

INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, April 22, 2024 - 6:00 P.M. - 8150 BARBARA AVENUE

1. CALL TO ORDER:

The City Council of Inver Grove Heights met in regular session on Monday, April 22, 2024. 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 and Scales
Staff Present: City Administrator Wilson, City Attorney Nason, City Clerk Kiernan, Public Works Director Connolly, City Engineer Merchlewicz, City Planner Hunting, Police Chief Chiodo, Commander Otis, Finance Director Hove, Assistant Finance Director Hosszu, Communications Manager Looze and Officer Prail

3. PRESENTATIONS:

4. CONSENT AGENDA:

- A. Approval of Minutes of the March 4, 2024 City Council Work Session
- B. Approval of Minutes of the March 11, 2024 City Council Meeting
- C. Approval of Minutes of the March 18, 2024 City Council Meeting
- D. Approval of Minutes of the April 1, 2024 City Council Work Session
- E. Approval of Minutes of the April 8, 2024 City Council Meeting
- F. Approval of Disbursements, **Resolution 2024-069**
- G. Personnel Actions
- H. Resolution Amending Position Classification Plan, **Resolution 2024-070**
- I. Rubbish Hauler License Renewals
- J. Resolution Approving Amended Budgets for City Project Nos. 2024-09 D, F, G, H and I, **Resolution 2024-071, 072, 073, 074, & 075**
- K. Approve Budget Resolution and Award Contracts for City Project No. 2024-13 - Doffing Lift Station (Lift Station #2) Rehabilitation, **Resolution 2024-076**
- L. Resolution Scheduling Public Hearings for 2025 Pavement Management Projects 2025-09 D, E and F, **Resolution 2024-077**
- M. Resolution Approving Joint Powers Agreement with Dakota County for Phase 1 Construction of the Veterans Memorial Greenway, **Resolution 2024-078**
- N. Authorization to Issue Request for Proposals for Fire Station Location Study, **Resolution 2024-079**
- O. Approval of Confidential Funds Policy for Police Department
- P. Resolution Requesting that Dakota County Ceremonially Name a Portion of CSAH 71 (Rich Valley Boulevard) to “Officer Ben Bidon Memorial Highway”, **Resolution 2024-080**
- Q. Resolution Approving Final Plat and Development Agreement for Buckley Corner Townhomes, **Resolution 2024-081**
- R. Approval of Development Contract Amendment and Potholing Agreement, **Resolution 2024-082**

Assistant City Engineer Steve Dodge requested 4J removed from the regular consent agenda.

Motion to approve consent agenda 4A-4I and 4K-4R by T’Kach, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

Assistant City Engineer Dodge said there was a change made to Note 1 of Resolution 2024-073 and 2024-075. He requests this resolution to replace the resolution in the Council packet.

Motion to approve item 4J with corrected resolutions of 2024-073 & 2024-075 by Scales, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

Mayor Dietrich thanked everyone involved in the process of ceremonially naming a portion of Rich Valley Boulevard to Officer Ben Bidon Memorial Highway.

5. PUBLIC HEARING:

Mayor Dietrich reviewed decorum asking residents to create a line behind the podium if they wish to speak and share their name and address for the record. She said they should only present new information on the item, respect the three-minute time limit and direct all comments to Council. There will be no jeering, clapping, or taunting in the Council Chamber. If there’s any information to leave with Council, it can be given to Clerk Kiernan.

A. Massage Business and Therapist License Renewals

City Clerk Kiernan presented 11 massage business license renewals and 19 licensed massage therapists. Applications were reviewed and have the necessary license fees and liability insurance and Staff recommends approval.

Motion to Close Public Hearing and approve Massage Business and Therapist License Renewals by Gliva, second by Scales.

Ayes: 5

Nays: 0 Motion carried.

B. Application for New Tobacco Sales License

City Clerk Kiernan presented one tobacco sales license request for Inver Grove Heights Smokes Plus 9090 Buchanan Trail. Staff recommends holding a public hearing and approving the tobacco sales license.

Motion to Close Public Hearing and approve a New Tobacco Sales License by Scales, second by Murphy.

Ayes: 5

Nays: 0 Motion carried.

6. REGULAR BUSINESS:

A. Rental Housing Licenses

City Administrator Wilson presented 22 rental licenses that have been reviewed by staff in the Building Inspections and Police departments and are recommended for approval.

Motion to approve rental licenses listed in the agenda packet by Murphy, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

**B. Resolution Approving Therapy Dog Services Agreement for Police Department,
Resolution 2024-083**

Chief Chiodo presented the request to approve a therapy dog for the police department. A therapy dog was used for the first time by IGH Police Department following the death of Officer Bidon last year. Therapy dogs help reduce stress and help those with Post Traumatic Stress Disorder. Agencies have been incorporating therapy dogs everywhere to provide comfort and joy to those who need it. The department would like to have a therapy dog as another way to support employee wellness. Sergeant Prail has a dog Asher, and both have gone through training and received accreditation as a working service dog and handler. Sergeant Prail is willing to bring his dog into work to be a therapy dog. Sergeant Prail works both days and nights so all shifts will be able to benefit from this.

Public Comments:

Richard Whelan - 6680 Arlene Ave - Asked if the therapy dog was strictly internally focused.

Chief Chiodo said that the therapy dog would also be brought to community events.

Frank Brewer - 9180 Courthouse Blvd Ct - Asked if this would always be a part of the IGH Police Department and the cost to the city.

Chief Chiodo said this will be a one-year trial and see if it works for the department, Sergeant Prail, and Asher. The cost will come out of the police department budget, and it is \$150 per month. This will help with food, vet bills, and grooming but the majority is covered by the handler. There are no training costs for future therapy dogs.

Sergeant Prail introduced his service dog Asher who he's had for two years. He thanked Dana and Ed from Soldier Six and thanked Chief Chiodo for her support of the police department's Wellness program. He is currently the Peer Support Coordinator and has been on the force since 2001. The profession is tough and there is a serious suicide problem among police officers and officers in Minnesota are taking medical retirement in an extremely high rate. Officers with 30 years on the job average 250 traumatic events during their career. Asher had a calming effect on those struggling with the loss of Officer Bidon last year. Sergeant John Decker was instrumental in starting this initiative.

The plan for Asher is he will be the police department’s therapy dog and available to all members of the department. He will be utilized at community engagement events and when there is a victim in the department that may be struggling. He will be made available for all City departments and City employees.

Mayor Dietrich thanked him for his passion and caring about the department and employees.

Council Member T’Kach asked how old Asher is.

Sergeant Prail said he is a rescue dog but as far as they’ve been able to determine, he is five.

Motion to approve Resolution 2024-083 approving therapy animal services contract with Ryan Prail (Handler) by Murphy, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

C. Third Reading of Ordinance Establishing a Four-Year Term for the Office of Mayor

City Administrator Wilson presented this item. The current Mayoral term is set at a 2-year term for the office of Mayor and a 4-year term for office of City Councilor. Inver Grove Heights is a Statutory City and Minnesota allows Statutory Cities to have either a two- or four-year term. The change must be made by ordinance, adopted and published at least four weeks prior to the close of the filing period to run for office. This ordinance would not extend the term of the current office holder.

According to the League of MN Cities, the majority of Minnesota cities have a 4-year term. Inver Grove Heights is the largest city in Minnesota to have a 2-year term. A 4-year term is consistent with City Council and allows the Mayor time to learn the job before considering running for re-election as well as provide more consistency on issues or projects that take multiple years to complete.

Council requested more public engagement and Staff has made numerous social media posts, e-news notifications, and flyers. The topic was also the front-page article for the Spring Insights newsletter which was delivered to all Inver Grove Heights households the first week of April. 76 comments have been received as of this afternoon, 63 in favor and 13 against the change. Many of the comments asked if this can or should be put to a vote, but the state law does not allow it.

The first reading of this ordinance was on February 26th, the second reading was on March 18th, and this is the third reading. The actions requested are to accept comments into the record and a motion to approve the third reading and grant final adoption of the presented ordinance establishing a 4-year term for the office of mayor.

Motion to accept correspondence into record by Scales, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

Public Comments:

Kelton Glewwe - 9202 Chapman Ct - presented support

Rosemary Piekarski Krech - 7525 Babcock Trl - said she would like to have more public discussion.

Frank Brewer - 9180 Courthouse Ct - presented support

Kevin Sethre - 3650 73rd St E - presented support

Regina Barr - 5947 Bryant Lane - presented support

Kelly Kayser - 1953 59th Ct E - presented support

Frank Alexander - 8504 Birch Blvd - presented support

Council Member Scales said he thinks it's the time to move to a 4-year term and we've engaged the residents every way that they can.

Mayor Dietrich thanked the Communications team for getting the information out to the public and into Insights.

Council Member T'Kach thanked the people who spoke and those who submitted comments. She said there are many benefits to a 4-year term for the office of the mayor. Her concern is the vote for mayor will always coincide with the Presidential election. It is hard for candidates to discuss local issues with many other important national issues being discussed at the same time. She would prefer to postpone the change until the next election.

Council Member Gliva said a Presidential election year has the highest voter turnout. Residents are the most engaged during these elections and she is support of changing to a 4-year term.

Motion to approve Third and Final reading of Ordinance 1474 amending IGH City Code Title 1, Chapter 7, Section 2, Elected Officials; Time and Term by Gliva, second by Scales.

Ayes: 4

Nays: 1 (T'Kach) Motion carried.

D. Presentation of 65th Street Small Area Plan, Resolution 2024-084

Administrator Wilson presented this item. 65th Street exists from Argenta Trail to Hwy 3 where there is an undeveloped area between Hwy 3 and Babcock Trail. At Babcock Trail 65th Street starts again and runs to Carmen Avenue. The intentions for many years have been to connect this area. The City requested proposals for design developments and selected the response from TKDA.

Project Manager Samantha McKinny from TKDA presented their plan for the undeveloped area. The steps below outline the project scope.

Task 1: Project Management

- Planning Meetings

- Drone Photography

Task 2: Public Engagement

- Public Engagement Plan
- Public Outreach (2 open houses)
- Planning Commission and City Council engagement

Task 3: Background & Analysis

- Data Collection
- Site Tour
- Land Use & Development Review
- Transportation & Multi-Modal Context
- Stormwater & Infrastructure

Task 4: Alternative Scenario

- Developer Workshop & Design Charrette
- Alternative Matrix

Final Report:

- Draft & Final
- Process
- Data
- Alternatives Evaluation

TKDA worked with Staff and identified six goals:

1. Build on past studies in the study area
2. Identify opportunities to improve safety, mobility and operations
3. Quantify and analyze the relationship between land use and transportation
4. Identify utility needs along the future corridor
5. Quantify traffic impacts
6. Maintain long-term goals of stakeholders

The first open house had 68 attendees and there was a lot of participation and discussion. Attendees were asked to participate in a vision board and asked what their top favorite things in the area were. Trees, wildlife and open space were the most selected. There was also an online engagement platform. There were 368 website visits, 91 total comments and 26 online survey responses.

Common themes from the open house were:

- Preserving the green space in the project area
- Concerns about increased traffic and related safety issues
- 40% of comments demonstrated a preference for a lower density project in the area
- Shared a common value of appreciating the natural beauty of the area
- 21% of comments were concerned with the cost of building a street connection

- Concerns with the intersection at 65th and Robert Street

They met with local developers to understand the market and where opportunities were. They looked at the trends and changes including a focus on multifamily housing and more attention to quality of life. They also looked at threats and opportunities including financing and access. Some driving factors in design decisions were potential access to Robert Trail. Looking at the topography, there are wetlands and dense tree areas that would be harder to develop on and neighbors would like to conserve.

The design and development principles were:

1. Address development from a wholistic/district perspective
2. Work with the natural features in the project area as possible as one of the key assets of the area
3. Organize development around the green/blue corridor that can support open space, recreational trails and stormwater treatment
4. Locate high density uses nearer direct access to S Robert Trail and 70th St.

There were dozens of ideas and changes to decide what made the most sense. They've designed three plans. The first they are calling Baseline. This recommends partial access to S Robert Trail on the north side, connecting into Canvas on the southwest side and also connecting at Angus Avenue. This would give emergency service vehicles and other traffic enough ways in and out of the community. Further traffic studies would be needed, and changes may happen. This plan would include high, medium and low-density housing and leave open spaces for stormwater. This would be a great connection to Harmon Park and putting a trailhead for access. The utilities would follow the connector streets.

The second design is No Build. This would mean the connection of 65th Street would not go all the way through. The land use is similar to the first plan with density and open space. An easement for utilities would still be needed.

The third design is Alternative Route. They heard a lot about speed of travel and the impact on trees. This design would lengthen the roadway but follow the topography. The access points and density would be the same as the other two designs. This would have less impact on the wetlands.

This is an overview of the potential density.

| | Alt 1 - Baseline | | Alt 2 - No Build | | Alt 3 - Alt Route | |
|------------------------------------|-------------------------|------------|-------------------------|------------|--------------------------|------------|
| | Units | Acres | Units | Acres | Units | Acres |
| Single Family | 462 | 116 | 462 | 116 | 462 | 116 |
| Townhomes | 30 | 3 | 30 | 3 | 30 | 3 |
| Multi Family | 380 | 19 | 380 | 19 | 380 | 19 |
| Total Development Potential | 872 | 138 | 872 | 138 | 872 | 138 |
| Total Length of Collectors | 10,800 LF | | 11,400 LF | | 11,400 LF | |
| Anticipated Cost of Collectors | \$23,903,710 | | \$22,242,620 | | \$21,258,790 | |

Mayor Dietrich thanked McKinny for the detailed presentation and appreciated her including the work that has been done.

Council Member T’Kach asked why the study area did include the area all the way to Babcock.

McKinny said the study area was provided to them for proposals. The alignment past the point of the study is less complicated.

Administrator Wilson said they asked TKDA to provide alternatives and not provide a recommendation. The decision is for the Council to make. There have been multiple studies done for this area and Staff needs to be able to provide direction to potential developers. Considerations for the extension of 65th St east of Trunk Hwy 3.

- This is a decision with 50-70-90-year implications for the city as a whole.
- Land is privately owned and guided for residential development in the City’s comprehensive plan.
- City has no obligation to provide guidance on how and where to connect development on the land to the existing network of street and utilities.
- There is no proposal to extend the street all the way through to Babcock at this time.
- Not starting from a blank slate - and City does not control every relevant factor.

Public Works Director Connolly presented information regarding the Public Works Director Memo. The two key components in the memo are to provide community connectivity and to provide utility service through this corridor for the Northwest Area.

Community Connectivity:

Collector Streets improve mobility

- Efficiently get to and from neighborhoods in the community
- Improve emergency response capabilities
- Improve service efficiency for non-emergency services
 - Garbage Haulers, Deliver Services, School Busses, Street Plowing, etc.
- Reduce traffic on neighborhood streets
 - Keep “pass through” traffic

Future development will generate 2,000+ vehicles per day along a future 65th Street corridor between TH 3 and Babcock Trail.

- 65th Street intended to be a “collector street” for this traffic
- If 65th St. is not constructed, vehicles will use other streets
- “Other streets” are most likely to be residential neighborhood roads

Dakota County and MnDOT will limit access to 70th St. (CSAH 28) and TH 3 for new roadway installation

- Condense traffic to collector streets and limit intersections on arterial routes

- Limit number of “full access” intersections; require reduced access (i.e., right-in/right-out only)
- Basis for this: Safety

Past, current, and future roadway infrastructure investments

- Decisions in NWA have been made based on the assumption that a contiguous 65th Street collector street will be constructed with development in the future
 - Past: 70th St. & TH 3, Argenta/70th Street, 65th Street west of TH 3
 - Current (studies): 70th Street from TH 3 to US 52, I-494/Argenta Interchange
 - Future: Upper 55th Street, TH 3 Corridor Upgrades

Utility Service:

Sanitary Sewer

- Service in the North/East of Inver Grove Acres requires sewer connection along 65th Street to SAP area.

(NWA Trunk Utilities - North Robert District - Alternative 2 (2017))

Watermain

- System relies on combination of pressure and volume.
 - Pressure requires pumps and elevation differential.
 - Volume requires enough pipes to deliver water for domestic and fire protections needs.
- NWA currently served by two connections to the remainder of the City’s network.
- Three future connections necessary to ensure enough water volume can be delivered to NWA as development continues:
 - Upper 55th St. Corridor
 - 65th St. Corridor
 - 70th St. Corridor

(Northwest Water system Study 2017)

- 65th Street is the only corridor that has sewer and water service overlapping for future expansion to accommodate development.
- NWA development is dependent on the 65th Street corridor
- Utilizing public streets for utilities provides cost efficiencies in construction and maintenance.
 - Lower costs for construction with other public infrastructure
 - Lower costs for maintenance - access is available on a public ROW and not an off-road easement
- Private utilities (electric, gas, telecommunications) can also share a roadway corridor.
 - This benefits private property owners and all utility rate payers

Public Works Director Connolly recommends the City make every effort possible to construct a street network that allows for future extension of a contiguous roadway between TH 3 and Babcock Trail along a future 65th Street alignment.

Council Member T'Kach asked which utilities would come from Babcock to serve this area.

Director Connolly said the only utility that is in Babcock Trail is water. There is no sanitary sewer in Babcock. With any development plan we would need to expand through the small area plan.

Administrator Wilson said Staff recommends Alternative #3 or a similar alignment. This design allows for the possibility of extending 65th street through to Babcock in the future without setting a timeline or deadline for doing so. It allows land north of 65th Street the option to develop in the future but does not require it. This design allows the roadway to run in a way more conducive to the topography of the area and has less disruption to natural areas. It can be funded through development and does not require assessing surrounding property owners. It creates a collector street which improves the safety and functionality of residential streets.

The Resolution accepts the 65th St. Small Area Study completed by TKDA. It directs staff and technical advisors to communicate to prospective developers the City's intent that 65th Street will be developed to the east of Hwy 3 in a manner that does not prevent it's eventual through connection to Babcock Trail at some time in the future. It also directs that to the extent practicable, the extension of 65th Street to the east of Hwy 3 shall be constructed via the development process to limit financial impacts to the City and its taxpayers and limit its impact on property not presently proposed for the development.

Council Member T'Kach asked if there is a time pressure.

Administrator Wilson said there is a developer with a contract to develop in the area. He has been waiting for the results of this study. It is needed in the short term.

Public Comments:

Craig Hillegas - 6755 Arlene Ave - presented opposition

Therese Peterson - 6525 Arlene Ave - presented opposition

Diane Rademacher - 6560 Arlene Ave - presented opposition and asked how many developers attended the informational meeting.

Kelly Kayser - 1953 59th Ct E - Asked if it is a true collector street if it does not connect to Babcock.

Steve Povolny - 14 High Rd - presented opposition

Tim Petersen - 6525 Arlene Ave - presented opposition and said he is worried about traffic being diverted onto Arlene.

Rosemary Piekarski Krech - 7525 Babcock Trail - presented opposition

Ria-Lynne Nelson - 6855 Arlene Ave - said she would prefer option two with no through road due to the topography of the area, but the process should be slowed down.

Larry Nelson - 6855 Arlene Ave - presented opposition

Tom Fee - 6515 Babcock Trail - said he has no intention to develop his property and does not want 65th Street to go through his property on the east side. He would also want the process to slow down.

Craig Hillegas - 6755 Arlene Ave - asked is the sewer for Canvas was sized to handle the density and if sewer was needed to be added for 65th Street.

Deb Fee - 6515 Babcock Trail - owns the land where 65th Street where 65th Street is planned. Invited Council to walk through their property and there are potentially Indian burial grounds there that need to be respected.

Ria-Lynne Nelson - 6855 Arlene Ave - said the sight lines onto Babcock would not be good and would need to be studied.

Steve Povolny - 14 High Rd - said the appropriate parties would need to be approached if there are Indian burial grounds.

Mayor Dietrich asked how many developers were at the meeting.

Administrator Wilson said there were 12-13 people representing five different development companies.

Mayor Dietrich asked what the plan and timeline was to extend 65th Street to Babcock Avenue.

Administrator Wilson said there is not a timeline proposed to complete the extension to Babcock and it would be development dependent. The preliminary studies have been designed to provide better sightlines onto Babcock. The design details would be looked at closer once there was a decision to extend to Babcock.

Mayor Dietrich asked about who would be responsible for paying for the project.

Administrator Wilson said it is dependent on many factors. They are not suggesting building the road without any development. It is not anticipated that there would be assessments on the current property owners.

Mayor Dietrich asked why 65th Street is being looked at as a collector when County Road 70 is looking at being narrowed.

Public Works Director Connolly said 65th Street has always been planned as a collector street. County Road 70 is currently a two-lane rural road, and they are looking at upgrading to a three-lane road from Hwy 3 to Cahill and condensing the four-lane road east of Babcock Trail to three lanes to be more rightsized. 70th Street is not intended to handle the traffic coming down from the small area. 65th will be the first collector street in the area and take people to higher traffic streets.

Mayor Dietrich asked how many parks have been added in the last two years.

Administrator Wilson said they have completed three parks in the past 2.5 years and Staff has been directed to seek an additional park in the Northwest Area.

Administrator Wilson said a resident had suggested expanding Harmon Park Reserve to the north. This development of 65th Street would not hinder this expansion if planned. It would provide more access to Harmon Park Reserve. There is no intention to connect 65th Street to Arlene Avenue. It is planned to leave the option open to continue development of the street, but it would not connect to Arlene. There was a suggestion to push traffic to Robert Street and that there was no need for the 65th Street connection. Wilson said this would give a connection to all of the city.

Public Works Director Connolly addressed the question of Canvas being able to handle the sewer for future developments. Connolly said what was placed in Canvas was sized to handle the sewage from the Inver Grove Acres development. The design that was done at the time only took into account the land use at that time. There is no sewer in that development right now, sewer would have to be extended to that area and residents would need to pay for that. The extension along 65th Street does not require going through the streets of the neighborhood. The parcel that Mr. and Mrs. Fee own would require the extension along 65th Street to have sewer service.

Council Member Murphy asked if Arlene is a public or private road and what the date of the first study of 65th Street and what Inver Grove Heights might do.

Public Works Director Connolly said Arlene is a public road. The first time 65th Street appeared in the comprehensive plan was 1967 and the 65th Street feasibility design was in 2016.

Council Member Scales said he grew up in the neighborhood and is very familiar with it. His biggest concern is if 65th Street isn't extended it will create more traffic for the residents in the area rather than reduce it. Alternative three disrupts the property less and if development doesn't happen, 65th Street never goes through.

Council Member T'Kach said there was a conversation about a transportation corridor on down Robert Street to Rosemount. She asked if there would be an expansion of Robert Street and if that would impact the density in this area.

McKinny said they briefly looked at the expansion of Robert Street but focused on the core questions about the immediate time.

Council Member T'Kach asked if there has been any research into Native American burial grounds and said that should be looked at before any plans.

McKinny said in the data they had it did not come up, but it is not something that was specifically looked into as part of the study.

Council Member T'Kach said one of the prospective developments focuses the higher density up against Robert St. and could go up Robert St. directly to 65th. The other would be able to go up 70th St. via Angus. Most of that traffic would not go east, they'd tend to go west to the larger county and state streets. There's a way to develop this area without tearing it up. She said she would love to see a large park or nature area. There hasn't been an economic analysis done if we were to expand the park as opposed to a housing development. The density needed could be accomplished by two 430-unit buildings or four

200-unit buildings that could overlook a large park. The comprehensive plan would have to change, but that could fit the infrastructure that's there. A task force could be put together and given a timeline to determine what is feasible and what the costs are. Residents on 65th Street by Lion's park have reached out saying they haven't been involved, but they already have traffic issues. They should be involved in the conversation as well. It doesn't feel like there has been enough community engagement.

Council Member Scales said he likes parks, but infrastructure is already in the area. Either developments or residents will have to pay for it. There would be a tax increase and purchasing property to build a park would cost residents also. Expanding the park is not a no cost option.

Council Member T'Kach said there are other places where there are funds, possibly through the county. There can still be development but if it's concentrated, there are is still the possibility for open spaces. The economics need to be compared as a whole.

Council Member Scales said there have been 50 years of studies and discussion regarding 65th Street.

Council Member Gliva said her biggest concern is this turning out like the Northwest Area, putting in infrastructure and we are still paying for it. She asked if this resolution would bind the city financially.

Attorney Nason said this is a limited resolution. It provides direction to Staff on advising developers interested in the area.

Council Member Gliva asked if it could be another alternative other than the three presented.

Attorney Nason said yes, it may change as circumstances change.

Council Member Gliva said it is a reasonable resolution to pass and leaves the Council with options.

Council Member Murphy said this has been an ongoing issue for many years and a decision needs to be made. Option three protects the wetlands as much as possible and puts the majority of the responsibility on the developer. It doesn't force residents to sell and provides direction for those that would like to sell.

Mayor Dietrich said we are in a poor financial system in the NWA after putting utilities in the ground. Current and future residents should not be responsible for the cost that developers should be paying. A lot of money has been spent on plans, consultants and small area plans. She supports option three because it has the least disruption to wetlands.

Council Member T'Kach asked for clarification from Council Member Gliva regarding an alternate option.

Council Member Gliva said her question was if we were locked in to one of the three options presented.

Council Member T'Kach asked if option two No Build was a no build through to Babcock compared to option three which would leave the potential to build through to Babcock. If

option two was provided as direction to a developer, they would not build a residential building blocking the option of extending 65th Street.

Council Member Scales said if option two is provided as guidance, there is nothing preventing a developer from building a residential building that would block the further expansion of 65th Street. Option three preserves the option to build through to Babcock in the future.

Motion to approve Resolution 2024-084 providing direction regarding the future extension of 65th Street East of Highway 3 by Murphy, second by Scales.

Ayes: 5

Nays: 0 Motion carried.

E. Rezoning, Preliminary Platting, PUD Development Plan and Easement Vacation for 7101 Argenta Trail, Resolution 2024-085

City Planner Hunting presented this item. The applicant is requesting:

- Rezoning of the property to R-3C Multiple Family Residential Planned Unit Development and a B-3 Commercial Planned Unit Development.
- A Preliminary Plat for a 3 lot and 2 outlot plat
- A Preliminary PUD Plan Amendment for a 157-unit townhouse development and 15,000 square feet of future commercial
- A Vacation of an existing drainage and utility easement

Blocks 1-3 towards the south would be rezoned to R-3C Multiple Family Residential Planned Unit Development for the 157 townhome units. Outlot B would be rezoned to B-3 General Business/Planned Unit Development for future commercial use. The Preliminary Plat is on larger lots. The townhomes would be developed on three lots and include a club house. These lots would be served by public streets. The Preliminary PUD Site Plan contains a mix of two- and three-story townhomes with three-to-six-unit buildings. Future commercial is up to 15,000 square feet.

The Parks and Recreation Advisory Commission recommended park dedication consisting of a cash contribution. The fee would be \$4,000 per unit (157), equaling \$628,000. The applicant is requesting flexibility from setbacks along Archer Trail and along 71st and 72nd Street. The building would be short of the requirements, but the driveways will be long enough. They preferred a 50-foot wide right of ways but there are existing 60 foot wide right of ways and they are required to maintain the width. Council has approved similar requests in the past. They are requesting building coverage to 28%.

The applicant is requesting to vacate and rededicate a portion of an existing drainage and utility easement along what would have been an extension of 71st Street to Argenta Trail. Since 71st Street will no longer connect to Argenta Trail, the additional easement width is not necessary. Easement vacation would not occur, and documents would not be filed until the final plat has been approved by Council.

The Action requested is to act on the Rezoning, Preliminary Plat and PUD Development Plan, and Easement Vacation. The Planning Commission recommended approval of the requests (9-0). Staff supports the flexibility requests and recommends approval of the requests as presented.

Council Member T'Kach asked if there is any commercial property pending for the area in the north or if the developer may come back in a few years and request to add additional residential units.

Planner Hunting said the applicant has been doing research and believes that after the residential units are built, the area to the north will be viable for commercial use.

Council Member T'Kach asked if there was a pool or outdoor activities available at the planned club house on 72nd and if there are single family homes to the south that would be impacted by outdoor activities.

Planner Hunting said there are existing single-family homes currently there.

The applicant, Ryan Dunlay, Stuart Companies, 1000 West 80th Street Bloomington, said Stuart Companies has been building and owning residential buildings since 1970 and still own their first building. They have developed throughout the twin cities. They've looked at the community and neighborhood and felt townhome units would be a better fit than an apartment building. The zoning density would permit 281 units but chose 157 units to better blend in with the neighborhood. There aren't any retail business as the area is develops there is more opportunity for retail. The commercial space would be a separate project and be brought before the Council for approval.

Council Member Murphy asked if they have similar projects across the twin cities they have developed and if any have a retail component.

Mr. Dunlay said they manage approximately 5,000 units of which 600 are townhomes over 34 properties. There are a few developments that have retail on the lower section of an apartment building but none that are zoned on a separate lot.

Council Member Murphy asked what retail he anticipates could go there.

Mr. Dunlay said he is unsure, but they met with the city's consultant, and he did not know what would go there today but thought building the development is the first step to draw interest to the area.

Council Member Murphy asked because bringing retail to Inver Grove Heights is very important. He asked Staff if there was a possibility to guarantee this lot stays commercial.

Administrator Wilson said we are unable to tie the hands of future Council. It would remain guided and zoned for commercial use. A future Council could reguide and rezone the property for residential.

Council Member T'Kach asked if developing a 280-unit development would help the economics.

Mr. Dunlay said it could possibly help economics based on per-unit cost. They were able to get support from the neighbors for this project, but the support is not there for a 280-unit development.

Council Member T’Kach asked if they were rental units and if there was a way to have additional green space added.

Mr. Dunlay said they are all rentals and they have placed as much green space as they can.

Council Member T’Kach asked if any of the neighbors have had concerns about the club house being close to the single-family homes.

Mr. Dunlay said he hasn’t had any comments regarding the club house.

Council Member Scales said he appreciates the applicant working with the neighbors.

Mayor Dietrich said she appreciates them working with the neighbors and being very forthcoming.

Motion to approve Resolution 2024-085 approving a preliminary plat and preliminary PUD development plan consisting of 157 townhome units, 15,000 square feet of retail and a plat consisting of tree lots and two outlots for the plat and Planned development to be known as Archer Trail a motion to approve Ordinance 1477 amending Title 10, Chapter 4 (Zoning Map) of the IGH City Code and a motion to approve Resolution 2024-086 providing for the vacation of a permanent utility and drainage easement recorded as Dakota County Document 3127042 by Resolution pursuant to Minnesota Statutes Section 462.38, subd. 7 by Murphy, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

F. Request for Financial Assistance for Proposed Multi-Family Residential Development - 7101 Argenta Trail, Resolution 2024-086

Administrator Wilson presented this item. The proposed development is a 157-unit townhome development plus outlot for future commercial development located in the southwest quadrant of 70th and Argenta Trail. The Project is in the City’s NWA where utility connection fees are substantially higher than the rest of the city because the City extended utility service without assessing the benefiting properties. The applicant has requested financial assistance to make the project viable. The higher utility connection fees are a particular issue for multi-family residential developments because the fee structure escalates with density and financing of multi-family housing is different from financing a single-family development with less ability to pass the increased cost on to renters.

The application was reviewed by the City’s financial advisor, Ehlers, for financial assistance. It was reviewed for:

- Project Financing
- Total Development Cost
- Land Acquisition Cost

- Proposed Rents
- Operating Expenses
- Management & Developer Fees
- Return on Investment.

The results of the Stuart Development Application Review:

| | | Expected Amount or Range |
|------------------------------|---|-------------------------------------|
| Project Financing | 65% financing / 35% equity | Meets expectations |
| Total Development Cost (TDC) | \$368,242 per unit | \$275,000 - \$350,000 per unit |
| Land Acquisition Cost | \$11,780 per unit | \$7,000 - \$15,000 per unit |
| Proposed Rent | Average of \$2 per square foot | \$2.00 - \$2.35 per square foot |
| Operating Expenses | \$5,551 per unit per year | \$3,500 - \$4,500 per unit per year |
| Management Fee | 4.2% | 3% - 5% of EGI |
| Developer Fee | 3.1% | 3% - 5% of TDC |
| Return on Investment | 5.9% without fee reduction 6.3% with fee reduction | 6.5% |

The proposed fee reduction is only for fees that are higher in the NWA than in the rest of the city, Sewer Connection Fees (Plat & Building Permit), Water Connection Fees (Plat & Building Permit) and Stormwater Connection Fees (Plat). The fees for a project of this type in the NWA is \$2,596, 349 compared to this type of project outside of the NWA \$525,854. This is a difference of \$2,070,495. Ehlers’ analysis has found that charging this project the fees for a development outside of the NWA would be reasonable and the developer has indicated they would proceed if the fee reduction is granted.

When considering a similar request previously, Council requested more data regarding comparable fees for other cities and how the fee reductions may impact the water and sewer funds.

Administrator Wilson reviewed the five-year budget projections for the Water Capital Fund. The Water Operating Fund pays for the chemicals at the water treatment plan and the wages of utility workers. The primary source of revenue for the Water Operating Fund are the water utility bills paid by residents and businesses. The Water Capital Fund sources revenue from connection fees and a transfer from the operating fund for any major repairs or replacement of the water system. The fund earns interest and receives one transfer per year from the Water Operating Fund. There is a future loan from the State in the 2024’s budget for the upcoming water treatment plant. The projects for the next five years are added to the budget. The projected ending cash balance decreases over the five years but at the end of five years there is still a healthy cash balance.

Reducing fees for developments in the NWA could potentially impact the amount that the fund is budgeted to receive yearly. There is also a chance that there is no development which

would result in no fees being collected. Any connection fees from developments go directly to this fund.

The Sewer Capital Fund budget includes the anticipated connection fees, interest and transfers in to the account from the Sewer Operating (Fund 520). The fund did not have the funds to pay for the expansion of the sewer and took on debt of approximately \$1,000,000 per year for the next five years. The five-year budget projection anticipates the Sewer Capital Fund will be nearly depleted by 2025. The Plat, Permit and Core Connection fees are not all paid at once and sometimes not paid in the same calendar year.

Council Member Scales asked if the budgets projections have been being met in the past years.

Administrator Wilson said the fees had been going into different funds and hadn't been tracked by the type of fee. It was expected to have \$800,000 to transfer from the Sewer Operating Fund at the end of 2023 and \$721,845 was actually transferred to the Sewer Capital Fund. The Water Operating Fund transfer was lower than projected and \$463,962 was transferred to the Water Capital Fund.

Council Member T'Kach asked if the permit and fees referred to in the analysis done by Ehlers went into the capital funds.

Administrator Wilson said the development fees go into the capital funds. They are buying into the system. The utility fees that individual homeowners and business pay go into the operating funds.

Council Member T'Kach asked how the projected amounts budgeted to receive from Plat, Permit and Core Connections were determined. The fees in the NWA are approximately \$2,000,000 and the amounts in the budget are much lower.

Administrator Wilson said they are rough conservative numbers based on the history. In two to three years there will be more data to base it off of. There has only been one multi-family development that received tax abatement.

Mayor Dietrich thanked Staff for organizing and improving the funds so there will be better data in the future.

Council Member Gliva asked if the timing of the fees can be changed due to cash flow.

Administrator Wilson said the code specifies how fees are paid. There are certain amounts due at time of plat and at building permit. The last page of the Ehlers report shows the fees based on development inside the NWA and outside of the NWA. The majority of the fees in the NWA are due at the time of building permit. Council could change this with a resolution but the developer is looking for knowing what their fees will be. Park Dedication is paid at the time of plat.

The third concern raised by Council was what the standard cost for land not serviced by utilities was. Staff was unable to find comparable land.

Council Member Gliva asked the developer if there is room for negotiation because of the debt service payments that the city has to make. A \$2,000,000 fee reduction raises the return on investment from 5.9% to 6.3% and asked if there was any middle ground. She thanked him for meeting with the neighbors and listening to them.

The applicant Ryan Dunlay, Stuart Companies, said that each development is different and has different costs. Mr. Dunlay, Stuart Companies, broke ground on a development last week that is a few hundred dollars more per unit in land cost. The difference is the total fees on the project are \$5,000 per unit. The fees for the development in Inver Grove Heights with the fee reduction are \$15,600 per unit. To make the project feasible the fees have to be reduced.

Council Member Gliva said the land may be overpriced and the landowner receives the benefits because the developer has to pay for the connection fees.

Mr. Dunlay, Stuart Companies, said they are under contract with the landowner and does not think it will be able to be renegotiated. In the Ehlers report \$11,000 per unit is in the middle of the expected range for land cost. Without the fee reductions the project would not be to be done.

Council Member Gliva asked if the fees are reduced the development may still not go through.

Mr. Dunlay said he paused in January due to the fees. If the fees are reduced, he can continue moving the project forward.

Council Member T'Kach asked what effect the interest rates have on their cost.

Mr. Dunlay said the development side is short term and they may pay a higher amount during construction. The interest rate will matter when they are looking for permanent financing as the project is getting close to finished.

Council Member T'Kach asked if the financing cost in the Ehlers report was based on short term or long-term financing.

Mr. Dunlay said it is based on a combination of both. A small drop in interest does not have much of an impact on the construction side of the project.

Council Member T'Kach asked if delaying the project by six months would make sense to possibly be able to obtain a lower interest rate for their permanent financing.

Mr. Dunlay said there is always risk in developments and they try to limit their risk and deliver a project.

Council Member T'Kach said the rents were market rate and if the economics would change if a few of the units being built were set aside for workforce housing.

Mr. Dunlay said that is a different program and the rents are needed to pay for the cost and fees. Each reduction in rent widens the gap for the developer.

Mayor Dietrich said that this can be discussed in a work meeting.

Dave Stoffer Ace Land Holdings LLC - they own land in the NWA and are concerned with the elevated fees in the NWA and the distribution of fee reduction. They would like to see an equitable distribution of fee reduction provided to all developers in the NWA.

Kelly Kayser - 1953 59th Court East - asked if any fees can be assessed to the landowners now because they weren't assessed when sewer and water was put in and now the land owners are profiting off of sewer service. She is concerned taxpayers are going to be responsible for the extra costs.

Administrator Wilson said there is a process that is required to assess properties (Minnesota Statute 429). This would have included specific public hearings and a notice period. It is not an option to assess the property owners now. When the city extended water and utility services to the NWA there was a decision made to not assess the current property owners. Ehlers provided information for what the fees would need to be on new developers. When the bid for work was made, the bid was much more expensive than what was expected causing the fees to double or triple what was originally expected. The City may have over improved the land. On this development the price paid for the land is less than the proposed fee reduction. If the developer had received the land for free, there would still be a gap. These decisions were made around 2006 to 2008 and the City expected this area to develop much faster. The City has had to refinance the debt in order to manage the repayment schedule.

Council Member T'Kach asked what the long-term economic impact of the fee reductions and when do the funds no longer have any money.

Administrator Wilson said there are many variables and the avenues available to the City are to raise rates of sewer fees to current sewer users, levying a property tax and looking to the Host Community Fund which is currently seeing its own challenges. The water fund was able to cash flow its own investments and some was transferred to the sewer fund. It may be an option to do that again. This development would slowly grow our tax base and increase utility users.

Council Member T'Kach said there could be six to ten million dollars in fee reductions in the next few years and that could have a large impact on the funds. The projects are higher density multi-family developments which is serving the policies in the area but with the current budget, reducing the fees is painful.

Administrator Wilson said the question for Council is do they think if they don't reduce the fees, will a similar development come in a timely matter and pay the higher fees. The past in the area does not support a development paying the higher fees.

Council Member Scales said in five to six years the sewer fund is going to be in trouble. If there is no development the fund could be depleted earlier. Development is not coming to the area due to the fees. Fees need to be aligned for developers to develop when they are ready. With no development there are is no money added to the funds. He wants a clear path for developers to know what the fees are rather than negotiating project by project.

Mayor Dietrich said she agreed, and they need to move forward.

Council Member Murphy said he is also ready to move forward.

Robb Lubenow - 1834 East 38th Street - said the sewer was provided to bring sewer to the area and not a particular site. There are additional costs to the developer to bring sewer to the individual units on the site. Over a four-year period 14,000-18,000 units were built every year in the five-county metro area and there was no development in Inver Grove Heights that did not receive fee reduction. To wait a few years to see if things change will have developers looking elsewhere for their projects.

Motion to approve Resolution 2024-087 approving modified utility connection fees for the residential development within the plat of Archer Trail by Scales, second by Murphy.

Ayes: 4

Nays: 1 (Gliva) Motion carried.

Motion to reconsider vote on Resolution 2024-087 by T’Kach.

Motion fails for a second.

Mayor Dietrich asked if the emails received from 2023 were already in the record.

Clerk Kiernan said they were in the record.

G. Request for Financial Assistance for Proposed Multi-Family Residential Development - Agate Trail and 70th St. (continued), Resolution 2024-087

Administrator Wilson presented this item. It is to the east of the property in the previous resolution. The proposed development is a 242-unit apartment building in the Peltier Reserve Development. It is in the City’s NWA where utility connection fees are substantially higher than the rest of the city. The applicant has requested financial assistance to make the project viable. The higher utility connection fees are a particular issue for multi-family residential development for two reasons. The fee structure escalates with density and financing of multi-family housing is different from financing a single-family development as there is less ability to pass the increased cost on to renters.

The City’s financial advisor Ehlers reviewed the application. It was reviewed for project financing, total development cost, land acquisition cost, proposed rents, operating expenses, management and developer fees and return on investment.

| | Provided by Yellow Tree | Expected Amount or Range |
|------------------------------|-----------------------------------|-------------------------------------|
| Project Financing | 65% financed / 35% equity | Meets Expectations |
| Total Development Cost (TDC) | \$274,489 per unit | \$275,00 - \$325,000 per unit |
| Land Acquisition Cost | \$14,876 per unit | \$7,000 - \$15,000 per unit |
| Proposed Rents | \$2.11 per square foot on average | \$2.00 - \$2.35 per square foot |
| Operating Expenses | \$5,083 per unit per year | \$3,500 - \$4,500 per unit per year |

| | | |
|----------------------|---|----------------|
| Management Fee | 4% of effective gross income (EGI) | 3% - 5% of EGI |
| Developer Fee | 3.8% of total development costs | 3% - 5% of TDC |
| Return on Investment | 5.2% without fee reduction 5.6% with fee reduction | 6.5% |

The proposed fee reduction is only for those fees that are higher in the NWA than in the rest of the city, Sewer Connection Fees (Plat & Building Permit), Water Connection Fees (Plat & Building Permit) and Stormwater Connection Fees (Plat). The above fees for a project of this type in the NWA are \$3,058,143 compared to fees for a project of this type outside the NWA of \$501,696. The difference in fees is \$2,556,447.

Motion to receive comment into record by Gliva, second by Scales.

Ayes: 4

Nays: 1 (T’Kach) Motion carried.

Council Member T’Kach asked if there was any update on the correspondence received.

Administrator Wilson said the correspondence was received that morning via email to the Mayor and Council Members from an organization alleging the developer of this project has a history of working with subcontractors that don’t follow wage and labor laws. The City Attorney has contacted the Department of Labor and Industry but there has been limited success in finding additional information. The developer was CC’d on the correspondence and may want to address it directly.

Mayor Dietrich asked if the developer would like to speak.

Developer Robb Lubenow asked if he could wait until after the public comments.

Mayor Dietrich agreed.

Council Member T’Kach said she would like to reconsider her last vote on the reduction of fees.

Attorney Nason said a member Council Member T’Kach was a member of the prevailing side and could make a motion to reconsider the vote on financial assistance for Stuart Development at his time. The motion is not technically out of order because there is no other motion on the table.

Public Comments:

Alvaro Chavez - 810 Hazel Street St. Paul - said he has worked in construction for four years and has seen problems that have existed for workers in the industry for the last 17 years through his father’s experiences. He has experienced wage theft, verbal abuse and pay that isn’t sufficient for the hard and dangerous work. He has never received overtime pay and has had accidents and work but did not receive workers compensation because they were misclassified as independent contractors.

Mr. Chavez has worked on multiple different crews, and it is always the same situation. In July of 2021 he worked on a multifamily project on University Avenue in St. Paul where Yellow Tree was the General Contractor. He worked 10 to 11 hour days and never received over time for the difficult work. He injured his back on the project and because he did not have workers compensation insurance or make enough money to pay for his medical bills, he was never able to get the injuries treated. His team did the most difficult work on the first floor of the building with the promise they would be able to complete the rest of the project, but they were removed from the project after the first floor was complete. His team was never paid for their work and his supervisor tried to contact Stone Framing, the subcontractor, and he would not answer the phone.

They contacted the Carpenters Union for help and were connected with CTUL. When filing a wage complaint, they did not know who was responsible for paying them since the subcontractor would not answer the phone. They contacted Yellow Tree who told them they contracted with US Framing, and they should contact them. US Framing said they contracted Strong Framing who was not answering our calls. None of these companies wanted to take responsibility for paying the wages.

Yellow Tree has a history of working with problematic subcontractors and he asks Council to meet with workers before approving funding for their development. Many workers have not come forward for fear of retaliation.

Brianna Kemp - Minneapolis - said she is with CTUL which is a nonprofit organization that supports low-wage workers. She expressed concern with this development by Yellow Tree. The following contractors have worked on Yellow Tree developments or sites under their supervision as general contractor:

- Subcontractor Absolute Drywall. Government investigations found violations of child labor laws, over \$126,000 in wage theft, and worker misclassification, and workers have reported rape, sexual assault, and another \$100,000 of stolen wages. Absolute drywall worked on The Aubrey, Minnehaha 46, Sawyer and Huck, Verso, Wakpada, Marshall St Townhomes, Kolo, and Odie Apartments.
- Labor-broker Jose Merino, who was charged by Hennepin County with two felony counts of theft-by-swindle for defrauding two different insurance companies on workers' compensation insurance. Workers also reported Merino stole their wages, according to a class-action lawsuit, which alleges at least 50 workers were affected. Former employees of Merino alleged that Merino threatened to kill them and their family members when they asked for their wages. Jose Merino worked on JAX apartments.
- Subcontractor Painting America. A Minnesota Department of Labor and Industry investigation found that Painting America misclassified workers as independent contractors, thereby circumventing labor protections such as the requirement to provide workers' compensation insurance for injuries sustained on the job. A former Painting America worker reported Painting America stole his wages, then offered to pay him in drugs instead of the money he was owed, according to testimony given before the MN House Labor Management Committee. Painting America worked on Texa-Tonka Apartments and The Aubrey.

Often non-union developers and general contractors hide behind layers of subcontractors. Accepting low bids from subcontractors with labor violations comes at the expense of

workers. They are making this choice and profiting from the business model. CTUL has reached out to Yellow Tree many times over the past years and provided solutions like the Building Dignity and Respect Program but have not seen any serious changes in their business model. When public dollars are supporting development, they should ensure the developments have adequate protections for workers. CTUL would like the vote for fee reductions delayed allowing time for Council to meet with workers.

Developer Robb Lubenow said these concerns are relevant to construction not the development of the project. Yellow Tree is a merit-based contractor that does not require union workers. They look at the quality of the work, cost and labor. Over 50% of their work is completed by union contractors. The concerns CTUL has are warranted and Yellow Tree is a leader in the concerns that they have. The three situations mentioned did not happen at a Yellow Tree site some happened prior to Yellow Tree becoming a company and it may have been misleading. Union and non-union workers should be able to work and have the right to be paid fairly. They were one of the first developers to meet with CTUL and respect the work that they have done but disagrees that they have not changed any of their practices.

CTUL's largest donor is the Carpenter's Union. The vast majority of contractors in America are non-union (85%). Yellow Tree is one of the three companies that they are putting pressure on. They do not know if it was union or non-union contractors that hired the subcontractors in the previously mentioned situations. They have used union contractors on some of their projects, but it can be difficult. The makeup of their union doesn't reflect the workers in the labor industry.

The second example is not true, Jose Merino was never contracted for JAX apartments. He did try to place labor that was not accepted. They require their subcontractors to notify them of every subcontractor they use. Everyone has to meet the merits of a nine-step process of what is an independent contractor, and it influences who is hired. They are required to have lien waivers and verification that every subcontractor they hire has lien waivers. Regarding Midline apartments they 100% agree and they sought out the concerns of workers and fired the subcontractor from that project and three other projects. The subcontractor was not following the guidelines for providing who was onsite. The workers completed half of one level before we fired them from all of the jobsites. They did not get paid because half of the floor was framed incorrectly, and it required the framing to be removed and redone. This cost more than the \$20,000 they were requesting in wages. Yellow Tree paid the lien, so the workers were paid even though they were not obligated to. The worker who was injured went under their workers compensation and was paid for their time off.

There will always be cases that arise throughout the construction process, but it is how it is addressed. Yellow Tree has had audits from both state and federal departments of labor and industry walking construction sites doing spot audits. No issues have arisen from the audits. They offered to do the first Building Dignity and Respect program (BDR) that they presented. The information BDR requests is already information that Yellow Tree gets from contractors. BDR wanted \$700,000 to complete the same process that they already complete internally. No company has agreed to do BDR's program, but it is something that has changed Yellow Tree's processes for selecting contractors for the better.

Mayor Dietrich asked if the audits were done prior to attention being drawn to their company or the reported incidents.

Mr. Lubenow submitted a letter to Clerk Kiernan from Kirk Bennings, president of Yellow Tree's construction. He said he does not know if there were audits done before being focused on by CTLU or the incidents. He's aware of the most recent ones by state and federal done in 2021 and 2022.

Mayor Dietrich asked if there was any pending litigation against them.

Mr. Lubenow said there are no pending labor litigations against Yellow Tree. The case regarding the Midline project the lien was filed, and they weren't talking to Strong Framing, so they addressed it as the owner and contractor and paid the requested back wages.

Kelly Kayser - 1953 59th Ct E - Asked to clarify the name of the company working on behalf of the construction workers.

Briana Kemp said it was CTUL.

Council Member Murphy said everyone needs to be treated fairly but asked if the City had any legal obligation to the subcontractors of a general contractor of a project that was approved.

Attorney Nason said this is not a public project or a public private contract. The City is not responsible if an entirely private project hires a subcontractor that commits labor violations.

Council Member T'Kach asked if the City could put framework around developers that fee abatements are given to.

Attorney Nason said since this was just brought up today, she hasn't had a chance to research it. Staff could explore potential requirements for fee abatements. It would require analysis but would be more focused on information gathering as opposed to specific requirements.

Mayor Dietrich asked how much time would be needed to get clarity on the accusations.

Attorney Nason said it is possible to have information by the Work Session on May 6 otherwise May 13 is the next regularly scheduled meeting of the Council.

Council Member Scales said he doesn't understand what the goal of more information would be. He wants companies to be ethical and smart but does not think the City should get involved.

Council Member T'Kach said she made a mistake on her last vote because thinking more broadly about the ad-hoc nature of fee reductions is reducing fees until we run out of money. It is unrelated to the comments tonight with CTUL and the developer. She would like Staff to provide what reasonable requirements are an option for labor issues and when does the City run out of money in the funds.

Council Member Scales said the funds will run out of money faster with no development. The City makes less money by not lowering fees. He said if the fees aren't lower, there is no

money and run out of money much quicker. This is a private company not a government project and Attorney Nason may be able to say what is able to be done and what is not.

Council Member T'Kach said she is not saying no fee reduction but trying to determine what the right amount of reduction is.

Council Member Scales said compared to other cities even the lowest fees are high.

Council Member T'Kach said she wants an official policy rather than an ad-hoc process.

Council Member Scales said that is the next step that has to be taken.

Council Member T'Kach said she wants a policy for fees to be implemented as soon as possible.

Council Member Murphy said there are other avenues for concerns with a contractor or subcontractor for workers to pursue and it should not be through the City of Inver Grove Heights. The only question is if there will be a fee reduction for this project.

Mayor Dietrich said her only concern is that there is not active litigation and that is the information she would like from Staff.

Attorney Nason said she checked public records earlier and did not see any pending cases against Yellow Tree Development. She would want to confirm and make sure she wasn't missing anything. What was stated by the developer matches what has been found but it's not necessarily the complete picture.

Council Member Gliva said they are not judges on a legal matter but wants to ensure there isn't anything missing because a lot of information was provided today.

Administrator Wilson said Staff can look into any pending litigation against the developer and have that done by May 6. If there is interest in more information about the budget and funds coming in and going out, that information would not be available by May 6.

Mayor Dietrich said she was not interested in more information regarding the funds.

Council Member Gliva said she would just want information regarding any pending litigation.

Mr. Lubenow said he would be open to Council asking the applicant if there are any pending legal matters against them because there are none. They requested fee reduction December 6 and are to the end of their due diligence. They still have the developer agreement to do, and that work cannot be done on the project in the time remaining. The application is for the developer and there is no contractor yet. They will not be able to get everything done by the end of their due diligence if this is continued. There is an offer for two developers to pay \$1,000,000 which is higher than everywhere else being considered for development in addition to paying every year for the utility usage and contributing to the funds.

Council Member Scales asked if this was just the first step and if they needed to return with their plan.

Administrator Wilson said it would be binding on the fee reduction.

Attorney Nason said the Council has already approved a number of development related items. A development contract and a few standard agreements are still pending. They have final PUD but not a final Plat.

Motion to table approval of Resolution 2024-088 to May 6, 2024 approving modified utility connection fees for residential development on Lot 1, Block 13, in the plat of Peltier Reserve by T’Kach, second by Gliva.

Ayes: 3

Nays: 2 (Scales, Murphy) Motion carried.

H. Rezoning of Property South of Amana Trail, between Argenta Trail and Hwy 3 (Rise Capital - Case No. 24-06RZ) (continued), **Resolution 2024-088**

City Planner Hunting presented this item. The applicant is requesting the rezoning of ten acres from B-4, Shopping Center PUD to R-3C, Multiple Family PUD. Staff recommends approval as it is consistent with the 2018 Comprehensive Plan.

Nick Monsan Chief Operating Officer at Hempel Real Estate - 10050 Crosstown Circle, Eden Prairie presented on behalf of Hempel Real Estate. He presented five key questions to provide further information regarding the project.

1. Will this proposal leave enough space for commercial uses at Argenta Hills?
2. Why have other developments been successful in neighboring cities?
3. What are the future implications of HF 4010 at Argenta Hills?
4. What does approval mean tonight?
5. What has Hempel been working on?

He said he will use The Village at Mendota Heights as a case study. This development is located at the intersection of Hwy 62 and 149 in Mendota Heights and is a mixed-use development. This area is similar to Argenta Hills being surrounded to the north by median to higher end homes. It also sat vacant and undeveloped for many years and the land to the south is not densely populated. It is mixed use development including high density residential, retail, and office/service. It is considered to be a successful mixed-use development of complimentary uses that resulted in significant economic development to the City of Mendota Heights.

The Village at Mendota commercial area is 4.95 acres. The vacant land available at Argenta Hills exclusive of 10 acres of Outlot D is a combined 31.79 acres. Excluding ten acres of Outlot D leaves 21.79 remaining acres available for commercial use. To answer key question #1 was will there be enough land leftover to bring commercial and retail uses to Argenta Hills, it’s clear there is an excess of land leftover to bring commercial and retail uses.

Key question #2 was why other developments have been successful in neighboring cities. In 2003 a multi-family development was the first building in the Village other than an existing veterinary clinic. In 2005 there are four multi-family buildings, and the first retail is built. When building multi-family buildings retail follows. By 2008 there were five multi-family projects and six retail buildings and a fully integrated project. There are three houses on the same

street that were built after the multi-family developments were there. They are assessed between \$950,000 and \$1.1 million. There is a misconception that multi-family buildings decrease home values. The benefits from a vibrant mixed-use development can increase value. The City of Mendota Heights implemented a time-tested development pattern and allowed retail to follow high density residential rather than forcing retail first.

The Village Retail area of 4.79 acres receives \$454,690 in property taxes per year or \$91,854 per acre. Argenta Hills has 31.79 acres of vacant land and generates \$125,376 in property taxes each year or \$3,943 per acre. Mendota Heights is generating 23 times more property tax revenue on a per acre basis than Inver Grove Heights. It has the potential to earn \$2 million in property tax revenue. This revenue could be utilized in many ways.

Key question # 3 was what the future implications of HF 4010 are. This bill and others like it are being proposed in the House and Senate and are intended to allow high density residential developments in any commercial property in Minnesota regardless of local zoning. It reduces parking requirements and increases building heights. These bills will stifle collaboration between developers and neighbors, the type of collaboration that has allowed them to find compromises with neighbors and present a better more thoughtful and collaborative development proposal.

Key question #4 was what an approval would mean tonight. It sends a message to the State that HF4019 isn't needed. It tells City Staff and the Planning Commissioners that their recommendations are trusted and valued. It also tells the development community that the City of Inver Grove Heights is serious about bringing retail options to Argenta Hills. It tells the current tenants Iwa Sushi, Ideal Credit Union, Target Corporation and F45 Fitness that Inver Grove Heights is willing to support practical development initiatives to drive more customers to Argenta Hills.

Key question \$5 was what Hempel has been working on at Argenta Hills. Hempel remains committed to being transparent and being a partner with the City. They want to develop a high impact destination retail product. It would draw users from the metro area and occasionally from out of state. They have been working with the City of Inver Grove Heights' retail consultant and are planning a unique entertainment or recreation component, an event center and a full-service restaurant. They are in active talks with grocery anchors, standalone restaurants, a medical office user with a group of general family practitioners, a swim school, a large dental operator, boutique retail and a bakery.

They've remained committed to retail and are asking the Council to h the recommendations that have been levied for the last eight years. They'd like a chance to put a multi-family development in to bring retail to the area.

Council Member Scales said he would have liked to see this a while ago and appreciated the effort in showing what Mendota Heights did.

Council Member Murphy asked if HF 4009 and 4010 were no longer being considered by the House and Senate.

Administrator Wilson said the Minnesota Post is reporting that the advocates and bill sponsors said the bill will not be passed this year but will try next year.

Public Comments:

Iranna Sannuli - 7741 Amana Trail - presented support

Jason Teiken - 7662 Addisen Ct - presented support

Samantha Fitzgerald - 7668 Addisen Path - best plan seen so far - would like more door-to-door communications from developer.

Katie Pluff - 7670 Addisen Path - presented opposition

Mr. Monsan said they walked door to door a few days previously and spoke to the tenants in the current retail buildings. One of the tenants said they moved into the area because of they expected a multi-family development. They are in support of a multi-family building and think it would be good for their business.

Bryan Baas - 380 South Garfield St. Cambridge - is the co-developer and contractor for the project. He said this project has gone on for years and has remained a green field. Adjacent commercial parcels and suites have remained vacant. The Planning Commission approved the project unanimously and has been called the best plan that has been seen. They have a genuine interest in working with the neighborhood. Concerns have been raised about the property being subsidized but it is a market rate development. We've offered to add amenities that the neighbors can use, and their team has addressed all of the concerns that have been raised. This project addresses the need that the city has for housing and meets the comp plan goals by integrating multi-family development with commercial areas. They are very excited about Inver Grove Heights and thinks their team can make a positive impact. This is good for the neighboring businesses and ultimately good for the neighbors.

Council Member Scales said he thinks it's time to move on with something different. They have tried something for many years and it's time to move forward with this project. The area has been vacant for many years. The model has changed, and this is the perfect spot for a mixed-use area. The businesses are struggling and if it stays the way it is, it's likely they won't be there in five to 10 years.

Council Member Murphy said there is a path forward denying this. They've heard about rooftops before retail, but the studies say they happen together. Since 2017 there have been 865 units and upcoming projects with 147 units and 242 units being developed. He appreciates the list of potential retailers but it's just a list.

Council Member Gliva said it's an excruciatingly difficult process. She empathizes with neighbors waiting for retail development. This property has been sitting for years and unable to attract retail. She thinks it's time to start development and remains optimistic. She will continue to push retail in the area.

Mayor Dietrich thanked the residents for their patience while the Council has gone through this process. She said the site has been empty for far too long. She's committed to the area

being developed with more retail and restaurants and there are retailers waiting for more density. She said this is a step in the right direction for the retail they want.

Motion to accept correspondence into record by Gliva, second by Scales.

Ayes: 5

Nays: 0 Motion carried.

Motion to approve Ordinance 1478 amending Title 10, Chapter 4 (Zoning Map) of the IGH City Code by T’Kach, second by Gliva.

Ayes: 4

Nays: 1 (Murphy) Motion carried.

7. PUBLIC COMMENT:

Kelly Kayser - 1953 59th Ct E - said she supports establishing a new fee structure that would be standard for all developers in the NWA as opposed to having to do fee reductions on a case-by-case basis. She asked if the utilities that were added were put in all the way to 494 or what the boundaries were.

Administrator Wilson said she will need to refer to Public Works Director Connolly but will get the information.

8. MAYOR AND COUNCIL COMMENTS:

Council Member Scales apologized to Council Member T’Kach for the heated discussion, but it is a hot topic and never personal.

9. ADJOURN:

Motion to adjourn the meeting at 11:35 p.m. by Gliva, second by Scales.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Sara Lyons