carried to adopt the following resolutions approving the 2014 tax levies collectible in 2015:

CITY OF WORTHINGTON, MINNESOTA

RESOLUTION APPROVING 2014 TAX LEVIES COLLECTIBLE IN 2015

Be it resolved, by the City Council of the City of Worthington, County of Nobles, State of Minnesota, that the following sums of money are to be levied for the current year, collectible in 2015 upon the taxable property in said City of Worthington, Minnesota for the following purposes:

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LIMITED GENERAL PURPOSE TAX:	2014/2015 LEVY	SPECIAL TAX LEVIES	2014/2015 LEVY
General Fund	749,884	G.O. Debt Service Funds	
Recreation Fund	901,902	Including Improvement Bonds	
		(MS 275.50 Subd. 5e and MS 429.091)	
Improvement Construction Fund	379,477	PIR Series 2007A \$4,370,000	375,000
Aquatic Center Facility Fund	50,000	PIR Series 2009C \$2,710,000	170,862
Airport Fund	9,793	PIR Series 2010A \$1,915,000	185,484
Memorial Auditorium Fund	46,484	PIR Series 2012A \$2,570,000	<u>283,264</u>
GENERAL PURPOSE TAX LEVY-CITY	<u>2,137,540</u>	SUBTOTAL DEBT SERVICE FUNDS	1,014,610
EDA TAX LEVY	<u>83,000</u>	Economic Development Tax Abatement	27,000
TOTAL GENERAL PURPOSE TAX	<u>2,550,540</u>	TOTAL SPECIAL TAX LEVIES	<u><u>1,041,610</u></u>
SPECIAL TAX LEVIES:(Other than Debt Service)		RECAP OF TAX LEVY TOTALS	
Housing & Redevelopment	Separate	General Purpose Levy	2,220,540
Authority (MS 462.545 Subd. 6)	Certified Levy`	Special Tax Levies	1,041,610
		TOTAL NET LEVY	<u><u>3,262,150</u></u>

RESOLUTION APPROVING 2014 TAX LEVIES COLLECTIBLE IN 2015

BE IT RESOLVED, by the City Council of the City of Worthington and the Economic Development Authority of the City of Worthington, County of Nobles, State of Minnesota, that the following sum of money be levied for the current year, collectible in 2015 upon the taxable property in said City of Worthington, Minnesota, for the following purposes:

SPECIAL TAX LEVY	CERTIFIED LEVY
	2014/2015
ECONOMIC DEVELOPMENT AUTHORITY	
TAX LEVY	
(Minnesota Statute 469.107 Subd. 1)	
Special Tax for Operations	\$83,000.00
NET CERTIFIED LEVY \$83,000.00	

RESOLUTION APPROVING THE 2014 TAX LEVY COLLECTIBLE IN 2015

BE IT RESOLVED, by the City Council of Worthington and the Housing and Redevelopment Authority of the City of Worthington, County of Nobles, State of Minnesota, that the following sum of money be levied for the current year, collectible in 2015 upon the taxable property in said City of Worthington, Minnesota for the following Purposes:

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SPECIAL TAX LEVY	CERTIFIED LEVY 2014/2015
HOUSING AND REDEVELOPMENT AUTHORITY TAX LEVY (Minnesota Statute 469.033, subdivision 6)	
Special Tax for Operations	\$105,000.00
NET CERTIFIED LEVY	\$105,000.00

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**RESOLUTION NO. 3573 ADOPTED APPROVING THE 2015 FUND BUDGETS FOR THE CITY OF WORTHINGTON**

The motion was made by Council Member Graber, seconded by Council Member Wood and unanimously carried to adopt the following resolution approving the 2015 Fund Budgets for the City of Worthington:

CITY OF WORTHINGTON  
RESOLUTION NO. 3573

A RESOLUTION FOR THE APPROVAL OF THE 2015 FUND BUDGETS FOR THE CITY OF WORTHINGTON, MINNESOTA

(Refer to Resolution File for complete copy of Resolution)

**ACTION ON 2015 RATE STRUCTURE FOR PRAIRIE VIEW GOLF LINKS TABLED FOR NEW COUNCIL**

Marty Van De More, Dakota Golf, was at the meeting to present the proposed 2015 Prairie View Golf Links rates. The proposed rates reflected substantial decreases over 2014 rates for membership passes

and cart storage rates. Council Member Kuhle questioned Mr. Van De More on the low rates, and what they hope to accomplish. Mr. Van De More said they needed to compete with Great Life coming in to the Country Club. Council Member Wood noted the thought was to increase usage at the course by reducing the fees.

Council Member Kuhle said it would be unfair to saddle the new Council with these rates, and made a motion to table the rates until they could go before the new Council in January. The motion was seconded by Council Member Nelson with the following Members voting in favor of the motion: Kuhle, Graber, Sankey, Nelson; and the following Members voting against the same: Wood. Motion carried.

#### **APPLICATION FOR NEW ON-SALE WINE LICENSE APPROVED - WORTHINGTON HOTEL GROUP, LLC**

Council considered an application from the Worthington Hotel Group, LLC, for a new on-sale wine license for their Comfort Suites Hotel, 1447 Prairie Drive. The Group will be submitting an application for an on-sale beer license in the near future. The licenses will allow them to offer wine and beer to their guests at their Manager's Receptions in the hotel.

The motion was made by Council Member Wood, seconded by Council Member Kuhle and unanimously carried to approve the on-sale wine license for the Worthington Hotel Group, LLC, Comfort Suites Hotel, 1447 Prairie Drive.

#### **2015 UTILITY DEPARTMENT STRATEGIC FINANCIAL PLANS APPROVED**

Scott Hain, General Manager Worthington Public Utilities, presented the 2015 Utility Department Strategic Financial Plans to Council for consideration and approval. While section 6.04 of the City of Worthington Charter gives the Water and Light Commission the power to establish rates, fees, rules, regulations and policies for the operation and management of municipal utilities under their control subject to such ordinances as the Council may adopt, it also requires that the commission shall annually prepare a budget forecast for the ensuing years and furnish a copy to the City Council for their approval.

The 2015 Water Department Strategic Financial Plan was approved by the Water and Light Commission at their November 3, 2014 meeting, and includes for the first time a \$361,380 allowance for purchased water. The decision to include the allowance was based on the belief that we will continue to purchase water from other sources. The remainder of the O&M portion of the budget reflects a 0.9% increase, or \$12,880, over the 2014 budget. The capital improvement portion of the budget totals \$1,606,760, or an 8.4% increase from 2014, however, through the use of reserves, the new money for capital improvements is projected to be \$843,720, or a 6.7% decrease over the 2014 budget. Residential and Commercial retail water rates will increase from \$2.65 per 1,000 gallons to

\$3.00 per 1,000 gallons, and the industrial rate will increase from \$2.20 per 1,000 gallons to \$2.60.

The Water and Light Commission also approved the 2015 Wastewater Department Strategic Financial Plan at their November 3, 2014 regular meeting. The budget includes an 1.3% increase of \$18,231 in overall O&M expenses over the 2014 budget. The non-reserve funded total of the 2015 capital improvement portion of the wastewater budget increased \$5,570 (1.4%) over the 2014 non-reserved funded portion of the budget, after utilizing \$311,100 in reserve funds to cover expenses in the budget. The monthly connection charge will increase from \$14.44 to \$14.93 and the usage charge will increase from \$2.999 per 1,000 gallons to \$3.188. The rates, along with the remainder of the 2015 Sewer Service Charge System were adopted by Council at their regular meeting November 10, 2014.

The Water and Light Commission reviewed and approved the 2015 Electric Department Strategic Financial Plan at their December 1, 2014 meeting. The total electric department O&M budget is projected to increase \$1,554,529 (8.8%) over the 2014 budget, of which 98.5% is attributable to increased purchases power costs. The capital improvement portion of the budget is \$1,234,601 for 2015, an 18% decrease over 2014. Residential customers will see an increase in the monthly customer charge from \$10.50 to \$12.60, the summer usage rate will increase from \$0.0845/kWh to \$0.11025/kWh, and the usage rate for the other months will increase from \$0.0845/kWh to \$0.0903/kWh. The customer charge for commercial customers will increase from \$20.00 to \$24.15, the summer usage rate will increase from \$0.102/kWh to \$0.1134/kWh, and the usage rate for the other months will increase from \$0.089/kWh to \$0.0945/kWh. For medium and large general service customers, the monthly customer charge will increase from \$45 to \$57.75, the summer demand rate will increase from \$17.20/kW to \$19.58/kW, the winter demand rate will increase from \$14.26/kW to \$16.49/kW and the demand rate for the other months will increase from \$12.79/kW to \$13.65/kW. The energy rate for all general service customers will increase from \$0.0458/kWh to \$0.04725/kWh.

Mr. Hain said that overall, the approved budgets will result in an estimated increase in monthly costs to an “average” residential customer of \$8.49 (6.7%) for electric, water, and wastewater services.

The motion was made by Council Member Wood, seconded by Council Member Nelson and unanimously carried to approve the 2015 Utility Department Strategic Financial Plans.

#### **AGREEMENT WITH YMCA FOR 2015 SUMMER YOUTH RECREATION PROGRAMS APPROVED**

Staff, along with Andy Johnson, Executive Director of the Worthington Area YMCA, presented the YMCA 2015 Summer Youth Recreation Programs agreement for Council consideration. The agreement establishes a management fee of \$46,350.00, to be paid in 12 monthly installments, which reflects a 3% increase over the 2014 fee. Term of the agreement is January 1 through December 31, 2015. Council was also provided with a report of registration and attendance for each program

offering.

The motion was made by Council Member Wood, seconded by Council Member Nelson and unanimously carried to approve the agreement with the YMCA for the 2015 Summer Youth Recreation Programs.

**RESOLUTION NO. 3574 ADOPTED DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF FEASIBILITY REPORT ON PROPOSED EXTENSION**

The City received a petition for the improvement of South Crailsheim Road from the north line of Lot 7, Park, View Acres extended easterly to the south line of the north 55 feet of Lot 5, Park View Acres extended easterly by extension of the municipal wastewater collection system. Dwayne Haffield, Director of Engineering, said the petition was adequate to be considered as initiated by petition, as it was signed by owners of more than 35% of the property abutting the improvement.

The motion was made by Council Member Wood, seconded by Council Member Sankey and unanimously carried to adopt the following resolution declaring adequacy of petition and ordering preparation of a feasibility report:

RESOLUTION NO. 3574

DECLARING ADEQUACY OF PETITION AND ORDERING PREPARATION OF FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution File for complete copy of Resolution)

**REQUEST FOR SITE PREPARATION ASSISTANCE APPROVED - KD SLAYTON PROPERTIES, LLC**

KD Slayton Properties submitted a request for site preparation assistance for their proposed 9,525 square foot commercial facility to be constructed on the property located at 1324 Ray Drive, legally described as:

*Block 1, Lot 1, McDonald's Addition, City of Worthington, Nobles County, Minnesota.*

The applicant was requesting assistance with the costs affiliated with soil remediation of unsuitable soils. The estimated total cost of the project is \$1,300,000, and following completion of the project, the subject property will have an estimated taxable value of \$953,700 and generate an estimated \$30,176 in real estate taxes, approximately 1.485% increase from the 2014 payable real estate tax. Brad Chapulis, Director of Community/Economic Development, noted the applicant has an engineer's

estimate for the costs of the remediation in the amount of \$152,853. Staff assessed the application using the established Site Preparation Guidelines and determined it met eligibility requirements. Mr. Chapulis said under the guidelines, the maximum amount that can be considered by the City is \$122,797.82, which is less than the amount requested.

Council Member Wood noted if the maximum amount were approved it would all but close the TIF down as there is roughly only \$125,000 left in it. Mayor Oberloh questioned the amount of the assistance versus the site when compared to the other project sites listed in the site prep assistance project summary provided to Council. Mr. Chapulis said the program is to help take care of deficiencies and is not reflective of the size of the building. The program was initially seeded with \$500,000, then reseeded with an additional \$500,000, increasing it to \$1 million. While this would be the last draw from the funds, Mr. Chapulis said he would encourage Council to take a look at the program and find a way to fund it for the future.

The motion was made by Council Member Graber and seconded by Council Member Nelson to approve the request for site preparation assistance from, KD Slayton Properties, LLC in the full amount of \$122,797.82, subject to the applicant providing proof of competitive bidding, with the following Council Members voting in favor of the motion: Kuhle, Graber, Sankey, Nelson; and the following Council Members voting against the same: Wood. Motion carried.

#### **CONTRACT AWARDED FOR DEMOLITION OF FORMER K-MART BUILDING**

Following award of a court order dated June 24, 2014 from the Nobles County District Court, and completing and obtaining the Phase I & II environmental studies as well as plans/specifications for demolition, staff solicited bids for the demolition work from qualified contractors. The following bids were received:

<u>Bidder</u>	<u>Bid Amount</u>
Veit & Company	\$109,000
Henning Construction	\$584,945
Landwehr Construction	\$156,840

The Engineer's estimate for the demolition was \$300,000. Following review of the bids by Mark Johnson, Peer Engineering (the City's consultant for the project), Mr. Johnson was recommending award of the bid to Veit & Company as the low qualified bidder.

Brad Chapulis, Director of Community/Economic Development, noted funding for the project would be from the undesignated reserves, and the City would be seeking reimbursement from the property owner. The City is also taking steps to be able to cover any shortfalls through Tax Increment Financing.



Mayor Oberloh asked if we had the ability to use Worthington Rediscovered Funds for this. Mr. Chapulis responded that we could.

The motion was made by Council Member Kuhle, seconded by Council Member Nelson and unanimously carried to award the bid for the demolition of the former K-Mart building to Veit & Company as the low qualified bidder in the amount of \$109,000, to include administration costs in the amount sought for reimbursement from the owner, and that the funds for the project will come from the Worthington Rediscovered Program.

### **COUNCIL COMMITTEE REPORTS**

Mayor Oberloh - Nothing to report.

Council Member Kuhle - Nothing to report.

Council Member Graber - The Japanese Pinocchio production at the Auditorium was very successful - they had about 600 kids attend. She continues to get calls on the idea of Council visiting new businesses.

Council Member Sankey - Traffic and Safety met, talked about signage for St. Mary's School and a sign for the Hospice Center. People are having trouble finding the facility in Woodland Court as it looks like a regular home. Airport Board meeting December 2<sup>nd</sup> - the Board vacancy has been filled. The Ford tractor that is shared with the wastewater department got its new tires. Attended the Worthington Active Living Plan - they have an interactive chart on their website.

Council Member Wood - Thanks to KWOA for their interview with him about his service to southwest Minnesota - will be aired at 12:30 tomorrow. The City wells are at a below average now and the Water and Light Commission will be keeping an eye on them. Regarding Prairie View, the Watershed Clean Water Partnership is saying the same thing- it sits in a bowl, and it's got five holding bridges that keep the water from flowing directly into the lake. When you review it, it is important, no matter what happens to Prairie View, to maintain that filter system for Lake Okabena. We have a declining lake now - evaporation will increase in rate the shallower the lake gets and the algae will increase. The DNR has admitted the amount of water from the Lake allocated to the City currently is an error - it should be about 14 million, which translates into about an inch off the surface. We've given it away and allowed subdivisions to take it out. There are examples of mediation to remedy this out there - White Bear Lake and the DNR. If Council chooses to not act on this going forward, he won't be here, but he will be writing commentary about the declining level of the lake. He has enjoyed working with everyone - Mayor Oberloh is one of the best people he's worked with in terms of being a partner with, - the city has had a renaissance over the last 12 years - a lot has been accomplished that maybe made some people feel uncomfortable. Comments on some things that happened that weren't ethical will be saved for another time and another place.

Council Member Nelson - the HRA project on the east side of town - the crane operator was back on the site - two buildings have been set and are working on the third - hopefully two more will be set this week.

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Council Member Wood asked if they would consider not having the second meeting in December if there were not enough items. Mayor Oberloh responded that he did plan on holding the meeting.

**ADJOURNMENT**

The motion was made by Council Member Wood, seconded by Council Member Kuhle and unanimously carried to adjourn the meeting at 8:20 p.m.

Janice Oberloh, MCMC  
City Clerk