

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, NOVEMBER 13, 2023 - 6:00 P.M. - 8150 BARBARA AVENUE**

1. CALL TO ORDER:

The City Council of Inver Grove Heights met in regular session on Monday, November 13, 2023, in person. Mayor Dietrich called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

2. ROLL CALL:

Present In-Person: Mayor Dietrich; Council Members: Murphy, Gliva, T’Kach, Scales; City Administrator Wilson, City Attorney McCauley Nason, City Clerk Kiernan, City Planner Hunting, Environmental Specialist Sutherland, Public Works Director Connolly, City Engineer Merchlewicz, Finance Director Hove, Parks and Recreation Director Lares.

3. PRESENTATIONS:

Veterans Day proclamation was presented to the City of Inver Grove Heights at the State of MN Veterans’ Day program. Mayor Dietrich thanked IGH’s Fire Department, Police Department and Parks and Recreation Department who made the event possible. It will be hanging in City Hall.

Administrator Wilson requested an amendment to the Regular Business agenda as follows: Item 6G: “3rd Reading of Ordinance Establishing Licensing Requirement for Short-Term Rentals” be moved to earlier in the agenda so it is discussed after item 6D.

Motion by Gliva, second by T’Kach, to approve the agenda with the amendment to move item 6G.

Ayes: 5

Nays: 0 Motion carried.

4. CONSENT AGENDA:

A. Approve Minutes of the September 5, 2023, City Council Work Session

B. Approval of Disbursements, **Resolution 2023-269**

C. Personnel Actions

D. Approval of New Massage Therapist License

E. Resolution Approving Deposit of Dakota Broadband Board Funds into the Technology Fund, **Resolution 2023-270**

F. Resolution Accepting Donations for Fire & Police Departments, **Resolution 2023-271**

G. Resolution Accepting Donations and Sponsorships to the Parks and Recreation Department, **Resolution 2023-272**

H. Resolution Accepting Work and Approving Final Contractor Payment for South Grove Ultra-Thin Bonded Wear Course (City Project 2023-18), **Resolution 2023-273**

I. Resolution Ordering Feasibility Study for the Proposed 2025 Pavement Management Initiative (PMI) Projects, **Resolution 2023-274**

J. Resolution Regarding Dakota County's 2024-2028 Transportation Capital Improvement Program, **Resolution 2023-275**

K. Appointment of Board Member to the Eagan-Inver Grove Heights Watershed Management Organization

L. Resolution Authorizing 2024 Central Equipment Vehicle and Equipment Replacement and

New Vehicle and Equipment Procurement, **Resolution 2023-276**

M. Resolution Authorizing 2024 Equipment Orders for Golf Course, **Resolution 2023-277**

N. Resolution Approving Submission of City Comments on Pine Bend Landfill's 2022 Request for Major Modification of Permit #SW-45 to the Minnesota Pollution Control Agency, **Resolution 2023-278**

O. Rezoning Ordinance 1463 and Resolutions Approving Preliminary Plat, Conditional Use Permit and Variance for Buckley Corner Townhomes, **Resolution 2023-279-281**

Councilmember T'Kach requested pulling Consent Agenda item N.

Councilmember Gliva stated a resident would like to be heard concerning item O.

Motion by Scales, second by Gliva to approve the Consent Agenda except items 4N and 4O.

Ayes: 5

Nays: 0 Motion carried.

Agenda Item 4N: Resolution Approving Submission of City Comments on Pine Bend Landfill's 2022 Request for Major Modification of Permit #SW-45 to the Minnesota Pollution Control Agency

Councilmember T'Kach pulled N to raise awareness about this issue concerning the Pine Bend landfill expansion request. The public comment period is open, and there are staff who will share some information about this issue.

Ally Sutherland shared a brief background on Item O: Pine Bend Landfill's 2022 application to the State of MN Pollution Control Agency to request vertical expansion. The City of IGH has historically made comments on applications like this and continues to make comments. The City of IGH hired Barr Engineering Co. to complete an analysis of the application. There are 32 recommendations from Barr Engineering Co. in the packet today. The City of IGH is requesting these recommendations be considered by the State of MN while reviewing the application. This application is currently on Step 2 out of 13 steps in the application process. The State of MN is hosting a Public Hearing on November 30th, 5:00 – 7:00pm at Woodcrest Church to share more information and invite public comments. There are also opportunities for public comment by visiting www.ighmn.gov/landfills and submitting a comment online.

Mayor Dietrich invited the public to comment on this item.

Motion by T'Kach, second by Scales to approve Resolution 2023-278 Approving submission of City Comments on Pine Bend Landfill's 2022 Request for Major Modification of Permit #SW-45 to the Minnesota Pollution Control Agency

Ayes: 5

Nays: 0 Motion carried.

Agenda Item 4O. Rezoning Ordinance 1463 and Resolutions Approving Preliminary Plat, Conditional Use Permit and Variance for Buckley Corner Townhomes

Mayor Dietrich invited the public to comment on this item.

Beth Marshall, 6640 Buckley Circle, Inver Grove Heights. Beth Marshall stated that she opposes the proposal for the corner lot construction. Beth's first concern is the overall height of the proposed building. These townhouses would not fit into a cohesive plan for this whole area due to the height of the building. There are other aesthetic issues to consider - she is concerned about the walls to be built to hold back 9 feet of soil. The concessions offered do not address all the issues. Another concern is the time it is going to take to build these townhouses 2024 to 2032. There are 56 families currently living nearby who will be impacted with noise, litter, and other grief caused by an 8-year construction project. Another concern is the neighborhood's property values will drop because of the rental properties on this site. Beth stated that she is concerned about how close this construction project is to her front door - 165 steps.

Jancie Darson, 6610 Buckley Circle, Inver Grove Heights. Janice's backyard is adjacent to this proposed construction site. Janice is concerned about the high density for this construction project, with 9 buildings, three story high, being developed on 1 acre of land to house approximately 68 tenants. Years ago, neighborhoods were created so that each single-family home had 5 acres of land. For the last 35 years, the current development area has been quiet and safe. She stated that she is concerned about the impact this project will have on the neighborhood due to heavy equipment, noise, dirt on the road, and the length of the project. She believes there should always be a win-win for any new construction project, and that this project is a win-lose situation, because homeowners in this neighborhood will experience too many negative impacts such as loss in property value, loss in privacy, loss of safety of the neighborhood, loss of quiet and low traffic in the neighborhood. She is also concerned that with the height of the building, the new tenants can see into her home and backyard/patio, and she will lose sunlight in the windows if she needs to keep the shades drawn for privacy. Janice is also concerned about tree removal. She did some research on the land for sale on 65th Street. She believes this property is better suited for the development and would be a win-win for developers and local homeowners. Looking at the original proposal - they wanted to build for family and friends for medium density income. When you bring in rental units, it causes loss of value for neighbors. In closing, Janice recommends a redesign to the project as follows:

- Construction to come off of Buckley Way, free up Buckley Circle
- Have the buildings run North to South instead of East to West
- Fewer buildings to leave room for common grounds
- Build one level unit on the end of each building to allow for more privacy for adjacent homes.
- Build one level homes for Veterans

Marie Gadway, 6601 Buckley Circle, Unit 104, Inver Grove Heights. Marie has the same concerns as the previous neighbors, specifically the height of the proposed buildings and the length of time for the construction project. Marie asked, do permits last for 10 years, or does each phase of the project need a new permit? Marie stated, the builder said they are trying to make the new buildings aesthetic the same as the neighboring buildings, but the height does not blend well with the neighborhood.

Ilya Zubarrev, 17218 Finch Path, Farmington. Ilya is the owner of the land for the proposed construction project. Ilya showed a 3D view of the project and presented information to address the residents' concerns. Pertaining to the concern about the height, the buildings fit into the city regulation of 35 feet. He made a diagram of a 6-foot person standing 30 feet away from the building line on the front side of the property. From that view the person can see a 17-foot visible facade and cannot see the full height of the building. The other concern he addressed is the length of the time for the project. The project will need to be completed in three phases due to financial limitations. For each phase, the time required for the external building is about 3 months. This portion of the phase will cause the most noise. The rest of the construction will be internal work. Each phase will take place about 3 years apart, and cause about 3 months of noise.

Major Dietrich asked Ilya to speak into the retaining wall mentioned previously for holding dirt.

Ilya presented a picture and stated that the plan has changed. There will no longer be a concrete wall needed to hold back dirt.

Mayor Dietrich asked Ilya if he had surveying done, and specifically if there will be tree removal.

Ilya stated that the surveyor specified there are zero "significant" trees on the property currently. Some of the trees shown in the picture are current trees on an adjacent property. There will also be trees added as part of the project.

Mayor Dietrich asked Ilya to speak to the concern regarding government funded (Section 8) housing.

Ilya stated that he was not planning to provide Section 8 housing. The plan is for him and his wife to live in the first unit, and family members to live in the second and third units. He stated that he has several other friends who are interested, and that they want to build a community where they can live together as neighbors. For other renters he has an application process.

Councilmember T'Kach asked if Ilya can speak to the idea brought up by a resident for North South orientation?

Ilya stated the goal is to construct a Carbon Zero/Net Energy Zero build. The current orientation is built to collect as much solar energy as possible. If they change the orientation, then they cannot get as much energy. Ilya also states that the property is a little longer in one direction than the other.

Mayor Dietrich asked Administrator Wilson if there is anyone with the City of IGH who can address the question about the sequence of permitting for the project.

Administrator Wilson stated that both City Planner Hunting and City Attorney McCauley Nason are present and can respond to additional questions if needed. Administrator Wilson stated that the owner would first plat the land, which is included in tonight's action. This would create property lots. The owner would then need to pay associated fees and file the plat with Dakota County. If an extension is needed, typically 90 days, the owner would present the extension request to City Council. Once a building permit is issued, the exterior work must be completed within 1 year. One 6-month extension request is allowed.

Mayor Dietrich asked City Planner Hunting if he could address the residents' issues of noise and construction time.

City Planner Hunting stated that phase 1 of this project will plat the first three lots, and the remaining will be in an out lot. They are then required to construct the first three units including siding, the full road and driveways, the stormwater pond, the main utilities from Buckley Circle into the property, soil grading for the entire site. Most of the ground/earth work will be complete with phase 1. The next two phases would be just building permits. The Council would see subsequent final plats to divide up the remainder of the lots for phase 2 and phase 3 of building.

Mayor Dietrich asked what timeframe can be expected for Phase 1 work to be completed?

City Planner Hunting stated the owners will be required to have a development agreement. The applicant is proposing to submit the final plat in the winter or early spring, so that they can start construction in the spring. There is typically one year of construction needed for utility and roadwork to be completed. Then they will apply for the building permits and that will go through the timeline for that process.

Councilmember Gliva asked a question to clarify, in the first phase will they build 3 out of 5 of the units in the first building?

City Planner Hunting stated yes, they will finish 3 complete units in phase 1. Then in phase 2, they will remove the siding to add two more units to the building. They will submit another plat to create those last two lots to complete the 5-unit building in phase 2. Phase 3 would be completing the second northerly building. They will pay the park dedication fee for each lot that they plat.

Councilmember T'Kach asked, when will the Council see a landscape plan?

City Planner Hunting stated that the landscape plan is part of today's packet. The landscape plan is minimal because they only need to plant one tree per unit, nine overstory trees in total.

Councilmember T'Kach stated she hopes they will plant more trees.

Motion by T'Kach, second by Scales to approve Ordinance 1463 Amending Title 10, Chapter 4, (Zoning Map) on the Inver Grove City Code and approve Resolution 2023-279 Approving a Preliminary Plat to be known as Buckley Corner Townhomes to approve Resolution 2023-280 Approving a Conditional Use Permit for a nine (9) Unit townhome development and Motion to approve Resolution 2023-281 Approving Variances from Title 10-15B to reduced building setbacks and private roadway width.

Ayes: 4

Nays: 1 (Gliva) Motion carried.

5. PUBLIC HEARING

A. Second Reading of Ordinance Establishing Development Fees for 2024

Administrator Wilson discussed the Ordinance Establishing Development fees before inviting comments from members of the public. Overview given:

- Annual action of the City Council. It is required by state statute for fees to be established by city ordinance.
- Ordinances require 3 readings in the City of IGH.

- The first reading was held at the October 23rd, 2023, City Council meeting.
- The proposed ordinance has six sections as follows:
 - Section 1: Connection Fees for Water Utility System
 - Section 2: Connection Fees for Sanitary Sewer Utility System
 - Section 3: Connection Fees for Stormwater System
 - Section 4: Trunk Line Assessments for Water & Sewer
 - Section 5: Land Use Approval Fees & Deposits
 - Section 6: Effective Date (January 1, 2024)
- Sections 1-4: Set connection fees for water, sewer and stormwater utilities.
 - Paid at the time of connection to the system – most often by developers, but sometimes by current residents.
 - Evaluated as part of last year's Utility Rate Study
 - Continue to propose higher rates in the NWA for the core fees – plat connection fee and building permit connection fee – for water and sanitary sewer. This “pays the city back” for the expense incurred to extend water and sewer to the NWA.
 - Slight differences in various other fees were reconciled during last year's process to make them the same city-wide.
 - Recommendation for 2024 = 5% increase.
 - Consistent with the estimated cost increases budgeted for the Capital Improvement Plan (CIP).
- Some developers have given the message that the Northwest area is too expensive for development due to the higher proposed fees. This is something for the City and Council to watch as it may make development in the Northwest area less desirable. To give some context for this feedback here is an example:
 - Highland at Settler's Ridge – a development of 48 single family homes on 26.5 acres. If a similar development were built in 2024 under the rates seen in this ordinance, they would pay a total of \$910,000 outside the Northwest area, and \$1,457,000 inside the Northwest area – about 60% higher fees that would need to be paid when a developer is looking to develop in the Northwest area.
 - The difference in cost in the Northwest area will be greater for multi-family housing and business development. So, this is a factor to consider when reviewing the level of development in the Northwest area.
 - Administrator Wilson recommends continual reflection on how these fees are impacting development in the Northwest area. The City of IGH still has the debt from paying for these Northwest connection fees. It is important to keep that in mind before making any changes to fees based on some objections from developers.
- Section 5: Land Use Application Fees and Deposits
 - Proposed fee changes shown in red in draft ordinance.
 - Only one City fee proposed to be increased for consistency – to make all final plat applications have the same application fee.
- Section 6: Effective Date – January 1st, 2024.
- Next Steps: 3rd Reading on Monday, November 27th, 2023.

Councilmember Gliva asked how do the city fees outside the Northwest area compare to other city's fees?

Administrator Wilson said it would take some additional time to do a thorough analysis to compare proposed 2024 fees with other cities. However, in general, the fees outside

the Northwest area are within a normal range compared with other cities within the twin cities suburban area. The City of IGH does not receive similar critique about the fees outside the Northwest area.

Mayor Dietrich invited the public to comment on this item.

Motion by Gliva, second by Scales to close the public hearing at 6:51pm.

Ayes: 5

Nays: 0 Motion carried.

Administrator Wilson stated that staff requests a Motion to approve the Second Reading of Ordinance Establishing Development Fees for 2024.

Motion by Gliva, second by T’Kach to approve the Second Reading of an ordinance Establishing Development Fees for 2024, amending Inver Grove City Code, Title 3, Chapter 4 Sections (2) and (3) related to water, sanitary sewer, and stormwater system connections fees, and sanitary sewer, and stormwater system rates and charges; and section 10-3-9 related to land use and approve fees and deposits.

Ayes: 5

Nays: 0 Motion carried.

6. REGULAR BUSINESS:

6A. Rental Housing Licenses

Administrator Wilson stated that there are nine rental residences, listed in the agenda packet, seeking licenses. They have been found to be compliant with all the necessary steps.

Motion by Scales, second by Gliva to approve rental housing licenses listed in agenda.

Ayes: 5

Nays: 0 Motion carried.

6B. 5-Year Capital Improvement Plan (2024-2028)

Finance Director Hove presented the final draft version of the Capital Improvement Plan for 2024-2028. Public Works Director Connelly and Parks & Recreation Director Lares are both here to answer any specific questions related to the projects in this plan.

- Capital Improvement Plan is a community planning and fiscal management tool used to coordinate the location, timing, and financing of capital improvements over a multi-year period.
- Purpose:
 - To preserve the city’s existing assets and infrastructure.
 - Plan for the long-term asset needs of the city.
 - Assist in the development of budgets.
 - Balance community goals and priorities.
- Timeline:

- July 17th, 2023 - Introduced at Council Work Session.
- July 31st - November 6th, 2023 - Referenced in various budget discussions at Council meetings and work sessions.
- October 17th, 2023 - Planning Commission adopted a Resolution Indicating CIP is consistent with Comprehensive Plan.
- October 18th, 2023 - Reviewed by Park & Recreation Advisory Commission.
- November 13th, 2023 - Brought to Council Meeting for consideration.
- Reminders: CIP is a work in progress planning tool
 - Last year (2023-2027) the CIP included primarily Public Works projects (Pavement Management Initiative and Utility Projects (Water, Sewer, Storm)).
 - This year (2024 - 2028) the CIP includes Pavement Management Initiative, Utility Projects (Water, Sewer, Storm) as well as projects for City Facility, Community Center, Parks and Golf Course.
 - The current CIP doesn't include the following:
 - Parking lots & trails above the \$250,000 set aside annually within the Pavement Management Fund for Park lots & trails.
 - Larger facility remodels/repairs:
 - Public Works Facility
 - Fire Station 1 & 3
 - Police Remodel or expansion
 - Roof replacements - study is underway
 - Central equipment - replacement schedule is currently in an Excel spreadsheet format.
 - Other potential General Fund needs or new equipment.
- Changes that were incorporated into the CIP since the July 17th work session.
 - Parks: 2024 woodchipper - funds to come from Central Equipment fund instead of General Fund (No change in cost).
 - Community Center: Instead of doing a Brightside Room revision, a study will be performed in 2024 (Decreased cost by \$180,000).
 - Golf Course: Increased cost for 2024 Sprayer replacement (Increased cost by \$15,000), Replaced \$15,000 Roller with Utility Vehicle (No change in cost).
 - Water: Updated cost for 2024 Water Treatment Plant (Increased cost by \$506,000) Change in funding source from Water Capital Fund to ARPA funds (\$2.5 million) and PFA loan funds (\$2,706,000).
 - Water: Moved the AMI (Automated Meter Infrastructure) project study from 2024 to 2025, with potential project implementation during 2026 - 2028 (Increased cost by \$200,000). This project will allow water meters to be read remotely instead of the current protocol with staff going door to door to read them manually.
 - Pavement Management
 - Local Streets: Updated PMI Project costs to reflect 2024 PMI feasibility estimates. Updated cost estimates and funding splits for 2024 Babcock Trail Multi-use trail (joint city/county project).
 - Partnership projects: Updated project costs and years based on Dakota County's changes to their 2024-2028 Transportation CIP (most of which were incorporated into the City's CIP - discussed at the November 6th, 2023, Work Session).
 - Total changes: Increased cost by \$2,154,937.

- The full 176-page CIP is included in the meeting documents today. In which you will find:
 - Introduction and Table of contents.
 - Department Summary - gives total project costs by department and details the percentage of funding that goes to each project. The total project cost is about 138,000,000 for projects to be completed over the next 5 years. Reference the report for more details.
 - Funding Source Summary - breaks down all the funding sources among 25 sources. Reference the report for more details.
 - Projects by Departments.
 - Projects by Funding Source.
 - Project Details - provides additional details for each project.
 - Unfunded/Unscheduled projects on the horizon - currently researching.
- Projects for 2024 are the following. Please note 2024 projects are more concrete. Projects for 2025 - 2028 are still in process and may see some changes still.
 - Water Treatment Plant Repair & Rehabilitation (\$5.2 million), plus \$125,000 dehumidifier.
 - Phase V of Heritage Village Park: Inclusive playground & Splash Pad (\$2.6 million) - \$2 million of funding from state bonding.
 - Oakview/Skyview Courts Rehabilitation (\$500,000).
 - City Facilities: Lighting improvements (\$121,000).
 - Community Center arena & mechanical improvements (\$362,000).
 - Pavement Projects (\$19,780,034).

Councilmember T’Kach asked, is there any opportunity to get bonding dollars from the state for the Water Treatment Facility project?

Finance Director Hove replied that approval of the CIP does not commit the City to the funding sources specified in the CIP. Regarding the Water Treatment project, the City is still waiting to hear back from the state if there will be any additional sources of loan funds. Staff has identified ARPA funds to be used for this project. However, Council has not committed to the use of ARPA funds for this project. If staff identify additional funding sources, this information would be brought to Council for further discussion.

Administrator Wilson added that the City has a unique situation with the possibility of state bonding funds, because there are legislators who are willing to support state bonding funds for this project. However, the timing of the project is especially important. The construction must be underway during low water use periods of the year, so that one portion of the plant can be shut down and repaired at a time, allowing for the other portion of the plant to remain in use. Then switching use so the other portion can be repaired. Additionally, the contract needs to be issued before specialty parts can be ordered. There are many factors to line up. It may be difficult to wait until the end of the legislative session when state bonding usually becomes clearer, and still be able to complete construction during the specified window. With the timing considerations for this project, the funding decision may be a difficult decision between proceeding without state funding or waiting to hear about state bonding while considering the impact it may have on the project timeline. The Council will likely face this decision in the first or second quarter of 2024. For the next several months, staff will continue to gather information regarding the funding options before the funding decision needs to be made.

Mayor Dietrich asked where the public can see the 5-year Capital Improvement Plan report. Finance Director Hove replied that once the 5-year CIP gets approved, the report will be posted on the City of IGH's website in the Finance Department section.

Motion by Scales, second by Gliva to approve Resolution 2023-282 and adopt the 2024-2028 Capital Improvement Plan (CIP)

Ayes: 5

Nays: 0 Motion carried.

6C. Third Reading of Ordinance Establishing Hotel License

Attorney McCauley Nason presented the following background information and requests the consideration of the third reading of the ordinance included in the council packet. If the ordinance is approved, consider approval of the summary publication resolution:

- Hotels in the state of Minnesota are currently licensed by the Minnesota Department of Health.
- No specific statutory authority for statutory cities to license hotels.
- New legislation authorizes cities to issue hotel licenses.
- With this new legislative authority, the City of Inver Grove Heights has drafted a new draft ordinance amending the city code requiring all hotels to be licensed by the City, effective January 31st, 2024.
 - Hotel is defined as follows: hotel means a hotel, motel, resort, boarding house, bed and breakfast, furnished apartment house or other building, which is kept, used or advertised as, or held out to the public to be, a place where sleeping or housekeeping accommodations are supplied for pay to guests for transient occupancy.
 - Exception to license requirement: Residential dwellings and residential dwelling units licensed under Title 4, Chapter 13, Articles A and B.
 - Limited in licensing requirements:
 - Can require compliance with all state and local laws.
 - License revocation, and denial authorized if licensee does not comply with licensing requirements.
- Note: there are two changes to the ordinance in the packet. They are both highlighted:
 - Clarification of the definition of hotel to be used for licensing purposes.
 - Requirement that hotels provide proof of current license with MN Department of Health.

Mayor Dietrich asked if anyone had questions and if anyone from the public wanted to speak.

Tom Keefer, 5217 Cheney Trail, asked for clarification about whether renting out a second home as an Airbnb or would fall under this hotel license.

Attorney McCauley Nason responded that there is a separate license for rental properties. If City Council adopts regulations for short-term rental properties, and the property falls under the category of regular or short-term rental property, then a hotel license would not be needed for that property.

Motion by T’Kach, Second by Gliva to approve third and final reading of ordinance 1464 and approve Resolution 2023-283 approving the publication of a summary or ordinance 1464, an ordinance amending IGH City Code, Title 4, Adding Chapter 16, Hotel Licensing

Ayes: 5

Nays: 0 Motion carried.

6D. Third Reading of Ordinance Regarding Temporary Parking Restrictions

Attorney McCauley Nason presented the following background information and requests the consideration of the third reading of the ordinance included in the council packet. If the ordinance is approved, consider approval of the summary publication resolution.

- The City Code currently authorizes the temporary restriction of parking in emergency situations.
- Staff need additional flexibility to establish temporary no parking regulations in non-emergency situations.
 - Parade routes
 - Road reconstruction
- Key Ordinance Provisions:
 - Authorize temporary no parking restrictions:
 - City Administrator
 - Chief of Police or Designee
 - Public Works Director or Designee
 - Streets must be posted at least 12 hours before towing may occur.
 - Vehicles authorized to be towed to impound lot; towing authorized by police chief or their designee.

Motion by Scales, Second by Gliva to approve Ordinance 1465 amending IGH City Code Title 6, Chapter 3, Sections 5 & 11 related to temporary parking restrictions and approve Resolution 2023-24 approving the publication of a summary of ordinance 1465, and ordinance amending IGH City Code Title 6, Chapter 3, Sections 5 & 11 related to Temporary Parking Restrictions.

Ayes: 5

Nays: 0 Motion carried.

6E. First Reading of Ordinance Amending Weed and Grass Regulations

Attorney McCauley Nason presented the following background information and requested consideration of the first reading of the ordinance included in the council packet.

- City currently regulates weeds and long grass as public nuisances.
- City also requires establishment of turf grass lawns or other approved landscaping following issuance of building permit/certificate of occupancy.
- New legislation requires cities to allow managed natural landscapes on all private property.

- Ordinance repeals and replaces existing regulations, makes additional changes to City Code related to required turf establishment, management of weeds, lawns, and natural landscapes.
- Key Ordinance Provisions:
 - Definition of Managed Natural Landscapes: "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 landscapes does not include turf-grass lawns left unattended for the purpose of returning to a natural state."
 - Other changes to the existing city code:
 - Clarifies that in all zoning districts, lawns or other vegetation shall not exceed 8 inches, except for vegetation other than turf grass that naturally exceed 8 inches.
 - Prohibits noxious and nuisance weeds on all properties, as well as unmanaged vegetation and volunteer trees.
 - Exemptions:
 - Property located in the A-Agricultural, E-Estate, and I-Industrial zoning districts.
 - Pastures and parks.
 - Areas previously maintained in a native state.
 - Natural areas and open spaces.

Attorney McCauley Nason noted that there is a typo at the beginning when it references an exemption - lawns that were maintained in a "non-natural state" should say "natural state." There may be some additional revisions added to the second reading.

Motion by T’Kach, Second by Scales to approve 1st reading of Ordinance amending IGH City Code Sections 5-9-2 and 4(D) related to weeds and grass.

Ayes: 5

Nays: 0

Motion carried.

6G. Continued to either November 27 or December 11, 2023 - Third Reading of Ordinance Establishing Licensing Requirement for Short-Term Rentals

Administrator Wilson presented the following background:

- Definition of "Short-Term Rental": The letting of a dwelling or dwelling unit for a period of less than thirty (30) consecutive days.
 - Excluding:
 - Hospitals.
 - State licensed residential care facilities.
 - Assisted living facilities.
 - Nursing homes.
 - Hotels or motels, which are (soon to be) separately licensed under Title 4, Chapter 16 of this Code.
 - Supervised student housing pursuant to subsection 10-14-2H of this code.
- Changes from 2nd Reading:

- Clarifies that children 18 or under are not counted toward occupancy limit, when accompanying their parent or guardian.
- Requires MN Department of Health lodging license. This provides assurance that there has been a building inspection completed by the state. This requirement can be removed from the ordinance if desired.
- Specifically states that property taxes and utility bills must be current at the time of application.
- Options for Next Steps:
 - Option 1: Take Public Comment and then move to adopt 3rd and final reaching with or without changes.
 - Option 2: (Recommended by Staff) Take Public Comment and continue 3rd reading to allow for:
 - Any further changes or clarifications requested by Council.
 - Further work by staff regarding compliance and enforcement issues.

Councilmember Scales stated that he could support option 2 if staff can present additional information at the next council meeting. Mayor Dietrich concurred.

Councilmember Murphy stated that his position on this item is well known. The solution he suggests is that we change the rules instead of licensing for people to break the rules. He stated that this ordinance doesn't make sense to him. He said he would support a motion to continue discussion on this.

Councilmember Gliva stated that she spoke with residents about this topic recently and has been doing additional research and isn't sure that she can support this new ordinance. She stated that the residents she spoke with don't see any other reason why a group of people would rent a large house in a residential area and use it for a large event, other than to throw a large party and potentially cause a raucous. She stated that she is wavering in support of this ordinance. She stated that she would support a motion to continue discussion.

Councilmember T'Kach stated that we know there are potentially problem properties. These properties should be dealt with differently than the other properties that don't cause issues. She stated that there are supposed to be checks in place on platforms such as Airbnb, allowing the platform manager to remove a posting for a property for which there are complaints. She requested that the Council consider the original goals. One of the goals the Council started with was to bring more people to Inver Grove Heights and create opportunities for people to visit and be part of the activities within the city. She requested that the Council and staff take the time to consider how the city can enforce good behavior, so that there aren't issues with the properties that cause the most complaints. She stated that she supports short-term rentals and that she thinks there are a lot of people in the community who support them. She stated that she has personally grappled with how short-term rentals can affect neighbors. She stated that she believes it would be better to allow and regulate them, than to not allow them and try to enforce that. She stated that she believes the problem properties will persist no matter what the city decides. She stated that she supports the staff's recommendation to delay the final decision and hopes that people will consider approving it. She stated that the MN Department of Health licensure requirements are a costly process, and she thinks that could become a financial burden. She requested that staff specify the full costs for a short-term rental license including the MN Dept. of Health fees along with the fees the city would be collecting.

Administrator Wilson stated that there are several different options for today's vote, as follows.

1. If this ordinance is voted down today, there would be no regulation by the city of short-term rentals.
2. If the desire is to regulate short-term rentals, then Council could vote for continuance of the 3rd reading and request that staff update the ordinance so that it aligns with one of the two other options previously discussed:
 - a. Amend the current city code pertaining to rental licenses to require a 30-day minimum. This would essentially eliminate the ability to do short-term rentals.
 - b. Only allowing short-term rentals within a Homestead property. The reasoning behind this option being that residents who are currently living in the property they are renting have a stronger inclination to operate the rental space in a neighborly way.
3. If Council majority wants to move forward in a different direction, staff can do additional research and bring forward a different ordinance.

Administrator Wilson replied to the request for additional information about fees. She stated that there are fees associated with the MN Department of Health short-term rental licensing process. Administrator Wilson stated that she believes that the City of IGH should be working in tandem with the state, even if it imposes fees to this licensing process. Lastly, she stated that she believes there may be people in the room who would like to be heard. It is up to Madam Mayor if you would like to take Public Comment. She stated that the second reading was adopted quickly, and she received feedback from the public that there were some people who wished to be heard at that time, and she thinks that may be the case today as well.

Major Dietrich requested clarification regarding one of the options specified. She asked if the Council majority wants to require a 30-day minimum stay to all rental properties, then is the need for additional staff time to research compliance and enforcement issues pertaining to this current ordinance no longer needed, because this would place these rental properties in a different category of rentals?

Administrator Wilson replied that requiring a 30-day minimum essentially prohibits short-term rentals. So, the question of how to enforce short-term rental requirements is largely a moot point. Instead, the City would be sending cease and desist notices to anyone found operating a short-term rental property, as they would be in violation of City Code.

Mayor Dietrich asked if anyone from the public wanted to speak.

Stacey Christenson, 9242 Cheney Trail, stated that in consideration of short-term rental licensing, he would like to share his scenario. He stated that he doesn't live in a problem neighborhood. The average home value is around \$500,000 and everyone takes care of their property. A five-bedroom property was sold for \$538,000 and is being run as a short-term rental property. He stated that half of Cheney Trail is under HOA (including his property) and the other half is not. With the help of the Home Owner's Association, they were able to get the second party shut down. The first party at this property went until about 4:00am -6:00am in the morning. There is a hot tub outside, and there were approximately 18 people there. The driveway was full. The music was loud. The smell of weed coming from the hot tub was very strong. The second party was a Halloween party posted online, showing 19 people planning to attend and 53 interested. Many children of various ages live along this street. He

stated that he doesn't think that this type of party house is what residents want in Inver Grove Heights. He supports vacation rentals when they are not being used for large parties. Parking is allowed only on one side of the street, and parking becomes a problem when there are large parties at this rental property. With winter coming there is even less street parking. He requested that Council consider the safety of IGH residents before deciding.

Councilmember Scales asked, do you think there is a type of regulation that would make you feel more comfortable with short-term rentals or is it that you don't support it in general? He stated, as an example, the concern about parking he thinks the city could regulate. He asked if there would need to be more specific regulations in the ordinance that could address your concerns.

Stacey replied that he thinks regulation would be better to help prevent the parties. It is not a huge cost to rent for just one night split between many people. He stated he also supports longer-term rental, so the single night use for parties can't continue.

Councilmember T'Kach asked if he called the police regarding the party.

He answered that he did not call the police, but he spoke to an officer who was parked down the road. He asked the police officer if they could drive by that evening and keep an eye on that house. He stated the police were very responsive and helpful, but the party got shut down before anyone came to the home.

Councilmember T'Kach stated that the ordinance addresses the parking issue, stating that all the cars would need to be in the driveway. There is also a limit to the number of people that are allowed in the home based on the number of bedrooms. There is also the opportunity for police to ticket all the cars on the street if they are associated with the short-term rental property. She stated that it may be hard for police to discern which cars are associated with the rental property, and that is part of what city staff are trying to figure out in terms of enforcement. She stated that parking is clearly an issue for that particular property.

Stacey replied that maybe if the houses were spread out more and there was a bigger driveway it would be less of an issue. However, in their neighborhood the houses are close together and near a corner with a lower speed limit.

Councilmember T'Kach asked if the property was owner occupied.

Stacey replied that it is not. The person that purchased the property was given a letter by the Homeowner Association stating that the house can't be used as a VRBO rental. She claims that she didn't know that it couldn't be used as a VRBO. Now she is pursuing a group home license. He stated he is concerned that she may be trying to circumvent the system.

Councilmember T'Kach replied that it could potentially be a Homestead issue.

Stacey replied that he is concerned with her pursuing a group home license, because the house is not suitable for seniors since it is a two-story home. So, if it was being used as a different type of group home, he is concerned about changes in safety and increased traffic to the neighborhood.

Councilmember T'Kach stated that the short-term rental and the group home are two very different distinctions, and the group home request would come back to the Council she believes if there is some zoning or other change needed.

Lisa Slama, 9185 Inver Grove Trail, stated that she supports licensing of short-term rental licensing, and developing good relations with neighbors surrounding the rental. She stated that she manages a short-term rental that is located above her garage on her owner-occupied property. She believes that the ordinance speaks explicitly to not supporting parties and large events. She supports this and believes event hosting should not be part of

how short-term rentals are used. She stated that she sent an email earlier to address the MN Department of Housing element to the ordinance. She stated that she supports inspections of short-term rentals and is familiar with inspections for short-term rentals. She stated that she doesn't think the MN Dept. of Housing inspection is of good value. She stated that she looked at what is covered by the MN Dept. of Housing inspections, and questions if it provides a false level of comfort for the city. She stated that she'd like to bring into conversation that the city requires a permit for events of 50 people or more. She asked what is currently in place to enforce this rule, and if it may be useful in determining how to enforce short-term rental rules including prevention of parties and large events.

Motion by Murphy, Second by Gliva to continue Third Reading to November 27, 2023, or December 11, 2023 allow for further changes or clarifications requested by Council and further work by staff regarding compliance and enforcement issues.

Ayes: 5

Nays: 0 Motion carried.

Mayor Dietrich asked Attorney McCauley Nason to gather and relay additional information to Council regarding the policy on gatherings of 50 people or more, and the policy regarding group homes, and would that need to come before Council.

Administrator Wilson stated that her intention is not to prolong the matter. She understands that the wish and motion is to continue deliberation on this matter. She asked, does Council want to see any different versions of the ordinance in the agenda packet when it returns?

Mayor Dietrich asked if alternative versions would be directed by staff recommendations. Administrator Wilson responded that staff was previously directed by Council majority to develop an ordinance that sets up a licensing structure. Without further direction staff would focus efforts on clarifying what compliance and enforcement would look like. She asked if there is any suggestion from the majority of Council, such as establishing a 30-day minimum or requiring the property to be homestead, that they would like to see specified in the next reading of the ordinance.

Councilmember Murphy stated that he still firmly believes that the city should be changing the rule allowing businesses in neighborhoods. He stated if he entertains this ordinance, he is hearing from residents and Councilmembers that the solution is requiring a minimum stay and homesteading, as well as a license issued by MN Dept. of Health.

Councilmember Scales stated that he agrees with discussion about a minimum stay requirement. He stated that he believes a 30-day minimum is essentially a banning of short-term rentals, and he doesn't agree with that. He stated that it is unclear why some rental properties are considered a business and others are not, depending on the length of stay. He stated that he likes the idea of learning about enforcement, and how to eliminate the party homes. He stated that the real issue appears to be the party homes. He stated that he is comfortable with short-term rentals, if the city can control the properties that are causing the big problems, which he believes are the minority of short-term rentals. There are a lot of short-term rentals that don't cause issues. He doesn't want the party houses to cause problems for everyone else. He stated that he really wants to find a way to control the properties causing the problems.

Councilmember T'Kach stated that she agrees with Councilmember Scales. She stated that if properties are licensed as short-term rentals, the city has a process for removing a license. She stated that the city would have more leverage to remove the properties that are causing the problems if there is regulation in place.

Councilmember Murphy stated that Councilmembers are talking about enforcement as if city staff can proactively enforce the rules. There are complaints on record for these homes and nothing has been done. The police have visited, but the businesses are still operating. He stated that as a reminder the City Code states that a business cannot be operated in a residential neighborhood. We've established over several meetings that these rentals are considered businesses. He stated that he doesn't understand the talk about enforcement because enforcement isn't happening.

Mayor Dietrich stated that her personal direction from constituents that she spoke with would be for staff to work towards establishing a 30-day minimum.

Councilmember Gliva stated that she thinks a 30-day minimum is something the Council should look at. She also likes the homestead requirement.

Administrator Wilson stated that staff will do the best they can with the direction given and bring back an update.

Mayor Dietrich stated that the Public Comment and Mayor and Council Comment are being moved up, before moving into a Closed Session. She stated the meeting will come back into Open Session before adjourning. She invited the public to speak about any items that are not on the agenda.

Terry Haukom, 11212 Apennine Way, stated that he paid his water bill through USPS in South St. Paul. He stated that he found out once he received a late payment notice from the city and was told by staff that many bill payments sent through USPS didn't make it to the city. He stated he was also told that the city contacted the post office because it is a recurring problem. He stated that he simply paid his bill as a good resident, in one of the ways the city requests payment, and because it didn't make it there the city charged a late fee. He stated that he spoke with the Assistant Finance Director who talked with the Finance Director and stated that the City Council approved a resolution that requires late fees to be paid with no exceptions. He stated that he is here on principle because that doesn't make sense. He took care of his responsibility and doesn't want to be forced to pay his bill online or drive 6.5 miles out of the way to the drop box. He stated that the city represents everyone and believes the city doesn't need to be that rigid. He asked for there to be some flexibility for situations like this, whether it is a late fee waiver once every 24 months for residents who typically pay on time, or some other option. He believes the city should use more common sense and offer understanding for situations like this one and be more neighborly. He stated that he has lived in IGH for 27 years and loves the city. He stated that Discover credit card offers more flexibility with late fees than the city. He stated that this is about our community.

Mayor Dietrich asked if he uses the envelope provided by the city to mail the payment. Terry Haukom replied yes. He stated that when he went to the city to share his complaint, he also paid his bill, minus the late fee. He stated that he isn't looking for great reform, just a little flexibility. He paid his bill immediately and isn't trying to get out of paying his bill.

He also shared a comment pertaining to the short-term rental discussion. He stated it is a difficult issue. He asked if the city wants a reputation as the people who stay in another city's Airbnb's but doesn't allow them here. He supports the idea of regulation and enforcement. He stated that he hopes we are looking at all sides of the situation.

Mayor Dietrich stated that the reading for that ordinance is continued, and she would appreciate his comments about it when it comes back to Council, probably at the end of this month.

Terry Haukom replied that there may be a situation where someone lives in a home part of the year and wants to rent it out when they are away. If they live there for part of the year, but don't homestead the property, that should be considered in the discussion as well.

Mayor Dietrich invited Mayor and Council comments.

Mayor Dietrich stated that she is excited that the 2023 State of the City is near, and she wants to make sure everyone knows they are invited. It will take place on Thursday, November 30th, 5:00pm- 7:00pm at Drkula's 32 Bowl. There are three ways to RSVP:

1. ighmn.gov/SOTC2023
2. Call: 651-450-2500
3. Email: SOTC2023@ighmn.gov

Motion by T'Kach, Second by Gliva to move to Closed session pursuant to Attorney-Client Privilege for Aqueous Film forming foams (AFFF) products liability litigation of Public Water System (PWS)

Ayes: 5

Nays: 0 Motion carried.

6F. Moved to end of meeting - Closed Session Pursuant to Attorney-Client Privilege: Aqueous Film Forming Foams (AFFF) Products Liability Litigation Public Water Systems (PWS) Settlement.

Motion to move back to open session by Scales, Second by Gliva

Ayes: 5

Nays: 0 Motion carried.

Motion to adjourn at 8:39 p.m. by Gliva, Second by Scales

Ayes: 5

Nays: 0 Motion carried.

Minutes completed by Talia Sheldon-Desjardins, Administrative Assistant