

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, NOVEMBER 27, 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 27, 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, T'Kach, Gliva, Scales; City Administrator Wilson, City Attorney McCauley Nason, City Clerk Kiernan, Associate Planner Botten, City Planner Hunting, Public Works Director Connolly, City Engineer Merchlewicz, Finance Director Hove, Parks and Recreation Director Lares.

3. PRESENTATIONS:

4. CONSENT AGENDA:

- A.** Approve Minutes of the September 11, 2023, City Council Meeting
- B.** Approval of Disbursements, **Resolution 2023-285**
- C.** Personnel Actions
- D.** 2024 Pay Plan for Full-Time and Benefits-Eligible Part-Time Non-Union Employees
- E.** 2024 Pay Plan for Seasonal, Temporary, On-Call and Non-Regular Status Employees
- F.** Adoption of Paid Time Off Policy to Comply with State Earned Sick and Safe Leave Law
- G.** Amendment to Public Purpose Expenditure Policy Regarding Employee Recognition
- H.** Resolution Accepting Donation to the Police Department for K9 Program, **Resolution 2023-286**
- I.** Resolutions Approving a Joint Powers Agreement (JPA) with Dakota County and Awarding a Final Design Contract for City Project No. 2023-08, **Resolution 2023-287 & 2023-288**
- J.** Resolution Approving an Updated Special Assessment Policy, **Resolution 2023-289**
- K.** Change Order No. 2 for Project 2023-09D - Dawn Way Area Street Rehabilitation
- L.** Resolution Approving Hardship Assessment Deferrals for City Project No. 2023-09D - Dawn Way Area Street Rehabilitation, **Resolution 2023-290 & 2023-291**
- M.** Approval of Storm Water Facilities Maintenance Agreement for 6567 Alverno Ln
- N.** Resolution Authorizing Submission of Public Comments on Pine Bend Landfill's Environmental Assessment Worksheet and Air Quality Permit for 2022 Request for Major Modification of Permit #SW-45, **Resolution 2023-292**
- O.** Resolution Authorizing Submission and Execution of the 2024 Dakota County Community Waste Abatement Grant Application and Contract, **Resolution 2023-293**
- P.** Resolution Declaring Surplus Property and Authorizing Sale, **Resolution 2023-294**
- Q.** Resolutions Accepting Bids, Awarding a Contract and Approving Budgets for Skyview Park (Project No. 2024-01) and Oakwook Park (City Project No. 2024-02) Tennis Court Reconstruction, **Resolution 2023-295 & 2023-296**
- R.** 2024-26 Service Agreement with ISD 199 for Active Adult Program Services
- S.** Approval of Various Resolutions, Releases, and Related Documents for the Plats of Robert Curve 4th & 5th Additions, **Resolution 2023-297, 2023-298, & 2023-299**
- T.** Resolution Approving a Wetland Replacement Plan for Robert Curve 4th & 5th Additions, **Resolution 2023-300**

U. Resolution Related to 3M and DuPont Settlements, Resolution 2023-301

Councilmember T'Kach requested pulling Consent Agenda item 4N.

Motion by Scales, second by Gliva to approve the Consent Agenda items 4A-4U omitting 4N.

Ayes: 5

Nays: 0 Motion carried.

Agenda Item 4N: Resolution Authorizing Submission of Public Comments on Pine Bend Landfill's Environmental Assessment Worksheet and Air Quality Permit for 2022 Request for Major Modification of Permit #SW-45, Resolution 2023-292

Councilmember T'Kach stated that she pulled N to raise awareness with the public about this issue concerning the pending Pine Bend landfill expansion request. She said that the public can get engaged with this issue through the city's website and by attending the public meeting coming up on Thursday. She said that she believes Administrator Wilson will provide more information about those two ways the public can get engaged.

Administrator Wilson shared a brief background on Item O:

- Pine Bend Landfill (PBL) has applied with the state Pollution Control Agency to request a vertical expansion of their landfill, located in Inver Grove Heights.
- The City hired Barr Engineering to complete a technical review of Pine Bend Landfill's applications.
- The City's proposed comments include 33 recommendations for PBL's Environmental Assessment Worksheet and 41 recommendations for their Air Quality Permit.
- Proposed comments were reviewed by the Environmental Advisory Commission and recommended to Council for approval.
- With Council's approval these will be submitted to the State by the December 15 public comment deadline.
- Individual members of the public can make comments on these applications by following the links at www.ighmn.gov/landfills
- Attend the Pollution Control Agency's public meeting:
Thursday, November 30
5:30-7:00 pm
Woodcrest Church
525 Cliff Road, Eagan

Motion by T'Kach, second by Gliva to approve Item 4N - Resolution authorizing submission of Public Comments on Pine Bend Landfill's EAW and Air Quality Permit for 2022 request for Major Modification of permit # SW-45.

Ayes: 5

Nays: 0 Motion carried.

5. PUBLIC HEARING**5A. Public Hearing for 2024 Liquor License Renewal Applications and Approval of Change in Managers or Officers**

Clerk Kiernan stated that Council is asked to conduct a public hearing to consider approval of the renewal applications for liquor licenses for the 2024 calendar year and the approval of

new managers for Mallards Restaurant and Outback Steakhouse. Currently there are 30 active liquor licenses issued by the City, all expiring December 31st, 2023. Clerk Kiernan stated that all the licenses are listed within the packet. There are two establishments that have had a change in management. These changes included Nick Roble of Mallards Restaurant and Jamie Davis of Outback Steakhouse, who went through a full background investigation and have been approved by Chief Chiodo. All of the license applications submitted by the businesses have been reviewed by staff and found to be complete and eligible for renewal. She stated that staff recommends holding a public hearing and approving the liquor licenses and Officer changes listed.

Mayor Dietrich opened the Public Hearing and invited anyone from the public to comment.

Motion by Scales; second by T’Kach to close public hearing.

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

Motion by Gliva; second by T’Kach to approve liquor licenses.

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

Councilmember Gliva requested that they revote for 5A. She stated that she needs to recuse herself due to the relationship with Mississippi Pub.

Motion by T’Kach; second by Scales to reconsider the vote on item 5A. Approval of liquor licenses.

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

Motion by T’Kach; second by Dietrich to approve liquor licenses for 2024.

Ayes: 4
Nays: 0
Abstained: 1 (Gliva) **Motion carried.**

5B. Public Hearing for 2024 Tobacco Sales License Renewal Applications.

Clerk Kiernan stated that the Council is asked to conduct a public hearing to consider approval of the renewal applications for tobacco sales licenses for the 2024 calendar year. She said there are currently 32 active tobacco licenses that were issued by Dakota County for businesses in Inver Grove Heights, all expiring December 31st, 2023. Clerk Kiernan stated that a recently adopted ordinance transferred licensing responsibility from the County to the City, beginning with 2024 licenses. She said there are 18 licenses being brought forward this evening, and the remainder coming on December 11th, 2023. The 18 license applications submitted by the businesses have been reviewed by staff and found to be complete and eligible for renewal. She stated that staff recommends holding a public hearing and approving the tobacco licenses listed.

Mayor Dietrich opened the Public Hearing and invited anyone from the public to comment.

Motion by T’Kach; second by Scales to close public hearing.

Ayes: 5

Nays: 0 Motion carried.

Motion by T’Kach; second by Scales to approve Tobacco retail licenses for 2024.

Ayes: 5

Nays: 0 Motion carried.

6. REGULAR BUSINESS

6A. Rental Housing Licenses

Administrator Wilson stated that there are three rental housing license applications presented for approval tonight. She said the applications were found to be complete and eligible for a license, and that staff recommends approval. She requested that anyone in the audience who wishes to speak about one of these three specific applications be heard.

Mayor Dietrich asked if anyone from the Council and anyone from the public would like to speak about these items.

Motion by T’Kach; second by Scales to approve three rental licenses.

Ayes: 5

Nays: 0 Motion carried.

6B. Variance to Allow a Porch Within the Front Setback at 6930 Carmen Avenue. Resolution 2023-302

Assistant City Planner Botten stated that this request is for the property located north of 70th Street and East of Carmen. She said that single family homes are located to the north, west and east of the lot, and a Church to the south of the lot. She said the porch would be located about 25 feet from the front property line, whereas 30 feet is the required setback. There is a 10-foot boulevard, so the porch would be about 35 feet from the edge of the road. She stated that due to a house fire, the house is being rebuilt and is using the original foundation. The proposed porch addition would comply with other zoning code requirements such as side setbacks, and impervious surface standards.

- Staff: Staff recommends denial of the variance request based on the following findings:
 - Approval could set a precedent for other encroachments into the front setback.
 - Denying the variance does not preclude the owner from reasonable use of the property; the home can be rebuilt, with a second story that complies with setback requirements.
 - Staff do not believe the facts presented satisfy the criteria needed to support granting a variance. A front porch is a nice amenity but there is room on the property to have an uncovered front entrance or to add a porch to the rear of the home that would comply with setbacks.

- Planning Commission: At the November 7, 2023, public hearing, the applicant was present. No neighbors testified at the hearing. The Commission recommended approval of the request with the three conditions listed in the approval resolution, identifying the practical difficulty that the owners are rebuilding a home damaged by a fire, and using the original foundation.

Mayor Dietrich asked Council if they have any questions and asked if the applicant wanted to address Council.

Brian Carpenter, 3010 Lunar Lane, Eagan, stated that he is with Capital City Construction & Remediation. He said that the variance application comes out of a fire tragedy, and that the homeowners were required to live in temporary housing during the home reconstruction. The family is taking the opportunity to add a second story to the property in the rebuild, and a permit for this has been approved. He thanked the Planning Commission for unanimous support for Council to approve the application. He said this proposal addresses specific challenges the property owners face and contributes positively to the overall character of the neighborhood. He urged the Council to stand in agreement with the Planning Commission and approve the variance.

Councilmember T’Kach asked if it is possible to move the home structure back a couple of feet to meet the current setback requirements?

Brian Carpenter replied that the first floor is cantilevered in the back, but the foundation is not being moved. Cantilevering out back further won’t change the front footings of the home structure. He said the front of the home can’t be pushed back without changing the foundation.

Liz Crandall, 6930 Carmen Ave, IGH, stated that she is one of the homeowners of the property. She said they experienced a fire at their home and decided to rebuild instead of buy a new home. Within the new plans they are seeking a variance to allow them to add a roof to cover the front entry of their home, which reduces the front yard setback to 25 feet. On November 7th, the Planning Commission voted unanimously to support approval of the variance. She asked the Council to align with the Planning Commission’s recommendation.

Councilmember Murphy stated that he is very familiar with the area and the property. The Planning Commission’s recommendation makes sense in order to support new construction code.

Motion by Murphy; second by Scales to approve Variance to Allow a Porch Within the Front Setback at 6930 Carmen Avenue.

Ayes: 5

Nays: 0 Motion carried.

6C. 3rd Reading of Ordinance Establishing Development Fees for 2024. Ordinance 1467

Administrator Wilson presented the following background information:

The Process for Establishing Development Fees:

- Annual action of the City Council
- Required by state statute to be accomplished via ordinance

- Ordinances require 3 readings in IGH
- 1st Reading was held at Oct. 23, 2023 Council meeting
- 2nd Reading & Public Hearing held at Nov. 17 meeting

There are no changes since the second reading. Section overview:

- *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: Utility Connection Fees

- Sets the 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 in the Capital Improvement Plan (CIP)

Section 5: Land Use Application Fees & Deposits

- Proposed fee changes shown in red in the draft ordinance.
- Only one City fee proposed to be increased – to make all final plat applications have the same application fee

Section 6: Effective Date

- January 1, 2024

Requested Action: Motion to approve 3rd reading and grant final adoption to Ordinance establishing utility connection and land-use application fees for 2024.

Mayor Dietrich asked if there are any questions and asked if anyone from the public would like to speak.

Motion by Scales; second by Gliva to approve the Third and Final reading of Ordinance 1467 Amending IGH City Code, Title 3, Chapter 4, Sections (2) and (3) related to water, sanitary sewer, and stormwater system connection fees and sanitary sewer and water trunk area assessments; section 8-7-4 related to stormwater system rates and charges; and section 10-3-8 related to land use approval fees and deposits.

Ayes: 5

Nays: 0 Motion carried.

6D. Continued 3rd Reading of Ordinance Establishing Licensing Requirement for Short-Term Rentals. Ordinance 1466.

Mayor Dietrich stated there were a couple of questions asked at the previous reading that Attorney McCauley Nason answered as follows:

- Question: Can a group home operate in a residential zoning district and if so, is City Council approval required for such uses?
Answer: Single family group homes, defined as State Licensed Residential facilities, serving six or fewer people are permitted use. They are permitted in a low-density residential zoning district. No Council approval is required.
- Question: What is the requirement for large assembly permits for large parties?
Answer: A Large Assembly Permit is required for any gathering of more than 50 people on private property.

Administrator Wilson stated the City received emails that need to be accepted into public record.

Motion by T’Kach; second by Gliva to put the email correspondences into Public Record.

Ayes: 5

Nays: 0

Motion carried.

Administrator Wilson presented the following background information:

The City has been discussing what to do about Short-Term Rentals for slightly over one year, with short-term rentals defined as a rental that is available for less than 30 days. In the summer of 2022, the City started to receive complaints about noise, traffic, and parties in residential neighborhoods. The City has weighed several possible responses, and tonight there are two ordinance options for regulating short-term rentals. The intent is to adopt only one of the following options or choose to not adopt either and give further direction.

Option 1: Licensing of Short-Term Rentals

As currently drafted:

- Applies to all residential properties – including owner-occupied, ADUs, etc.
- Establishes occupancy limits based on # of bedrooms.
- Prohibits on-street parking.
- Prohibits parties, events, sales, etc.
- Requires a lodging license from the MN Dept of Health.
- Creates obligation to collect and remit lodging tax.

Option 2: 30-day minimum stay for licensed rentals

- Does not apply to owner-occupied housing or ADUs on homesteaded properties.

Mayor Dietrich asked if there were any questions.

Councilmember Scales asked if the license for long-term rentals requires a 30-day minimum stay. He also asked for clarification as to why short-term rentals may not be covered under the current long-term rental license if there is no length of stay specified. Administrator Wilson stated that there is no specification regarding length of stay for the long-term rentals. She said that short-term rentals currently don’t fall within

the long-term rental license requirements because long-term rental licenses require criminal background checks for every tenant. She stated that the City's zoning code prohibits tourist homes as a home occupation, and clarification about this is ideal. The City could allow for short-term rentals by way of requiring a permit or could clarify that they are not allowed. She advised that something be done to clarify the issue, rather than continuing with the current hands-off approach.

Councilmember Scales asked if Council adopts Option 2, would that mean short-term rentals will continue to go unregulated. Administrator Wilson stated that Option 2 would regulate short-term rentals because the ordinance would require a short-term rental to have a license and require a 30-day minimum stay.

Councilmember Scales asked if this essentially bans short-term rentals that are less than 30-day rentals. Administrator Wilson answered that with Option 2, stays for less than 30 days would be against City Code, and thus considered a misdemeanor, unless the rental is within an owner-occupied property or an ADUs on a homesteaded property.

Councilmember Scales asked if there would be any regulation on the owner-occupied and homesteaded properties with short-term rental licenses. Administrator Wilson answered that with the ordinance as stated, the City would not be regulating these short-term rentals. She said the logic behind this is that these properties are more likely to be self-regulated by the owner since they live there and have longer-term relationships with their neighbors.

Councilmember Gliva asked if it's possible for the City to enforce the specific requirements listed in Option 1. Administrator Wilson stated that police would respond to any complaints related to noise, parking, or large assembly violations. If it were found that occupancy limits or other requirements were out of compliance, police would document the license violation. She said that staff can't revoke a short-term rental license. Any license violation would come before City Council and a recommended action would be advised by staff. She said the license holder would receive reasonable notice to be present at the Council meeting. She said that Councilmembers would also need to sort out what a reasonable response would be to different infractions.

Mayor Dietrich stated that she is concerned that the framework is not in place for Option 1 to be enforced and successful. She said she is also concerned that with the time it takes for the City's due process of license violations, this would leave the neighbors to deal with any continued disturbances until the issue gets resolved.

Councilmember T'Kach asked if there is a specific number of complaints the city has received regarding short-term rentals within the past year. Administrator Wilson stated that the complaints are handled informally because there is no current regulation. She said that one of the outcomes of licensing may be better documentation for complaints and violations.

Mayor Dietrich asked if anyone from the Public would like to speak.

David Cappell, 9272 Tyne Lane, IGH, stated that he purchased a home 14 months ago to be used as a short-term rental, after consulting with the City regarding short-term rental regulations. He said he typically gets families and non-profits using the home. He stated that he has a camera to watch street parking and finds that neighbors use the street more than the renters. He suggested changing the ordinance so that only the street space directly along the front property lines can be used. He said that all his direct neighbors have his phone number, and he received only one complaint from a neighbor who lives down the road who seemed to be upset about parking. He stated that there are a bunch of residents who are in support of licensing and willing to comply with new regulations.

Diantha Cavin, 4588 Bloomberg Lane, Inver Grove Heights, asked if everyone has read the email she sent or if she should read it aloud. Mayor Dietrich stated that it has been submitted to Public Record and that all Councilmembers have read it.

Stacey Christenson, 9242 Cheney Trail, IGH, stated that if he applies the regulations of the Option 1 ordinance to the short-term rental in his neighborhood, then the maximum occupants would be 16 people. He asked if it would still be allowed for them to have less than 50 people, since they would not need a large assembly permit for that. Administrator Wilson answered that the ordinance would not allow them to have more than 16 people in the property. She also shared some specific examples of what a large assembly permit is typically used for. Stacey asked if city ordinances would trump HOA rules. Attorney McCauley Nason stated that city ordinances apply to every resident in the city, whether they are part of an HOA or not. An HOA may have additional rules that are different from City ordinances and HOA residents would still be held liable to abide by HOA rules as well. She gave the following example, if an HOA does not allow rentals even though a city does, the HOA covenant would be a separate private restriction. The city could theoretically issue a rental license even though the resident would be in violation of the HOA's private rental restrictions. The HOA resident could potentially face a legal charge by the HOA even if they are abiding by the city ordinance. Stacey asked if a rental facility were a state licensed residential facility, would an HOA have grounds for restrictions. Attorney Nason stated that the City is bound by its ordinances with respect to state licensed residential facilities and can't speak to that question further.

Tamara Kappauf, 1186 82nd St E, Inver Grove Heights, said she runs a short-term rental in the lower level of her owner-occupied homesteaded property. She said the rental space is approximately 850 square feet, so it can't accommodate many people. She said she prefers staying at short-term rentals as opposed to hotels, because of bad experiences she has had at hotels. She said short-term rentals offer a great benefit to people who want a quiet and private place to stay in the community. She requests that if Council approves the third reading, that homesteaded properties are exempt and that the language clearly states exemption from licensing and oversight for owner-occupied homesteaded rentals. Councilmember T'Kach asked her to specify which language she is referring to. Tamara Kappauf stated that in Option 1 for the short-term

rental license ordinance there is a list of exempted properties. She requested that if Council decided to approve Option 1 for the ordinance, that Option 1 could get modified to make rental units on an owner-occupied homesteaded property exempt from licensing and oversight along with hotels and other exempted properties.

Anthony Verch, 7008 River Road, Inver Grove Heights, stated that he understands it's not easy to find a solution that works for everyone. He stated that last year, when the discussion about regulation began, he and other short-term rental owners were very interested in finding a way to improve owner regulation. He stated that he changed many of the rules and regulations for his property and has improved communication with neighbors. This has improved rule enforcement and guest behavior at his property. He said he heard that there aren't as many short-term rental complaints in general as there were when the initial conversation about the ordinance began. He purchased an extensively damaged property with the intent of rehabilitating it and then selling it. He said when he was ready to sell it, the value dropped substantially because of high waters, and a moratorium restricting flood insurance policies. He stated that he pays for the required short-term licensing fees every two years. He said he follows all the laws and the only way he can afford ownership of the property is by making use of it as a short-term rental. He stated that the income from this property helps support his family and kids and it would be detrimental to his family if he loses that income source if the 30-day minimum requirement were adopted. He said he fully supports regulations and thinks that regulating will help with issues related to party houses. He requested that the Council consider the impact of the 30-day minimum ordinance on families like his, who heavily rely on short-term rental income. He urged Council to support Option 1 for licensing and regulation.

Jake Kappel, 9272 Tyne Lane, Inver Grove Heights, stated that all the short-term rental hosts who showed up and spoke at this meeting care about their properties. He said he owns a short-term rental property to make additional income to support his 2-year-old and survive. He stated that his property has not had any disruptions. He said he has cameras in the front and back, as well as noise monitors inside that alert him if there is too much noise. He said he added a parking rule stating guests will be charged a fee if they park on the street instead of the driveway, and Airbnb supports these types of rules. He said he added that rule in response to neighbor complaints. He said that he thinks guests should be allowed 1-2 cars to park on the street during the months the city allows street parking. He stated that Airbnb checks into people using their platform, such as denying service to potential bad renters, and completing background checks on new accounts. He said that in his experience families who rent short-term rentals are very respectful because they want to be able to rent again in the future. He said that most of his bookings consist of 10-14 people, comprised of family members who want to stay and gather under the same roof. He said he believes that most hosts would agree that disruptive properties should not be allowed, and he supports an ordinance that would license and regulate the properties.

Diantha Cavin, 4588 Bloomberg Lane, Inver Grove Heights, stated that she wanted to clarify regarding the parking restrictions. She stated the city prohibits street parking at

night, so she asked if the ordinance could allow for 1-2 cars to be parked on the street during the day.

Steven Dick, 1630 52nd St. E., Inver Grove Heights, stated that he has been a proud resident for 12 years, and has been running a short-term rental for 10 years. He said that 93% of the cities allow for short-term rentals. He stated that short-term rental owners support regulation because they want peace in the neighborhoods. He said that if short term rentals are licensed, this will incentivize owners to be highly selective when accepting renters. He said if there were only three strikes allowed per year, then this would mean 99% of the nights need to be incident free. He said he supports these high standards and thinks the neighbors would too. He said that he thinks responsible owners can meet those standards because they already do. He stated that he has rules in place to restrict parties, by specifying in his rental listing "no parties," "no undisclosed guests," and "strict 10:00pm quiet hours". He said he has security cameras and holds a security deposit to encourage guests to follow the rules. He said he has heard neighbors say they prefer long-term rentals. He said he believes that long-term rentals don't ensure there won't be parties. If there is a ban on short-term rentals in the neighborhoods, owners will need to find other ways to make up the income to afford the property. He said the next best solution may be a group home, and neighbors may not like this either. He stated that a short-term rental is not a business operating in a residential zone, it is still a home being used for living in. He said he doesn't think that the length of a rental lease should have an impact on whether the zoning code needs to be commercial verse residential. He said he believes that banning a short-term rental that is not homesteaded is discriminatory. He said he is a responsible host for his non-homesteaded properties and believes that other non-homesteaded properties can be managed responsibly. He said he lives next door to one of his non-homesteaded rental properties and manages it with neighborly conduct. He said believes that rental policies and security measures such as cameras are more important factors to consider than whether a property is homesteaded. He requested that non-homesteaded property owners have equal treatment and consideration that is unbiased. He stated that he is providing a packet of his most recent guests to demonstrate the types of people who use his short-term rentals and shared a review to demonstrate how much value short-term rentals can provide to visitors. He said that short-term rental owners have put huge amounts of time and energy into these rental properties and a ban on them would negatively impact not only the owners, but also the cleaners, contractors, and the good people visiting who prefer to stay in a nice home setting. He has seven employees that help maintain his rental properties, including Sophia who also wants to speak. He asked Council to please support licensing of short-term rentals and holding owners accountable.

Sophia Hieb, 5395 Audobon Ave. Apt. 305, Inver Grove Heights, stated that the proposed prohibition of short-term rentals has significant importance in the community. She said she is deeply invested in the prosperity and growth of Inver Grove Heights, and said short-term rentals contribute substantially to the revenue of small businesses in the city. They generate income for hosts, restaurants, shops, and various services, including her cleaning services. The rentals attract tourists that amplify the city's charm and vibrancy. She said that short-term rentals accommodate diverse

travel experiences, and they give tourists a chance to immerse themselves in Inver Grove Heights' local community and culture. She urged Council to take another perspective and see how short-term rentals are and can benefit the city's economy and residents, and to reconsider the proposed ban on them.

Lisa and Jerry Slama, 9185 Inver Grove Trail, Inver Grove Heights, stated that they support licensing. She asked with respect to enforcement in the case of a short-term rental operator who isn't maintaining quiet and respectful renters, what code would be easiest to enforce. She asked if Option 1 or Option 2 would be easier to enforce to bring the party house under control. She also asked if the city has received any feedback about the proposed licensing ordinance from residents who have filed the complaints. Mayor Dietrich stated that she has had numerous conversations and feedback from constituents with a variety of opinions. Lisa stated that the licensing option gives both owner-occupied and non-occupying owners an opportunity to prove themselves and be held accountable. She said that she thinks that type of structure is better for everyone. Jerry stated that even though they would be exempt as a homesteaded rental property under Option 2, they both still support Option 1.

Andrew Moran, 9261 Cheney Trail, Inver Grove Heights, stated that there are a variety of opinions on the matter. He said he has lived in Inver Grove Heights for 5 years and has one child and another on the way. He read a posting for a party at one of the short-term rentals in Inver Grove Heights, and said it was his one experience with a short-term rental. The posting was for a Halloween party that invited 957 people and encouraged drugs. He said the party didn't happen, as far as he knows, and he requested that the Council take into consideration that short-term rentals invite these types of parties into family neighborhoods.

Ryan Elie, 9272 Tyne Lane, Inver Grove Heights, stated that he has 4 kids and appreciates short-term rentals because it is hard for him to fit his whole family into one hotel room, and they make travelling much more enjoyable. These can be an asset if they are managed properly. He said he also relies on short-term rental income and takes measures to rent out the home to good renters. He said owners are self-policing, and one example of how he regulates renters at his property is by requiring all renters to have a previous 5-star rating on Airbnb. He asked that Council look at verifiable information, such as police calls. He said his property has not had any police calls and the neighbors also have his phone number. He said he is doing his due diligence to make his short-term rental an asset to the city. He said he supports licensing and regulation.

Councilmember T'Kach stated that she supports the third reading of the licensing ordinance, and it provides more regulation than long-term rental licensing. She said that she thinks many of the owners are doing a good job and sees advantages to short-term rentals in the community. She said she supports licensing short-term rentals as a way of regulating them and believes problems can be addressed as they arise. She said she thinks the party houses can be minimized through regulations. She stated that there is a real economic benefit to the city and ultimately to the school district and the county. She shared some other benefits she sees, including improved home

maintenance, since Airbnb's need to be well maintained and visually appealing to be competitive. She stated that short-term rentals are part of the world now and thinks it would behoove the City should get on board with that change. She said that she believes that people who want to get around the law will continue to find ways to get around the law. She said the Police Department understands that the Council desires to address residents' quality of life issues, and she wants Airbnb rentals to stop causing problems within the community.

Councilmember Scales stated that for 100+ years people have been renting rooms or homes on a short-term basis. He stated that the party houses can be dealt with through the enforcement process. Similarly, there are certain owners in the city that don't take care of their property and the city deals with these code violations through the enforcement process in place. He said that he does not hear a widespread issue with short-term rentals. He said it seems that the party houses causing most of the problems are a select number of homes. He said he thinks the City should deal with party houses in the same way we deal with other code violations. He shared an example of a city in Arizona trying to ban short-term rentals, and homeowners sued the city. The case went to the Arizona supreme court and the city lost that court case. He said he doesn't know all the details of the case, but he questions whether banning is the right course of action. He said his preference is to license and regulate it, and deal with problems as they arise.

Councilmember Murphy stated that Council has established short-term rentals as a business, and that the city code currently prohibits businesses in neighborhoods. He said his stance is that Council should be addressing the city code regarding whether businesses should be allowed in neighborhoods, instead of discussing short-term rental licensing. He stated that he would not support the third reading of the ordinance for Option 1, but he could support the first reading or Option 2. He said he believes requiring a minimum stay solves a lot of the problems and still allows owners of homesteaded rental properties to supplement their income.

Councilmember Gliva stated that she struggles with allowing a non-homesteaded short-term rental business in residential neighborhoods because it goes against the city code. She said she is in favor of the first reading of Option 2, requiring a minimum stay.

Councilmember T'Kach stated that the city currently has businesses within the community, that are being operated out of residential homes. She said anytime someone buys a home, it is the responsibility of the owner to know the rules that pertain to them. She suggested consideration of creating a community that is welcoming to visitors who want to have their family together in a home vs. hotel.

Councilmember Gliva stated that she wants to clarify her point. She doesn't support making changes to the city code that would allow for a business to be added to an established residential neighborhood.

Councilmember Murphy stated that businesses are not allowed in residential neighborhoods according to the city code. He said that in response to a resident's previous comment about google searches for businesses, that not all businesses on google searches are real. He said that according to Forbes, as of 2019 there were 11 million fake businesses listed on google.

Administrator Wilson responded to Mayor Dietrich's request to see Option 1 and Option 2 in writing again, by sharing the PowerPoint presentation slides which were presented earlier.

Councilmember Scales stated that many of the successful businesses in Inver Grove Heights started in their homes. He said whether it's right or wrong, that's the reality of it. He stated if Council decides to call short-term rentals a business, then the city needs to be prepared to enforce city code for a lot of other businesses, which are being run out of residential homes. He said he doesn't understand why short-term rentals would be considered a business when long-term rentals are not. He said that he doesn't see the difference other than the length of time the renters are renting. He said he likes Option 1 and the idea of being able to regulate short-term rentals. He said party houses are a possible problem, and he thinks Council is trying to get regulation out before party houses become a serious problem. He said he doesn't believe a long-term ban on short-term rentals will stand.

Councilmember T'Kach stated that she doesn't think a ban on short-term rentals is going to accomplish their goals. She asked if there may be another option that would be a compromise, such as lower occupancy limits on a home.

Mayor Dietrich asked Attorney McCauley Nason if she could speak to the framework that is currently in place for the City to enforce some of these new regulation options. Attorney McCauley Nason stated that if the city has a license for short-term regulations, then there are several enforcement approaches that can be taken by the city. She said that education and issuance of a criminal citation are both enforcement measures. Criminal court takes a long time, sometimes months or longer. If the city has an ordinance requiring a license, the city can take adverse licensing action. This requires due process, which typically requires a hearing before the Council. If there is violation of a license, the Council can act by suspending, revoking, or not renewing a license. If the city is not able to gain compliance through any of these means, then the city can seek a court order through Dakota County District Court, which prohibits the business operation unless complying with the license. None of these are immediate.

Mayor Dietrich stated that her concern is that the processes in place will take too long. She said it's not good for the neighborhood to have to continue enduring disturbances while waiting for due process.

Councilmembers Scales stated that due process takes time, so the city doesn't enforce anything quickly. He said he believes regulating short-term rentals isn't any different from regulating anything else. He thinks it's a relatively small portion of short-term

rentals that are causing problems, in the same way there are only a few homes that consistently violate other city codes.

Mayor Dietrich responded that she wants to make sure the voices from community members who submitted emails into public record are being considered. She responded that disturbances caused by short-term rentals are more disruptive than some other code violations referenced, such as long grass.

Ryan Elie, 9272 Tyne Lane, IGH, asked Councilmember Gliva or Councilmember Murphy, to explain why a 30-day or longer-term rental would not be considered a business, and a shorter-term rental would be considered a business, since they say they would only support Option 2. Councilmember Murphy stated that in his original comment he said he could find a way to support Option 2. He said our city code currently says that businesses aren't allowed to operate in residential neighborhoods. He said he has not made his decision on how he will vote, because he thinks Council should be addressing the city code instead of licensing code violators. Ryan Elie asked if it could be possible to grandfather in the people who started a short-term rental a while back when the city said it was allowed.

Councilmember T'Kach said she wanted to get a reply about a lower occupancy number being amenable to other council members.

Motion by T'Kach; second by Scales to approve the third and Final Reading of Ordinance 1466 amending IGH City Code, Title 4, Chapter 13 related to short term rentals and amending Title 10, Chapter 15, Section 26(D) related to Home Occupations.

Ayes: 2

Nays: 3 Motion failed.

Motion by Murphy; second by Gliva to approve the first reading of Ordinance 1468 amending IGH City Code Title 4, Chapter 13, related to rental licenses.

Ayes: 3

Nays: 2 Motion carried.

6E. 2nd Reading of Ordinance Amending Weed and Grass Regulations

Attorney McCauley Nason provided the following background information:

- 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.
- "Managed Natural Landscapes" defined as: 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 do not include turf-grass lawns left unattended for the purpose of returning to a natural state.

- **Key Ordinance Provisions & Other Changes to the Existing City Code:**
 - Ordinance repeals and replaces existing regulations, makes additional changes to City Code related to required turf establishment, management of weeds, lawns, and natural landscapes.
 - 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 property, 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 space areas.
- **Changes to Draft Ordinance Following First Reading**
 - Minor wording clarifications (highlighted).
 - Allow notice to be sent by e-mail.
 - Added reference to requirement to establish lawns or other approved landscaping within one year of date of building or land alteration permit.
- **Requested Council Action: Consider the second reading of the ordinance included in tonight's council packet.**

Councilmember T'Kach stated that the 7-day time frame required to correct the violation, listed in Section 2, seems short, and she wants to know if the time frame was in the previous ordinance or if it was part of the changes made in today's reading. Attorney McCauley Nason stated that she didn't think it was part of the changes, but that she would verify and get an answer back to Council.

Tamera Kappauf, 1186 82nd St E, IGH, asked if Council is familiar with what Dakota County is doing with their Conservation Focused Area. She said the county recommends plants that aren't specified in the list the city presented, and some of them may grow over 8 inches. She recommended someone with the city contact Lisa West at Dakota County for more information. She suggested that the City align with the county program, so that Inver Grove Heights residents can be compliant with both City and County regulations.

Councilmember T'Kach asked how the city will send notices if they don't have a resident's email address. Attorney McCauley Nason replied that the city can provide a notice by posting it, giving it personally, or mailing it to the property. She said that email can also be used if there is an email address listed in their file. Councilmember T'Kach asked when the 7-day correction period begins. Attorney McCauley Nason replied that she thinks it starts the date the notice is provided.

Councilmember T'Kach stated that she is challenged by the 7-day correction period considering that people may not see the notification the first day it is provided. She asked if there can be more conversation about that.

Councilmember Scales asked if this ordinance is saying that the official notification can be provided through email alone, and whether email is considered an official form of notification in general. He said he doesn't support that and thinks it best if the email is only used as a secondary notification. Attorney McCauley Nason replied that an email is not an official form of notification in general. She said the way the ordinance is structured currently states that the notification can be provided by email or through other sources. She said if there are concerns with that, the wording could be changed to clarify that the official notice must be by mail, personal or posting, and that email can be used as an additional way to communicate.

Mayor Dietrich asked for staff to gather more information about the County initiatives.

Motion by Gliva; second by Scales to approve the second reading of an Ordinance amending weed and grass regulations.

Ayes: 5

Nays: 0 Motion carried.

6F. 1st Reading of Ordinance Allowing Shipping Containers in Certain Zoning Districts.

City Planner Hunting provided the following background information:

- Staff presented some preliminary information at the July 10, 2023, council meeting to get direction from council on regulations governing shipping containers.
- Following that meeting, staff prepared a draft ordinance, and the Planning Commission held a public hearing on September 19, 2023. The Planning Commission recommended approval of the ordinance amendment with some wording changes to Condition #8 regarding coloration and aesthetics of the exterior.
- Allow them to be used as converted commercial kitchen or other retail operations. Allows them to be used with their standard ribbed exterior.
- **Amendment Summary:**
 - These containers typically go by the term "shipping" or "cargo" containers. Containers are six-sided steel containers originally constructed as cargo containers used for the transport of goods and materials and does not include structures like railroad cars, recreational vehicles, bus bodies, semi-trailers, and similar prefabricated items.
 - Allowed in the B-3, I-1, I-2 and P districts city wide.
 - Allowed as an accessory use to a commercial or industrial business. Cannot be the only building on the property.
 - Containers allowed to retain their ribbed exterior metal surface.
- **B-3 Zoning Examples with Map shown:**
 - Shipping Containers are most likely to be used for retail operations along Cahill Avenue and Concord Boulevard.
 - Could be used on auto dealer lots along South Robert Trail.
- **P, I-1, I-2 Zoning Examples with Map shown:**

- Shipping Containers would be used by Parks Maintenance, Streets Maintenance and Fire Department for storage.
- Could be used for storage for industrial operations along Clark Road and Hwy 52/55.
- Performance standards that were common among entities that allowed include:
 - Maximum dimensions are 20 feet in length by 8 feet in width, by 8 feet in height.
 - Building permit required.
 - Shipping containers to be placed on a hard surface such as concrete, asphalt or gravel pad.
 - Shipping containers in the floodplain must comply with all floodplain requirements.
 - Shipping containers shall comply with all applicable setbacks for permanent principal structures.
 - Shipping containers shall not be used as a dwelling unit.
 - No stacking of shipping containers shall be allowed.
 - Shipping containers shall not be used solely for storage of any materials in the B-3 District.
 - Shipping containers shall be painted a color that is compatible with the primary structure or aesthetically appropriate for the intended use.
 - All shipping containers shall be structurally sound, operated in a safe manner, and maintained in good repair.
- Action Requested: Approve the First Reading of an Ordinance to allow Shipping Containers as an accessory use in the B-3, P, I-1, and I-2 zoning districts with the performance standards listed in the ordinance.

Councilmember Murphy asked if the paint requirement pertains to all the potentially allowable zones. City Planner Hunting replied that the paint requirement pertains to all the districts that would allow shipping containers.

Councilmember T’Kach asked what the difference is between these containers and a storage shed that someone could build in their backyard. City Planner Hunting replied that typically a backyard storage is constructed whereas these shipping containers are already in one piece. They are delivered to the site on a flatbed truck and tipped into place. Councilmember T’Kach asked if there is a limit to the size of a storage shed in a residential district. City Planner Hunting stated that typically in an urban residential district, code allows for one detached accessory structure with a maximum size of 1000 square feet. Councilmember T’Kach asked if there is a reason that residential properties are not included in this ordinance. City Planner Hunting stated that the initial direction from Council was to address commercial type operation of these structures.

Councilmember T’Kach stated that it seems that if these structures can be used for storage for commercial and industrial properties, then they could also be allowed on residential property for storage or a kids’ play structure.

Administrator Wilson asked City Planner Hunting to clarify if the current code in residential zoning districts allows for accessory structures to have a metal exterior that the shipping containers have. City Planner Hunting said that if the accessory structure is 120 Square feet or less, then it can have any type of siding material. He said if the accessory structure is larger than 120 square feet, then the structure needs to meet exterior standards. Exterior standards don't allow for the type of vertical ribbed metal siding seen on shipping containers. He said that since shipping containers are above 120 square feet, an additional exterior siding would need to be added to meet code.

Councilmember T'Kach stated she thinks people may have interest in using shipping containers on residential properties as well, as a prefab structure they can add to.

Councilmember Scales asked for clarification regarding whether adding a shipping container to a residential property would be considered a temporary structure or a permanent structure. He stated that his understanding of the code is that a temporary storage structure must be under 120 square feet, and if it is over that size it must meet the code requirements of a permanent structure including requirements for a foundation. City Planner Hunting stated that if it is over 120 square feet it must meet the exterior standards for a permanent structure. He said he didn't know if there are requirements for a foundation. He said they could be used as either a temporary storage structure, such as "Pods Moving & Storage" units, or as a permanent structure if someone chooses to add to it so it complies with code requirements. Councilmember Scales said his personal preference is for shipping containers to only be allowed for permanent use in Commercial and industrial zones.

Councilmember Gliva stated she likes the simplicity of the three zones listed in the ordinance.

Councilmember Murphy stated that he agrees.

Motion by Scales; second by Gliva to approve first reading of an ordinance allowing shipping containers in certain zoning districts.

Ayes: 5

Nays: 0 Motion carried.

6G. Direction to Staff Regarding City Attorney Contract

Administrator Wilson gave the following background information. City Attorney McCauley Nason is moving to a different law firm, Kennedy Graven. The city has an option to enter a contract with Kennedy Graven and retain Attorney Nason as City Attorney or to stay with the current firm LeVander, Gillen & Miller, and have a new, yet experienced, City Attorney assigned. Attorney Nason's employment transition takes place on December 1st. Administrator Wilson recommends the Council direct the City to change from LeVander, Gillen & Miller to Kennedy Graven for a City Attorney Contract, so the city can retain Attorney Nason as City

Attorney. She said if Council agrees, then there could be a vote next Monday, and then the first action of the December 4th meeting would be to approve that contract.

Councilmember Murphy stated that he has a potential conflict, and won't be participating in the conversation, and will abstain from any vote until further notice.

Councilmember Scales stated that he supports this recommended change and supports an RFP going out in 2025.

Administrator Wilson stated the new contract with Kennedy Graven would be for December 2023 through December 2025. She said the city would then do a planned RFP in 2025 which would give any law firm working in the field of municipal law an opportunity to compete for the city's business and would allow the city to check rates and services against the marketplace. She stated that the reasons for completing the RFP in 2025 are twofold. She said one reason is that the city is planning to hire a Community Development Director in the coming months, and it will be very beneficial to have a consistent City Attorney while the Community Development Director is being onboarded in 2024. She added that secondly, 2025 is not an election year, so it's a better time for staff to undertake an RFP project.

Mayor Dietrich, Councilmember T'Kach and Councilmember Gliva stated that they agree with the recommendation. Administrator Wilson stated that staff will prepare this for the next meeting.

Mayor Dietrich stated that the meeting will be moving into closed session and asked if there are any Public Comments.

Mayor Dietrich asked if there are any Mayor and Council Comments.

Mayor Dietrich stated that she has a couple of comments. She said she is excited that the 2023 State of the City is this Thursday, November 30th, 5:00pm- 7:00pm at Drkula's 32 Bowl. She said Holiday in the Heights is also kicking off this weekend with the tree lighting ceremony on Friday December 1st. It will be held at the Northeast end of the VMCC at 6:00pm. Skate with Santa takes place that night from 7:00pm - 8:30pm. Additionally, the Light up the Heights holiday light contest registration is open until December 3rd.

6H. Closed Session Pursuant to Minn. Stat. Sec. 13D.05, subd. (3)(c)(3) Attorney McCauley Nason requested a motion to move into a closed session pursuant to Minnesota Statutes, Section 13D.05, subd. 3(c)(3) to develop or consider offers or counteroffers for the purchase of real property identified located at 6971 Dickman Trail (PID 20-00200-56-070) as well as the property identified by Parcel IDs 20-39900-00-170, 00-210 and 00-250, and 20-00200-57-093.

Motion by Gliva; second by Scales to move into a closed session pursuant to Minnesota Statutes, Section 13D.05, subd. 3(c)(3) to develop or consider offers or counteroffers for the purchase of real property identified located at 6971 Dickman Trail (PID 20-00200-56-070) as well as the property identified by Parcel IDs 20-39900-00-170, 00-210 and 00-250, and 20-00200-57-093.

Ayes: 5

Nays: 0 **Motion carried.**

Motion by Scales; second by Gliva to move into open session.

Ayes: 5

Nays: 0 **Motion carried.**

Motion by Gliva; second by Scales to adjourn at 8:59 p.m.

Ayes: 5

Nays: 0 **Motion carried.**

Minutes prepared by Talia Sheldon