

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, JANUARY 9, 2023 - 6:00 P.M. - 8150 BARBARA AVENUE**

1. CALL TO ORDER:

The City Council of Inver Grove Heights met in regular session on Monday, January 9, 2023, in person. Mayor Dietrich called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

2. ROLL CALL:

Present In-Person: Mayor Dietrich, Council Members: Murphy, Gliva, T’Kach, Scales; City Administrator Wilson, City Attorney McCauley Nason, City Clerk Kiernan, City Engineer Merchlewicz, Assistant City Engineer Dodge, Communications Manager Looze, Parks and Recreation Director Lares, Public Works Director Connolly, Finance Director Hove, Community Development Director Rand, Human Relations Manager Shefchik

3. PRESENTATIONS:

4. CONSENT AGENDA:

A. Approve minutes from the November 14, 2022 City Council Meeting

B. Approval of Disbursements. **Resolution 2023-004**

C. Personnel Actions

D. Approval of Final Plans and Specifications and Authorization to Advertise for Bids for City Project No. 2023-09D - Dawn Way Area Street Rehabilitation. **Resolution 2023-005**

E. Storm Water Facilities Maintenance Agreement for 11880 Albavar Path

F. Storm Water Facilities Maintenance Agreement for 1301 50th St

G. Joint Powers Agreement with City of South Saint Paul for Project 2023-09D - Dawn Way Area Street Rehabilitation. **Resolution 2023-006**

H. Joint Powers Agreement with City of South Saint Paul for Project 2022-09I - Carmen Avenue and Claude Way Area Street Rehabilitation. **Resolution 2023-007**

I. Authorization to Re-Advertise for Bids for Heritage Village Park – Phase 4.

J. Authorization to Re-Advertise for Bids for South Valley Park Redevelopment

K. 2022 Body Worn Camera Audit

L. 2023 Contribution to the Inver Grove Heights Fire Relief Association. **Resolution 2023-008**

M. Assignment of Improvement Agreement - Silverstar Car Wash. **Resolution 2023-011**

N. **Resolution 2023-009** Authorizing Vehicle Procurement for Building Inspections Division

O. Reclassification of Assistant Golf Course Superintendent

Motion by Murphy, second by Gliva, to approve the Consent Agenda as presented.

Ayes: 5

Nays: 0 Motion carried.

5. PUBLIC HEARING:

6. REGULAR BUSINESS:

A. Rental Housing Licenses

Community Development Director Heather Rand presented Rental Housing Licenses for approval by Canvas at IGH consisting of 120 new construction, single family homes. The same management team has completed the application. It has been found to be complete, necessary fees have been paid. The application and management background reviews have been conducted as required by City Code. The police department and community development recommend approval of the licenses.

Motion by T’Kach, second by Scales, to approve the Rental Housing Licenses as presented.

Ayes: 5

Nays: 0 Motion carried.

B. 2nd Reading of Ordinance Regulating the Sale of Legal Products Containing THC

City Attorney Bridget McCauley Nason presented the following background information on THC:

- Legislative changes were made in 2022
 - House File (HF) 600: Omnibus Cannabis Bill was introduced. Did not make it into law.
 - Would have legalized adult use of recreational marijuana
 - Chapter 98: Edible Cannabinoid Legislation passed
 - Legalized certain edible cannabinoid products previously not legal in Minnesota
- City Response:
 - Adopted a 6-month interim ordinance/moratorium that expires on February 8.
 - Gave the city time to conduct studies, research, and determine if wanting to move forward with some type of licensing structure for edible products containing THC
 - Staff studied the issue and prepared a draft licensing ordinance for retailers selling THC products
 - Presented the First Reading, November 2022
 - Second Reading took place on January 9, 2023
 - Changes between the First and Second Readings:
 - Introduction of an over 300-page HF 100: New Omnibus Cannabis Bill.
 - Similar to HF 600. Includes key changes such as the regulation of edible cannabinoids including "lower potency" edibles, statewide licensing, and limited local control.
- Marijuana versus Hemp:
 - Marijuana: All parts of the plant of any species of the genus Cannabis. Marijuana does not include hemp.
 - Hemp: A Cannabis plant with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.
- Key Terms:
 - Cannabinoids: Group of substances found in the cannabis plant. There are hundreds of cannabinoids. Most commonly known is THC.
 - Edible Cannabinoid Products: Product intended to be eaten/consumed by humans as a beverage containing a cannabinoid in combination with food ingredients. Is not a drug.
 - Nonintoxicating Cannabinoid: (Legislature approved last year) Substances extracted from certified hemp plants that do not produce intoxicating effects.
 - THC Products: Any product that contains tetrahydrocannabinol (THC) and meets the requirements to be sold for human or animal consumption under Minnesota Statutes.
- 2022 Legislative Change(s):
 - Prior law allowed certain non-intoxicating cannabinoid products to be sold.
 - Allows these products to be purchased by persons over 21 years of age.
 - Restrictions on THC concentrations in each of the single serving THC products and limitations on the THC concentration of products in any particular package.
 - There is not any restriction on where any of these edible cannabinoid products may be sold, aside from the fact that the Department of Alcohol and Gambling Enforcement (AGE) has stated these products cannot be sold at off sale exclusive liquor stores.
 - The Minnesota Board of Pharmacy is the State Agency in charge of regulatory authority over edible cannabinoid products.
- City Response. Adopted an Interim Ordinance on August 8, 2022

- Directed staff to study the matter
 - Staff review is complete
 - A draft licensing ordinance was prepared
 - Discussion will take place at a future meeting as to whether there will be zoning ordinances
- Proposed Licensing Ordinance Purpose:
 - To regulate the sale of adult-use products containing tetrahydrocannabinol (THC) through a city licensing structure
 - Requires a license for the sale of THC products
 - Would not impact existing businesses selling these products, provided a license is obtained
 - Would not impact the sale of other products containing THC such as lotions or creams
 - Does not apply to products dispensed by a registered medical cannabis manufacturer
- Proposed Licensing Ordinance Structure:
 - Contemplating these would be sold in typical retail establishments such as bars, restaurants that sell alcoholic beverages, grocery stores, convenience stores, exclusive tobacco shops.
 - A license is required before THC products may be sold.
 - Application, background investigation, and City Council approval
- Proposed Licensing Ordinance Requirements for License Holders and Restrictions on Sales:
 - Sales only to those 21+
 - Required training for servers/employees
 - No sampling
 - No selling from vending machines
 - No sales from movable places of business
 - No sales from a home business
 - No self-service checkout or self-service merchandising
 - No sales from exclusive liquor stores
 - No sales allowed at businesses located within 500 feet of a building where youth-oriented uses are located
- Proposed Licensing Ordinance Compliance Checks and Administrative Civil Penalties:
 - 1 - First Violation: The Council shall impose a civil fine of \$750.00 and suspend the license for not less than 1 day.
 - 2 - Second Violation within five years of the first violation: The Council shall impose a civil fine of \$1,000.00 and suspend the license for not less than 3 consecutive days.
 - 3 - Third Violation within five years of the first violation: The Council shall impose a civil fine of \$2,000.00 and suspend the license for not less than 10 consecutive days.
 - 4 - Fourth Violation within five years of the first violation: The Council shall revoke the license for at least one year.
- Changes to the Draft Ordinance between the 1st and 2nd Readings:
 - The purpose and intent section has been revised to more clearly articulate the considerations related to the adoption of a licensing ordinance.
 - Clarification made to the distance section. Indicates that distance is measured from the building where the business is located to a school building, park, or child care center.
 - Additional language added and clarified that each violation of a provision of a chapter is a separate license violation.
- Requested Council Action:
 - 1. Consider the second reading of the draft THC Products Licensing Ordinance.

2. Table the ordinance indefinitely; direct staff to prepare extension of moratorium for an additional six months.

Councilmember Murphy asked if a license could still be required at the city level if the State were to come in and take control.

City Attorney McCauley Nason replied the city would be preempted and not be able to require any type of license for edible products, or if the bill passes, any type of marijuana products that would be allowed and would become legal in the state.

Councilmember Murphy said if the Council votes on a moratorium, there would be another reading.

City Attorney McCauley Nason replied the intent of the moratorium is to get the city through the legislative session. If something is adopted, staff would see what that leaves for the city to regulate.

Councilmember Gliva referenced the license suspensions being longer and asked if other cities came up with that and if it matched their alcohol ordinances.

City Attorney McCauley Nason replied no; some referred to their license suspension section. Others had longer suspension periods.

Councilmember Scales mentioned there was the possibility of ending up ahead and it could end up getting thrown out. The other option is that it could not be thrown out and the city is ahead of everyone else. He asked how much work was left in putting this together in terms of staff time.

City Attorney McCauley Nason replied there was not much left in terms of the ordinance drafting. Once approved, there is a licensing structure that requires the creation of licensing forms and applications and communication with business owners and the public about the need for the license, and processing of the applications.

Councilmember Scales stated there is a good chance the State would move forward with this, and all this work would be for naught.

City Attorney McCauley Nason agreed that is a concern.

Councilmember Murphy asked if there was a staff recommendation.

City Attorney McCauley Nason replied it was up to the Council. She suggested the Council consider tabling and direct staff to bring back an extension of the Interim Ordinance. She said the Council can direct staff, at any time, to resume this process. Adopting the Interim Ordinance gets them through the legislative session, allowing the city to react to what does/does not become law.

Mayor Dietrich asked if there has been a lot of stress to public safety with the moratorium in place.

City Attorney McCauley Nason replied she was unsure but could have the Police Chief get back to the Council with answers.

City Administrator Kris Wilson responded that she was not aware of call volume or stops/visits into these businesses. She felt the greatest challenge is ensuring that what is being sold meets the legal definition of what is allowed to be sold. There are no means to taking a sample product and testing its composition. The city was hopeful the legislature addresses what is being sold meets the statutory definition of a legal product.

Motion by T’Kach, to table the 2nd Reading of Ordinance Regulating the Sale of Legal Products Containing THC for a minimum of 6 months and direct staff to investigate further what the legislative session impacts will be.

City Attorney McCauley Nason said they are limited for one year under State Statute. If the direction is for staff to bring back an extension of the interim ordinance, it could be stated for an additional six months. That would comply with the State Statute.

Motion by T’Kach, second by Scales, to table the 2nd Reading of Ordinance Regulating the Sale of Legal Products Containing THC for a minimum of 6 months and direct staff to investigate further what the legislative session impacts will be for an additional 6 months.

Ayes: 5

Nays: 0 Motion carried.

C. Resolution Authorizing Advertisement of a Request for Proposals for Professional Engineering Services Pool. Resolution 2023-10

City Engineer Paul Merchlewicz provided the following information beginning with Purpose and Need:

- Objective: To develop/update a “pool” of professional engineer and service professionals that will help the city deliver its programs, objectives, projects, and initiatives.
- History: The city has utilized this tool in the past but are now out of date and does not provide the flexibility the city needs.

He mentioned this was set to renew every four years. The last time it was renewed was 2011. In 2015 another pool was developed for the northwest area (NWA) consisting of a pool of three (3) to help developers provide solutions for those areas.

This is a developer use. This objective would pool all together.

RFP Development:

- Developed the RFP like communities around Inver Grove Heights.
- Samples were taken from Apple Valley, Burnsville, Eagan, and Rosemount and combined into something that works well for the city.
- Worked with legal counsel to develop a Master Agreement that is updated to reflect today’s needs.
- Gathered input from Parks and Recreation, Planning, and GIS Services, to make sure there is a robust RFP that all departments could use.

Structure:

- Contracts awarded under this new effort would be effective for five years.
 - Staff would follow through with renewal every five years.
- There would be four major service areas and nine technical service areas with sub-categories.
 - This reflects the original contract from 2011.
 - Major service areas include Municipal Engineering, Transportation Engineering, Parks and Recreation, and Surface Water and Natural Resources.
 - Technical service areas include: Geotechnical, Municipal Utilities, Land Surveying, Structural, Architectural Service Supporting Public Works and Parks, Communications, Public Works/GIS, Electrical/Mechanical, Relocation/Benefit Analysis.
 - Under each of these areas in the RFP the number of more specialized areas are listed.
 - Expecting when someone puts in a bid, they can go for one area or multiple areas.

Operation:

- The initial effort gets a pool of professional engineers that would go through a Master Agreement/Contract.
 - This allows for the solicitation of multiple firms in a defined service area.
 - Work would be negotiated quickly based on the agreed upon scope.
- Evaluate firms yearly and provide and receive feedback on projects, processes, and staff.

- There could be times when costs are overridden by quality due to better service.
- Potential conflicts of interest will be tracked with the intent to avoid.

Cost and Time: Anticipated Timeline of the RFP Process:

- Request for RFP advertised: January 13, 2023
- Deadline for submittal questions: January 27, 2023
- RFP's submittal due date: February 10, 2023
- Review of RFP's and interview: February/March 2023
- Contract negotiation: March/April 2023
- Contract consideration by the Council: April 2023

Fiscal Impacts:

- All costs will be incorporated into the work, projects, efforts, or budgets that services will be rendered for.

Recommendations: Adopt the Resolution to authorize advertisement of RFP for bid.

Councilmember T'Kach requested examples of where engineering companies would help in terms of redevelopment of an area, looking for what an existing structure could hold, or demolish buildings with soil issues. She questioned where staff would go within this group of companies in the services pool. She asked if anything was missing for the kind of work the city is doing for the next five years.

City Engineer Merchlewicz replied staff gathered information from what other cities were doing and then supplemented it. Structural engineering was added because there are four bridges, they do bridge ratings on. In another instance, there was a geotechnical question regarding a development. From staff's perspective that geotechnical person could help staff review plans. It can also help with surveys and the designs of them. He said instead of having to draw up an RFP and go through the process, staff was able to solicit a firm to do the work. He stated this would not replace going out for an RFP for larger/higher profile projects, it supplements staff and allows for the ability to have quick solutions and turnaround.

Councilmember Murphy asked if a requirement would be to complete the work on schedule. If they were unable, they should not bid for the work.

City Engineer Merchlewicz replied when sending the scope of work to them, if supplementing staff, they are told a date to get it done by. Timeframes are identified with longer term projects.

Councilmember Murphy asked how staff monitors for conflicts and if they were asked of them.

City Engineer Merchlewicz replied from what he has seen, it's clear who is working for a developer. Some have come forward asking if it was ok to work with certain developers.

Motion by Scales, second by Gliva, to Authorize Advertisement of a Request for Proposals for Professional Engineering Services Pool. Resolution 2023-10

Ayes: 5

Nays: 0 Motion carried.

D. 117th Street Reconstruction (City Project No. 2016-17) Progress Update

Public Works Director Brian Connolly provided an update on the 117th Street project. The project has been advanced further since the last time he presented this item to the Council. They are finishing up the feasibility study and preliminary design effort. Once completed, those will be brought before the Council in the next month. Project Overview:

- 117th Street is an essential transportation corridor for residents, commuters, and commercial traffic.
- The roadway serves one of the largest hubs of industrial activity in the state with key access to Trunk Highway 52.
- The road was originally constructed as a two-lane roadway in 1960. Nothing has changed since with exception to the Highway 52 interchange that was constructed in 2004.
- 117th Street is identified as a future corridor for CSAH 32/Cliff Road extension. (The goal of the County is to make this connection a major east/west connector and become a county road).

Project Background Highlights:

- Dates back to 2002
- Arterial studies took place in 2016
- February 2021: Applied for and received Grant funding in the amount of \$8 million dollars
- Working with Dakota County on the preliminary study efforts
- March 7, 2022: Most recent City Council Progress Update

Project Schedule:

- Open House meetings have taken place
- City Council meeting update: January 9, 2023
- Order Public Improvement Hearing: January 23, 2023
- Receive Feasibility Report, hold Public Hearing, approve final design JPA with the County, and approve final design services: February 27, 2023
- Final Design, advanced utility relocation, and Right of Way (ROW) acquisition: March 2023 - May 2024
- Authorize Ad for bids: Early spring 2024
- Award/Approve Contract: Early summer 2024
- Construction: Fall 2024 - Fall 2026
- Assessment Hearing: September 2026

Design Objectives:

- The 117th Street Reconstruction Project Design will:
 - Enhance transportation efficiency and mobility
 - Improve roadway safety and business access along 117th Street
 - Support a phased development of an essential east/west transportation corridor
- Design priorities identified:
 - 10-ton structural design strength standard. Due to the number of industrial/garbage trucks, want to make sure to put in the strongest pavement section.
 - State Aid compliant design.
 - Managing access points along 117th Street.
 - Adding adequate turn lanes where applicable. Helps reduce conflicts/backups.
 - Upgrading two existing at-grade railroad crossings to current safety standards.

Design and Construction Coordination:

- Inver Grove Heights leads the project design efforts (Preliminary and Final Design).
- Dakota County is going to lead ROW acquisition and construction administration efforts.
- Transition of responsibilities between City and County are still being worked out. This includes:
 - Utility coordination and relocation items
 - Railroad coordination and agreements
 - Construction contract development and bidding
- Additional logistics still being discussed and worked out:
 - Negotiation of final design contract

- Funding advancement for final design efforts
- Legislative bonding requests
- Turnback arrangements
 - 117th is a city road. The intention is to turn this back to the county.

Project Layout:

- Starting at the west end, proposing major geometric design changes to make 117th Street blend in with Rich Valley Boulevard to the north.
 - Allows for better future connection.
- Roadway is anticipated to be a single lane in each direction with turn lanes and acceleration/deceleration lanes coming in and out of railroad crossings.
- Toward the east end of the project, existing section of 117th Street was built in 2004.
 - Proposing to do a mill and overlay on that section.
 - Extends across the bridge up through the east side of the interchange.
- Cross Sections:
 - Single lane in each direction with an 8-foot shoulder.
 - Proposing to put in a 10-foot-wide trail on the north side of the road.

He mentioned that there was discussion about the possibility of having trails on both sides of the road. The County determined having it on one side of the road due to costs. This is not an area that provides a lot of pedestrian/bicycle traffic but does provide a connection to the Mississippi River Greenway on the other side of Highway 52.

Public Utility Considerations - Watermain:

- Watermain serves the area.
- On the far west end of 117th, proposing to extend the watermain along the portion of 117th that is being constructed.
 - Allows for future connectivity
 - Could potentially create a loop with Eagan
- Funded through the Water Capital Connection Fund (Fund 403): \$390,000
- Potential to recuperate those costs in the future with extension and connection fees

Public Utility Considerations - Sanitary Sewer:

- Both landfills are currently within the Municipal Urban Service Area (MUSA) for 2040.
- There is no sanitary sewer service to the landfills.
- The main reason for the extension of sanitary sewer along 117th is at the request of the landfills to provide a method so they can dispose of their landfill leachate. (Leachate is the liquid waste runoff at the bottom of a landfill).
- Between the two landfills there is up to 80,000 gallons of leachate per day.
- The city completed an independent sanitary sewer capacity review. There is the capacity to handle current and estimated future leachate volumes.
- Cost for sanitary sewer extension on 117th Street to serve landfill areas:
 - \$2,340,000 total. Includes the cost of the Gravity Sewer and Lift Station
- Sanitary sewer costs are proposed to be funded entirely through special assessments to benefitting properties
- If the landfills determine they do not want this, it would be dropped from the project

Special Assessments - Sanitary Sewer:

- Largest landfill, Republic Services, would have the biggest bill at approximately \$1.6 million

Special Assessments - Streets:

- Per assessment policy, 35% of the street and storm costs are assessed to benefitting properties
 - Based on current road classification and a 9-ton road

- Does not include "oversizing" costs such as widening, medians, trail, 10-ton pavement design
- Estimated cost to reconstruct to collector street standards (32' wide with curb and gutter) is \$7,300,000
- Assessments are based on a front footage basis
 - About \$2.7 million dollars
 - Range varies based on property size

Feasibility Cost/Budget Estimates:

- Surface improvements: \$16,056,044
- Storm sewer: \$4,600,073
- Sanitary sewer: \$2,344,145
- Watermain: \$393,696
- Preliminary design costs (incurred to date): \$774,000
- Total project cost: \$24,167,958 (includes all indirect costs, legal, engineering, finance, administrative, contingency costs of 15%, and inflation costs of 15%)

Feasibility Cost/Budget Estimates. Estimate Project Funding Sources - Feasibility Report:

- Minnesota Highway Freight Program Grant: \$8,000,000 (covers 1/3 of the project)
- Dakota County Transportation Fund: \$9,934,324 (1/3 of the project)
- Remaining 1/3 comes from the city:
 - City Water Capital Fund (Fund 403): \$393,696
 - Pavement Management Fund (Fund 440): \$1,110,121
 - Special Assessments: \$4,729,817
 - The above three mentioned are eligible for State Bonding

Mayor Dietrich requested clarification on oversizing. She asked if it would be included in the scope of work, but not assessed.

Public Works Director Connolly replied that was correct.

Public Works Director Connolly stated the city needs to determine the best method to fund the 1/3 city contribution amounts. This may include assessments, utility funds, PMP Fund.

Feasibility Cost/Budget Estimates:

- City cost share: \$6,233,634
- Up to \$5,510,000 is eligible for State Bonding
 - \$727,700 is ineligible. Related to preliminary design, final design, and private utility/railroad costs
- City can request more bonding with alternative cost sharing arrangements with Dakota County. This would require further negotiation/discussion with the County.

Councilmember T'Kach referenced sanitary sewer and leachate and asked if this would actually happen and if those affected by it would buy into that system.

Public Works Director Connolly replied that he believed it was 50/50 at this time. The landfills are the ones requesting it. There is a benefit to them as they currently truck it. He said the Met Council may reduce the amount of allowable trucked material in the future. Landfills are looking into this and determining if they may need to do more on site treatment. He said it was a lot easier to include this into a project and then delete it before doing construction than it would be doing it the other way around.

Councilmember T'Kach asked if this came in front of the Inver Grove Heights Environmental Commission and if so, if they made recommendations and options about what was best for the city and groundwater.

Public Works Director Connolly replied he was unsure but did not believe it has as the Met Council and the landfills have been engaging.

Councilmember T'Kach commented if the landfills don't haul it, it would be done in the city.

Public Works Director Connolly replied if that was something the landfills wanted to do, it would have to be approved by the PCA and the Environmental Commission. He was unsure of the authority.

Councilmember T'Kach asked staff what the authority would be.

City Administrator Wilson replied she was confident the Environmental Advisory Commission has not weighed in on this yet. They don't serve in a regulatory/permission granting role. They make recommendations to the Council for programs and policies of the city. She mentioned that they review and advise the Council on matters relating to landfills located in the city.

She said if the Council was contemplating taking the position that the city would be unwilling to extend sewer to the properties, the Council could ask the Environmental Advisory Commission for their opinion.

Councilmember T'Kach was worried about the city getting in a box with this, that the Environmental Commission researches this and finds some issue. She was concerned the landfill would back out and say they didn't want to put the sewer in and would manage things on site. She said over time it may be determined that on site management has an issue and is a problem for the groundwater in the city. She said the project would get going and the city wouldn't want to tear it back up. She questioned how to make sure the timing makes sense and there are written agreements from the landfills that they either are or are not on board, and if not, there are assurances about what is going on.

Public Works Director Connolly replied the expectation of staff is that this is being put in because it was requested by someone who is requesting service. There would be an agreement with each regarding the fact that they want this. They are petitioning the city for this, it would be a waiver of their assessment. If the landfills chooses not to do it, the city would have to decide if it would be put in and paid for ourselves. He said he would not recommend that, the city doesn't have the funding. Those assessments need to be paid in order to pay for it. Putting it in without assessing would be out of conformance with the ordinance and past projects. He stated that the Council has the authority to make the determination. Staff does not recommend it. He said based on numbers; the landfills have been a willing partner so far. Time would likely be needed for the landfills to think this through.

Councilmember T'Kach asked if the project would not be started until it was known one way or the other.

Public Works Director Connolly replied staff would not bid the project. It would either be included or not, or included as an "add alternate". In that case the bid would be received and staff would go to the landfill and inform them that they have 30 days to aye or nay. He said the biggest challenge would be if one landfill said yes and the other said no. Staff needs to make sure there is a consensus.

Councilmember T'Kach referenced the link between 117th and Cliff Road and questioned the impact of the traffic flow and trail system. She asked if it was two or three lanes.

Public Works Director Connolly responded that has not been determined yet. When the roadway was initially looked at it was determined to be a 4-lane divided roadway. It has been reduced down to a 2-lane divided roadway with turn lanes. Due to the land use in the area he does not expect the roadway configuration to change substantially. Once getting past Akron to the west, it's possible that Cliff Road could be a wider road, perhaps 3 lanes or 2 lanes with

medians. He said if more information was needed, he could forward information from the Pine Bend Area Study that was done in 2016.

He stated the County believes this is important for their overall roadway network.

Councilmember T'Kach asked if the roadway would affect land to the south or southwest.

Public Works Director Connolly replied he did not expect it to because it's a County road. In the 2016 study, the County is looking at Akron being the primary north/south connection to developed portions of Rosemount than it is for Rich Valley Boulevard.

Councilmember Scales said that access would be open to businesses during construction. He asked if access would always be from 52 or if they would have to reroute down Rich Valley for a while.

Public Works Director Connolly replied they would like to try to keep full access from both directions. Due to the railroad crossings being put in, there may be some shutdowns. Staff would work with the railroad to schedule that during off peak hours.

Councilmember Gliva asked if there were costs the city is incurring on the sanitary sewer decision and if so, if there was a way to recoup that.

Public Works Director Connolly replied there are costs being incurred. Staff is tracking them and categorizing them relating to sanitary sewer. Every cost can be assessed. If the landfills decide not to go forward, staff would have to look at the totals to date. The totals are not substantial, maybe \$15,000 on a preliminary sanitary sewer study.

Councilmember T'Kach asked what the implication of a no build would be. She questioned if the city or county doesn't receive bonding, how much longer they could go before trying again.

Public Works Director Connolly replied there is the \$8 million dollar Freight Grant. If not receiving bonding, that Grant would be lost. If they do not receive bonding and it's at a point where they cannot make up the difference, a determination would have to be made to proceed or not. He said it depends on how long they could wait. The county is pushing harder to get this as a part of their transportation system. Dakota County is also exploring a bonding request for this project. Three months ago, they said they were not going to request it. This wasn't the first time the city has requested bonding for this project. If bonding isn't received and this is unsuccessful, the project may not be viable for the city.

Public Works Director Connolly discussed Bonding Considerations:

- Strategies to increase the attractiveness of the bonding request:
 - Have a clear understanding of what the city's cost share parameters are, such as assessments, funding some of the costs through the utility fund
 - Gaining support of key stakeholders
 - Does the city want to use bonding to lower assessments
 - Increase project support from Pine Bend Refinery, Republic Services, SKB
 - Talking with Dakota County on how to combine bonding requests

Mayor Dietrich asked if it was anticipated that Dakota County would prioritize their request, or if they were putting forth all their requests.

City Administrator Wilson replied she spoke with the County Manager recently; he was uncertain if they would be prioritizing their request.

Public Works Director Connolly stated that was more reason why they should have a joint bonding request.

- Contingency Planning:

- What if the bonding request is reduced and/or successful
- Should the city pursue a “not to exceed” cost arrangement with Dakota County
 - If setting a maximum “not to exceed” it would put the onus on the County. This was not something they were very receptive to.

Mayor Dietrich questioned how the CIP would be affected if there was a \$1.1 million dollar gap the city would have to make up.

Public Works Director Connolly replied that would have to be checked. Currently, the amount for 117th is unfunded. He said he does not like putting a CIP together with something unfunded for the next five years. If street related, it could be pulled out of the Host Community Fund or the Pavement Management Fund.

City Funding Options:

- No Bonding Funding Scenario:
 - Pavement Management Fund: If pulling out of this fund, it means another mile of street each year the city cannot do. This could equate to 5-6 miles.
 - Assessments: Not likely they would end up at this level. Likely to have challenges and contention.
 - Street costs could either not be paid or deferred. There are parcels that would be assessed, but do not have driveway access. They would benefit from the road.
- Full Bonding Scenario:
 - If asking for everything eligible, \$5,747,000
 - Small dollar amount coming from the Pavement Management Fund for work incurred to date (Preliminary design costs)
 - Costs associated with the sewer assessments

Legislative Bonding Flexibility:

- 2022 request of \$4,400,000 was modest for transportation bonding requests.
 - The Lobbyist believes a \$5,700,000 request is a reasonable increase due to inflation.
- Showing the city has participating costs is beneficial.
 - For example: assessments, public utilities, and the PMP Fund.
- Gaining support from stakeholders is key.
 - Dakota County followed by business and property owners. Those could submit a letter of support for a bonding request.
 - Cooperative/joint request with Dakota County may have greater success for larger dollar values (upwards of \$10 million). This is contingent on the County's desire to prioritize.
 - Dakota County has indicated that their typical ask is about 80%
 - This request was almost their entire allotment, which caught Staff off guard

What's Next:

- Order Public Improvement Hearing: January 23, 2023
- Hold an Open House Meeting: January 30, 2023 (have already held two, having three is in the contract)
- Present the Feasibility Report: February 27, 2023

Key Tasks - January/February 2023:

- Solidify the 2023 Legislative Bonding Request
- Property Owner and Stakeholder Outreach
 - Review preliminary design
 - Discuss assessments and possible bonding support
 - Determine financial viability of sanitary sewer extension

- Open House: January 30th at the VMCC at 5:00 p.m.
- City/County Joint Powers Agreement (JPA)
 - Proposing to bring this back at the same time the feasibility report is received
 - Finalize funding arrangements and contingencies
- Final Design Contract
 - Working to directly negotiate with the consultant
 - Consultant is willing to work with the city on negotiating the final scope
 - This helps because the city did not have a bonding bill last year
 - Needed to do some additional scoping in regard to environmental documents
 - Will bring forward final scope, schedule, and costs
- Public Hearing and Final Design Authorization
 - Staff recommendation: February 27, 2023

Councilmember T’Kach asked if the Public Works Director has thought about other partners to bring on board to support the bonding request. She asked if there were natural partners.

Public Works Director Connolly replied the most direct natural partners are those most impacted by the project; the property owners who would benefit from it. In the past they have worked with the County or Flint Hills Resources to get letters of support. He said the Lobbyist working on the city’s behalf is working with other organizations and may have more detail to share.

E. 2023 Legislative Priorities and Positions

City Administrator Kris Wilson discussed the 2023 Legislative Positions and Priorities:

Local Control. The City of Inver Grove Heights calls on the Minnesota Legislature to:

- Support local government authority for land use decisions, zoning, and regulatory controls.
- Support city authority to protect existing taxpayers and recover costs associated with development activity.
 - This statement relates to an area where there is a lot of activity and conversation in the last two legislative sessions, but no action.
 - There has been debate as to what role the city fees and requirements play in the cost of housing and how those requirements and fees impact the ability to construct new housing that is affordable.
 - Some in the home building community have suggested if the city didn’t charge certain fees, they could deliver more affordable new construction products to the marketplace.
 - Those belonging to the Minnesota Municipal Legislative Commission, like herself, strongly object to this. The costs passed on to developers must be paid by somebody.
 - If the legislature prohibits the city from collecting park dedication fees or water and sewer connection fees from people doing development, the only other option would be to turn to existing taxpayers for payment. The city does not want to do this.
- Oppose fiscal limitations such as levy limits, fund balance restrictions, reverse referenda on the decisions of local government officials, or other limitations to the local government budget and taxation process.

Bonding Requests - 2022. The city had two bonding requests:

Top Priority: Reconstruction of 117th Street

- Estimated the project to come in at \$21.3 million dollars
- Request was for \$4.4 million dollars in state bonding support
 - This would have covered all city costs. They would not have had to assess much and would not have had to pay out of pocket

- Staff felt they were in a good position had there been a bonding bill in 2022
- At the time, the Public Works Director, City Administrator, and the Lobbyist faced questions about what the city would put in and what the city would pay

Second Bonding Request (The city has had this for the last two years): Inclusive Playground and Splash Pad at Heritage Village Park

- Request was for \$2.2 million dollars in state bonding support
- For construction of Phase 5 of Heritage Village Park
- At the time the project was estimated at \$2.6 million dollars to build an inclusive playground and splash pad with walkways, landscaping, and infrastructure

She stated questions for the Council would be:

- If there is still support for both bonding requests
- If there were different bonding requests, and if so, what they would be.

If these were the two, they need to focus on what the dollar amount would be.

Mayor Dietrich asked if resident input had been solicited on these and if there was still time to do so.

City Administrator Wilson replied there was not time. Staff would have liked to have this bill drafted back in December. Because there were new members coming to Council, she held off to ensure this Council's priorities.

Mayor Dietrich was concerned she didn't have resident feedback on what they may want to see.

Councilmember Murphy said he felt 117th was a priority. He has heard a lot from residents regarding Heritage Village Park and having an inclusive playground. He liked where they were at with this.

Councilmember T'Kach stated she has heard a lot of people concerned about not having the bonding requested for Heritage Village Park and really wanting it. There was misinformation that the city gave up on it or were not going to do it. She believes it is still a priority. She said 117th is very complicated but seems like a necessary project and would build good relationships with the County. She said she would be supportive.

Councilmember Scales stated when out meeting with people, he believed 117th Street was difficult for some people to understand the importance of if you don't live in the area and use it. He said most people understood the importance of the inclusive playground. He recommends keeping them both in as priorities and having further discussion about the funding amounts.

City Administrator Wilson stated earlier on the agenda the Council authorized staff to go back out to bid for Phase 4 of Heritage Village Park. The bonding request is for Phase 5. If building Phase 4, calls for these amenities would be higher. It could look half done until able to afford Phase 5. Phase 5 would be the draw to the area, the reason people would go there.

She stated if the items presented are the request, dollar amounts would need to be determined for each project. Staff has identified \$5.7 million dollars as bonding eligible costs on the 117th Street project. If going after this amount, it would alleviate the need to access for street or sanitary sewer for the properties in the area. It would cover most of the city cost. There should also be consideration regarding the County bonding request for \$8 million dollars for the project. She was concerned if someone adds their project to the city project, the State would be paying more than half of this project cost. That may turn some away.

Councilmember Gliva referenced the \$5.7 million regarding sanitary sewer and asked if there would be not be any assessments to the landfill.

City Administrator Wilson replied if the cost of the project stays as estimated, and they received \$5.7 million dollars, there would be little to no assessments for any of the property owners.

Public Works Director Connolly replied there would still be some assessments, they would be substantially less.

Councilmember Gliva referenced the \$1.6 million dollars for Republic and asked how they were affected.

Public Works Director Connolly replied it would be very low, approximately \$2,000.

Councilmember T'Kach stated she would have a problem with that. She said everyone would like the city to bond for their pavement improvements and trails. She mentioned that she would like to see a breakout of assessments that would follow the city policy on everything else. She would like that policy carried over to all players in the city.

City Administrator Wilson replied they always have to be able to defend the assessments even if they do follow policy and are consistent, they also have to prove benefit.

City Administrator Wilson mentioned there was an assessment waiver in hand from Republic Services for their street for \$1 million dollars. It is part of the Host Community Agreement. It was agreed that they would not contest a street assessment under \$1 million dollars. Currently their street assessment is \$1,066,000.

City Administrator Wilson stated she has been working with the Public Works Director to pinpoint a dollar amount. She does not recommend lowering the request. At a minimum, she suggested going in with the dollar amount they did last year, \$4.4 million dollars. The question for Council is if they would like to see that increased. Staff sees the maximum on that being \$5.7 million dollars.

Councilmember Scales asked what the percentage increase was on the project from last year to this year.

City Administrator Wilson replied last year it was at \$21.3 million dollars, this year they are at \$24.5 million dollars. It has gone up about \$3 million dollars or 15%.

Councilmember Scales mentioned taking the difference and adding it to the current request may be a reasonable number.

Councilmember T'Kach referenced the \$1+ million that could be left with pavement management dollars. She shared she was concerned about the connection of 117th up Rich Valley Boulevard across to Cliff Road. There are not that many homes, but the people and homes there are concerned about traffic issues. If they see this plan and haven't really been engaged in this, they may come up with soundwall barriers, landscaping, or something that the city would have to come up with additional funds to mitigate those impacts. She asked if staff has thought about that.

City Administrator Wilson replied soundwalls are a very politically touchy subject. They are incredibly expensive. She said she doesn't question that additional residents may become more aware of this project and have concerns. She did not see the scope of the construction project expanding from where they are at now.

She referenced the cost of \$1.1 million that was referenced by Councilmember T'Kach from the Pavement Management Fund stating that the city would not be able to do something else that is in the CIP. This isn't currently funded in the Pavement Management Fund. If unsuccessful in receiving bonding funds, and still needed to find a dollar amount, the Council would have three options:

1. Take it from the Pavement Management Fund and realign other projects.
2. The Host Community Fund.
3. The city has not spent its CARES Act money from the Federal Government in the amount of \$3.6 million dollars. This has been saved until there was certainty about how 117th Street was going to be funded.
 - a. Residents may not feel this is the best use of CARES Act funding. It is a legal and legitimate use.
 - b. There is a need to determine how to spend this money by the end of next year.

Mayor Dietrich agreed with Councilmember Scales about cost escalation and the percentage. She felt it should be a minimum; everyone is paying that in the market, public and private.

Councilmember Gliva mentioned an increase of 15% on \$4.4 million dollars is \$5,060,000.

Councilmember Murphy asked what the amount of \$5.7 million was for.

City Administrator Wilson replied state bonding funds can only be used for certain things. That would be the share of the city's costs that would be legally eligible for state bonding.

Councilmember Gliva said \$5.7 million was what she thought our Lobbyist said was a reasonable ask.

City Administrator Wilson replied the Lobbyist believes municipal projects within the last couple of years have been going up at that magnitude.

Councilmember Murphy questioned why they wouldn't ask for \$5.7 million dollars.

City Administrator Wilson replied when asked by Legislators about what the city has put into the project, the answer would be very little. When adding it to the County's request it becomes \$13.7 million dollars, more than half the project.

City Administrator Wilson believed \$5 million dollars to be a defensible number.

Mayor Dietrich stated the next discussion would be about an amount for the inclusive playground.

City Administrator Wilson stated this item has not had as much design and engineering, there are no updated cost estimates.

Councilmember Gliva said she has not heard a lot about the splash pad for quite a while.

Mayor Dietrich said in her campaigning she didn't hear much about it either.

Councilmember T'Kach asked what a reasonable amount would be and if it would be 15% like the previous request.

Parks and Recreation Director Adam Lares replied based on a recent cost estimate from January 2022 for the parking lot extension, inclusive playground, and splash pad, it was roughly \$2.6 million dollars. The bonding request would be for \$2 million dollars. With the 402 Park Acquisition and Development Fund, there were resources to offset to about \$600,000. He said he has had discussions with the landscape design firm WSB, to provide an updated cost estimate. He anticipates it to be higher than it was in January 2022.

City Administrator Wilson asked the Parks and Recreation Director what he thought about doing \$2.5 million dollars, a 25% increase.

Parks and Recreation Director Lares replied that he believed that would be sufficient.

Councilmember Murphy commented that he thought last year they were not able to prioritize one over the other. He asked if it could be said that 117th Street was the city's priority.

City Administrator Wilson responded that she thought last year 117th Street was the priority. She felt it was most important to have the legislative delegation understand what is most critical. She did not believe it was a bad strategy to go in with well-defined costs on 117th Street and a strong push and have the inclusive playground in there too. If only receiving one, it lays the foundation to be back in future years with the second priority moved up to the number one spot.

Councilmember T’Kach thought there was other Grant funding associated with the inclusive playground and splash pad.

City Administrator Wilson replied there is DNR Grant funding for Phase 4. There is not any grant funding secured for Phase 5.

City Administrator Wilson stated the request by Council would be to request \$5 million dollars for 117th Street and keep it as the number one priority. Continue to ask for bonding funds for the inclusive playground and splash pad at \$2.5 million dollars.

City Administrator Wilson discussed Transportation Funding stating there is general statement about supporting a mix of transportation that includes congestion reduction, funding for local roads and bridges, and transit. There are two programs referenced:

1. The Transportation Economic Development (TED)
2. The Corridors of Commerce Programs

Both are competitive Grant programs run by MnDOT. There is some overlap. They both focus on areas where there is an economic development benefit to making a road improvement.

She stated the city and counterparts that are a part of the Municipal Legislative Commission have historically advocated for more funding into both programs because they tend to benefit cities in the metropolitan area. Other programs have percentages allocated for greater and/or metro Minnesota or give out funding for lane miles. These two programs are tied to the metro area.

Fiscal Disparities:

The city supports meaningful analysis of this law. It was a 1970’s law that has been largely unchanged since it has been adopted because there has been trouble building a consensus. It states that we oppose the use of fiscal disparities to fund social or physical metropolitan programs because it results in a hidden tax increase on metro area taxpayers.

Support Local Control/Reduce Unfunded Mandates:

- Involves items revolving around the Data Practices Act.
 - The city complies with hundreds of data requests every year. They are becoming increasingly challenging and broad. Staff is currently getting requests for reams of documents; this results in a lot of staff time. This is a challenge heard from other cities not just Inver Grove Heights.
- Supports reducing the number of state and regional agencies that regulate municipal activities related to water quality and water supply.
 - Water is currently regulated by the Minnesota Department of Health, the Minnesota Pollution Control Agency, and the Board of Water and Soil Resources. The Metropolitan Council gets involved, but does not have a formal regulatory rule when talking about water supply, and our local Watershed Management Organization.

Councilmember T’Kach asked who had jurisdiction over groundwater and transporting it out of our area.

Public Works Director Connolly replied the DNR.

State Property Taxes:

- Several years ago, the State decided it was going to levy a property tax on commercial and industrial property in cities. This raises revenue that goes to the State.
- The city has a position opposing the extension of that state property tax to additional classes of property or increasing the level on the present state property tax.

Public Employees Retirement Association (PERA):

- Provides a pension to all city employees
- Everything about this plan is determined through State Statute and the State Legislature
- City policy states it needs to be a shared cost
- Currently the employer pays more than employees

Local Government Aid (LGA):

- Cities advocate for policies that more fairly address the disparities in property tax burdens
- The City of Inver Grove Heights does not currently receive government aid
- This advocates for the Voss Data Base put out by the Department of Revenue that monitors the percentage of people's incomes paid toward their property taxes
 - Proves the value of property tax rebate programs the state operates
 - Staff would like to see this effort continue

Environmental Protection and Sustainable Development:

- This has been in the policy document for the last two years

Councilmember T'Kach felt it was a great statement, she did not believe there was a lot behind it as far as rates and dates. She thought we should think seriously as a city if we are living up to what we are saying.

City Administrator Wilson stated that at the February 6th Work Session, the Council would be hearing a presentation on the Environmental Advisory Commission's proposed work plan for the coming year. This includes what they recommend the city focus on in terms of environmental initiatives and projects.

7. PUBLIC COMMENT:

There were no public comments.

8. MAYOR AND COUNCIL COMMENTS:

None

F. Closed Session to Discuss Labor Negotiations

City Attorney McCauley Nason stated the Council is asked to make a motion to move into closed session Pursuant to Minnesota Statutes 13D.03 Subd.1B to consider the strategy for labor negotiations including the negotiation strategies or developments or discussion and review of labor negotiation proposals with the city's various unions namely, LELS Patrol and Sergeants, IAFF for full time Firefighters, IUOE for Maintenance, and ASFME. This is pursuant to Minnesota Statute Section 179A.01-179A.25. The closed meeting will be held in the Mayors Conference Room and will commence immediately. Once the closed meeting is completed, the Council will reconvene the open meeting portion of tonight's Council meeting. With no further items on the agenda, once back in open session, the Council will adjourn the meeting. This motion must be made, seconded, and approved by a majority of the Council.

9. ADJOURN:

Motion by Murphy, second by T'Kach, to go into closed session at 8:34 p.m.

Ayes: 5

Nays: 0 Motion carried.

The Closed Session adjourned at 9:14 p.m.

Minutes prepared by Recording Secretary Sheri Yourczek