

INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
MONDAY, DECEMBER 5, 2022. 6:00 PM - 8150 BARBARA AVENUE

1. Call to Order: The City Council of Inver Grove Heights met in person for a Work Session on Monday, December 5, 2022. Mayor Bartholomew called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

2. Roll Call: Present In-Person: Mayor Bartholomew; Council Members; Piekarski Krech, Gliva, Dietrich, Murphy; City Administrator Kris Wilson, City Attorney Bridget McCauley Nason, Deputy City Clerk Katie Malott, Finance Director Amy Hove, Community Development Director Heather Rand.

3. Discussion Items:

A. Proposed 2023 Budget & Tax Levy

Finance Director Amy Hove discussed what was previously called the Truth in Taxation:

2023 Budget Calendar – Recap:

- June through September: Various meetings and work sessions to discuss the general fund budget and preliminary levies.
- September 26, 2022: Council adopts preliminary 2023 general fund budget and tax levies.
- October and November: Work sessions to review additional budgets.
- November 15, 2022: Dakota County mails out proposed tax notices
- December 5, 2022: Public meeting to discuss the 2023 budget and tax levies.
- December 12, 2022: Council to approve final 2023 budget and tax levies.

Factors that would impact resident's property taxes:

- Market value
- Corresponding tax capacity
- Whether property is homestead or non-homestead
- Commercial class or commercial/industrial
- Other taxing jurisdictions

Tax base growth from 2022:

- Total market value for the city grew about 15%
- 93.5% of the value growth came from appreciating existing properties
- 6.5% of the growth came from new construction.
- Tax capacity grew by 14.7%
- Tax rate is scheduled to go down.

Market Value: Valuation notice (putting a price tag on what the property is worth)

- 78% is from residential value.

Tax Capacity: Your share of the overall tax bill

- Residential properties are paying 69% of the tax bill.
 - Due to commercial/industrial having a higher tax rate.

Inver Grove Heights Tax Levy:

- The city is only one of the taxing districts that affect property taxes.
- The city's current budget draft reflects an 8.4% increase to the tax levy for 2023.
- The city's current budget draft reflects an estimated city tax rate of 47.781% for 2023.
- Market values citywide increased by 15%

- Largest areas were residential (16.9%) and apartments (15.4%)
- Impact on Median Property:
 - Median Valued Property in Inver Grove Heights = \$337,100 (15% increase over 2021)
 - 2021 Median Valued = \$291,900
 - Impact of 8.4% citywide tax levy increase:
 - Annual change in city taxes = \$128.70

Comparison to other Dakota County Cities:

- Inver Grove Heights places in the middle
- Average levy change is 8.39%. Inver Grove Heights comes in at 8.37%

She stated that four citizen inquiries were received. Questions noted:

- Confusion as to why their taxes didn't go up 8.4% because their value went up higher than the 15% average (this was due to a market value increase)
- Questions on the supplemental insert (required insert showing revenues/expenses and where the totals were last year compared to this year/next years budget)
- Questions about how to lower taxes (March is when the valuation notice is sent out and would be the time to appeal the value)
- Email from a resident on a fixed income who was wondering what could be done to lower taxes (they had a value increase that drove some of the increase)

Councilmember Piekarski Krech said some may question what the city is doing with all this money. She stated it seemed to increase significantly more than the other taxing jurisdictions.

Councilmember Dietrich mentioned she had an inquiry from a resident who asked about increases department wide; such as why an amount was going into a department and not infrastructure.

Mayor Bartholomew mentioned that the amounts for final levy were different than what the Council had in their packets after fiscal disparity. He asked what the difference was.

Finance Director Hove replied when the total final levy was placed it included special taxing district levies.

2023 Budget Summary:

- General Fund - Expenditures and Transfers Out: \$30,790,881 (80% supported by the tax levy after removing the transfer out to EDA)
- The amount in EDA is \$143,600
 - EDA is 100% funded by the tax levy, transfer in from the General Fund.
 - Council will need to determine whether wanting a full-time position for the EDA or to use the dollars toward a consultant.
 - The plan/recommendation had been that half of the funding uses the EDA fund balance.
- Debt Service Funds - will fluctuate between 90-100%
 - Using closed bond dollars to buy down the levy.
 - Not fully levying for what is needed.
- Pavement Management Local Streets Fund
 - Will be bonding for the special assessment payments.

2023 General Fund Budget - Revenue by Category (Source of Funds):

- 2022 Amended Budget - Revenues: \$28,738,879

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- 2023 Total Budget - \$30,790,881
 - Primary source of revenue for the General Fund: Property taxes
 - If taking out property taxes: \$5,821,000 in other revenues
 - 1.3% increase in the revenue categories

2023 General Fund - Expenses by Department:

New Departments for 2023: Human Resources, City Clerk, Tax Abatement

- Human Resources and City Clerk was previously a part of the Administration Department
- Recreation Budget is new.
- Technology Fund. Into the Internal Service Fund

2023 General Fund - Expense by Function:

- Public Safety (Police and Fire) 55%
- Public Works 16% (does not include pavement management or utility)
- Parks and Recreation 11%
- General Government 10%
- Community Development 8%

2023 General Fund - Expense by Category:

1. Wages and Benefits
2. Purchased services and equipment.

2023 Budget Investments:

- Existing Personnel
 - 3% general wage increase
 - 7.68% increase to health insurance (HSA Plan) and 4.25% to health insurance (HRA Plan)
 - Increase to city's contribution for family and single+one health insurance plans.
 - There are 5.5 new FTEs of the 11.5 originally requested.
- Improved Public Safety
 - Hire additional two police officers.
 - Wage increases for paid on call firefighters.
- SAFER Savings Plan. An additional \$175,000 on the 2023 levy to prepare for the end of grant funding
- Improved maintenance and support of city infrastructure
 - Hire additional streets maintenance worker.
 - Hire additional parks maintenance worker.
 - Additional dollars for seasonal staff in Streets and Parks
 - Continued investment in the Pavement Management Program
 - Budget includes an additional \$350,000 from the levy towards this program
 - Total 2023 tax levy investment of \$2,900,000
- Provide additional resources for economic development and business engagement.
 - Could support a full time EDA Specialist or be used for consultants.
- Improved administrative support to growing operations.
 - Hire 0.5 FTE Communication Specialist

Storm Water Special Taxing District Levy

- Established under M.S. 444

- Used to fund trunk storm sewer improvements installed in conjunction with the 70th Street East reconstruction project from Cahill Avenue to Concord Boulevard (City Project 2001-02)
 - Babcock Trail
 - South Grove
 - 70th Street
- Approximately 3,000 parcels
- 10-year term (2018-2027)
- Same amount annually - \$79,394

2023 Budget - Final Steps at Meeting:

- Public Input
- Council Direction for December 12
 - Final Citywide Levy
 - Final Special Taxing District Levy
 - Expenditure Budgets

Kelly Kayser 1953 59th Court East, commented if the Council was deliberating where to cut, she encouraged prioritizing infrastructure over amenities. She stated with the special taxing district levy, she's located on Babcock Trail, she challenges anyone to explain how their neighborhood generates any more stormwater to the pipe on 70th than anywhere else in the city. She would rather see a special assessment than a special taxing district.

Mayor Bartholomew asked if it was possible to locate the original formation of the special tax levy. Administrator Wilson replied staff could locate it. It would be part of the public record.

Tia Hernandez Petrulo, 7335 Bancroft Way, shared she is a new resident as of May. She lived in Eagan for 25 years and has never noted an increase this high. She questioned what was being done with the general fund and the budget. She said there are 7-8 rubbish haulers going through the neighborhood, with regards to infrastructure, she questioned if that was being looked at and if there could be a zoned pickup like Eagan. She agreed with focusing on infrastructure versus amenities. She commented on growing the commercial tax base, bringing in new business. She felt the area by Target was built up too soon, but now seems to be the time to get businesses in. She suggested building that piece up versus continually hitting residents with higher taxes to support activities.

Mayor Bartholomew mentioned he liked where they were currently at. He was pleased with the fiscal disparities.

Councilmember Piekarski Krech shared she cannot support going with what was passed in September. She still believes it needs to be reduced. She mentioned this was the first time they have not come in with a reduction in expenses. She was concerned this may be the profile going forward.

Councilmember Murphy mentioned he was unsure where to cut. He thought there was a request for 11 FTE's that was brought down to 5. To him, that would be a reduction in expenses.

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B. Proposal for Inver Grove Heights Coin Recognition Program

Councilmember Murphy shared when he started on the City Council, he thought about what kind of footprint the Council might want to make. He felt that recognition is important and helps build culture. He said he had an idea, needed some help, and Amy Looze, Communications Manager, stepped up to help with the following idea:

Coin Project Objective:

The city does not have a unified way to recognize IGH residents who go above and beyond in their service to others in the community. They came up with:

- A collectable coin, similar to a challenge coin.
 - It's simple, elegant, good looking, and cost effective
 - Meant to honor exceptional service or effort in the community
- The coin would be presented and accompanied by a standardized message from the IGH Mayor and City Council
 - Includes a display case and stand.
 - Presented by the Mayor

A photo of the coins front was shown depicting the Rock Island Swing Bridge. The back of the coin states "Service to others is the bridge that brings a city together today and builds a stronger tomorrow. Thank you for making a lasting difference in our community".

Themes:

- Establishing the Swing Bridge as iconic to IGH
- City colors, font, and branding as unified symbols.
- "Building a bridge within the community" as a metaphor for giving back to others and creating a stronger sense of community, shared citizenship, and pride of place
- Recognizing local, sometimes unsung, heroes for their actions

For consideration:

- What would the criteria be for receiving a coin recognition?
- Would it be nominated or unanimously chosen by the City Council
- How many awards per year
- Funding

He mentioned that the fewer given out, (he pictured two or three), adds to its value and builds culture. He said since this began with this Council, he was hopeful this Council would make the final decision.

Cost Quoted:

- Total of \$1,158 includes 100 coins and display easels
- Order taxes approximately eight weeks to complete.
 - May come out of the Mayor/Council Budget
 - If that funding source does not work, he would work on soliciting private donations (this would take longer)

Mayor Bartholomew asked if there were any encumbrances on the city giving awards like this out. He asked if/what the legal parameters were, if any.

City Attorney McCauley Nason replied it would be good to establish the award criteria. There is a public purpose for this type of recognition for people who give back to the community in an extraordinary manner.

Mayor Bartholomew cautioned the Council to be aware and alert of this becoming a reward type by a Councilmember. He felt unanimous approval by Council was wise. He advised having several department heads, the City Administrator, and the Council work up the criteria and be a part of the selection committee.

Councilmember Murphy requested the Council share any suggestions or rules with City Clerk Kiernan or the City Administrator.

Mayor Bartholomew suggested getting a draft out quickly.

City Administrator Wilson stated next Monday is the last City Council Meeting of 2022. Members of the public/community are welcome to join at 5:30 p.m. in the City Hall lobby to recognize the service of the outgoing Elected Officials.

Councilmember Dietrich stated there was an email from a resident about the retail space the city has. There is a lot of desire to fill retail space out in the market. She asked if the Council was interested in getting additional EDA meetings; one every other month instead of once a quarter, to highlight commerce opportunities and get measurable objectives in place.

Mayor Bartholomew said if the Council wants more time, they could get it on the calendar for discussion next Monday.

Councilmember Piekarski Krech suggested that those mentioning they want more retail can start it. People can contact different companies that have franchises and start them. She said instead of having a business in the home, they could go into a brick-and-mortar space. There are hundreds of home businesses in the city. She stated that the city isn't short on commercial, they are short on businesses operating in commercial space.

Councilmember Gliva thought it was a great idea.

Councilmember Murphy believed the city needed to be more proactive in attracting.

Councilmember Dietrich asked if that could get worked into the calendar.

City Administrator Wilson replied it could. She proposed to begin in February and use an even numbered month schedule. February, April, June...

4. Adjourn:

Motion by Gliva to adjourn the meeting at 7:01 p.m.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Sheri Yourczek