# INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
# MONDAY, AUGUST 21, 2023. 6:00 PM - 8150 BARBARA AVENUE

**1. Call to Order:**

The City Council of Inver Grove Heights met in person on Monday, August 21, 2023. 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, Gliva, Murphy, Scales, T'Kach; City Administrator Kris Wilson, City Attorney Bridget McCauley Nason, Deputy City Clerk Katie Malott, Finance Director Amy Hove, Public Works Director Brian Connolly, Assistant Finance Director Sam Hosszu, Police Chief Melissa Chiodo, Parks and Recreation Director Adam Lares

**3. Discussion Items:**

**A. 2024 Budget Discussion (cont.)**

Finance Director Amy Hove stated the discussion will be regarding the Debt Levy, EDA Budget, Host Community Fund, and Pavement Management.

Debt Levies/Debt Service Funds:

Six (6) different outstanding general obligation related debt:

- Street Related Debt:
  - 2015A G.O. Improvement Bonds
  - 2016A G.O. Improvement Bonds
  - 2017B G.O. Improvement Bonds
  - 2020A G.O. Improvement Bonds
- Fire Station Debt:
  - 2018A G.O. Improvement Bonds
  - 2019A G.O. Improvement Bonds

Debt Levies:

- 2010A G.O. Bonds were refinanced in 2021, it became the 2020 line
  - Levy for 2010: $177,250
  - For the 2020A: $177,250
  - In 2020 some of the Closed Bond Fund was used to help buy down the amount to levy. Assumptions continue until those bonds are paid off in 2026.
- For 2024, the levy is: $2,542,411, per the schedule in the bond documents

Closed Bond Fund:

- June 2023 current balance: $1,429,797
- Replace future debt levies for 2024, 2025, 2026. 3 more years: $531,750
- Estimated remaining balance: $898,047 (fund will also continue to accrue interest)

  Staff's recommendation is to continue the use of the Closed Bond Fund. If not using the Closed Bond Fund, would need to increase the debt levy $177,250 instead of using the balance per last year's plan.

2023 Debt Budgets:

- Includes: Debt Levy, Other Revenues (small special assessments, interest revenue) Total Revenues = $2,846,011, Principle & Interest payments (per debt schedules), Misc. charges, Net activity.
    - Net: $69,045

Councilmember Gliva asked how many years the bond funds were being used and when they started.
Finance Director Hove replied 3 years, 2024-2026, $177,250 annually. They started in 2022.
Councilmember Gliva asked if there was a reason why they would not want to accelerate.
Finance Director Hove replied other bonds were looked at to determine how soon to pay them off but there are no other bonds maturing in the next few years. There is not enough to pay them off.
Councilmember Gliva questioned if accelerating if the levy would not be lowered this year.
Finance Director Hove replied some monies could be put toward buying them down. At some point it would have to be raised back up to what the schedule is. She mentioned staff could get additional information if interested in what the long-range repayment looks like, for example, $300,000 is about 1%. She said they could do as planned for the next three years and then look at 2026 to see what the next issuance was that was getting close to maturity. They would check to see if it makes sense to refinance or buy them down.

Councilmember Murphy referenced the Closed Bond Fund and asked if it was being funded by the levy and where the money was coming from.
Finance Director Hove replied the money originated from old debt issuances such as remaining money left from a project or a bond issuance. It's not tied to any current bond issuance in the Closed Bond Fund. It is a fund made up of old debt dollars available when the bonds were paid off and some potentially closed project funds. There are no active projects being managed within this fund. It is a residual fund, old debt, and some project dollars.

Councilmember T'Kach commented instead of paying more down, what if they did not pay as much and held onto it. She asked if there was a way to invest the bond funds such as a CD this year so next year there is a bigger pot of money to put towards something.
Finance Director Hove replied they take all city funds and pool it when investing. Each fund gets a proportionate amount of that interest back. They are already investing residual dollars the city has available to invest in CD's or longer-term investments. The Closed Bond Fund will continue to accrue interest based on what the current balance is in the fund.
Councilmember T'Kach said staff's recommendation is to continue with the path they have for the last couple of years. She questioned if there was something they were not looking at to find more within that period of three years.
Finance Director Hove replied that in 2022 there were several new staffing requests and items they were trying to address in the budget. This came up as a solution to keep the levy lower by buying down the debt levy. Once it is done, they need to continue it. The city could afford it for the next five years. If deciding not to buy it down, there would only be extra interest earnings on the $177,250. It would not make much of a difference.

City Administrator Kris Wilson presented on the Economic Development Authority (EDA):

- The city funds its EDA through a transfer from the property tax levy
- Expenditures for the EDA increased from 2022 to 2023
    - Prior to this year the city paid about 10% of the Community Development Director's salary, benefits, and payroll taxes through the EDA Budget.
- In 2023, Council's priority was to invest effort and resources into economic development activities.
    - Money was added in to the personnel line item of the budget. It will be kept there for 2024 with enough for a cost-of-living increase in that role.
- Internal Allocations: Office space, computers, insurance
- Supplies & Services: Professional consulting services

EDA Additional Consideration:
Budget was increased for 2023

- Council had the option to use for a full-time city employee/new staff position or for a consultant
    - Council opted to use it for a consultant in 2023
    - A 6-month contract was done with the individual. It would be coming up in September 2023 (Further discussion will take place on an upcoming EDA agenda)
- The proposed 2023 Budget contains a similar level of funding
    - Council could opt to continue using the consultant or fund a staff position
    - If Council determines not to do either in 2024, staff would look at reducing it back down to 2022 levels

EDA Funding Recommendation:

- EDA Fund Balance had $272,09 at the start of 2023
    - When the money was added for a staff person/consultant, staff added enough to the levy to pay for half of that and pay for the other half out of the EDA's fund balance.
    - The recommendation is to move a little more to the levy for 2024. Can afford to continue to spend some fund balance if that is the direction the Council wanted to go.
    - It would come down from $59,500 to $40,000
        - Staff believes EDA would still have a healthy fund balance at the end of the year

City Administrator Wilson discussed the 2024 Host Community Fund Budget:
The Host Community Fund receives revenue from landfill host community fees.

- There are three (3) landfills in the city
    - Two are actively operating. Both pay fees to the city.
    - Pine Bend is the largest. It is a municipal solid waste facility. The city receives an annual fixed fee of $225,000 per year and a percentage for every tonnage (ton of waste that is delivered to the landfill)
        - Monthly tonnage is down 43% from 2022

As told by landfill representatives, because they are currently in the process of operating longer and receiving more of their own waste, they are taking a conversative approach and not accepting as much waste from other haulers, so they preserve the capacity for their own hauling/service.

- Frattalone has a fixed amount they pay to the city every year: $25,000 (through 2027)

- There is an expiration date on the revenue
    - The landfill is scheduled to cease receiving materials no later than December 31, 2030
    - If that happens, revenue to the city would cease
- Pine Bend is working through the approval process of working beyond that date
    - The outcome is not certain yet. Staff is budgeting on the conservative side with what is currently known.

Host Community Fund – 2024 Budget:

- Received $2.8 million dollars from tonnage fees from Pine Bend last year
- Budgeted to receive about the same. Currently estimating the revenues would be closer to $2 million dollars in tonnage fees

Host Community Fund – Uses: The Council has broad discretion on how revenues received into this fund are used. They can be used for any general fund or legal public purposes.

Host Community Fund:

- Staff has worked to have more of a concrete/transparent plan for use of the fund
- Due to the expiration date, staff is trying to manage it more transparently, strategically, and preparing the city for a "soft landing" if revenues were to cease
- During last year's budget process, staff identified "core uses" and "temporary uses" of the fund
    - Due to the reduced amount of revenues, staff recommends adjustments to planned temporary uses

Host Community Fund 2023 Expenses & Uses:

- Expenses
    - Portion of the Environmental Planner salary
    - Consultants that assist with landfill monitoring
    - Legal costs associated with enforcing; currently Host Community Agreement
    - Transfer to cover the funding gap in the Recycling Program (Cleanup day)
- Core Uses
    - Transfer to Pavement Management Fund
    - Transfer to VMCC Operations
    - Transfer to VMCC Capital
- Additional Uses (proposed last year)
    - Transfer to fund for a new/remodeled Public Works building
    - Transfer to the EDA for future acquisitions
    - Money for broadband/fiber installation projects
    - $1 million dollar transfer to the Storm Water Capital Fund (2023-2025)

Changes to the Host Community Fund, 2024 Proposed Expenses & Uses:

- Transfer to the Pavement Management Fund
- Proposing not to make the transfer for the new/remodeled Public Works building
    - Money will still be in the Host Community Fund
    - Not proposing to spend it on anything else, leave in this fund until a later time if warranted
    - The transfer to the EDA was $25,000 a year for future acquisitions
        - Planning to step this down and wean EDA off this transfer

        - Suggest stopping it for 2024
- Broadband Projects
    - Weaning IT Fund off this transfer
    - Was supposed to be $30,000, suggesting going to zero.
    - Technology Fund is healthy and can fund essential broadband projects

Host Community Fund – 2024 Budget:

- Pavement Management:
    - 2023: $600,000
    - For 2024: $500,000
    - Continue to take this down by $100,000 in future years
- VMCC Operations 2024: $1,174,201
- VMCC Capital 2024: $700,000
- No transfer out for the Public Works building: $0
- Transfer out to Stormwater: $1,000,000 continues
- Continued Expenses: $188,301
- Misc., Broadband, EDA: Down to $0
    - Brings expenditures down by nearly $2 million dollars
    - 2023 Expenditures: $5,479,553
    - 2024: $3,562,502

Host Community Fund, 2024 Fund Balance Estimate as of December 31, 2030: $3,715,512

Councilmember Murphy asked what $100,000 equates to in miles.

City Administrator Wilson replied she did not have a direct equation to miles. The Pavement Management Fund discussion will give a better understanding. This Council and previous Councils have made increases to where staff believes it may be reasonable to levy it off a little. One challenge is putting more money into pavement management when utility funds cannot keep up. There is not enough money in the water and sewer funds to do more recons than projected.

Councilmember Gliva referenced the tonnage fees from 2021-2022 and how it went from $4 million dollars to $2.8 million. She asked if that was a difference in rates.

City Administrator Wilson replied it was. The city entered into a revised Host Community Agreement with Pine Bend Landfill. It took effect partway through 2022 when receiving a Certificate of Need from the State of Minnesota. That lowered what they owed the city in Host Community fees. The drop does not reflect a reduction in tonnage, it reflects the implementation of a new agreement that generated less revenue.

Councilmember Gliva asked how long that agreement was in place for.

City Attorney McCauley Nason replied she was unsure. The landfill is set to close by 2030. There are some provisions that carry on after termination.

Councilmember Gliva asked if there was another contract period.

City Administrator Wilson replied the landfill's application for expansion and request will reopen negotiations for another revised Host Community Agreement. These would happen in tandem.

Councilmember T'Kach mentioned there were other landfills in town the city does not receive a lot of revenue from. She asked if that could change, especially with the demolition landfill.

City Administrator Wilson replied she did not believe there was an expectation of increased revenues from the Frattalone Demolition Landfill. That one is more likely to come to an end and close than the Pine Bend landfill would. The other landfill in town is not currently accepting waste.

Councilmember T'Kach asked if they were not accepting waste as a business move, at capacity, or waiting for rates to go higher.

City Administrator Wilson was unsure of the answer. She did not believe they were at capacity.

Public Works Director Brian Connolly discussed the 2024 Budget for Pavement Management, Pavement Management Initiative (PMI), (upgrading pavement on streets throughout the community):

- Project Selection Criteria:
  - Pavement Condition Index (PCI), Age, Annual Maintenance Costs, Past Prioritization (CIP), Public Utility Condition
- Annual Project Goals:
  - 6-7 miles of roads per year
  - Look to combine neighborhood streets into a single project
  - Focus on the most effective rehabilitation technique
- Pavement Management Initiative: Local Streets 2024 PMI Project Locations:
  - City Council will be asked to call a public hearing for the feasibility report adoption of these projects at next week's City Council meeting
    - Public hearing would be held at the end of September
    - Costs and information will be shared at that time
  - Consists of a balance of urban streets and rural areas
  - Information is on the city website under the Pavement Management Initiative

Finance Director Amy Hove discussed Pavement Management Funds:

- Fund 440: Local streets/locally managed projects
- Fund 441: Partnership projects (managed by others)

Capital Improvement Plan: Financing Model Assumptions:

- Includes all projects as outlined within the Public Works CIP
- Separate models are provided for each of the two PMP Funds (local streets & partnership projects)
- Continue to assess special assessments per city policy
- The city will bond to cover the annual assessments for each year's projects
  - Due to the health of the fund, staff recommends holding off on bonding for 2023 projects and combining it with 2024 projects
  - Special assessment collections will be used to repay the bonds
- Goal of a minimum year end cash balance in the pavement management fund, equivalent to at least the amount they would assess annually.
  - 2024-2028 average amount assessed = $5,290,000
  - 2024-2028 average cash balance = $12,750,000

- Amount of tax levy
- Continue to assume a 5% increase
- Making minor assumptions as more residents/households increase in the city; Franchise Fees will go up slightly
- MSA Maintenance (regular payment received from the State)
- MSA Construction (specific project driven)
- Special Assessments: 10% prepay the entire assessment, 90% finance on taxes
- Cost Shares (from another City, County, or Federal Government)
- Transfers In (utilities, Host Community Fund transfer)
- Street projects, trail projects, debt service, transfers out

Pavement Management – Local Streets, 2024 Projects:

- Annual PMI Projects: $12,292,951
    - Public hearing is anticipated to occur on September 25th, 2023
- Broad Area Patching, Crack Sealing & Pavement Rejuvenation, Traffic Calming & Safety Improvements, Citywide Flashing Yellow Arrow (FYA) Study, South Grove Area Maintenance Overlay Project, ADA Intersection Improvements, Design for Babcock Trail Multiuse Trail

Councilmember T'Kach asked if they were changeable.

Finance Director Hove replied they are. They are proposed projects included in the CIP Draft.

Councilmember T'Kach said they have heard a lot about traffic, traffic calming, and speeds. She asked if there was an opportunity, or if included, to look at some of the traffic calming opportunities whether a study or pedestrian safety. She asked where this might fit.

Public Works Director Connolly addressed traffic calming stating there is a token number of $25,000 included, it is programmed into the CIP. Not having a specific intended project, the money is intended to be utilized in the event they have complaint-based concern which would be reviewed by the Traffic Control Committee to determine if they want to do study work. That is what the money typically covers. There is nothing in particular at this time, most are one off complaints. If more come in regarding a specific location, staff would make a recommendation and bring it forward to Council. If there was a specific project or something the Council wanted staff to look into, staff can also take that direction.

Councilmember T'Kach asked if the $25,000 was for one project or a study. She asked what the scope was for something such as flashing pedestrian signals like those at the school.

Public Works Director Connolly replied he could not give information off hand on costs but was likely more than that. The dollar amount was something more on a study level or something implemented with city crews. The amount is a placeholder that allows the opportunity to engage with Council and make a recommendation. It is possible that a project or need would come in at $50,000. Staff would look to see if there were savings elsewhere in the fund. Any money saved/not used would stay in the fund and carry forward, helping the cash balance at the end. There is excess money available, they do not want to put a token quantity in and then do not have a need to spend it.

Councilmember Gliva questioned the flashing yellow arrow.

Public Works Director Connolly responded that the city does not currently have any. This would look at the signals that are owned or managed by the city. Most of the signals in town are managed by the county. The city would team with the county in doing a study, and team with MnDOT on some of the signals that MnDOT owns, to look and see if this would be something worth doing. He mentioned there is a lot of money out there to convert signal systems. A study would have to be done to show there is a need, then the money would be acquired to physically implement.

Councilmember Gliva said studies work well but looks at them as if they were really needed. She commented that studies sometimes state things that are obvious.

Public Works Director Connolly replied studies are also intended to say whether or not this would be feasible and can also determine what the cost would be. A signal system that is 30 years old may be at the end of its current design life. They may not recommend retrofitting to put a yellow arrow in if it is going to be replaced in a couple of years or if a whole new system is needed in the next five years that includes technology. There are safety considerations, volume considerations, through traffic, and not enough gaps to consider.

Mayor Dietrich questioned if the study would also make them eligible for grants for implementation.

Public Works Director Connolly replied the study itself is necessary to determine what signals/intersections this would be well implemented at and to determine costs. Both are critical in making grant applications.

Councilmember T'Kach shared that some have said there are parks that are not easily accessible and dangerous to get to. She asked if there were funds that might be available, if doing a study, that could look at those situations and may qualify the city for funding.

Public Works Director Connolly replied specific funding he is aware of relating to pedestrian is with Safe Routes to School. He was not aware of funding relating to parks. From a study perspective, if there is a desire to pursue, there is a lot of money out there. In some cases, they would have to spend money to get money. He said grant applications can be pursued, just because they study it does not mean they are eligible. He shared an example of the City of Eagan that did a flashing yellow arrow study four years ago. It took them two rounds to try to get funding for implementation. Eagan is in the middle of a second one, waiting to hear back. When they originally began this, costs and conditions have gone up. Eagan has had to rebalance continually.

He shared from a staff perspective this would be something he would look at under traffic calming or the safety improvement category in the CIP.

Councilmember T'Kach clarified that a study could be done and if that type of funding were to occur it would come under traffic calming.

Public Works Director Connolly replied that was how he would categorize it. If the Council has a specific instance, they would like staff to explore, they would explore it.

Councilmember T'Kach believed there were several spots from 80$^{th}$ and Barbara, Argenta Trail in the northwest area, and Concord Avenue.

Public Works Director Connolly replied that all three mentioned are county roads.

Councilmember T'Kach asked if the city could work with the county.

Public Works Director Connolly replied the county has money and has been looking at Barbara outside of the VMCC. They are also looking at the crossing that is currently on Argenta by Vista Pines. The county is looking into upgrading those into RRFB flashing lights. He said they are doing a study on upgrading the Mississippi River Regional Trail and intersection access all along Concord. All three listed have either been studied or are in process of final design. Some have a cost share, others do not. If there was something the county did not want to do but the city wanted to take on, the city would likely have to front the cost of everything. If that was something the Council wanted to do, it would be planned and budgeted for.

Finance Director Hove discussed the 2024 Budget – Expenses & Transfers Local Projects:

- 2024 Projects: $14,641,775
- Transfer – Partnership Projects: $150,000
- Transfer – Parks Capital Replacement: $250,000 (parking lots and trails)
- Transfer – 117th Street: $166,000

  Total Expenses & Transfers Out: $15,207,775

Pavement Management Fund – Proposed City Dedicated Funding for 2024:

- Tax Levy: 65% (5% increase annually) $3,045,000
- Franchise Fees: 24% (3% increase every couple of years) $1,100,000
- Transfers In – Host Community Fund: $500,000

  Total: $4,645,000

2024 Budget – Revenues & Transfers Local Projects:
Total Funding: $19,676,585

- Includes: Tax Levy, Host Community Fund, Franchise Fees, State Aid, Special Assessments, Interest, Transfer In – Utilities, State/Federal Reimbursements, Bond Proceeds

Councilmember T'Kach asked what the special assessment rate was and if it was different than what people were assessed.

Finance Director Hove replied there would be an amount for each homeowner at the assessment hearing. The interest rate would be determined at that time. It is usually 2% above what it could be bonded for. What is shown is considered annual collections. It assumes 10% of the balances will be paid off before going to taxes.

City Administrator Wilson replied the whole assessment is the special assessments. If the question asked was what percentage of the project cost is assessed, the answer is that it depends on what they are doing. It could be a mill and overlay, partial, or reclamation. The project category needs to be looked at specifically to know what percent of the total project cost is being assessed.

Finance Director Hove added that the Draft CIP located on the city website can be checked for each project and will show how much the assessment portion of the project is scheduled to be.

Finance Director Hove discussed the 2024 Budget Summary – Local Projects:

- Forecasting an approximate $4.5 million dollar increase to the fund balance
- If looking at what is being deferred out of those special assessment bonds, those assessments are estimated at $4.4 million dollars. It would be brought in 2024.

- Available Cash Balances:
  - In 2017, just under $6 million dollars
  - For a short time, Franchise Fees were separate
  - In 2021 the City Council determined to dedicate those dollars directly into the Pavement Management Fund. There was no need to keep two separate funds.
  - 2022 was the highest year
  - Forecasting a decrease in 2023 due to not anticipating special assessment bonds
  - In 2024 it increases back up due to special assessment bond proceeds
  - Decreases in 2025, 2026, and 2027
  - Increases back up in 2028

Capital Improvement Financing Model – Partnership Projects (created in 2023):

- This fund does not generate any of its own revenues (Funded by transfers in)
- Pavement Management is a part of the project/utility fund pays part of the project
- A small number of projects are on the schedule for next year
  - Most are studies
  - In the current draft of the CIP
  - Total $205,000
  - One is a carryover from 2023 (Argenta/I-494 Interchange preliminary study)

2024 Budget – Expenses & Funding, Partnership Projects:

- Total expenses: $205,000
  - Dakota County Overlays has been added as it is a common one noted year over year. (No overlays are to be done in the city in 2024).
- Funding of the Transfers In:
  - Pavement Management: $150,000
  - Cost share from utilities

Staff anticipates this fund to net out. It would not need any more revenue than what it needs to cover project costs.

Public Works Director Brian Connolly discussed Future Fiscal Items:
The balances proposed are good overall for the pavement management program. It shows the ability to continue with what they want to do in terms of getting some of the items that were recommended by the Citizens Task Force for pavement management last year and moving forward. It would continue to be implemented over the next five years. The following items need to be reviewed/addressed and would be brought before the Council as recommendations:

- Special Assessment Payment Modifications
  - Payback Period (based on assessment cost, not on type of project)
  - 5, 10, 15 years, etc.
  - Looking at what most communities do
  - More work needs to be done to analyze
  - Considering whether or not to recommend a partial prepayment
    - Currently required by Statute unless the city has a resolution/ordinance allowing a partial prepayment. Residents can only prepay the entire assessment or none.

        - Would the Council want to allow
        - If staff would recommend
        - There is a challenge because the city only collects assessments for 30 days after the assessment hearing, then it gets certified to the County.
            - There is a very short timeframe that people can make these payments. It is difficult for staff to know what is preferred.
    - Staff will come back before the Council at the September 5th Work Session
        - An update would be given on the progress made since the Citizens Task Force report last June
        - Discussion on the consideration of an updated Assessment Policy
- Future Adjustment in Special Assessment Rates
    - Noted via the Task Force, the recommendation was to keep the assessment rates as they currently exist in the assessment policy.
    - Not proposing to change, but need to be proactive and determine if it would still be sufficient in order to justify benefit in the future.
        - Some assessment rates can be up to 80% of project costs. This is expensive and difficult to justify.

Future Fiscal Items to Address:

- Existing Trails/Sidewalks
    - Lack a clear understanding of what the condition of existing trails are in the city
    - 57 miles of trails and sidewalks in the city
    - 31 miles of existing bituminous trails
    - 55% of those trails are not along roadways (parks and natural areas)

  There are things that do not fall under current public works. Working with parks staff to determine how to analyze trail needs and where the budget is coming from.
    - Money is set aside every year in pavement management, $250,000, to pay for pavement work within parks. This is not adequate to cover the needs to keep trails up to date.
    - Cost to do trails on a 15-year rotating basis: approximately $750,000 per year.
    - Staff is looking to determine how to better rate trails and how to fund them, be it through pavement management or the parks department.

  He stated that he would advocate for the trails along roadways which staff tries to incorporate as they do projects in the area.
        - Areas built in the 1990's and early 2000's had a lot of off-road trails between common areas that are not covered by homeowners' associations. These technically do not fall in parks and not necessarily in public works. Staff is trying to determine how to accommodate. These are pieces of infrastructure that are deteriorating at a rate they cannot and have not kept up with over time.
        - There are also sidewalks, which are easier to address with streets.
- Parks & Facility Parking Lots/Site Improvements
    - There are parking lots at the Fire Stations, VMCC/City Hall/Police/Maintenance Facility, City Parks, Water Treatment Facility, Wells & Lift Station

        - When doing projects in an area, need to find ways to budget for them and not have issues sneak up.
        - There is money available. Look more closely to see if this can be integrated into the existing fund along with the impacts.

Mayor Dietrich asked if colleagues in other cities are addressing assessments.

Public Works Director Connolly replied they likely are every city is a little different. He has noticed some cities have started in a program and are continuing to do assessments. In other communities, assessments are becoming a smaller percentage of project costs. Staff wants to be cognizant of what the next phase would be. They are backfilling with higher commitments from the General Fund, tax levy, or other needs.

**B. LMCIT Insurance Renewal**

Assistant Finance Director Sam Hosszu presented on Insurance Renewals for the year which covers both Property/Casualty and Workers Compensation.

Overview:

- Workers Comp Insurance covers employees if they are hurt on the job
- Property/Casualty Insurance covers the remainder
- It is common for Minnesota cities to be insured through the League
    - 97% or 830 of the 853 cities in the state get their insurance through the League
- Agent for both Property/Casualty (P/C) and Workers Compensation Insurance is North Risk, LLC.
    - A Request for Proposal (RFP) was completed in April, 2023
    - Savings of $21,888 in Agent fees in 2023/2024
- Policy period for insurance runs September 1, 2023 through September 1, 2024

Types of Coverage included in P/C:

- Property and Mobile Equipment:
    - Covers all buildings, their contents, property in the open such as park shelters, play structures, park benches
    - Mobile equipment: anything that is not licensed to be on the road
- Municipal Liability: Covers any city employee/elected city official acting within their official duties
- Automobile: Similar to personal auto insurance; has liability and comprehensive
- Cyber: Helps the city get back up and running if falling victim to a cyber attack
- Equipment Breakdown: Backup generators for city facilities
- Crime
- Petrofund: Covers underground fuel tanks at public works
- Municipal Bond: Covers if an employee or elected official were to act maliciously

Additional Coverage Options:

- Currently carried by the city:
    - Primary Vehicle Use. If a city employee is driving their personal vehicle for city use and are in an accident, the city's coverage would step in as their liability coverage.
        - Does not replace an employee's vehicle

  - Enhanced Auto Physical Damage Coverage. Carried on expensive vehicles/fire trucks
    - Allows for the ability to recover the replacement cost of vehicles should they be totaled rather than fair market value
- Coverages not carried by the city:
  - Premises medical coverage. If an individual were hurt on city property it automatically pays them up to $2,500 without question or without admitting to any liability
    - Councils in the past have decided not to go with this because it decreases the number of payouts and increases premiums in the future
  - Excess liability coverage. Expensive
  - No fault sewer backup. The city has not been eligible for this coverage based on past televising practices (staff is working to remedy this).

Overview of Coverage Costs. (Quote has not been received from the League yet)
No large increases are expected in property/casualty coverage.
Will have the updated premium costs when asking Council to take action.

Mayor Dietrich mentioned there is only one meeting before this needs to go into effect.

Assistant Finance Director Hosszu replied that was correct. There is the option to extend for up to 60 days on the current coverage. If not having the quote within the next couple of days, staff would file for the extension.

Assistant Finance Director Hosszu discussed Workers Compensation Insurance:
How premiums are calculated:

- Employees are split into different categories based on risk factors (example: streets versus public safety, versus clerical office)
- Each group is assigned a rate based on risk level
- City takes the estimated payroll and multiplies it by the rate to come up with a base premium

Workers Compensation Premium - Net Premium:

- 2022/2023 Year: $750,527
- 2023/2024 Year: $917,314, an increase of 22%

Premium Increase Drivers:

- Base premium increased 2.86% over 2022 (consistent with employees that were added)
- Taking the base premium and multiplying it by the experience modification factor; it went from 0.70 to 0.85
  - The Experience Modification Factor is a 3-year lookback at the previous claim history
  - In 2020/2021, there were several PTSD and COVID claims
  - City staff expects this to fall off in subsequent years with the modification factor returning to what is considered normal

Workers Compensation – Deductible Option:
This is not an aggregate deductible, but a deductible on each specific claim

- Deductibles range from $250 to $50,000 per occurrence
- There is a corresponding premium reduction based on what is decided upon

- City staff has evaluated and determined that lower deductibles do not provide enough of a premium reduction and that $50,000 provided a lot of extra risk that may not be appropriate.
- 2023 Renewal: $750,525
    - No deductible last year
    - Net Premium: $750,525
- This could be an option this year and would lead to a premium/net premium of $917,314
- If implementing a $2,500 Deductible:
    - $917,314 with a deductible credit of $37,184. Net premium of $880,130
- Looking back at the 5-year claim history and taking the average with the $2,500 Deductible:
    - $20,003, a savings of $17,181
- If implementing a $5,000 Deductible: Net of $28,784
- If implementing at a $10,000 Deductible: Net of $41,607

Staff Recommendation:
He stated after discussions with Finance Director Hove and deciding between the $5,000 or $10,000 option they decided on the $5,000 deductible because it limits risk exposure while recognizing some of the cost savings.

- There were significantly higher claims in the 3-year lookback with PTSD and COVID claims. They feel the modification factor should return closer to the average in future years.

Next Steps:

- This renews by September 1st, with one meeting between now and then. There is the option to extend it for up to 60 days should staff not receive the quote back from the League before the packet deadline. If received in the next day or two there will be a resolution on the Consent Agenda for the next City Council Meeting on August 28, 2023.
- The resolution would include Workers Compensation and Property/Casualty Insurance.
    - Includes any comments/recommendations given by Council.

Councilmember T'Kach asked what the average risk modification factor was for the city.
Assistant Finance Director Hosszu was unsure but would check the average over the last five years. He said he could also check what other cities had.

Mayor Dietrich asked if the average was run without the Pandemic years.
Assistant Finance Director Hosszu replied they did run those but did not have that information with him. He recalled that the averages were significantly less. He will provide follow-up.

Councilmember Murphy asked for further information on the staff recommendation of a $5,000 deductible. He requested clarification on what the risk was if going to a $50,000 deductible.
Assistant Finance Director Hosszu replied the risk was having multiple claims that had losses in excess of $50,000. If having a similar situation with COVID in 2022 or 2023, the losses would be capped, not in the aggregate but per incident.

Councilmember Gliva referenced the $50,000 and said for example, there were five COVID incidences with each incident being $50,000; there could be an expense of $250,000 in deductible on top of the premium. She questioned if they were trying to get a forecast of incidences against a premium they could live with.

Assistant Finance Director Hosszu agreed about the amount on top of the premium. He said there was a presumption from the state that if a public safety worker got COVID it was presumed to be at work. This expired in January 2023. The city is no longer under that.

**C. Dakota County Drug Task Force**

Police Chief Melissa Chiodo presented on the Dakota County Drug Task Force (DTF):
There are multiple partnerships in the city and with other agencies in Dakota County.
Current Partnerships:

- Embedded Social Worker Program
  - Dakota County. The newest Social Worker will be starting soon.
- Domestic Preparedness Committee
  - Part of emergency management. Looking at things that could happen in the county and making sure there are resources and training.
- Special Operations Team
  - Falls under emergency management
  - Includes firefighters, inspector, (currently no police officers are participating)
- Electronic Crimes Unit
  - Do not have a person there but do pay a yearly fee. Located at the SMART Center
- SWAT
  - Part of the SWAT team in Dakota County. There is more than one, the city is a part of the South Metro SWAT
- CJIN (Criminal Justice Information Network)
  - Involves report writing, things done on computers
- Mobile Field Force
  - There are several. The city is on one.
  - Officers get together to train and plan for large scale events, protests, and civil unrest
- Dakota County Chief's Association
  - Police Chief Melissa Chiodo is the current President
  - All Chiefs in Dakota County and the City of Savage Chief meet monthly to discuss what is going on in law enforcement, bring in speakers, and share ideas
- BCA Human Trafficking Task Force
  - Different departments in Dakota County participate
- Many more

Dakota County Drug Task Force (DTF) Purpose:
Focus on law enforcement efforts with individuals involved in the sale, distribution, and use of illegal narcotics. The task force also investigates gang activity and violent offender crimes. The task force is a cooperative effort in Dakota County along with the Savage Police Department.
Location of the DTF:

- Specific location cannot be given, but is located in a county-maintained building

- Any officer assigned to the DTF works out of that building, not in their home agency, in a space leased out from the County

Obligations of full DTF Membership:

- 1 full-time Officer on the task force from the city. Need to have experience, know the city, and county.
    - $163,000 for salary and fringe, including education incentive
    - Overtime is paid by the home agency, sometimes the DTF pays overtime costs. $5,000 to $15,000 in overtime costs above and beyond their salary.
- 1 car is assigned to the officer to participate
    - $6,600 yearly car payments, not including fuel
- Yearly Dues range from as high as $25,000, to $4,000 for the year
- IGH Chief of Police or designee sits on the board of the DTF

Inver Grove Heights Membership History:

- The last time an officer was assigned to the DTF was in January 2020. In July 2020, the officer requested to be taken off the DTF.
- At the time the officer requested off, staff was just looking into what the plans were for the department. Instead of replacing the officer, a thorough review was done regarding the asks of the department and the strategic plan.
- It was decided there would not be someone going back on the DTF at the time (October 2020). There were other priorities that needed to be fulfilled to better serve the community.
- Per JPA (Joint Powers Agreement) requirements, a letter was sent notifying that the city would not be returning to the DTF at the time.
- Withdrawal was official on December 31, 2020.

Current Full Membership on DTF:

- Apple Valley, Burnsville, Eagan, Hastings, West St. Paul, Lakeville, Rosemount, South St. Paul, and Savage.
    - The cities listed pay the fee and have an active member assigned from their department to be on the DTF

Current Dues Paying Agency:

- Mendota Heights
    - Smaller agency, does not have the staff but still pays the yearly membership
    - They send someone to attend weekly meetings to hear intel and share information
- Farmington
    - The officer left the DTF and has not been replaced

Benefits to having a person on DTF:

- Train with the task force
- Work with officers they normally would not work with on a daily basis
- Bring new ideas/skillsets back to the home agency
- Work large scale, multi-jurisdictional drug, and violent crime cases

Benefit to withdrawal from DTF:

- Prioritizes the city and police departments staffing plan
- Prioritizes the Strategic Response Group (SRG) development and growth

  - This is the newly developed group. Does all predatory offender registrations, compliance checks, looks for outstanding warrants in the county, violent offenders.
- Prioritizes the Investigations Unit and Patrol Officers
  - By having the internal SRG team, they can take cases the investigators are not equipped to handle or do not have the staffing to handle. Can assist if patrol officers need assistance on the streets. The city SRG team is prioritized to go out and help if needed.
- Dedicating resources and the budget to best support the IGH community
- Keeps an officer here at a yearly cost range of $180,000+ (salary, car)
- Supports priorities in the yearly community safety survey, community feedback, and Council feedback
- Ability to supervise/support the officer better
- Recognition of officer burn out while on DTF
- Other

There are three (3) options regarding participation and/or support of the Drug Task Force:

1. Continue with the current staffing plan (items on the staffing plan that have not been reached):
   a. Adding one more Officer to the SRG
   b. Adding a permanent Sergeant position to Investigations
   c. Add a full time Crime Analyst
   d. Add a second School Resource Officer
2. Become a supporting Member (what Mendota Heights does):
   a. Pay yearly DTF dues
   b. Assign an investigator to attend weekly intelligence meetings
   c. Information share between Inver Grove Heights and the DTF
   d. Provide officers when able to assist at DTF events in IGH (currently doing this)
   e. DTF provides support to IGH if requested
   f. Reconsider providing a full-time person in the future when IGH staffing goals are met
3. Staff the DTF with an officer:
   a. Assign an existing patrol officer to the DTF
   b. Fund a new officer that will be assigned to the DTF

Staff Recommendation:
Police Chief Chiodo shared that her opinion was to continue with current staffing priorities. If the Council would like to have some participation, money would be put into the budget and budgeted for the dues to pay to the DTF. They would have one of the city's investigators attend the weekly meetings. Once getting staff and feel they are at a good place, this could be revisited and put into the budget to add an officer to the DTF.

Councilmember Scales said he was trying to understand the difference between Option 1 and Option 2. Option 1 continues with the current staffing plan. He asked how Option 2 stops them from the current staffing plan.

Police Chief Chiodo replied Option 1 has the department continue as is. Option 2 continues as is, but also begins paying yearly dues.

Councilmember Scales asked how much dues were.

Police Chief Chiodo replied dues range from $4,000 to $25,000. It can vary from year to year depending on the County budget. Their budget is dependent on money received and grant funds.

Councilmember Scales said if knowing it would be $4,000 next year, it would be a small connection to have shared knowledge.

Councilmember Murphy said he worries about Inver Grove Heights staff first. He believes there is value in collaboration, sending an investigator there, and finding out what is going on in other cities. He asked if the Police Chief had any additional thoughts.

Police Chief Chiodo replied there is value in paying the dues and having an investigator attend. Staff could also ask them to help the city in the event something is going on with which they could help.

Councilmember T'Kach asked how long the agreement was to commit. For example, if the fees are $4,000 next year, but the following year its $37,000. She asked if they could withdraw.

Police Chief Chiodo replied the JPA the city had expired. There is a new one, she has not read the dates. The current JPA addresses the full-fledged membership. She would need to talk with the Sheriff and the Chief of Mendota Heights to see if they signed the JPA even though they were not fulfilling the part of sending someone, or if it was something different, they were willing to do on a year-to-year basis. If this was something Council was looking at doing, she would ask and follow up.

Councilmember T'Kach said she would not want the city to sign a blank check for however many years.

Police Chief Chiodo responded that the JPA has a clause that states the city can end their agreement with a 60-day ' notice. This was done in 2020 when the officer asked to leave.

Councilmember Gliva inquired if there was anyone on staff that was interested.

Police Chief Chiodo replied she has not asked because their focus has been on the Strategic Response Group. Those that have put in for this group are often the ones that would want to go to the DTF. If she were to ask, she believes an officer would say yes as officers are often up for a different opportunity.

Councilmember Gliva asked if the opioid funds could be used for this or if those funds have been slated for use.

Police Chief Chiodo replied opioid funds could be used for this. She is aware that other cities are using it to pay dues, and some are using it to pay for the vehicle officers use to buy another vehicle. There are different ways it could be used; it could be portioned for dues. The money will be coming in for 18 years, it does not need to be used by a certain date. It could be used to pay the fees until they get to a point where they feel like they have reached their staffing and are able to add a person.

Councilmember Gliva commented that Option 2 was the yearly dues for a weekly meeting. It was a good idea for her. She asked if there was something in between such as if an officer would be able to rotate. She said if paying dues, she would think they would want a little more involvement.

Police Chief Chiodo replied having an officer would have to be all or nothing. If they were to start a criminal investigation, they cannot do it a day or two a week.

Mayor Dietrich shared that she has investigated the Drug Task Force in depth. She referenced the JPA where it states the current termination date is December 31, 2027 and that anyone may withdraw with 60 days written notice. She said they do not distinguish between a full membership. If dues are paid, they would be a member. Farmington, Mendota Heights, and the Sheriff's Office are members. They have three staff and a captain who run it. She said she spoke with someone at the task force who looked favorably at making a compromise of having two days on and three days with the IGH Police Department. She asked if this was something the Police Chief would be willing to explore.

Police Chief Chiodo replied she would check into it. When she met with someone from the task force, they made it clear they wanted all or nothing. It was news to her that someone was willing to make a compromise. Having been a patrol officer and an investigator, she was unsure how to do 2 days on/3 days off when there is an active investigation. It cannot sit. For example, recently there was a shooting. Investigators are coming to work, they need to do search warrants on people, vehicles, and homes. They cannot take two days off because they must keep it going, things can get stale, and then they cannot get search warrants. She said she would speak with someone on the task force as she was unsure how that works while doing a good investigation.

Mayor Dietrich noted when looking into this, most of the overtime is reimbursed through a Federal Grant. They are going away from using forfeiture funds for the operating budget. She supports using opioid funds. She said even though part time, she would still like to be a part of the JPA and all the benefits that come with it such as the intel from various agencies at the federal and local level. She mentioned the city is the only outlier, she would like to clear that up.

Councilmember T'Kach said it would be good for the city to take care of and prioritize this community and the work of the officers here. She sees benefit in knowing what is going on. She questioned if intel was received through the relationships they have. She said she was not opposed to paying small fees to be a part of this, there is also the commitment of having a staff person attend the meetings every week. She said the city should continue at whatever pace with the staffing plan, build the comradery, and relationships in our own police department. She believes that plays into health and wellness. It gives the opportunity to do more community work with police officers, youth, young adults, and other initiatives.

Councilmember Murphy clarified what he had said stating that he was speaking to the collaboration and if there was any value in the collaboration. He believes there is value. He wants to prioritize the city. He said if the Council feels that having someone there part time would add value, he would have no issues. He has concerns with the cost but has no issue with an officer/investigator being in the room two days a week. He said he was curious to learn how the investigation would work.

Police Chief Chiodo stated she would research what it would take to have someone there two days a week knowing it would come from patrol staffing. Or they would add money to the budget to hire someone. She asked if there were thoughts from the Council regarding this.

Mayor Dietrich suggested getting the answer and then the Council could address after.

**D. State Funding for Rock Island Swing Bridge Lights & Mississippi River Boat Launch**

City Administrator Wilson stated at the conclusion of the 2023 Legislation Session in May, appropriations were included in an Environmental and Natural Resources Funding Bill for two projects that affect the city. These are not requests made by city staff, worked on, gave testimony to, or were aware of prior to the legislature adjourning. They are officially appropriations to the County, not the City of Inver Grove Heights. Dakota County did not seek these funds, testify on behalf of the city, or have projects in the early stages to put the monies to use. They have inquired as to whether or not these might be pass throughs to the city.

She stated that staff is looking for direction as to whether these are potential projects that are of interest to the City Council and the level of interest in seeing city staff time and possibly planning/design resources in order to take advantage of the funding opportunity.

Items under discussion:

Rock Island Swing Bridge

- $458,000. A grant to Dakota County for improvements to the Swing Bridge Trailhead and historic Rock Island Swing Bridge along the Mississippi River Greenway, including LED lighting.
  - The bridge currently has basic lighting overhead.
  - It appears there may have been conversations with local businesses or members of the local Convention and Visitors Bureau about whether or not they could make the swing bridge an attraction through lighting for special occasions, seasonal, holiday, or a cause.

Boat Launch

- $1.2 million dollars. For adding a public boat launch along the Mississippi River between South St. Paul and Hastings.
  - Inver Grove Heights is the only city in that stretch
  - The city does not currently own land that might lead itself to a boat launch along the river

Parks and Recreation Director Adam Lares stated as staff heard of the funds potentially coming to the city, he did research on the amount of $458,000, where it came from, what it could get the city, and if this was something the Council wanted staff to investigate. He reached out to the professional engineering pool that the Council recently adopted for staff to work through/with. He worked with SEH, who happened to have designed the current lights on the bridge when it was reconstructed. He engaged with them to help provide scope and provide the city with three options. The preliminary background they looked into was what the design lighting could be at the swing bridge:

1. Direct lighting
2. Shadow lighting
3. A combination of both

He asked what the Council would like for it to be, what type of attraction. He asked if it was meant to be viewed from the river when passing by boat or as a pedestrian walking up to the bridge and has an experience inside the bridge. SEH provided a feasibility study for design work and lighting/electrical on what could be provided. The scope of work would be $9,500 for the feasibility study, lighting options,

and cost estimates. This would provide high level design work, but not in-depth. This would go before the Parks and Recreation Advisory Commission, the City Council, and/or community input.
He said if the direction by Council is to move forward, staff would come back at one of the next Council meetings to work through the contract/approval so they could start on the initial design work. It would be 30-45 days out. If moving forward, staff would suggest using the Capital Replacement Fund which has a healthy balance for park replacement projects. The city does not know where the state sits with funding the reimbursement process, such as what can be reimbursed and what cannot be. Staff is working with the county to get answers.

Councilmember Scales said the park is not done yet; it is still in limbo on where they are going with it. When thinking about an end plan for the park, he likes this idea. He would like to get the old buildings down there. Adding these all together makes it a place to center city activities. He commented that it seemed like a lot of money for lights but seemed doable. He said when everything is put together with the park and when the park is done, this would be a wonderful addition.

Councilmember Murphy said many have discussed lighting the bridge for years. It would be the center of attention; they could celebrate events on it. He mentioned the cell tower in Eagan, his grandkids talk about it and the color every time they drive by. He said lighting the bridge is a fantastic idea.

Parks and Recreation Director Lares replied that SEH was the designers of the cell tower in Eagan. It is software that allows lighting at any given time. Operating costs and system operating costs need to be taken into consideration. Because this is located near bodies of water, other engagements may need to take place with the Army Core of Engineers and/or the DNR. There is funding available if the city decides to move forward with this project.

Councilmember T'Kach asked how far away from the bridge the lighting project would encompass if it would be a pathway to the bridge from Concord or Heritage Village Park. She asked if the money could be used to go into a fund for operations and software updates. She asked what others would think of another light obstruction in the area for migrating birds and the natural habitat. She referenced the refinery across the river and their lighting. She said she was ambivalent about lighting it or not. She wanted to know whether or not they could go beyond strictly a capital investment with the $458,000.

Parks and Recreation Director Lares replied he does not have those answers. He is working with the City Administrator to find out the guidelines and regulations for spending the funds. He said the presentation given was a Step 1 into whether or not they want to go down this avenue and see what the options, costs, and operating costs would be.

Mayor Dietrich asked if the Council could wait for more details since there are many unknowns.

Parks and Recreation Director Lares replied it is the Council's discretion if wishing to wait for more information. He does not have a timeframe. A feasibility study would be Step 1; it may not be reimbursable within the $458,000.

Mayor Dietrich commented that it would look beautiful. She is concerned about staff time and the priorities that were set at the retreat. She said this money is not running out in 30 days, she would like more information in order to be a good steward of those funds.

Councilmember Scales asked what current event Inver Grove Heights has that pulls people from other communities. He asked if there was one and said there probably is not. He questioned if there was a place in the city that pulls people in from other communities. He said Heritage Village Park and the Rock Island Swing Bridge is the opportunity to do it. He supports going through the process, spending the initial funds to go forward, and thinks its money well spent. He mentioned as a community, they must start thinking about how to bring others into the community, he does not believe they have it now. This would broaden this community to other communities. He liked the idea of going forward and finishing Heritage Village Park and Swing Bridge Park to make it a great attraction that will pull people from other communities to this community.

Parks and Recreation Director Lares replied there is the potential to have this reimbursed, there is a small risk that it may not be.

Councilmember Murphy asked if he was referring to the $9,500 and if that was the direction he was looking for from the Council.

Parks and Recreation Director Lares agreed that was the amount he was referring to. He questioned if they wanted to explore the potential to go down this pathway knowing the $9,500 may not be reimbursed. Another question would be if this was something they wanted to take on as a project. As indicated, this was not on the capital improvement radar or priorities.

Councilmember Murphy said it was a fantastic idea. He agreed with having more details before deciding on the $9,500 if that was possible.

City Administrator Wilson stated the second appropriation for $1.2 million dollars was for a boat launch. She shared that she has been contacted by one of the local marina owners wondering if there may be an opportunity for a public/private partnership with the funds. She said Commissioner Atkins from Dakota County informed her of someone with a community group called Pool 2, or Friends of Pool 2. This is a section of the river between the Ford Dam to the Hastings Dam. They have reached out to say they would be interested in being a part of conversations. The question for Council is:

- If staff should be signaling back to Dakota County that the city may be interested in this as a pass through and may be interested in taking this on and having the city be the owner or the public side of a public/private partnership.
- Or if the city should signal the opposite to Dakota County so they could pursue their own project or other avenues.

She requested the Council's interest level.

Councilmember Murphy said if there was an opportunity to have a lighted bridge, of which he fully supports. He commented there is a boating community that gets to launch from Inver Grove Heights and look at the bridge and watch fireworks. He was unsure they could get a boat launch and a parking lot for $1.2 million dollars.

Mayor Dietrich mentioned she would be interested in knowing how they could support the county if they wanted to do this in the city.

Councilmember Scales said it would be a good partnership with one of the marinas in the area. A marina may have a way to get something in that benefits them and the city. He said it would be interesting to have an in-depth conversation with the marinas to see if they were interested.

Councilmember Gliva agreed with Commissioner Scales. She said they would need the right people in the room such as the county, marina owners, and attorney's; those who have ideas.

City Administrator Wilson replied no staff member has any prior experience.

Councilmember Gliva asked if there was another city that may have something similar.

City Administrator Wilson replied there is a boat launch in South St. Paul. The first thing she did when she learned about this was drive there and check it out. The location is adjacent to city owned property. She did not believe it was a public/private partnership, it is not attached to any type of business. She mentioned that city staff and county park staff have been trying to get a meeting with someone from the DNR that can help answer questions. If the Council has interest, city staff will continue to try to schedule meetings and report back.

She stated that shares the concern about how far $1.2 million dollars would go if having to acquire riverfront land.

Councilmember T'Kach said the Council needs to know more. She was hopeful it would not be a huge investment in staff time to determine. She asked if this was a part of the parks plan and if it becomes a piece of parkland that must be maintained and cared for as a city park. She said she sees a lot of cool things and another thing they cannot afford. More information would help her give direction.

City Administrator Wilson said staff will keep working to learn more. Staff working on this (City Administrator and Parks and Recreation Director) are spending a modest amount of time trying to connect with people and get answers. They will keep trying. As soon as there is more information they would report back. Council will need to continue to provide direction about how much they want to invest in this. If actively involved in advancing both projects, a consultant may need to be hired or would have to pull a different park project off the to do list. They may be able to squeeze the lighting project in, but a project of this size is beyond the current bandwidth at staff level.

Councilmember Gliva said she sees this as a Concord redevelopment. It may need planning in general when talking about the swing bridge, boat launch, and Heritage Village. She recalled there may have been talk about putting together a task force and getting residents and businesses involved.

City Administrator Wilson said one of her first questions would be regarding how it states $1.2 million the first year, meaning the first year of the States Biennium. She questioned if this had to be spent by June 30th or if they would have to get special legislation to extend. When bonding funds are received there is a clear timeline indicating how many years there are before having to spend the awarded funds. Staff will continue to find answers and keep the Council informed.

Mayor Dietrich said she was concerned about public safety. There are other commitments that the city may not be prepared to make.

**E. 2023 Legislative Update**

City Attorney Bridget McCauley Nason provided the following Legislative Update:
Background:

- In 2023, the Minnesota State Legislature adopted significant legislation that will impact cities and have broad reaching implications across the state.
- The purpose of the Legislative Update is to bring some of the issues that directly impact cities out in to the open for Council discussion.
    - Some of the items require Council direction for staff regarding what they may want to see the city take action on.

From the League of Minnesota Cities: The 2023 Legislative Session will be remembered for its brisk pace driven by the DFL Party's single-party control, and for the consequential policy, spending, and taxing measures passed.
2023 Session by the Numbers:

- A record number of bills were introduced, 6,705
- 211 LMC members attended City Day on the Hill to lobby on behalf of city issues
- Significant time was spent by League of MN Cities Intergovernmental Relations (IGR) staff testifying in legislative committees
- 67 news stories about legislative issues
- 75 new chapters of law were adopted
- 1 bill was vetoed

Important Legislative Changes:

1. Native Landscaping
2. Sacred Communities and Micro-Unit Dwellings
3. Hotel Licensing

Native Landscaping:

- All cities are now required to allow private property owners to install a "managed natural landscape" on their property.

A Managed Natural Landscape is a planned, intentional, and maintained planting of native or nonnative grasses, wildflowers, forbs, ferns, shrubs, or trees, including, but not limited to rain gardens, meadow vegetation, and ornamental plants. Managed natural landscape does not include turf-grass lawns left unattended for the purpose of returning to a natural state.

- Managed natural landscapes can exceed 8" in height so they can appear potentially overgrown, especially in times of year when plantings are not flowering. Could look like overgrown weeds or grasses. These cannot include any noxious weeds and must be maintained by the property owner.
- Except as part of a managed natural landscape as defined, any weeds or grasses in excess of 8" in height, or have gone to seed, or about to go to seed are prohibited.

Why this matters to the city:
There are ordinances that speak to how yards are supposed to be maintained. Currently in code:

- Weeds, primary, secondary, or otherwise, are not allowed to grow greater than 8" in height.

Under current city code provisions:

- Property owners are obligated to establish turf grass or lawns, or other approved landscaping within one year of the date of issuance of a building permit.

Changes to be made to the city code:

- Clarify that managed natural landscapes are permitted on all private properties and provide parameters around these.
- Clarify that except as a part of a managed natural landscape, weeds or grasses taller than 8" in height or that have gone or are about to go to seed are prohibited.

Councilmember Murphy asked for clarification on the 8". He asked if Homeowners Associations say otherwise.

City Attorney McCauley Nason replied it can be over 8". She addressed Homeowners Associations stating if the Association says something else, it is a private matter as they can have stronger regulations. Cities would be prohibited from enforcing the requirements related to turf grass lawns.

Councilmember Gliva asked as a city, if this needs to be allowed.

City Attorney McCauley Nason replied yes; the city has to allow it.

Councilmember Gliva asked if the city needs to add their own language.

City Attorney McCauley Nason responded yes, the city can put language around it and fix the code to reflect the reality that native landscaping's are allowed. This would fix the code. The code could be left as is but creates a conflict with State Statute.

Councilmember Murphy asked who determines if it is managed or maintained.

City Attorney McCauley Nason replied that was an undefined term. She believed it could be the Code Enforcement Officer.

City Attorney Nason stated there is Council consensus on updating the code to reflect the reality.

Mayor Dietrich asked how much time was anticipated for this to take.

City Attorney McCauley Nason replied it should not take too long. There have been preliminary conversations at the staff level regarding this.

City Attorney McCauley Nason discussed Sacred Communities and Micro-Unit Dwellings:

Background: This is one of the many legislative solutions to try to address chronic homelessness and homelessness problems.

- Churches and other religious institutions, non-profits, seeking to assist with the problem of chronic homelessness
- Churches and other religious related establishments are often located on large, underutilized lots
- Other states have utilized micro dwellings to address homelessness
- Religious communities in the state are interested in moving forward with a similar community-based solution to address homelessness

  - A challenge that arose are zoning ordinances, building code requirements, utilities
- The Minnesota Legislature adopted a model that purports to move forward a sacred community on property where a religious institutions primary location of worship is located or property contiguous to that property.
- Legislation goes into effect January 1, 2024

Key Legislative Provisions:

- Authorizes religious institutions to provide permanent housing to people that are chronically homeless, extremely low income, or designated volunteers in scared communities consisting of micro units subject to the provisions of this section of the statute. Each religious institution that has a sacred community must annually certify to the local unit of government (City of Inver Grove Heights) that it has complied with eligibility requirements for residents of the sacred community.
- Creates uniformity across the state, limited local control

Definitions: The statute itself defines individuals who are anticipated to live in these sacred settlements.

- Chronically Homeless
- Designated Volunteers: Individuals approved by the religious institution to live in the sacred community as their sole form of housing
- Extremely Low Income
- Micro Unit
- Religious Institution
- Sacred Community

Requirements for Sacred Communities:

- Residents must be provided access to water and electric utilities in the micro unit itself or through a permanent common kitchen facility and common facilities for toilet, bathing, and laundry.
  - Could have/could not have a shower
  - Could have/could not have a toilet that flushes and goes into a septic system or the city sewer system
- Be appropriately insured (undefined term)
- Have between 1/3 of the 40% of micro units occupied by the designated volunteers
- Provide the city with a written plan provided by the religious institutions governing board that outlines:
  - How to dispose of water and sewage from micro units if not plumbed
  - How septic system drainage would work if there is not a connection to the city sanitary sewer system
  - What adequate parking, lighting, and access to units for emergency vehicles would be
  - What are the protocols for security and addressing conduct within the settlement
  - What are the safety protocols for tornadoes or other severe weather events
- Subject to the requirements of Chapter 504B, Landlords and Tenants

Micro-Unit Requirements:

- Must comply with ANSI Standards (American National Standards Institute 9ANSI)
  - Includes standards for heating, electrical systems, fire, and life safety

A challenge is that a building code has different requirements

- No bigger than 400 gross square feet
- Built on a permanent chassis and anchored to pin foundations
- Have exterior materials compatible to those used in standard residential construction
- Have minimum insulation ratings and residential grade insulated doors and windows
- Must have installed smoke and carbon monoxide detectors
- Be inspected by a qualified third-party inspector or licensed engineer
- Obtain permits for water, sewer, gas, or electrical connections
- Must comply with municipal setback requirements for manufactured homes. If there are none, they must be setback on all sides by at least 10 feet.

City Considerations: Zoning and Land Use:

- Under state statute, these are conditional use unless the city designates them as permitted use.
    - City can require a conditional use permit
        - Question for Council is if the city wants to make this a permitted use.
        - If not, it would remain a conditional use.
        - If a conditional use, the Council should be aware that the city is required to approve the conditional uses through the conditional use process but without the application of additional standards not included in this section.
            - The city cannot state that sacred communities can contain no more than ten (10) of these micro units, or setback 20 feet.
            - State regulations are what would control these conditional uses.
    - City cannot require additional "permitting" for individual rental units.
- One uncertainty is whether the city can apply its rental ordinance to these units. They can for the following two reasons:
    - Legislation specifically says all micro unit dwellings shall be subject to the provisions of the 504B Landlord/Tenant chapter. It contemplates a landlord/tenant relationship.
        - If this is the case the city would need to revisit its own rental ordinance to see how this would come into play.
        - It is questionable if the city would need to amend its zoning ordinance. The presumption is that these are conditional uses. The city could do nothing to the zoning ordinance, and these would be conditional uses.
        - If the city tries to make amendments to the zoning ordinances, it could get complicated because conditional uses are found in specific zoning districts.

Councilmember T'Kach questioned if all places of worship have the same city zoning, such as institutional.

City Attorney McCauley Nason replied she assumes they do but was unsure. She was unaware if some may change in the future.

City Administrator Wilson mentioned it has been noticed in society, of Churches using buildings that are different than what is thought of as a traditional church structure. They have been in storefronts and other types of buildings.

City Administrator Wilson asked if there was a limit on the number of units a church could place onto their land or a density. There is a 10-foot setback from the property line to the first unit, she asked if these could be packed in to end up with 40-50.

City Attorney McCauley Nason replied there is no limit, the city cannot limit. They do need to provide adequate emergency access. There are limited parameters or additional requirements the city can place.

Mayor Dietrich asked if permeable surface would apply.

City Attorney McCauley Nason replied no. There might be an argument that could be made. It states that additional standards cannot be placed. She has found some where they are placed in a church parking lot which is already an impervious surface.

City Attorney McCauley Nason stated there are no applications at this time. She does not believe the city has been approached by a religious institution yet. This is still a new law. The City Council needs to be aware in the event an application comes forward. There is also the consideration of attempting to include this in the purview of the rental licensing ordinance.

Councilmember Gliva asked if the church or sacred community would be the ones coming for a conditional use permit and the ones building.

City Attorney McCauley Nason stated the Church/property owner would approach the city as the landowner for the conditional use permit because it runs with the property. There is a group in the state called Settled that has been working with religious institutions who have been looking to do these different types of community building initiatives. They would likely be working in tandem with a group that has experience to plan and structure the community.

She mentioned that one of the challenges is fundraising. They may be small but can cost tens of thousands of dollars for micro units.

Councilmember Gliva asked if a nonprofit would pay for construction.

City Attorney McCauley Nason replied she has noted a partnership between a religious institution and Settled, which is also a non-profit. They partner to develop the communities and fundraise to be able to move forward with building the structures.

Councilmember Murphy asked how many would be jammed onto a lot and if they stay on trailers.

City Attorney McCauley Nason replied they cannot be on trailers. A person cannot live in an RV as a permanent form of housing. These come on wheels but need to be pinned/connected to the ground.

Councilmember Murphy asked about the removal of refuse.

City Attorney McCauley Nason replied there was not a specific portion about the removal of refuse.

City Attorney McCauley Nason discussed potential changes to the city code:

- Direct that there be changes to the zoning ordinance that indicates this is a conditional use.

  - Currently, it is not necessary for the city to take specific action to address these uses.
- Direct staff to review the city rental license ordinance to address requirements for micro unit dwellings to be subjected to the rental licensing ordinance.
  - The city cannot require any additional permits.
  - This is not a permit; it is a license.
  - It is unknown at this time if the city can even require a rental license.
    - The city could require a rental license unless someone comes forward with clarification otherwise.
  - This statute does not become effective until January 2024.

She asked if the Council would like to ensure the rental license requirements are updated to apply to these types of dwelling units.

Mayor Dietrich asked if background checks were allowed, for example, for child predators and knowing who is in your neighborhood. She said it needs to be consistent throughout the city.

City Attorney McCauley Nason replied if updating the rental license to clarify that the city expects these units are subject to it, all requirements regarding background checks would apply. The city would be approached with a rental license application from the owner of the property/units, depending on the partnership. It is a requirement to do a background check, but not do anything about it. Completing the background check would not impact those to whom the units are rented. She addressed predatory offenders and stated all notifications would apply.

Councilmember T'Kach requested clarification on having this be a conditional use versus permitted use.

City Attorney McCauley Nason replied if a permitted use, there would be no city process when someone wants to put together sacred communities. A permitted use would go through necessary permits for water and sewer hook ups. If it is a conditional use, there would be a conditional use permit application that would go before the Planning Commission and then the City Council. A benefit to having a conditional use permit is that those permits are revokable if the conditions of the CUP are not complied with.

She shared when speaking with legislative staff she asked if anyone had thought about if the city had the ability to revoke a conditional use permit; she was told that was a good question.

She stated that she would say if it is a conditional use, it would be like any other conditional use, they must comply with CUP conditions. If they do not, the CUP could be revoked.

Councilmember Murphy said there should be a rental license and it should be conditional use. Several Councilmembers agreed.

City Administrator Wilson said she was unsure if a rental license was contingent upon the exchange of money, staff would have to make sure. She was unsure if people would be paying to live in these houses. By choosing to make it a conditional use, she wanted the Council to be prepared so that they may face several challenging agenda items. It would be a public agenda item. She could see neighbors having concerns with these going up in neighborhoods and coming in before the Council requesting not to allow them. The Council will not have that option.

Councilmember Murphy said he would be happy to tell them to call their Minnesota Legislators.

City Administrator Wilson stated staff would investigate how the rental license defines renting as the exchange of payment. It was not clear whether people would be paying to live in these units.
She asked the City Attorney if it was safe to assume there was no limit on the number of people.
City Attorney McCauley Nason replied that was correct.
City Administrator Wilson said there could be a family of 5 or 6 living in 400 square feet.
City Attorney McCauley Nason replied there is the potential. There is no specific limit.
City Administrator Wilson asked if there was square footage for occupancy.
City Attorney McCauley Nason replied there was not.

City Attorney McCauley Nason discussed Hotel Licensing stating effective July 1, 2023, cities are now authorized to adopt an ordinance requiring hotels to have a valid license issued by the city.

- The city can adopt an ordinance that requires hotels, as defined in statute, operating in the city, to have a valid license issued by the city.
- Can impose an annual license fee that cannot exceed a total of $150.00.
- An ordinance adopted under this section is limited to requiring compliance with state and local laws as a condition of licensure. No other licensing conditions or requirements are permitted.
- All that can be said is that they must comply with state and local laws.
- If adopting an ordinance that requires licensure, the city may refuse to issue a license or revoke a license if the hotel fails to comply with the conditions of the license.
  - One of those conditions can be compliance with all state laws and requirements, city code, including lodging tax payment requirements.
  - One of the things the city will now have the ability to do is to say they must comply with the lodging tax payment requirements. Failure to do so can impact that provision of the city code resulting in various penalties and could lose the ability to rent hotel spaces.

Changes to be made to city code:

- Looking for direction/discussion from the Council regarding whether or not staff should move forward with preparation of an ordinance requiring all hotels to obtain a license issued by the city.

Councilmember Gliva asked why the city would not want them to have a license. She asked if there was conflict with what the city expects versus statute.
City Attorney McCauley Nason replied it is a licensing structure, it requires staff time. The $150 license fee will not cover staff time. The city is limited, as far as the license conditions, to comply with state laws and city code provisions. There may be additional provisions the Council may want to place on a license but are limited in what they can.

Mayor Dietrich asked if this would tie into any conversations they would have regarding short-term rentals.

City Attorney McCauley Nason responded she did not believe it would tie in because this speaks to hotels and specific uses. The intent is to license current hotels/motels. As the drafting process proceeds it would be something to look at.

Mayor Dietrich said she would hate to see a lot of time spent on this. It has to be revised when getting to the next topic.

Councilmember Scales asked if this helps with the lodging tax.

City Attorney McCauley Nason replied it does.

Councilmember Scales said that is where he sees the benefit.

Councilmember Murphy asked if the state or city has ordinances that say you cannot be a center of crime. If you are, then they would not receive a license again.

City Attorney McCauley Nason replied there is an Excessive Service Ordinance. She was unsure if it has ever come in to play in the hotel context. She said there is something on the books that is in the "to be reviewed/revised category." It is a local ordinance.

Councilmember Murphy said he would support a license for those two reasons. He said if Council agrees, they could put more into the excessive services ordinance and lodging tax. Those are two good reasons to do it.

City Attorney McCauley Nason asked if there was Council consensus on moving forward. It would take time to get things prepared.

Mayor Dietrich asked when Short Term Rentals was coming before the City Council.

City Administrator Wilson replied one week from tonight. It will consist of information from surveys of other cities and research. It will not be a first reading.

She said if there was an interest in licensing hotels staff would work on it. It can be merged in if it makes sense to connect with short-term rentals.

Councilmember T'Kach mentioned some states license short term rentals the same as hotels. There are license numbers and insurance requirements.

City Attorney McCauley Nason said the consensus seems to be to have staff start down the pathway of preparing an ordinance. There will be more information to come.

**4. <u>Adjourn</u>**:

**Motion by Scales, second by Murphy, to adjourn the meeting at 9:19 p.m.**

**Ayes: 5**
**Nays: 0 Motion carried.**

Minutes prepared by Recording Secretary Sheri Yourczek