Inver Grove Heights City Council

Monday, June 5, 2023 at 6:00 PM

8150 Barbara Avenue, Inver Grove Heights, MN 55077

AGENDA

NOTICE TO RESIDENTS: Individuals may submit written public comments in advance of the meeting by emailing comments to Rebecca Kiernan (rkiernan@ighmn.gov). Comments received prior to 4:00 p.m. on Monday, June 5, 2023, will be provided to the Council at or before the June 5, 2023 meeting.

1. **Call to Order**
2. **Roll Call**
3. **Discussion Items**
   - **A.** Exclusive On-Sale Liquor Licenses
   - **B.** Update on City Code Compliance Activity
   - **C.** Dakota County Drug Task Force
   - **D.** Use of Opioid Settlement Funds
   - **E.** Potential Uses of Federal ARPA Funding
   - **F.** 2024 State Bonding Request
4. **Adjourn**

This document is available upon a three (3) business day request in alternate formats such as braille, large print, audio recording, etc. Please contact Rebecca Kiernan, City Clerk, at 651.450.2513 or rkiernan@ighmn.gov.

Agenda Item 3.A.

Request for Council Action

SUBJECT: Exclusive On-Sale Liquor Licenses

MEETING DATE: June 5, 2023
ITEM TYPE: Discussion Items
CONTACT: Kris Wilson, City Administrator, 651.450.2511

ACTION REQUESTED
The Council is asked to consider a previously un-utilized category of liquor license as a possible path forward for a local business seeking to serve alcoholic beverages.

BACKGROUND
State law establishes various categories of liquor licenses and specifies the types of businesses that can qualify for each. The existing businesses in Inver Grove Heights that have an On-Sale Liquor License (meaning they serve alcoholic beverages for consumption on-site) all fall into the category of a hotel, restaurant, bowling center, or golf course. However, in state statute, the final type of business on the list that cities are authorized to issue an on-sale liquor license to is "exclusive liquor stores."

People typically think of a "liquor *store*" as a business that has an off-sale liquor license - meaning they sell alcoholic beverages for people to take home. But under the language of state statute, an exclusive liquor store may have an on-sale license.

To qualify as an "exclusive" liquor store, a business may only sell the following items:

340A.412 LICENSE RESTRICTIONS; INTOXICATING LIQUOR LICENSES.
Subd. 14.

(a) Except as otherwise provided in this subdivision, an exclusive liquor store may sell only the following items:

(1) alcoholic beverages;
(2) tobacco products;
(3) ice;
(4) beverages, either liquid or powder, specifically designated for mixing with intoxicating liquor;
(5) soft drinks;
(6) liqueur-filled candies;
(7) food products that contain more than one-half of one percent alcohol by volume;
(8) cork extraction devices;
(9) books and videos on the use of alcoholic beverages;
(10) magazines and other publications published primarily for information and education on alcoholic beverages;
(11) multiple-use bags designed to carry purchased items;

(12) devices designed to ensure safe storage and monitoring of alcohol in the home, to prevent access by underage drinkers;
(13) home brewing equipment;
(14) clothing marked with the specific name, brand, or identifying logo of the exclusive liquor store, and bearing no other name, brand, or identifying logo;
(15) citrus fruit; and
(16) glassware.

(b) An exclusive liquor store that has an on-sale, or combination on-sale and off-sale license may sell food for on-premise consumption when authorized by the municipality issuing the license.

(c) An exclusive liquor store may offer live or recorded entertainment.

The policy question before the City Council relates to how it wishes to interpret or apply the above requirements to businesses that provide a service, but do not necessarily sell any tangible product or good beyond those on the above list. The specific business in question at this time is PerpleBunny Axe House, which would like to sell alcoholic beverages for patrons to enjoy on-site. PerpleBunny does not serve food and is not licensed by the state as a restaurant, and axe throwing businesses are not specifically called out in state statute the way bowling alleys are, despite the fact that one could argue they provide a very similar recreational/entertainment service to that of a bowling alley.

Following conversations with staff at the Alcohol and Gambling Enforcement Division (AGED) of the MN Department of Public Safety, we have learned that the government bodies of individual local units of government have the authority to interpret and apply the statute to determine whether it wishes to issue On-Sale Liquor Licenses to Exclusive Liquor Stores and whether a particular business meets the definition of an Exclusive Liquor Store.

In considering this issue, the Council may wish to consider potential impacts on other businesses that provide an entertainment / recreation service, such as the haunted house or other businesses, as they may too be interested in applying for an On-Sale Liquor License at some point in the future, under the category of Exclusive Liquor Store. It appears this would be new territory for the City of Inver Grove Heights, and may also lead to licensing bars that are not part of a restaurant or other food-service business. Indications from staff at AGED are that on-sale liquor licenses for Exclusive Liquor Stores are relatively rare in Minnesota, totaling approximately 1% of all liquor licenses issued.

Lastly, it should be noted that Exclusive Liquor Stores with On-Sale Liquor Licenses are not eligible for a Sunday On-Sale Liquor License, and therefore, if issued a license for the other six days of the week, still could not serve alcoholic beverages on Sunday. This is because state law specifically limits Sunday licenses to a restaurant, club, bowling center or hotel.

Staff is seeking Council feedback and direction regarding the potential issuance of On-Sale Liquor Licenses to businesses that provide a recreation or entertainment service without serving food, and whether it is comfortable defining them as an Exclusive Liquor Store as defined by state statute.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. MN State Statute on On-Sale Liquor Licenses

340A.404 INTOXICATING LIQUOR; ON-SALE LICENSES.

Subdivision 1.**Cities.**

(a) A city may issue an on-sale intoxicating liquor license to the following establishments located within its jurisdiction:

(1) hotels;

(2) restaurants;

(3) bowling centers;

(4) clubs or congressionally chartered veterans organizations with the approval of the commissioner, provided that the organization has been in existence for at least three years and liquor sales will only be to members and bona fide guests, except that a club may permit the general public to participate in a wine tasting conducted at the club under section 340A.419;

(5) sports facilities, restaurants, clubs, or bars located on land owned or leased by the Minnesota Sports Facilities Authority;

(6) sports facilities located on land owned by the Metropolitan Sports Commission;

(7) exclusive liquor stores; and

(8) resorts as defined in section 157.15, subdivision 11.

(b) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a theater within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the theater.

(c) A city may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a convention center within the city, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending events at the convention center. This paragraph does not apply to convention centers located in the seven-county metropolitan area.

(d) A municipality may issue an on-sale wine license and an on-sale malt liquor license to a person who is the owner of a summer collegiate league baseball team or baseball team competing in a league established by the Minnesota Baseball Association, or to a person holding a concessions or management contract with the owner, for beverage sales at a ballpark or stadium located within the municipality for the purposes of summer collegiate league baseball games, town ball games, and any other events at the ballpark or stadium, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending baseball games and any other events at the ballpark or stadium.

Agenda Item 3.B.

CITY OF INVER GROVE HEIGHTS

Request for Council Action

SUBJECT: Update on City Code Compliance Activity

MEETING DATE: June 5, 2023
ITEM TYPE: Discussion Items
CONTACT: Heather Rand, Community Development Director, 651.450.2546

ACTION REQUESTED

The Council is asked to receive and discuss an update regarding code compliance activities in the city.

BACKGROUND

The City's relatively new Code Compliance Coordinator, Tyson Rainey, will be present at Monday's work session to present a brief report on code compliance activity, challenges and trends. He will also preview possible ordinance changes that would enhance the City's enforcement abilities and contribute to eliminating blight and other undesirable conditions city-wide.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

None

Agenda Item 3.C.

Request for Council Action

SUBJECT: Dakota County Drug Task Force

MEETING DATE: June 5, 2023
ITEM TYPE: Discussion Items
CONTACT: Melissa Chiodo, Police Chief, 651.450.2526

ACTION REQUESTED

The Council is asked to receive a presentation regarding the Dakota County Drug Task Force and ask questions / provide direction as it sees fit.

BACKGROUND

The Inver Grove Height Police Department was part of a joint powers agreement (JPA) with the Dakota County Drug Task Force from 2015-2020. In July of 2020, the assigned IGH Officer asked to leave the task force, which led the Chief of Police to evaluate department staffing and needs. In the fall of 2020, the Chief gave formal notice as required by the JPA of the Department's intent to leave the task force at the end of 2020. As a result, the IGH Police Department is not currently a member of the Task Force and has not been since the end of 2020.

At Monday's work session, the Chief will present a description of the Task Force, the costs and obligations of participation and reasons for the decision to depart, and then answer any Council questions.

FISCAL IMPACT

If the City were to return to the Dakota County Drug Task Force, including paying annual dues and assigning an officer full-time, the total cost is estimated to fall between $175,000 to $195,000 a year, which includes wages, benefits and a vehicle for the assigned officer plus task force dues.

RECOMMENDATION

ATTACHMENTS

1. Draft Presentation on Dakota County Drug Task Force

Presentation to City Council

Dakota County Drug Task Force

(DTF)

Melissa Chiodo, Chief of Police

June 5, 2023

City of Inver Grove Heights
POLICE DEPARTMENT

DTF Purpose

- Focus law enforcement efforts on individuals involved in the sale, distribution, and use of illegal narcotics. The task force also investigates gang and violent offender crimes. The task force is a cooperative effort on behalf of Dakota County law enforcement agencies and the Savage Police Department.
- As of 2023, there are 12 full-time investigators assigned to the task force. The Sheriff's Office also has an investigator assigned to the Drug Enforcement Administration (DEA) and the Bureau of Alcohol, Tobacco and Firearms who work with the task force.

Members of DTF

- Apple Valley 1 Officer
- Burnsville 1 Officer
- Eagan 1 Officer
- Hastings 1 Officer
- West St. Paul 1 Officer
- Lakeville 1 Officer
- Rosemount 1 Officer
- South St. Paul 1 Officer
- Savage 1 Officer
- Dakota County 2 Deputies, 1 Captain, DEA,ATF

Location of DTF

- The task force is in a Dakota County facility. For security reasons the exact location will not be disclosed publicly.
- The assigned officer is not located within their home agency, all agents are together in the one location.

Agencies Without an Agent on DTF

- Farmington
- Inver Grove Heights
- Mendota Heights (they pay dues but do not have an officer on the DTF)

Obligations of Membership

- 1 Officer full time to task force
  - $ 163,000 approximately Salary, Fringe not including education incentive
- 1 Car assigned to the officer
  - $6,600 yearly car payments not including fuel
- $25,000 yearly dues*
- Have one supervisor on the board of the DTF
- Fund the cost of operation of the Task Force from grant funds and matching funds from member cities and the proceeds of forfeiture actions and from restitution.

- Dues were lower for 2023 due to a large a seizure used to buy down the dues for everyone.

Inver Grove Heights Membership

- Inver Grove was part of the joint power's agreement from 2015-2019
- Last Officer assigned started January 2020 and asked IGH Command staff to leave DTF July 2020
- August through September review of staffing and priorities for IGH
- Inver Grove Heights submitted their letter of intent to withdraw October 30, 2020
- Inver Grove Heights withdraw official December 31, 2020

Reasons for Withdrawal

- Prioritizing Staffing for our department
- Dedicating our resources/budget to our community
- Priorities of yearly community safety survey
- Lack of real time ability to supervise officer on DTF
- Low ROI for the City of Inver Grove Heights on DTF
- Task Force going beyond Dakota County often
- Officer burn out while on DTF
- Potential of higher costs associated with DTF
- Other reasons – offline discussion

Questions?

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Agenda Item 3.D.

CITY OF INVER GROVE HEIGHTS

Request for Council Action

SUBJECT: Use of Opioid Settlement Funds

MEETING DATE: June 5, 2023
ITEM TYPE: Discussion Items
CONTACT: Melissa Chiodo, Police Chief, 651.450.2526

ACTION REQUESTED

The Council is asked to hear a presentation about the opioid settlement funds received by the City and provide feedback and direction regarding use of these funds.

BACKGROUND

Minnesota was part of several multi-state lawsuits against opioid manufacturers, distributors and retailers, which led to large financial settlements totaling in excess of $26 billion. The settlement money is being divided between states, counties and cities over the course of many years.

As a result of opting into these settlements, the City of Inver Grove Heights has already received approximately $115,000 of $486,900 anticipated from the first group of cases; and the City anticipates receiving another $400,000 + as a result of the second group of settlements, which we opted into earlier this year.

The settlement lays out a fairly broad framework of categories in which the money can be spent, but does not establish a deadline for spending the funds. However, in order to spend the funds, the settlement requires the local governing body to first adopt a budget or separate resolution authorizing expenditures during a specific period of time. The adopted budget or resolution must:

- Indicate the authorization is for expenditure of opioid settlement funds
- State the specific strategy or strategies the city intends to fund per the MOA
- State the amount dedicated to each strategy for a stated period of time

The presentation and discussion at Monday's work session is intended to inform the development of an expenditure budget that will satisfy these requirements.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. Draft Presentation on Opioid Settlement Funds

Opioid Crisis and Settlement Funds

Overview

Melissa Chiodo, Chief of Police

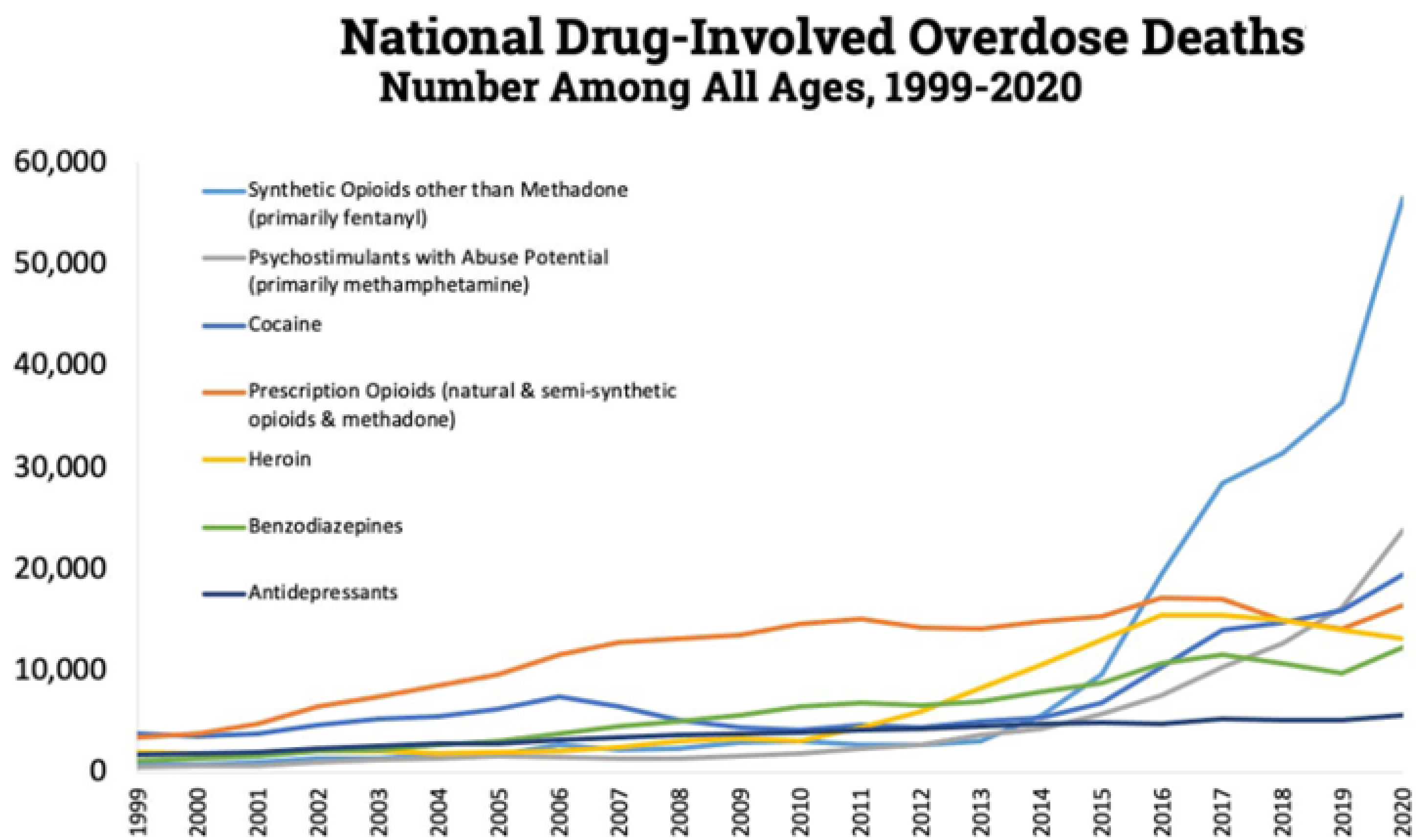
June 5, 2023

City of Inver Grove Heights
POLICE DEPARTMENT

Agenda

- Opioid Crisis
- Settlement Framework
- Crisis response
- Potential Uses

Crisis Background - National

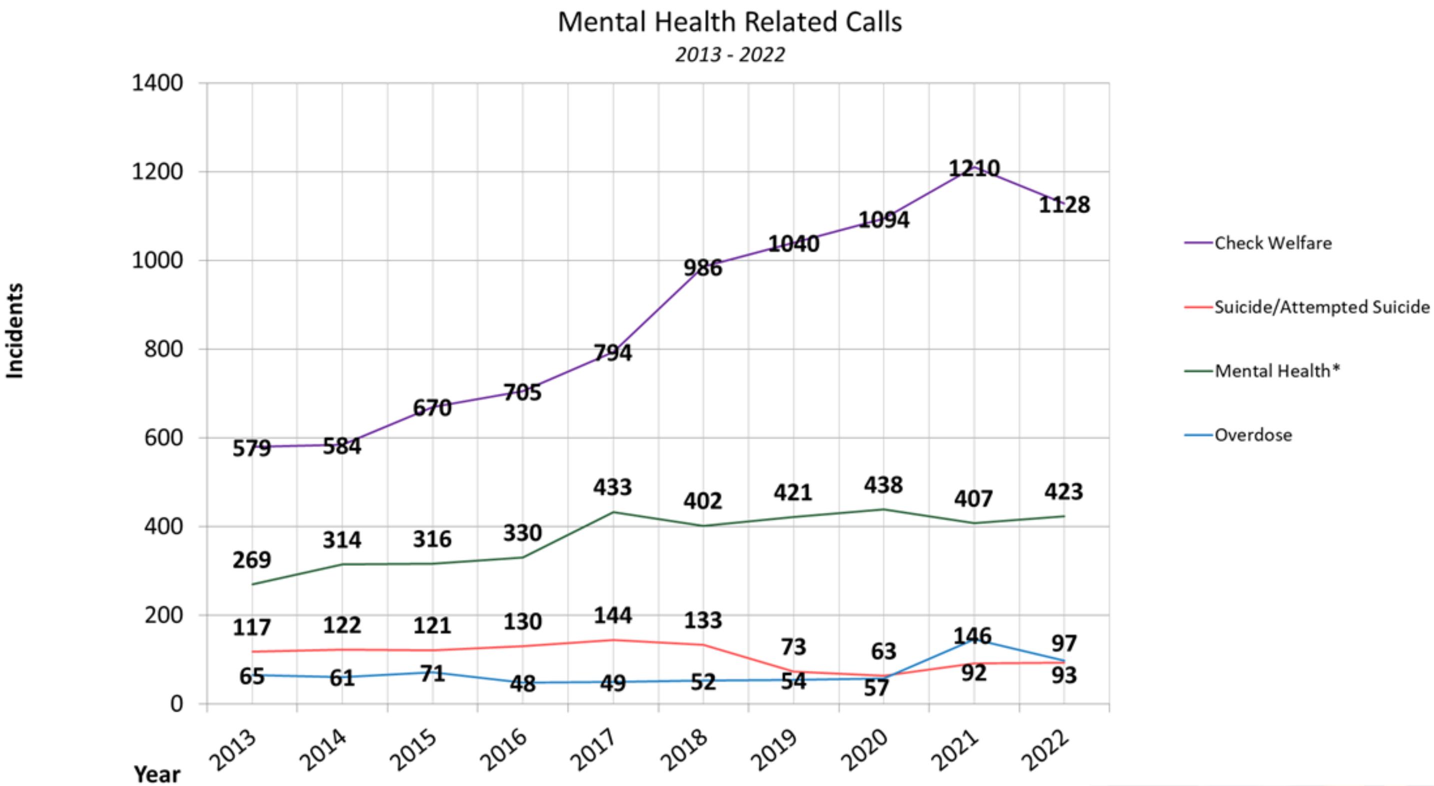


Source: CDC, National Center For Health Statistics – released 12/2021.

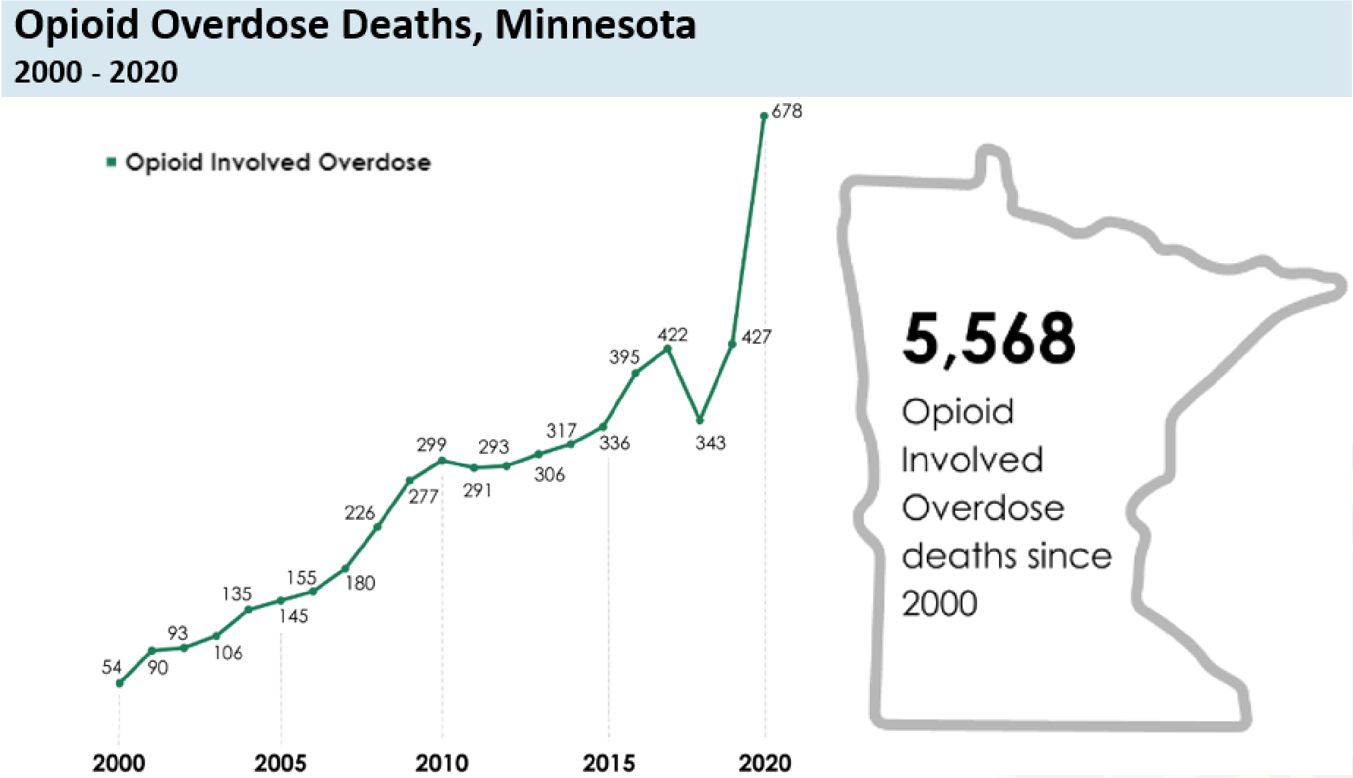
Crisis Evolution

- Opioid manufactures and distributers played a role in crisis
  - Marketing and inadequate monitoring of prescriptions to the state
- Deaths are driven by fentanyl and other synthetic drugs
- Settlement results – up to $300 million (phase 1)
  - Four Drug manufactures to date
  - More settlements ongoing with distributors/retailers – Minnesota Estimates $235 million (phase 2)

Crisis Background - Inver Grove Heights



Crisis Background – State of MN

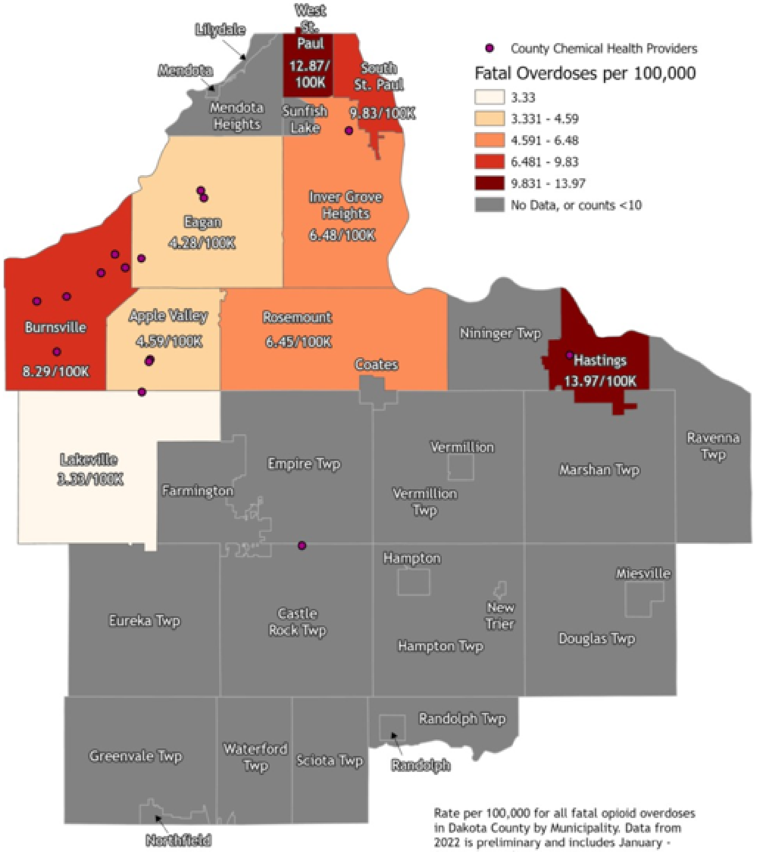


Source: Minnesota Death Certificates

Fatal Overdoses by City in Dakota County

City	Fatal Overdoses per 100,000
Apple Valley	4.59
Burnsville	8.29
Eagan	4.28
Hastings	13.97
Inver Grove Heights	6.48
Lakeville	3.33
Rosemount	6.45
South St. Paul	9.83
West St. Paul	12.87

Fatal Opioid Overdoses in Dakota County, 2016-2022 by Municipality



Rate per 100,000 for all fatal opioid overdoses in Dakota County by Municipality. Data from 2022 is preliminary and includes January - September only.

Sources: Minnesota Department of Health, Dakota County

Fatal vs Non-Fatal Overdoses in Dakota County

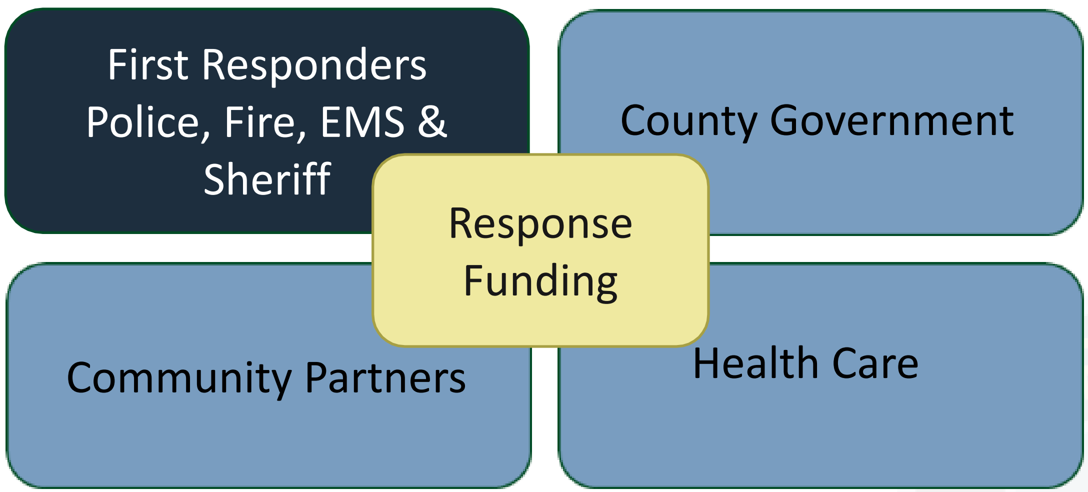
Year	Yearly Deaths
2011	38
2012	32
2013	34
2014	30
2015	42
2016	42
2017	29
2018	29
2019	47
2020	62
2021	65

Source: Minnesota death certificates

Year	Number of ER Visits
2016	90
2017	106
2018	105
2019	149
2020	222
2021	263

Source: Minnesota Hospital Discharge Data

Crisis Response Providers Receiving Funds



Settlement Framework

- Allocation of funds
  - Local Governments get 75% of funds directly
    - All counties
    - Cities over 30,000
    - City with Public Health departments
    - Litigating Cities
    - Cities under 30,000 (through Dakota County)
  - State Governments get 25% of funds directly

City or County	Total Payment
DAKOTA COUNTY	$9,814,545
Burnsville	$1,140,115
Eagan	$812,112
Apple Valley	$663,999
Lakeville	$626,575
Inver Grove Heights	$486,963

- City of Inver Grove Heights
  - Due to receive $486,963.00 for the next 18 years (to date). Roughly $115,000 has been received by the City to date. More to come.

Settlement Framework

- Usage of Funds
  - Requires an adopted budget or separate resolution authorizing expenditures during a specific period of time
    - Must:
      - Indicate the authorization is for expenditure of opioid settlement funds
      - State the specific strategy or strategies the city intends to fund per the MOA
      - The amount dedicated to each strategy for a stated period of time
  - No sunset date on when funds have to be spent
  - Local Governments may make contracts with or grants to a nonprofit, charity, or other entity with Opioid Settlement Funds

  - Administrative costs – up to actual costs or 10% of the relevant allocation
  - Finance Director Hove has already created a fund and submitted our 2022 budget which had no expenditures.

Settlement Framework

- Usage of Funds (Cont.)
  - Two or more Participating Local Governments may form or use existing groups, must collaborate, including the sharing of expertise, training and technical assistance if they form a group
  - Categories:
    - Treatment
    - Prevention
    - Other strategies – First Responders
      - Public Safety expenditures
      - Education
      - Wellness and support services for first responders who experience secondary trauma associated with emergency events

Settlement Framework

- Limitations on use of Funds
  - Can only be used for future opioid remediation activities
  - Can not be used to pay litigation costs, expenses, or attorney fees arising from enforcement of legal claims related to the opioid epidemic

Crisis Response – proposed uses

- Prevention/Education
  - Dare Officer/SRO partner with the school, expected cost to the City $70,000?
  - Liaison to Cahill Place, Gateway, Ideal Option
  - Education Community Wide ie: Inver Hills Community College, Public Schools, Community Meetings etc.
  - Drug Take Back Program-collection, tracking and disposal
  - Education of law enforcement and fire on precautions & practices
- Response
  - Purchase naloxone, narcotics test strips, Nik Kits
- Wellness of First Responders
  - Trauma Response Support

Other Ideas

- Apple Valley – PD to focus on enforcement, officer education
- Burnsville – No determination yet, looking at prevention projects with PD & FD
- Eagan – City Council advised their PD to focus on prevention efforts
- Lakeville -Vehicle for their DTF Officer, DTF Fees for one year, enforcement & prevention by PD
- Dakota County- Board will determine the spending

Questions?

Thank you!

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Agenda Item 3.E.

Request for Council Action

SUBJECT: Potential Uses of Federal ARPA Funding

MEETING DATE: June 5, 2023
ITEM TYPE: Discussion Items
CONTACT: Kris Wilson, City Administrator, 651.450.2511

ACTION REQUESTED
The Council is asked to discuss and provide feedback to staff regarding potential uses of the City's ARPA funding.

BACKGROUND
As part of the federal government's COVID relief efforts, cities received two rounds of funding. The first - generally referred to as CARES Act funding - was spent during the height of the pandemic to cover costs associated with improving online services, providing economic support to local businesses and non-profits, paying for unbudgeted city expenditures related to the pandemic and public safety payroll. The second round of funding - ARPA funds, was received in two installments - May 2021 and May 2022.

The City of Inver Grove Heights has yet to allocate or spend its ARPA funds, which total $3.9 million. This funding was segregated into its own fund and held until now so as to see the outcome of the City's state bonding request for the 117th St. reconstruction project. Now that the state has passed a bonding bill that includes funding for this important project, the Council can proceed with determining how best to invest the City's ARPA funds to the benefit of the community. The City has until December 31, 2024 to contractually obligate these funds and until December 31, 2026 to fully spend them.

Because the City's ARPA funding totals less than $10 million, we were able to accept the entire amount under the category of "revenue replacement" and can therefore utilize the funds for any "governmental purpose." As this is one-time money from the federal government, staff focused primarily on one-time or capital expenditures when developing a list of possible uses for the funding, rather than including many staffing or operating needs as those could be problematic once the funding runs out.

Possible Uses of ARPA Funds
As noted above, the City's ARPA funds can be used for any governmental expenditure, which means the Council has wide discretion to determine how best to utilize this money. Additionally, the money does not have to be spent all on one project or initiative - it can be divided up and used for multiple purposes. In conversations with Department Heads and Division Managers, the following potential uses were identified by multiple staff members:

1. **Water Utility Investment.** There is an immediate need to invest in the rehabilitation of the Water Treatment Plant. Evaluation and design of the needed improvements is currently

underway, which will result in a better cost estimate. The City has taken the initial steps to qualify for a low-interest loan from the state Public Facilities Authority, but ARPA funds are another possible funding source for this project. A second major investment in the water utility that is currently in the early stages is called AMI - or Automated Metering Infrastructure - which involves installing updated meters for all accounts in a manner that allows for more modernized operations, billing and issue identification. With the recent results of the Comprehensive Utility Rate Study projecting the need for substantial rate increases for the water utility in order to fund needed capital reinvestment, use of ARPA funds in this area could be useful in moderating those rate increases.

2. Park Investments. The City could look to make a long lasting investment of ARPA funds in the acquisition of park land, specifically in the northwest area (NWA) of the city. Providing the remaining funds for Phase 5 of Heritage Village Park is another option. The City recently received $2 million from the state for this project, but anticipates approximately $640,000 in local contributions will be needed to complete Phase 5. Paying to relocate the old town hall and old school house to Heritage Village Park is another option under the category of park investments.

3. Capital Investments in City Buildings & Equipment. The City has a relatively long list of capital investments needed at various city buildings, including the VMCC, and is seeing rapidly rising costs for large equipment, such as fire trucks. Additionally, land has been acquired and some funds set aside to remodel / expand the City's Public Works Maintenance facility, which is cramped and inefficient. ARPA funds could be used toward this effort, possibly to reduce the amount that needs to be borrowed in the future.

A more complete list of potential uses, based on input from multiple Department and Division heads, is attached.

Considerations

In addition to compiling a list of potential uses for the City's ARPA funds, staff also developed the following list of considerations that may help guide the Council's decision making:

1. How will residents benefit from the proposed project or expenditure? Will it benefit a broad or narrow group of residents?

2. Will the impacts of the proposed project or expenditure be long lasting? How important is it to Council that the funds be dedicated to immediate needs, which can often be unseen and sometimes rather technical, versus tangible assets or amenities for the community over the long term?

3. Can the proposed project or expenditure be carried out within the timeline for committing and spending the City's ARPA funds?

4. Are there alternative sources of funding available for a particular item or is ARPA funding the best chance for that item to advance?

5. Would the project or expenditure create ongoing operating costs that need to be funded with non-ARPA funds?

FISCAL IMPACT

As noted above, the total amount of ARPA funds received by the City is $3.9 million. Depending on how and where these funds are spent, the City may experience various fiscal impacts to property tax rates, utility rates, etc.

RECOMMENDATION

Staff is not bringing forward a specific spending recommendation at this time, but rather seeks Council discussion and direction as to its priorities and preferences for utilizing these funds.

ATTACHMENTS

1. List of Possible Uses for ARPA Funds (June 2023)

Heritage Village Park

- Fund the remainder of Phase 5 not funded by state bonding (est. $640,000)
- Outdoor performance space

Relocate Old Town Hall and School House to Heritage Village Park

Purchase of Fire Truck or other large vehicles / equipment

Land Acquisition for Park(s) in NWA

Down payment toward PW Facility Expansion / Improvement (and Police Parking Area)

Automated Meter Infrastructure (AMI)

Water Treatment Plant Rehabilitation

Stormwater Projects

Advance 494 / Argenta Interchange

Reduce NWA debt to make development fees lower

Small area planning for Cole / Ace-in-the-Hole Properties

Riverfront / Concord Planning

Fire Station Location study and architectural work

City Hall Improvements

- Remodel Basement Office Space at City Hall
- Fence the City Campus for Security
- Security Improvements to City Hall building and parking lot

Technology –

Technology /presentation system upgrades in City meeting rooms

New Software – Finance Dept. / Business Licensing

More Pavement Management

“Signature” Pavement Management Project(s)

Capital Improvement Projects at VMCC / Ice Arena

Public Safety – staffing $

Additional Imbedded Social Workers

Additional City Planner

Agenda Item 3.F.

CITY OF INVER GROVE HEIGHTS

Request for Council Action

SUBJECT: 2024 State Bonding Request

MEETING DATE: June 5, 2023
ITEM TYPE: Discussion Items
CONTACT: Kris Wilson, City Administrator, 651.450.2511

ACTION REQUESTED

The Council is asked to discuss and provide direction on whether the City should submit a formal request to the state for consideration as part of the 2024 state bonding bill.

BACKGROUND

Historically, the State of Minnesota adopts a bonding bill once every two-years, in the even-numbered year of the biennium. The state bonding bill provides money for capital projects associated with the state's roads and bridges, state parks and buildings, state colleges and universities, etc. There is also an opportunity for local units of government to seek state bond funds for local projects of regional significance. Regional significance generally means the project serves multiple jurisdictions or benefits residents beyond a single community.

The Legislature has gotten somewhat off of this every-other-year schedule and therefore passed a bonding bill this year, during the odd-numbered year of the biennium, after multiple years of no bonding bill. As a result, we find ourselves, just weeks after the passage of a major bonding bill, being asked to submit requests for the next bonding bill no later than June 16.

The June 16 deadline is specifically for consideration for inclusion in the Governor's recommended bonding bill. The Legislature often has its own ideas for projects to be included in the final bonding bill, so some projects in the Governor's recommendations do not get funded and some projects not in the Governor's bill do get funded.

Projects eligible for funding via state bonds must be capital projects, meaning the acquisition, betterment or improvement of a fixed asset, such as land, buildings, roads, bridges, etc. Public programs or services are not eligible uses for bond funds. Additionally, the fixed asset to be acquired or improved must be publicly owned and serve a public purpose. The general expectation is that at least 50% of the total project cost will come from local, or other non-state, funding sources.

The City of Inver Grove Heights was very fortunate to have two, long-sought capital projects receive funding in the legislative session that just ended - $5 million for the reconstruction of 117th St. and $2 million for Phase 5 of Heritage Village Park, which included an inclusive playground and splash pad. However, as a result of focusing our time and efforts on these two funding requests, we do not have a long queue of projects prepared to seek funds for in 2024. One possibility staff has identified is to seek funds to advance the design and eventual construction of an interchange at 494 and Argenta.

The attached memo from the state's Office of Management and Budget, identifies the following criteria which the Walz administration intends to prioritize when considering local bonding requests:

- Address life and safety issues
- Preserve existing infrastructure and repair existing facilities before starting new projects
- Provide at least a 50% local match
- Are proposed following community engagement
- Have a local resolution of support from the governing body
- Aid in making Minnesota the best state in the country for kids to grow up
- Integrate climate preparedness and/or clean energy
- Address and undo historical and systemic disparities and inequities, including those based on race, gender, veterans' status, geography, and economic status

Also attached for Council's information, is the submission form that the City would need to have completed by June 16.

FISCAL IMPACT

RECOMMENDATION

ATTACHMENTS

1. Memo to Local Governments on Capital Budget Requests
2. Local Government Capital Request Form (due June 16)

Memo

Date: May 15, 2023

To: Officials of Local Governments and Political Subdivisions

From: Jim Schowalter, Commissioner

RE: 2024 Capital Budget Instructions

I am pleased to present the 2024 Capital Budget Instructions. All local unit of government and political subdivision capital project requests are due to Minnesota Management and Budget (MMB) through CBS by June 16, 2023, and final edits are due October 13, 2023. Prosperity and opportunity for all people in all parts of our state stems from the well-being of their community. While communities across Minnesota may look different, many share the same goals and face the same challenges. Governor Walz's capital budget will continue to focus resources on the most critical projects and strategic investments across the state and give local leaders tools they need to succeed, with particular focus on projects that:

- Address life and safety issues
- Preserve existing infrastructure and repair existing facilities before starting new projects
- Provide at least a 50% local match
- Are proposed following community engagement
- Have a local resolution of support from the governing body
- Aid in making Minnesota the best state in the country for kids to grow up
- Integrate climate preparedness and/or clean energy
- Address and undo historical and systemic disparities and inequities, including those based on race, gender, veterans' status, geography, and economic status

Key dates

- **June 16, 2023** – All local unit of government requests are due to MMB through CBS.
- **July 17, 2023** – MMB submits all local unit of government requests and state agency preliminary requests to the Legislature.
- **October 13, 2023** – Final edits to local government requests are due to MMB.
    - Note: After June 16, send any edits or updates to MMB's Capital Budget Coordinator, Marianne.Conboy@state.mn.us.
- **January 16, 2024** – Governor Walz submits his 2024 Capital Budget Recommendations to the Legislature and MMB publishes all requests.

How to Submit Your 2024 Capital Budget Request

- Review the local government-specific Capital Budget Instructions posted on MMB's Capital Budget Instructions website. The website also includes answers to frequently asked questions about bonding including allowable uses of general obligation bond proceeds.
- Check your local government's access to the Capital Budget System (CBS). If you have not yet verified access to CBS, email Budget.Finance.mmb@state.mn.us.
- Review CBS training materials, including the User Guide and the new CBS training video, on the "System Training Materials" section of MMB's CBS website for details about how to use the system.

New in 2024

- A new "Capital Request Form" (PDF) is available on MMB's Capital Budget Instructions website to provide users the option to work on narratives and other information offline, before entry in CBS.
- MMB will host a Q&A session for local governments on **May 31 at 1 p.m**. The session is designed to answer questions brought by local governments, after they have reviewed the 2024 Capital Budget Instructions, the FAQ website, and CBS training materials, including the training video. MMB will send a meeting invitation to CBS users.
- Local governments that submit water infrastructure projects may be contacted for additional information about their project, in coordination with the Public Facilities Authority.

Reminders

Local governments should submit draft bill language for their requests using the "Upload Documents" screen in CBS by June 16.

Local governments may choose to copy a previous year's project request narrative by using the "Copy Previous Requests" function in CBS. As with all 2024 requests, project costs must be entered in July 2023 dollars to use MMB's inflation schedule to add inflation costs. If a project from 2022 is copied over into 2024, you can escalate project costs by:

- Identifying the 2022 project costs before inflation is included, which are in July 2021 dollars.
- Adding 17% to those project costs, which brings amounts to July 2023 dollars.
- Local units of government should either enter a mid-point of construction date in the Project Overview screen of CBS to add system-generated inflation or include inflation in the project costs and select the "Inflation Already Included" checkbox on the Project Overview screen. Updated construction inflation factor estimates are presented in Appendix 2 of the 2024 Local Unit of Government Capital Budget Instructions, based on various mid-point of construction dates.

Do not use the capital budget request process for requests for assistance that could be funded through a state agency financial assistance program. If your request could be funded by an existing state grant program (such as local bridge or road repair, infrastructure redevelopment, flood mitigation, water/wastewater treatment systems, historic preservation, or trails), you should submit your request directly to the state agency that administers the relevant grant program.

Capital projects funded from state general obligation bonds must comply with the Minnesota Constitution, which limits funding to projects that are publicly owned and provide a public purpose, and applicable federal tax law. All project requests must come from a political subdivision. Private individuals, businesses, and nonprofit organizations are not eligible to receive state general obligation bond financing.

Applicants should be aware that bond proceeds may only be used for qualified capital expenditures, such as predesign/design expenses, construction, and acquisition or improvement of specific tangible long-lived fixed assets. General operating expenses such as services, programs, strategic planning, master planning, and moving and relocation costs are not bond-eligible expenses. Expenses that are not bond-eligible can be submitted as part of your request, but if you desire state monies to pay for those expenses, you will need to request cash appropriations from the general fund or other state fund.

Projects that are considered for state funding should come with substantial financial commitments from the local government. Because competition for limited state resources will be very strong, MMB encourages local governments to be selective in their requests and propose only the most important project(s) with clear regional or statewide significance. A 50% non-state match from local governments is normally required. Separately, full funding must be in place in order for state funds to be released for a capital project.

Questions?

If you have questions about the capital budget process, requirements, or due dates, please contact MMB's Capital Budget Coordinator, Marianne Conboy (Marianne.Conboy@state.mn.us or 651-201-8189).

If you have questions about CBS, including system access and system issues, please contact MMB Budget Operations (Budget.Finance.MMB@state.mn.us).

Governor Walz and MMB appreciate your dedication in preparing timely and thoughtful requests. We look forward to discussing your projects.

MANAGEMENT AND BUDGET

2024 Capital Budget

Project Information for Local Government Capital Requests

When copying text from this form or another document into the Capital Budget System, be sure to paste as plain text to clean the text from source formatting, and then reformat in CBS as needed.

Local Entity Requesting Project

City **County** **Zip Code**

Project Name **Rank**

Project Summary

Max 500 characters

Project Description

Max 35,000 characters

Project Rationale

Max 35,000 characters.

Project Timeline

Max 35,000 characters

Other Considerations

Max 35,000 characters.

Who will own the project?

Max 1000 characters

Who will operate the project?

Max 2,000 characters

Who will use or occupy the project?

Max 2,000 characters

Public Purpose

Max 1,000 characters

Impact on State Operating Subsidies?

Max 35,000 characters

Anticipated Encumbrance Date

Anticipated Mid-Point of Construction

(Construction Mid-Point is used to add system-calculated inflation to project costs.)

Anticipated End Date

Project Phase *(Optional Field)*

Description of Previous State Appropriations

Max 500 characters

Project Type

Resolutions

Has the governing body of the applicant passed a resolution of support, which indicates this project's priority number if the applicant is submitting multiple requests?

Yes ◯ No ◯

If yes, be sure to upload the resolution in CBS.

Sponsor Name	Resolution Number	Date Passed	Electronic Signature

Project Funding Sources (Dollars in Thousands)

Enter funding sources in the table below. Please see the Capital Budget Instructions for more information about non-state match and full funding requirements.

Source	Prior Years	2024	2026	2028	Total
State Funds Requested and Prior Year State Appropriations					
General Obligation Bonds					$ 0
					$ 0
					$ 0
					$ 0
State Funds Pending					
Other State Funds Pending					$ 0
Total State Funding	$ 0	$ 0	$ 0	$ 0	$ 0
Non-State Funds Already Committed to the Project					
					$ 0
					$ 0
					$ 0
					$ 0
Non-State Funds Pending					
					$ 0
					$ 0
					$ 0
					$ 0
Total Non-State Funding	$ 0	$ 0	$ 0	$ 0	$ 0
Total Project Funding Sources	$ 0	$ 0	$ 0	$ 0	$ 0
Matching Funds	0%	0%	0%	0%	0%

**Note: Prior Year data is entered in specific years in the Capital Budget System, from 2018-2023. Please supply this detail as an addendum to the person entering your request in CBS.*

Project Costs (Dollars in Thousands)

Enter project costs in the table below. Read the Capital Budget Instructions for more information about these fields, including contingency costs and inflation costs. If your project includes construction, include "construction contingency" in the table and identify the amount budgeted. If your project includes more cost categories than the table allows, submit a file describing additional project costs.

Note: in CBS, the Project Costs Direction question will ask, "Would you like to fill out a detailed project cost form?" Select "yes" to ensure that the fields on this form match the fields in CBS.

Project Cost Category	Prior Years	2024	2026	2028	Total
					$ 0
					$ 0
					$ 0
					$ 0
					$ 0
					$ 0
					$ 0
					$ 0
					$ 0
					$ 0
Sub-Total Project Costs	$ 0	$ 0	$ 0	$ 0	$ 0
MMB Added Inflation Costs*	N/A	$ 0	$ 0	$ 0	$ 0
Total Project Costs	$ 0	$ 0	$ 0	$ 0	$ 0

*Calculating Inflation Costs

1) Enter the Non-Inflated Project Cost minus Relocation Expenses by request year in the table below
2) Determine the mid-point of construction (month and year) and enter it in the table below
3) Look up the construction mid-point on the Building Projects Inflation Schedule Inflation Schedule and enter the inflation rate for that Mid-Point of construction in the table below.
4) The calculated "MMB Added Inflation Costs" will be automatically calculated in the table below and included in Total Project Costs in the table above.

Mid-Point Construction		Inflation Rate	0%

	2024	2026	2028	Total
Total Non-Inflated Project Costs *(Minus Relocation Expenses)*			$ 0	$ 0
MMB Added Inflation Costs	$ 0	$ 0	$ 0	$ 0

Costs Less Funding

Total project funding sources must equal total project costs.

	Prior Years	2024	2026	2028	Total
Total Project Costs	$ 0	$ 0	$ 0	$ 0	$ 0
Total Project Funding	$ 0	$ 0	$ 0	$ 0	$ 0
Project Cost less Funding	$ 0	$ 0	$ 0	$ 0	$ 0

Statutory Requirements

Please review the Capital Budget Instructions for more information about each question.

Requirements under M.S. 16B & M.S. 16C (Department of Administration)

	Yes	No	N/A
1. Is this project exempt from legislative review and recommendation under M.S. 16B.335 subd. 1a?			
2. If no, and constructions costs are over $1.5 million (M.S. 16B.335 subdivision 3):			
• Does this request include funding for predesign?			
• Has the predesign package been submitted to the Department of Administration?			
• Has the predesign package been approved by the Department of Administration?			
3. Will the project design meet the Sustainable Building Guidelines under (M.S. 16B.325)?			
4. Will the project designs meet applicable requirements and guidelines for energy conservation and alternative energy sources?			
6. Will the project comply with the targeted group purchasing requirement (M.S. 16C.16 subd. 13)?			

Requirements under MS 16A (MMB):

The following requirements apply after the adoption of the bonding bill. *State bond-financed property must be publicly owned. If any portion of the facility or project will be sold, or owned by an organization or person other than a state or local governmental entity, please notify MMB as early as possible. Agency staff can work with you to structure your request in a manner that meets public ownership tests.*

	Yes	No	N/A
1. Will the project meet Public Ownership tests?(M.S. 16A.695)(MN Constitution, Article XI, Sec. 5)?			
2. Will a Use Agreement be required? (M.S. 16A.695 subd 2)?			
3. Will program operational funding be reviewed and ensured? (M.S. 16A.695 subd 5)?			
4. Will at least 50% of project costs be funded from non-state sources? (M.S. 16A.86, subd 4)?			
5. Will the project be fully encumbered prior to the Cancellation Deadline (M.S. 16A.642) December 31, 2028?			
6. Will the project be fully funded? (M.S. 16A.502)(M.S. 16B.31, subd. 2)?			

Requirements under MS 473.4485 (Metro Area Transit):

	Yes	No	N/A
1. Is this a Guideway Project as defined in M.S. 473.4485, subd 1(d)?			
2. Has the required information been included in this request, per M.S. 473.4485, subd 1a?			

Reset Statutory Requirements

Contact Information

Name	
Title	
Phone Number	
Email Address	

This form is provided to assist in the preparation of capital project information for the 2024 state capital budget process. The information on this form should be entered in the state's Capital Budget System (CBS) by the entity submitting the request by **June 16, 2023,** for publishing on July 17, 2023. Any edits after July publishing are due by **October 13, 2023,** to MMB's Capital Budget Coordinator, Marianne.Conboy@state.mn.us, for final publishing on January 16, 2024.

Building Projects Inflation Schedule

(Projected Rates for SFY 2024 – 2030)

Midpoint of Construction	MMB MULTIPLIER	Midpoint of Construction	MMB MULTIPLIER
23-Jul	0.00%	27-Jan	18.37%
23-Aug	0.46%	27-Feb	18.79%
23-Sep	0.92%	27-Mar	19.21%
23-Oct	1.38%	27-Apr	19.63%
23-Nov	1.84%	27-May	20.05%
23-Dec	2.31%	27-Jun	20.48%
24-Jan	2.74%	27-Jul	20.91%
24-Feb	3.17%	27-Aug	21.34%
24-Mar	3.60%	27-Sep	21.77%
24-Apr	4.03%	27-Oct	22.20%
24-May	4.46%	27-Nov	22.63%
24-Jun	4.90%	27-Dec	23.06%
24-Jul	5.34%	28-Jan	23.47%
24-Aug	5.78%	28-Feb	23.88%
24-Sep	6.22%	28-Mar	24.29%
24-Oct	6.66%	28-Apr	24.70%
24-Nov	7.10%	28-May	25.12%
24-Dec	7.55%	28-Jun	25.54%
25-Jan	7.98%	28-Jul	25.96%
25-Feb	8.41%	28-Aug	26.38%
25-Mar	8.84%	28-Sep	26.80%
25-Apr	9.27%	28-Oct	27.22%
25-May	9.70%	28-Nov	27.64%
25-Jun	10.13%	28-Dec	28.07%
25-Jul	10.57%	29-Jan	28.50%
25-Aug	11.01%	Feb-29	28.93%
25-Sep	11.45%	29-Mar	29.36%
25-Oct	11.89%	29-Apr	29.79%
25-Nov	12.33%	29-May	30.22%
25-Dec	12.77%	29-Jun	30.65%
26-Jan	13.19%	29-Jul	31.09%
26-Feb	13.61%	29-Aug	31.53%
26-Mar	14.04%	29-Sep	31.97%
26-Apr	14.47%	29-Oct	32.41%
26-May	14.90%	29-Nov	32.85%
26-Jun	15.33%	29-Dec	33.29%
26-Jul	15.76%	30-Jan	33.73%
26-Aug	16.19%	Feb-30	34.18%
26-Sep	16.63%	30-Mar	34.63%
26-Oct	17.07%	30-Apr	35.08%
26-Nov	17.51%	30-May	35.53%
26-Dec	17.95%	30-Jun	35.98%
		30-Jul	36.43%