INVER GROVE HEIGHTS CITY COUNCIL/BUDGET MEETING

MONDAY, July 15, 2024 – 6:00 P.M. – 8150 BARBARA AVENUE

1. CALL TO ORDER:

The City Council of Inver Grove Heights met in person on Monday, July 15, 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 Clerk Malott, Finance Director Hove, Assistant Finance Director Hosszu, Public Works Director Connolly, Police Chief Chiodo, Fire Chief Thill, Parks & Rec Director Lares, and City Engineer Merchlewicz

3. APPROVAL OF AGENDA:

Motion to Approve Agenda by T'Kach, second by Scales

Ayes: 5

Nays: 0 Motion carried.

4. DISCUSSION ITEMS:

A. 2025 General Fund Budgets & Tax Levy – First Look

Director Hove presented this item. The presentation includes timelines, foundational information, the current draft of the General Fund, the current draft of Tax Levies, and staffing requests.

Timelines & Statutory Requirements:

- September 30, 2024 is the statutory deadline for Minnesota cities to adopt a preliminary property tax levy for 2025
- Goal is to adopt IGH's preliminary levy at the September 9, 2024 Council Meeting
- Once a preliminary levy is approved, it may be reduced but it cannot be increased
- Nov. 11 – Nov. 24 – Counties mail 2025 proposed property tax notices to property owners
- Nov. 25 – Dec. 28 – Cities hold public meetings to discuss budget, tax levy, and receive public input
    - Often referred to as Truth-in-Taxation (TNT) Meeting
    - Proposed date for IGH is the Dec. 2 Work Session
- Dec. 28 – Deadline for cities to adopt a final 2025 tax levy
    - Proposed date for IGH is the Dec. 9 Council Meeting

2024 Expenditure Budgets = $83,090,625 (excluding Internal Service Fund Budgets)

- General Fund = 40%
- Pavement Management = 20%
- Enterprise Funds = 27% (water, sewer, stormwater, golf course)

- Special Revenue Funds = 10% (community center, host community fund, EDA)
- Debt Service Funds = 3% (tax supported debt issued on behalf of the city, supported by a tax levy)

2025 Budget Assumptions

- 3% general wage increase, plus step increases for employees
- Anticipated 10% increase to health insurance
- Fire SAFER Savings Plan – 2025 is the first year to start spending down previous year's savings ($525,000)
- 5% increase to Pavement Management levy funding
- 5% increase to Parks Capital Replacement levy funding
- Continue to utilize Closed Bond Funds in lieu of levy for 2020A Refunding Bonds ($177,250)
- Utilize past years' Police savings within the Central Equipment Fund to cover the 2025 vehicle outfitting costs on leased vehicles
- Utilize City Facilities Funds' fund balance for city facility capital needs in 2025 ($188,500) – goal to revamp the allocation formula in a future year

What is included in the General Fund:

- Administration & Mayor/Council
- Human Resources
- City Clerk & Elections
- Communications
- Finance
- Community Development
- Planning Inspections
- Police
- Fire
- Engineering
- Streets & Street Lighting
- Parks & Recreation
- Transfers – to EDA & Parks Capital
- The Crossings Tax Abatement

What is not included in the General Fund:

- Community Center Funds
- Golf Course
- Pavement Management Funds
- EDA
- Utilities (Water, Sewer, Storm)
- Debt Service Funds
- Correction & Visitor's Bureau
- Host Community Fund

General Fund – Non-Property Tax Revenues:

	2024 Approved Budget	2025 DRAFT Budget	$ Difference
Taxes – (Other than Property Taxes)	$ 205,000	$ 191,500	$ (13,500)
Licenses/Permits	1,225,330	1,306,300	80,970
Grants & State Aid	2,008,514	1,206,514	(802,000)
Charges for Services	1,950,603	2,055,800	105,197
Fines & Forfeits	203,300	210,800	7,500
Other Revenues & Reimbursements	296,650	272,300	(24,350)
Transfers In	77,500	65,000	(12,500)
SAFER – Planned Use of Fund Balance	0	525,000	525,000
Total Non-Tax Revenues (used to offset the property tax levy)	$ 5,966,897	$5,833,214	$(133,683)

Council Member T'Kach asked where the funds would go if interest rates went down and there was an increase in licenses and permits.

Finance Director Hove said overages would remain in the General Fund and help grow that fund. The fund balance policy recommends staying between 40 and 45% of the following year's expenditure budget.

General Fund – General Gov't Expenditures:

GENERAL GOVERNMENT	2024 Approved Budget	2025 DRAFT Budget	$ Difference
Mayor/Council	$ 331,925	$ 365,365	$ 33,340
Administration*	324,600	279,200	(45,400)
Human Resources	427,100	433,900	6,800
City Clerk*	403,925	400,342	(3,583)
Elections	189,703	92,400	(97,303)
Communications	398,362	444,253	45,891
Finance*	1,284,085	1,450,750	166,665
Total General Government	$3,359,700	$3,466,110	$106,410
% of General Fund Budget	10%	10%	

* Some of the existing staffing costs were redistributed across these departments – no new staff positions have been incorporated into the above amounts.

General Fund – Public Safety Expenditures:

PUBLIC SAFETY	2024 Approved Budget	2025 DRAFT Budget	$ Difference
Police	$ 11,846,756	$ 12,342,519	$ 505,763
Fire	6,464,364	6,748,831	284,467
Total Public Safety	$ 18,311,120	$ 19,101,350	$ 790,230
% of General Fund Budget	55%	55%	

General Fund – Public Works Expenditures:

PUBLIC WORKS	2024 Approved Budget	2025 DRAFT Budget	$ Difference
Engineering	$ 1,372,195	$ 1,423,585	$ 51,390
Street Maintenance	3,385,760	3,418,510	32,750
Street Lighting	199,000	203,000	4,000
Total General Government	$ 4,956,955	$ 5,045,095	$ 88,140
% of General Fund Budget	15%	15%	

General Fund – Park & Recreation Expenditures:

PARK & RECREATION	2024 Approved Budget	2025 DRAFT Budget	$ Difference
Parks Maintenance	$ 2,791,300	$ 2,901,750	$ 110,450
Recreation	774,935	781,010	6,075
Transfer Out – Parks Capital*	315,000	593,250	278,250
Total General Government	$ 3,881,235	$ 4,276,010	$ 394,775
% of General Fund Budget	12%	12%	

* Parks parking lot and trail projects were previously funded by an annual transfer from the Pavement Management Fund. In 2025, that funding ($262,500) has been moved from the Pavement Management Fund to the General Fund thereby reducing the Pavement Levy by $262,500.

General Fund – Community Development Expenditures:

COMMUNITY DEVELOPMENT	2024 Approved Budget	2025 DRAFT Budget	$ Difference
Community Development	$ 506,775	$ 528,250	$ 21,475
Planning	415,000	416,150	1,150
Inspections	1,337,700	1,388,450	50,750
Transfer Out – EDA	169,515	177,990	8,475
Tax Abatement – The Crossings	182,880	183,300	420
Total General Government	$ 2,611,870	$ 2,694,140	$ 82,270
% of General Fund Budget	12%	12%	

Council Member Gliva asked if a Community Development Director was included in the Community Development budget.

Director Hove said the budget did include a Community Development Director.

Council Member Gliva asked if there would be savings from the 2024 budget because they just hired a Community Development Director.

Director Hove said they should see a savings in the budget from 2024.

Council Member Murphy asked if Director Hove knew where the budget was in relation to the 40 – 45% of the following year's expenditures.

Director Hove said she will get the information for the Council, but they are in the right range.

General Fund Tax Levy – Components:

COMMUNITY DEVELOPMENT	2024 Approved Budget	2025 DRAFT Budget	$ Difference	% Change
Expenditure Budgets	$32,453,485	$33,628,165	$1,174,680	
Transfers Out – EDA	169,515	177,990	8,475	
Transfers Out – Parks Capital*	315,000	593,250	278,250	
Total Expenditures/Transfers	$32,938,000	$34,399,405	$1,461,405	4.4%
Less: Non-Property Tax Revenues	5,966,897	5,833,214	(133,683)	-2.2%
General Fund Levy	26,971,103	28,566,191	1,595,088	5.9%
Tax Abatement Levy	182,800	183,300	420	0.2%

* In 2025, Parks parking lot & trail funding ($262,500) was moved from the Pavement Management Fund to the General Fund.

The Crossing Tax Abatement Levy:

- Annual abatement is based on the new value added to the city's tax base under The Crossings Project. City taxes related to that new value are "abated" or paid back to the developer.
    - 2023 was the first year of this abatement ($33,000 estimate) – due to the fact that only a portion of the new projects' market value was "online"
    - 2024 estimated at $182,800 – after 2024, these payments should stabilize as the only "new value" will be due to any appreciation of the existing property
    - 2025 estimated at $183,300
    - Abatement runs 10 years or less
    - Maximum abatement is $1.6 million
    - Abatement is considered a separate "levy" each year

There are several bonds for past street related debts and fire station debt. They are using the Closed Bond Fund to pay off the 2020A G.O. Bonds. The debt has remained consistently at $2.5 million over the last five years.

Debt Tax Levies:

Bond Issuance	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Street-Related Debt				
2015A G.O. Bonds	635,669	637,301	633,210	634,055
2016A G.O. Bonds	695,874	718,134	718,292	723,227
2017B G.O. Bonds	263,211	263,125	262,882	267,731
2020A G.O. Bonds*	177,250	177,250	177,250	177,250
Use of Closed Bond Fund	-177,250	-177,250	-177,250	-177,250
Fire Station Debt				
2018A G.O. Bonds	737,977	739,289	739,522	733,514
2019A G.O. Bonds	186,586	187,635	188,475	189,105
Total	$2,519,316	$2,545,484	$2,542,411	$2,547,632

*In 2025, the City can pay off the 2020A Bonds with the balance in the Closed Bond Fund – that scenario will be presented at the August 5 work session along with the 2025 debt

Pavement Management Levy – 2024 vs. 2025 Preliminary:

2024 PMP Levy	$ 3,045,000
Less 2024 Parks PMP	(250,000)
2024 PMP Levy – Net	$2,795,000
2025 Proposed Increase (5%)	139,750
2025 PMP Levy – Preliminary	$2,934,750

In 2020 the PMP Levy was 1.75 million and $250,000 was dedicated to Parks PMP leaving $1.5 million available for Street Projects. The Preliminary PMP Levy of $2,934,750 proposed for 2025 is a 96% increase over the levy resources available for street projects in 2020.

Citywide Tax Levy – By Fund (Preliminary)

	2024 Approved Budget	2025 DRAFT Budget	$ Difference	% Change
General Fund	$26,971,103	$28,566,191	$1,595,088	5.9%
General Fund – Tax Abatement	182,880	183,300	420	0.2%
Pavement Management*	3,045,000	2,934,750	(110,250)	-3.6%
Debt Service	2,542,411	2,547,632	5,221	0.2%
Total Levy	$32,741,394	$34,231,873	$1,490,479	4.6%

* In 2025, Parks parking lot and trail funding ($262,500) was moved from the Pavement Management Fund to the General Fund.

Tax Levy – 5 year history (2020-2024):

- General Fund, 2020: $20,128,800
- Pavement Management 2019: $1,750,000
- Debt Service Funds 2019: $2,852,083
- Dollar changes from prior year:
    - 2019 - 2020: $ 1,499,589
        - General Fund: $691,600
        - Pavement Management: $500,000
        - Debt Service Funds: $307,989
        - Percentage of change: 6.5% increase
    - 2020 – 2021: $1,392,475
        - General Fund: $877,400
        - Pavement Management: $500,000
        - Debt Service Funds: $15,075
        - Percentage of change: 5.6% increase
    - 2021 – 2022: $1,862,028
        - General Fund: $1,909,870

    - Pavement Management: $300,000
    - Debt Services Funds: ($347,842)
    - Percentage of change: 7.1% increase
- 2022 – 2023: $2,349,409
    - General Fund: $1,940,241
    - General Fund – Tax Abatement: $33,000
    - Pavement Management: $350,000
    - Debt Service Funds: $26,168
    - Percentage of change: 8.4% increase
- 2023 – 2024: $2,406,599
    - General Fund $2,114,792
    - General Fund – Tax Abatement: $149,880
    - Pavement Management: $145,000
    - Debt Service Funds: ($3,073)
    - Percentage of change: 7.9% increase

The average increase over the previous five years is 7.5% and the increase proposed in 2025 is 4.6%.

Council Member Murphy asked to verify the average rate of change year over year.

Director Hove said the average rate of change year over year was either 7.5% or 7.9%.

City Administrator Wilson presented the General Fund Staffing Requests.

Department	Position
Communications	Assistant Communications Manager
Police	3 Full-time Police Officers
Fire	3 Full-time Firefighters
Cost of New Staffing (est.)	$ 894,000
	+53,000 Position Reclasses/OT/Seasonal/Temp
Cost to General Fund (est.)	$ 947,000

The Communications department currently has two full time employees and a half-time employee assisting with communications but working out of the Parks & Rec department.

The Police Department has applied for a federal grant that would support approximately 1/3rd of the cost for three police officers if they receive the grant. The Fire Department has also submitted a federal grant that would fund the full cost of the three firefighters requested. The City should know by fall if the departments receive the grants. The request for reclassification of positions and overtime budgets is included in the $53,300. This would be a 2.9% increase to the levy budget. There are Public Safety dollars from the State from 2023 that have not been allocated by the police department as of now. These dollars could be used to help pay for the three positions requested.

Council Member Murphy asked if the increase to the levy budget would be 4.6% proposal plus 2.9% additional staffing request equaling a total increase of 7.5%.

Administrator Wilson confirmed it would be a 7.5% increase.

Administrator Wilson said this is the first look at the budget request and that if Council Members had questions or comments, they could ask her or the Finance Director. They will present recommendations at a meeting in August. They will also review their non-General Fund budgets.

Timelines: Future Meetings

- August 5 Work Session
    - Budget Reviews:
        - Community Center
        - Host Community Fund
        - Pavement Management
        - EDA
        - Debt Service
        - Internal Service Funds
- Sept. 3 Work Session
    - General Fund & Tax Levy
- Sept. 9 Council Meeting
    - Adopt Preliminary Tax Levy
    - Adopt Preliminary Budgets
- Oct. 7 Work Session
    - Budget Reviews:
        - Inver Wood Golf Course
        - Water, Sewer, Storm Water
        - Convention & Visitors Bureau
- Nov. 4 Work Session
    - Additional budget discussions scheduled as needed
    - Final Presentation of 5-Year CIP
- Dec. 2 Work Session
    - Public Meeting to discuss budget, tax levy, and receive public input
- Dec. 9 Council Meeting
    - Adopt Final Tax Levies
    - Adopt Final Budgets

Council Member T'Kach asked if Council would receive any of the information for the items that will be discussed during the October 7th Work Session prior to the meeting.

Administrator Wilson said they would likely not have fully developed budgets for the utilities prior to the preliminary levy. They model their utility rates and budgets for the next five years and can provide a review of the previous budget information during the September 3rd Work Session. The sewer and stormwater funds are challenged and will need rate increases to keep up with the capital investments.

Mayor Dietrich asked if the departments requesting additional staff can provide some of the initiatives that they are not able to do because of lack of staffing and what Council can expect if their positions are filled. Mayor Dietrich also asked if one of the three officer positions would be a School Resource Officer (SRO).

Administrator Wilson said that the police department did not plan on one of the three officers being an SRO. The police department is hoping to partner with the school district which currently pays for nine months of one SRO and the city pays the salary for the three months over the summer. Staff would propose the city use the Opioid Settlement Funds to cover the city's cost. One of the goals of having a second SRO is to reach middle school and younger grades and handle some of the substance abuse challenges being seen in younger kids. They are looking at an additional SRO but do not see it as a levy supported position.

Council Member Murphy asked for a history on full time additions to staff over the last five to ten years.

Administrator Wilson said they could provide a report across the past five years for all departments.

Mayor Dietrich said there has not been a stipend change for Council or Mayor over the last ten years and asked if they could get a guide and compare comparable cities or cities in the MLC and where Inver Grove Heights falls.

Administrator Wilson said she could provide that information and there is a statutory requirement as to how close to Election Day they are able to make changes. The salaries for Mayor and Council went into effect January 1, 2015.

Council Member T'Kach asked if they were making any investment in energy efficient studies for future developments that could help the city receive federal dollars that reward cities for already having energy efficiency studies done.

Administrator Wilson said she is not aware of any specific studies planned in the budgets discussed tonight. The Internal Service Funds budgets will be reviewed in the August 5th Work Session and that includes the Central Facilities funding. That is not the only place where energy efficiency is being reviewed but it is a significant spot.

Council Member T'Kach asked if the Public Works Maintenance Facility would fall into that as far as for receiving city and state transportation dollars.

Administrator Wilson said in the CIP there are planned improvements to the City Facilities in the coming years, but there currently is not a funding source. There is a consultant working with the Public Works Staff for a general site plan of using the space available and what may need to be remodeled or built new.

Council Member Murphy asked if they would have a history of the City's tax rate.

Administrator Wilson said they will provide that.

Council Member Murphy said, if possible, he would like to give residents a break.

Council Member Gliva said she looked at 4.6% and thought it looked great considering today's economy. Any increase in taxes has an impact on residents and she would want to look very hard at any additional increases.

Administrator Wilson said the first line of taxes in the General Fund – Non-Property Tax is revenue from Franchise Fees charged to cable companies. This is for using public right of way to bring their product to their customers. The fees are paid to Northern Dakota County Cable Communications Commission (NDC4), and they keep 75% of the fees and give 25% back to each city. Inver Grove Heights receives approximately $100,000 per year from NDC4. Due to fewer people using cable, the franchise fees are decreasing and the NDC4 is having issues balancing their budget. They have asked cities to reduce or eliminate the 25% franchise fee that goes back to the city. Administrator Wilson is meeting with city administrators from other cities served by NDC4 next week to better understand their budget and request.

Council Member Gliva asked if there was legislation proposed this year to help mitigate that.

Administrator Wilson said NDC4, and other similar organizations met together and proposed legislation that would have brought them additional revenue through streaming services, but it did not pass this year. They will likely try again next year.

Council Member Scales asked if the city was on track for expenditures and revenues for 2024.

Administrator Wilson said they were currently tracking at or below for expenditures and she expects to come in under budget. Revenues were doing well, and licenses and permits are up. They are expecting higher revenues than what is in the budget.

Council Member Gliva asked where the fees for the two developments in the NWA would have gone if they had not been reduced.

Administrator said the fees that were reduced for the two developments in the NWA were utility connection fees and would be in the Water, Sewer, and Stormwater capital funds. The fees in this General Fund were permits and licenses for actually building a structure.

B. DRAFT 5-Year Capital Improvement Plan (2025-2029)

Finance Director Hove presented an overview of the Capital Improvement Plan. The presentation will focus on a high level of the CIP and the immediate projects proposed in the next few years.

What is a Capital Improvement Plan (CIP)

C. A Capital Improvement Plan (CIP) is a community planning and fiscal management tool used to coordinate the location, timing, and financing of capital improvements over a multi-year period

D. Purpose
  - Preserve the city's existing assets and infrastructure
  - Plan for the long-term asset needs of the city
  - Assist in the development of budgets
  - Balance community goals & priorities

The CIP does not yet include:

- Larger Facility Remodels/Repairs/Replacements:
    - Public Works Facility
    - Fire Station 3 needs
    - Comprehensive plan for roof replacements
- Central Equipment – replacement schedule is currently in an excel format

CIP: Department Summary: Estimated Project costs total (2025 – 2029)

- City Facilities - $1,061,000
- Community Center - $4,574,150
- Golf Course - $935,000
- Parks - $5,640,600
- Pavement Management – Local Streets - $84,201,477
- Pavement Management – Partnership Project. - $25,778,939
- Sewer – $3,970,000
- Stormwater - $3,085,000
- Water - $8,003,000
    - Total - $137,249,166

The largest portions of the Parks & Rec funds are going towards Park projects (46%) and Community Center projects (37%). The largest portion of the Public Works funds are going towards Pavement Management costs (88%).

Funding Source Summary (2025 – 2029):

- Central Equipment Fund - $282,500
- Central Facilities Fund - $740,00
- Community Center Capital Fund - $3,074,150
- County-Cost Share - $6,822,150
- Federal-Grans & Aid - $8,419,040
- Golf Course Fund - $940,000
- Other Jurisdictions/Agencies - $2,157,160
- Park Acquisition & Development Fund - $650,00
- Park Capital Replacement Fund - $2,990,000
- Pavement Management Fund - $30,572,254
- Sewer Capital Fund - $9,336,992
- Special Assessments - $29,593,010
- State-Bonding - $2,747,372
- State-NM DOT - $1,370,000
- State-State Aid (MSA) - $11,653,168
- Storm Water Capital Fund – $7,456,172
- Storm Water Capital Fund – NWA - $81,000
- Storm Water Utility Operating Fund - $65,000
- Unfunded - $3,000,000
- Water Capital Fund - $15,298,008

There are a couple of projects in 2025 and 2028 that they are still working on the funding for. They will be discussed later in the meeting along with possibilities for funding.

Today's Request / Purpose:

- Are staff proposing the right projects?
- Do projects seem prioritized properly?
- Do timelines seem appropriate?
- Are there any projects missing from this 5-year plan that Council would like added to the plan?
- Are there projects in the plan that Council would like removed?
- Tonight's primary focus will be on Year 2 of the CIP (2026) as those projects are typically developed and communicated to residents in 2024 and 2025.

Council Member T'Kach said she would have liked to have the information a few weeks ago for all of the budgets to be able to see what departments are requesting and where the money will be going. Some projects may be too expensive and may not be worth moving forward even though the city has already invested money into them. T'Kach asked when they would need the answer to the questions if Council isn't able to answer them at this meeting.

Director Hove said the budgets have a timeline for when they are presented. The CIP is a large rough draft, and they will not bring it back for approval until November. There are opportunities to talk about it while talking about budgets and where projects fit. If Council wants to have the CIP or specific projects discussed it can be put on the agenda for a Work Session. Most of the 2025 – 2026 projects have already been brought before Council for review.

Council Member Murphy asked if staff have been having conversations about the police department's needs such as more space, fencing and parking lots.

Director Hove said improvements to the police department are being discussed as part of the Public Works Facility. Once they know what that campus will look like, there will be more opportunities to look at other buildings.

Council Member Murphy said it seems that would be a long way down the line.

Public Works Director Connolly said that it is farther down the line. The current Public Works study is focused on the maintenance facility and the components that already exist in the area. There is a small component that is looking at a potential firing range. If Council is asking about police facility expansion, that would be separate, and he would need more information.

Council Member Murphy said he is hearing there are needs for expansion and it does not seem like it is a priority and thinks it should be part of the conversation within the next five years.

Mayor Dietrich said she would like to hear more information about that as well.

CIP Reports:

- Projects by Department – tells you which department manages project
- Projects by Funding Source – tells you how the projects are proposed to be funded

- Project Details – project details that include a brief narrative, the year planned, department managing, funding source

Parks & Rec Director Lares presented the City Facilities projects on the 2025 – 2029 CIP. Aaron Fitzloff is the new Facilities Maintenance Superintendent and today was his first day and he will be having assessments with these projects over the next few years.

City Facilities – 2025 Projects

Project	Amount
ADA Improvements	$ 25,000
Lighting Improvements	20,000
City Hall – Replace Data Closet Heat Pumps	14,000
City Hall – Install Data Closet Duct Work	8,500
City Hall – Build Offices	50,000
City Hall – Elevator Code Updates	105,000
Fire Station #1 – Boiler/Pumps	35,000
Fire Station # 1 & 3 – Update Fire Alarm Panels	21,000
Public Works – Water Heater	3,500
Rich Valley Maintenance Building – Boiler	15,000
Water Treatment Plant – Roof Top Unit	20,000
Total Projects	$ 317,000

City Facilities – 2026 Projects:

Project	Amount
Fire Station – Replace Water Heater	$ 6,000
Fire Station #3 Roof Exhaust Fans	6,000
Golf – AC Unit #1	5,000
Public Works – Cold Storage Sprinklers	129,000
Public Works – Generator	60,000
Water Treatment Plant – Exhaust Unit 2	13,000
Total Projects	$ 219,000

Council Member Murphy asked which fire station the water heater replacement was for and if it was scheduled maintenance.

Director Lares said it is for fire station #3. Water heaters typically have a 15 – 20 year lifespan and anything over $5,000 they put into the CIP.

City Facilities – 2027 & Beyond:

- Fire Station # 1 Roof Top Unit
    - Cost is typically between $70,000 – 90,000
- Roof Repairs throughout City. Including Fire station #3 roof evaluation
    - Looking at potential rehabilitation

Community Center Projects – 2025:

Area	Project	Amount
Fitness	Equipment Replacements, Center Flooring	$ 105,000
Aquatics	Water Park Play Structures	80,000
Arena	Paint Team Rooms & Restrooms, Volleyball Poles/Stands, Card Reader for P & R Admin Office	32,000
Mechanical	Replace ADA Door Openers, HVAC (Daycare), Radiant Heat West Rink	132,500
Grove	Brightside Room Remodel, Benches, Birthday Party Room, Pool Deck, Rear Concrete Stairs	400,700
	Total Projects	$ 750,200

Council Member Gliva asked if he had any ideas for the Brightside room remodel and if any neighboring cities had similar projects they could see.

Director Lares said one of the ideas was an indoor playground. Both Eagan and Maple Grove have them in their Community Centers. Golden Valley also has one that would be similar to the size that Inver Grove Heights has.

Council Member Gliva asked if residents would buy a pass for access.

Director Lares said there is typically an admission fee or pass. The space could also be used for birthday parties. The net revenue is usually between $80,000 – 200,000 net annually depending on amenities. They have received rough estimates of what it would cost, and it would include some construction including relocating the main entrance to be near the guest services staff. They would look at utilizing their current staffing.

Mayor Dietrich asked if the water park play structures were original.

Director Lares said most of them are original, some parts have been replaced over time. The main piece, the water slide and dunk tank, will stay in place.

Mayor Dietrich said the ADA openers and key fobs for staff are excellent ideas.

Council Member Murphy said the compressors for the ice rink were scheduled for 2028 and asked if they would make it that long.

Director Lares said he will review the plans for 2028 shortly.

Community Center – 2026 Projects:

Area	Project	Amount
Common	Common Area Updates	$ 20,000
Fitness	Equipment Replacements, Studio Floor	72,000
Aquatics	ADA Lift, Lap Pool Bleachers, Pool Stadium Seating, Lifeguard Lockers	87,750
Arena	Replace R-22, Rear Door Frames	213,000
Mechanical	Boiler for Pools, Make Up Air East Rink, HVAC	161,300
Grove	IT Server Panel Upgrade	10,000

		Total Projects	$ 564,050

Director Lares said R-22 is a chemical used in the compressors to cool the rinks and it is no longer available for sale in regular markets. It is not illegal to purchase, but not readily available. Their compressor relies on R-22 and that is why there is a need for conversion. They currently have a stock of it, but a leak could happen that could deplete the current stock. They have budgeted $200,000 to replace some of the stock and make it to 2028. If in 2026 they still have the stockpile they may not have to replace it.

Community Center – 2027 & Beyond

- Replacement of several Roof Tops & Units
- 2028 East/West Rink Compressors (3) - $2.5 million
    - Anticipate $1 million plus from this fund and potential partnership with City of Rosemount for remaining cost

Mayor Dietrich asked if Rosemount had any intentions of putting any ice facilities in the gym being built.

Director Lares said that they have a long term agreement with the Lifetime Community Center, but he does not believe they will have any type of ice arena.

Golf Course – 2025 Projects:

Project	Amount
Ball Machine # 2 Replacement	$ 10,000
Storm Shelter Replacement (Hole # 5 & #15)	40,000
Step Replacement	15,000
Seeder Machine	25,000
Total Projects	$ 90,000

Golf Course – 2026 Projects

Project	Amount
Cart Replacement	$ 250,000
Clubhouse Landscaping	100,000
Course Step Replacement	15,000
Triplex Tee Mower 3WD (x2)	85,000
Total Projects	$ 450,000

Director Lares said the cart replacement will replace the entire fleet and does not include any trade in value of their current fleet. The trade in value may not be as high as expected because the carts were used much more during Covid-19. The Golf Course Superintendent expects a two year return on investment.

Mayor Dietrich asked if the club house landscaping includes any ADA accessibility up to the building.

Director Lares said landscaping is traditionally just the grounds and the green space. He believes they are currently compliant with ADA guidelines.

Golf Course – 2027 & Beyond

- Grounds Equipment Replacement 2027 – 2029 equaling approximately $280,000 for various pieces of equipment

Director Lares said the ground crew and mechanics do a lot of preventative maintenance, but they are trying to keep everything going until the end of its lifetime.

Parks – 2025 Projects

Project	Amount
Groveland Park Ballfield Renovation	$ 100,000
Parking Lot – Groveland Park	100,000
Parking Lot – Salem Hill Park	100,000
Southern Lakes Park Playground	150,000
VMCC Park Playground	300,000
HVP-Phase 5 (Playground/Splash Pad)	2,650,600
Total Projects	$ 3,400,600

Director Lares said the Groveland Park outfield is like a swamp with any rain and needs to be redone. This will coincide with street work that will be done in the area in 2025. Southern Lakes playground is over 20 years old right now and they are looking to upgrade and expand it. The VMCC Park playground is also over 20 years old. Some of the equipment at the playground is German made and they have not been able to find replacement parts. The parks are all safe and certified every year, but they are in need of an upgrade. Phase 5 was unable to be completed in 2024 and has been moved to 2025. This includes the playground, splash pad and an expansion of the parking lot. This is part of the $2 million in bonding that was received in 2023. There is a rough cost estimate of $650,000 that will come from the Park Acquisition and Development Fund.

Council Member T'Kach asked if the designs for the ball parks and parking lots will include more resiliency to withstand the winters.

Director Lares said the Parks Department with their turf management skill sets will build resiliency for the fields. The park system as far as multi-fields and play surfaces in Inver Grove Heights are top notch. They will take direction from their vendors and City Engineer to ensure they have a quality product for the parking lots.

Parks – 2026 Projects

Project	Amount
South Valley Park Trail	$ 100,000
Sleepy Hollow Playground	100,000
Total Projects	$ 200,000

Parks – 2027 & Beyond

- Rich Valley Parking Lot & Trails – saving over multiple years for $1.15 million project planned for 2029
- 2027 – 2029 = replace several playground structures
  - Salem Hills Park
  - Ernster Park
  - Lions Park

Director Lares said many of the play structures are over 20 years old. They are planning community engagement to hear what they would like to see. They will also work with their vendors to see what grants are available. There are opportunities to save money planning this far in advance.

Council Member Scales asked if Heritage Park Phase 6, the relocation of historical buildings was in the plan.

Director Lares said they have preliminary numbers on Phase 6. They submitted a bonding request but did not get approval. The cost estimate is $400,000 – 500,000 to have the buildings moved.

Council Member Scales said he would like to see that project happen within the next few years and would like to see if they could work with the county for help with funding.

Council Member Murphy said he agrees that he would like to see that happen.

Council Member T'Kach said she would like to look at the timing and cost.

Council Member Scales said that it is the last part history Inver Grove Heights has and once those buildings are gone, the history is gone.

Director Lares said he would look at it more and look into funding and timing. They try to prioritize based on condition.

Council Member Scales said Heritage Village is long term and it is a park that Inver Grove Heights is known for and will still be used 10 – 20 years down the road. He considers it their flagship park and if it is done right, it will be a focal point for the city.

Council Member T'Kach asked if it was possible to build a fund for Phase 6 and if they had time before the buildings fall apart where they are.

Director Lares said they have not had a full assessment of the actual condition of the buildings, but they did get an estimate for simply relocating the buildings. This would not include backfilling the original locations, new foundations or hooking up to utilities. It is estimated at $400,000 – 500,000 to just move them to the new location. They can always put money aside but that has an impact on what can be done in the years ahead.

Council Member T'Kach asked if it was practical to move Ernster Park up because there is much more density and use there.

Director Lares said they can evaluate it. They plan their projects based on safety, but they can look. He agrees that Ernster is isolated in the area and residents in the area do not have other parks close by.

Public Works Director Connolly presented the budget for Pavement Management.

Pavement Management – Local Streets 2025

Project	Amount
Annual PMI Projects	$ 15,607,913
Broad Area Patching	230,000
Crack Sealing & Pavement Rejuvenation	220,000
Traffic Calming & Safety Improvements	30,000
Cahill Ave, Traffic Study	95,000
South Grove Area Maintenance Overlay (UTBWC)	1,000,000
Total Projects	$ 17,152,913

Director Connolly said Council has already voted on three of the Annual PMI Projects and voted to approve two of them. Most of the feasibility reports are done and they are moving into final design. All PMI costs include funding from multiple funding sources.

There is a need to reconstruct Cahill Avenue in 2029 with it being fully developed. The traffic study is the first step.

Pavement Management Initiative (PMI)

- Project Selection Criteria
  - Condition/Quality Index (PCI/PQI)
  - Age/Original construction
  - Annual maintenance costs
  - Past prioritization (i.e., 2024-2028 CIP, carry over projects)
  - Public utility condition
  - Funding availability
    - Utility Funds often limiting factor
- Annual Project Goals
  - 6 – 7 miles of roads per year
  - Combine neighborhood streets into single project
  - Focus on most effective rehabilitation technique
    - Extend Pavement Life (Mill & Overlay)
    - Replacement (Reclamation or Reconstruction)

Pavement Management – Local Streets 2025 PMI – Project Locations:

- 2025-09O – Barbara Avenue and 46th Street – 1.55 miles
- 2025-09E – 50th Street Area (Babcock Trail to TH 3) – 1.22 miles
- 2025-09G – Bacardi Avenue and 88th Street – 0.22 miles
  - Public Hearing first regular Council Meeting in August
- 2023-09E – Argenta Trail 0.65 miles

  - Carry-over from 2023, Joint project with Eagan & Dakota County
- Total 2025 Miles – 3.64 miles

The seal coat in the South Grove area has been stripped off. Pavement that was put down in the late 2000's was sandier and had less oil content. When the seal coat was applied, it trapped water and the seal coat is now chipping away. It has created major issues for the maintenance crews. This problem cannot be stopped by covering it up, it has to be removed and replaced. They used the Ultra-Thin Bonded Wearing Course (UTBWC) on 72nd Street between Clayton and Dawn Ave and it was very effective. It is resilient and removes the seal coat placing a half-inch surface of asphalt down that is more effective than a 2-inch overlay. MnDOT has been using this for over 20 years and it is estimated to extend the lifespan of a residential street at least another 15 years. They are hoping to get at least 9 – 10 years.

Council Member T'Kach asked if this would be assessed to the property owners.

Director Connolly said they are currently only proposing this type of project in the South Grove area. This is less expensive than the mill and overlay and is being proposed as maintenance and not assessable.

Mayor Dietrich asked if MnDOT specifically has been using this for a number of years and if it is effective with Minnesota's climate.

Director Connolly said MnDOT has a Local Road Research Board and their MN Road Facility and has put down hundreds of miles of this. They have used this mostly on highways with higher speeds and more traffic. Their curiosity of using this on local roads is if it will start chipping away due to castings for utilities but they have not seen it happen yet. County Road 11 in Burnsville had this application approximately ten years ago. They drove the road and looked at it because it has a lot of castings for utilities and did not see any issues. They noticed there was reflective cracking. They are only looking at applying this on roads that are only 10 to 15 years old where there is not a lot of cracking.

Pavement Management Projects – Local Streets 2026 Projects

Project	Amount
Annual PMI Projects	$ 15,362,990
Broad Area Patching	240,000
Crack Sealing & Pavement Rejuvenation	225,000
Traffic Calming & Safety Improvements	35,000
Cahill Ave, Traffic Study	95,000
South Grove Area Maintenance Overlay (UTBWC)	1,000,000
Total Projects	$ 16,862,990

2026 PMI Feasibility Studies

- Order Studies – August 12, 2024
- Citizen Task Force Recommendation/Staff Goal – Start studies 18 – 24 months prior to construction start
  - Construction Start – April/May 2026
  - Feasibility Study Start – April - September 2024

The GIS Staff added the mapping for the Pavement Management Initiatives in the CIP to the Pavement Management website. They have an extensive project load in 2026, but it is within the 6 – 7 mile range. They try to combine streets that are close to each other and have similar needs. For 2026 there are several residential streets south of Upper 55th Street between Hwy 3 and Babcock Trail. There is also a section of a frontage road, 52nd Street, which needs to be reclaimed. A segment of 55th Street was in the 2022 Pavement Management Initiative that has been added for 2026. There is a project in the area off of College Hill and Cahill Avenue that they are planning a Mill & Overlay. There is also a rural area to the south that is likely going to need a Full Depth Reclamation. The budgets in the CIP include these projects. There is no guarantee that all of these projects will be done in 2026, but staff believes they are good candidates, fit within the program and they have the funding available. There will be more information about these projects in the August 12th City Council meeting.

Council Member Gliva asked regarding Upper 55th Street if there was a reason why there is a project for 2028 but both ends of it have projects for 2026.

Director Connolly said it is a challenge to put projects together that make sense. Upper 55th Street is a State Aid road. When they want to fund those types of projects, they have to budget based on the funds received each year. The project to the east of Blaine Avenue will likely be a Full Depth Reclamation. The project to the west will also likely be a Full Depth Reclamation. It borders South St. Paul, and they are doing water main work and are going to be doing a complete reconstruction of the one block. The middle section may be able to do a Mill & Overlay as opposed to a Full Depth Reclamation.

In 2027 there is an area that has a large, proposed project that may be divided into two projects, but it is all in the same area.

Council Member T'Kach asked what area of Cahill Avenue the traffic study will focus on.

Director Connolly said at a minimum the study will go from Upper 55th Street to Concord Avenue but it may be split into segments. There is a section south of 80th Street that is already split with a median and it is unlikely there would be changes to the curb and storm drains. The section between 70th Street and 80th Street has some of the oldest sanitary and water mains. If they are going to do reconstruction to that area, it is likely to be a full reconstruction. Currently they have a four lane road that is not divided, and the traffic study will help determine if that is what is needed or if they need to resize. There are a lot of things beyond the road that need work. The traffic study is the first step to reconstruction. The first project is not scheduled until 2029 and the traffic study will give them information to move forward with design.

Council Member T'Kach asked if the area between 70th Street and Upper 55th Street is in better condition because it is not included in this plan.

Director Connolly said that it is likely to be included in 2030. They have plans beyond the five-year CIP but are only presenting what is included in the five-year plan. Their goal is to have a ten-year plan in the engineering division of streets they know will need work. The projects towards the end of the CIP are more likely to be shifted.

Pavement Management – Local Streets 2027 & Beyond

- Annual Projects
  - PMI (6 – 7 miles per year)
  - Broad Area patching/Maintenance Overlays
    - Complete South Grove sealcoat remediation by 2027
  - Traffic Calming/Safety Improvements
  - Cracksealing & Pavement Rejuvenation

Pavement Management – Partnership Projects – 2025 Projects

Project	Amount
2025 County Overlays	$ 40,000
70th Street – TH 3 to Cahill Ave – Final Design	165,000
80th Street – Babcock Trail to Bowman - Construction	400,000
80th Street – TH 3 to Babcock Trail Scoping Study	67,500
Argenta Trail/I-494 – Prelim Designs	50,000
Barbara Ave. Soundwall (Design/ROW)	100,000
117th Street (Construction, Year 1)	3,554,852
Babcock Trail Multi-Use Trail Facility (Construction)	207,150
Argenta/Westcott/TH 149 Flashing Yellow Arrow	75,000
Total Projects	$ 4,659,502

All of these costs are not coming from the Pavement Management Fund but from various different funds. A lot of the construction costs are from State Aid and are being funded from bonding, other funds, or grants. Study items are typically funded from the Pavement Management fund. None of the projects are new but the costs are more refined.

Pavement Management – Partnership Projects – 2026 Projects

Project	Amount
70th St. – TH 3 to Babcock Trail – ROW	$ 200,000
80th Street – TH 3 to Babcock Trail – Final Design	125,000
Argenta/TH 55 Interchange – Preliminary Study	50,000
Barbara Ave. Soundwall (Construction)	200,000
117th Street (Construction, Year 2)	1,604,407
Total Projects	$ 2,179,407

Pavement Management – Partnership Projects 2027 & Beyond

- County Studies
  - Cliff Road/Rich Valley Blvd. Intersection – Scoping Study
- County Overlays (2027)
- Construct County Road Projects
  - 70th Street (TH 3 to Babcock) – Widening
  - 70th Street (Babcock to Cahill) – Bituminous Trail
- 70th St. at TH 52 – West Ramp Intersection Improvement (MnDOT) (2028)

Council Member T'Kach asked if they had an idea of how wide the plan was for 70th Street between TH 3 and Babcock.

Director Connolly said the county is currently doing a study on the area and they will hopefully hear in the next month. At a minimum it is likely to be a three lane road but could potentially be four lanes. They will not put in something that is bigger than it needs to be.

Council Member T'Kach said there is a lot of topography in the area with retaining walls and asked whose responsibility the maintenance would be.

Director Connolly said it is to be determined. The biggest issue will probably be access management. The northern area is prime for development. Long term maintenance will be based on what type of improvements are made. For retaining walls, it typically depends on where they are located and what they are retaining. For the most part the city only does maintenance on county roads for local sewers and utilities that are only for the city and plowing trails.

Sewer – 2025 Projects

Project	Amount
Annual Sanitary Sewer Rehabilitation	$ 270,000
Annual Sanitary Sewer Cleaning & Televising	370,000
Total Projects	$ 640,000

Director Connolly said the goal for Cleaning & Televising is to televise sewer lines every six years. They can do this in house but if they partner with a contractor that follows specific ratings and requirements it allows them to qualify for insurance from the League of MN Cities. Every sewer is cleaned every three years and televised every six years.

Mayor Dietrich asked if once a portion of the city sewer is televised it is eligible for insurance.

Director Connolly said the entire sewer would have to be televised and documented to be eligible for insurance. They have the maintenance for it but not the records on the televising. They started recording this information last year so in another four years they will be eligible for insurance.

Sewer – 2026 Projects

Project	Amount
Annual Sanitary Sewer Rehabilitation	$ 300,000
Annual Sanitary Sewer Cleaning & Televising	390,000
Lift Station Rehabilitation (Lift Station No. NE-4 Forest Haven/Blackberry)	275,000
Total Projects	$ 965,000

Director Connolly said that the Lift Station Rehabilitation will coincide with the reconstruction of the roads in the area. It was not built to normal standards and does not have the right wet well or electrical components.

Sewer – 2027 & Beyond

- Annual Sewer Rehabilitation
- Annual Sewer Cleaning & Televising

The Sanitary Sewer funding is currently projected to be negative at the end of 2028. Staff is continuing to work on funding models to address the shortfalls. The big issue is there is $1 million in debt service they have to pay yearly, and it is not coming in from development fees. They have had more sanitary sewer expenses with PMI projects than ever before because of the desire that utilities should pay for utility costs even when they are part of a pavement project. Staff has reviewed these, and an idea would be in areas where they are doing Mill & Overlays where they are not doing anything to the sewer the cost should come out of the Pavement Management Fund. That money will not make up for the shortfall.

The 2025 project for the South Grove area has all new sanitary sewer planned. The sewer in the area has a lot of deterioration, root intrusions and other challenges. There is some funding eligibility from the MET Council, but it is almost $2 million in sewer replacement costs in the neighborhood. They have been planning for this but with the shortfalls in revenue from development fees there is a major impact.

Stormwater – 2025 Projects

Project	Amount
Annual Minor Drainage Improvements	$ 85,000
Storm Sewer Televising	60,000
Dickman Trail – Culvert Replacement (Designs, Yr. 1)	75,000
Pond JP-1 Outlet Skimmer	50,000
Total Projects	$ 270,000

Director Connolly said they have applied for a grant for the Dickman Trail Culvert. If they receive the grant the project may accelerate but would not shift other priorities. There is a pond in the South Grove neighborhood that needs to have the skimmer replaced to reduce flooding risk in the area.

Stormwater – 2026 Projects

Project	Amount
Annual Minor Drainage Improvements	$ 85,000
Storm Sewer Televising	65,000
Raingarden Inlet Rehabilitation (bi-annual)	20,000
Dickman Trail – Culvert Replacement (Design, Yr. 2)	75,000
Marcott Woods Park – Ravine Restoration	150,000
MS4 Program Implementation	20,000
Total Projects	$ 415,000

Director Connolly said they are switching the Raingarden Inlet Rehabilitation from annually to bi-annually to try to save funds. The Dickman Trail design has been divided between two years because of working with multiple entities. The railroad is the biggest challenge, but they are also discharging very close to the river and are working with the DNR to ensure they are not adversely impacting anything downstream. Every four years they have to do a revision of their storm sewer permit (MS4).

The Dickman Trail Culvert is 96 inches wide and is rusted out. There are some sinkholes in the area, and it is in need of complete replacement. They are trying to work with the railroad to see what portion they are willing or required to pay for. Dickman Trail was likely put in originally by the state. The city knows they are responsible for what is under the roadway, but they are trying to determine who is responsible for what is under the railroad. They have to replace the entire culvert and cannot do it in sections.

Stormwater – 2027 & Beyond

- Annual Minor Drainage Improvements
    - Increase Funding Annually
- Annual Storm Sewer Televising
- Bi-Annual Raingarden Inlet Rehabilitation
- Dickman Trail – Outfall Culvert Replacement (Construction)
- MS4 Program Implementation Updates (2026 – 2027)
- Schmidt Lake Outfall Channel Repairs (2028)
- TO BE ADDED: 64th Street Outfall (Year & Cost TBD)

The 64th Street Outfall is listed as unfunded in the CIP. They have a very large outfall pipe that has shown past deterioration. The flood waters have gone down so they will look to see what the situation is. There was a lot of time and effort spent 6 to 7 years ago to design a project there that was never done. Director Connolly said he does not think the pipe will last very long. Dakota County has not yet been added to the list for disaster relief funds but if it were he would like to accelerate this project. The potential failure was a result of this year's flood. Stormwater funding is currently projected to be negative at the end of 2028. Staff is continuing to work on funding models to address the shortfalls.

The Stormwater fund is most impacted by the Pavement Management shift away from being funded by the Pavement Management Fund. When the Stormwater utility fund was formed, it was formed to only self-fund half of it. The other half was intended to come to the General Fund. The General Fund was never contributing to the Stormwater Fund as a line item.

Water – 2025 Projects

Project	Amount
Annual Well Pump & Service Rehabilitation	$ 135,000
Water Treatment Plant, Sludge Pump Replacement	35,000
Babcock Booster Station Pump Inspection (#2)	35,000
Annual Water Treatment Plant Booster Pump Inspection	30,000
Automated Meter Infrastructure (AMI)	200,000
Total Projects	$ 435,000

Director Connolly said the Water Fund currently has no issues with funding. The annual water treatment plant booster pump inspection is a capital project as opposed to an operation and maintenance item because these pumps are at the age where they will start to need replacement instead of maintenance. This will be the first year for the Automated Meter Infrastructure and they will get a study, a contractor, and a plan to move forward with a potential upgrade to the water meter system. This will help them recover the fees for water and potentially the sewer more accurately.

Water – 2026 Projects

Project	Amount
Annual Well Pump & Service Rehabilitation	$ 140,000
Water Treatment Plant, Sludge Pump Replacement	40,000
Annual Water Treatment Plant, Booster Pump Inspection	35,000
Northside Water Tower Rehab (Design)	100,000
Automated Meter Infrastructure (AMI)	1,600,000
Total Projects	$ 1,915,000

Director Connolly said the Northside Water Tower is the water tower off of 50th Street, north of 494. They normally do a rehabilitation every 25 years. This water tower needs a complete sandblasting inside and outside and repainting.

Water – 207 & Beyond

- Annual Well & Service Rehabilitation
- Annual Water Treatment Plant Sludge Pump Replacement (through 2028)
- Annual Water Treatment Plant Booster Pump Inspection
- Automated Meter Infrastructure (AMI) – Complete in 2028
- Northside Water Tower Repainting/Rehab (2026 – 2027)
- SCADA System Upgrade (2028)

The SCADA system is the fiber optic communications system that connects the systems. It needs to be updated every few years and could include software and hardware updates.

Council Member T'Kach asked if the leak detection would fall under maintenance or would it be an unscheduled capital project.

Director Connolly said leak detection is part of their operating budget for water. When they find a leak, it is more often on the private side and not the responsibility of the city. If they find a leak they maintain it through the operating fund.

Mayor Dietrich asked if there are any areas where they have been successful in moving the needle for Stormwater and Sanitary Sewer funding.

Director Connolly referred to Administrator Wilson.

Administrator Wilson said the most recent change was two years ago. The Council reviewed the available balance in the Host Community Fund and decided to move $1 million per year for the next three years to the Stormwater Fund. This started in 2023 and the last year will be 2025. They have started to ween the Pavement Management Fund off of needing a Host Community Fund transfer. The next step is to start looking at moving those funds into the Stormwater Fund. These solutions do not keep up with a lack of a long-term funding source.

Mayor Dietrich asked if 2028 is the current projection for the fund to be negative with the funds from the Host Community Fund.

Administrator Wilson said yes.

Mayor Dietrich asked if staff had any great ideas.

Administrator Wilson said they continue to look for the time to revisit the Stormwater fees, but they are very complex and very controversial. They already receive numerous complaints and if they are restructured to bring in more revenue she would expect even more complaints. It is necessary but staff's time has been devoted to other projects and priorities. This budget cycle they will likely not be able to do more than try to make it one more year. The history of this fund seems like it was never set up to be self-supporting. The Water and Sewer utilities are operated as enterprise funds, the revenues brought in should cover the operations and costs of replacements. The Stormwater fund does not appear it was ever set up to function that way.

Council Member Scales said that maybe breaking it into its own fund was not the correct path for sustainability. He asked if they might need to look at putting it back into another fund. If the system is not set up to be self-sustaining, they cannot keep raising prices and need to look for another solution.

Administrator Wilson said the Property Tax base is the other source of revenue. Currently all properties pay a stormwater utility fee and only a portion of properties pay sanitary sewer and water because only a portion of them are connected to the system. It is easy to determine who gets sanitary sewer and water. The stormwater system includes pipes, ponds and ditches and may not look like infrastructure but has been graded, dugout and designed to operate a different way. Water, Sewer, and stormwater are considered our three utilities, but stormwater is very different.

Council Member Scales said everybody who does not have a well and septic thinks they should not be paying for stormwater. They may need to find a way to explain how everyone benefits from it.

Mayor Dietrich asked if Stormwater information has been published in an Insights.

Administrator Wilson said she would check when the last time it was published. They have all fielded questions regarding stormwater fees and have their methods of trying to educate residents. She is not sure if information has been provided to all residents.

Council Member Gliva asked if staff knows how other cities manage their stormwater.

Administrator Wilson said they are not unique in charging a stormwater fee. She is not aware of how other cities manage their funds and would have to do more research into other cities' fee structures and if they are managing to cover their costs.

Director Connolly said they were one of the last cities to adopt a stormwater fee. Not having the fee for many years put them behind and has put them into the position they are currently in. Their stormwater fee was adopted in 2012 but it is one of the lowest fees in the Twin Cities. They have had rate increases but still remain in the bottom 10% in terms of what they charge for stormwater management. They have residents who feel it is not useful for them. An article in Insights is a great idea but they need to fundamentally change the dynamic. It will likely require a fee restructuring for those that get more benefit than others. They have to have reasoning behind their fees. It will require a lot of discussion and tough conversations.

There was a full study of the water and sewer utilities a few years ago. They did not change the fees dramatically, but it took a lot of time and conversations to create a plan that would function. The fees and the plans for those utilities do function. It was adopted and they had to raise the fees for so many years to make that fund function. If the city is not willing to raise the fees to follow the model, the model will not work. It is a tough decision to have to make and they try to break it down to be understandable. They are doing the best they can looking for grant funding, but they are trying to stretch every dollar they have. Staff will continue to work with the Council to determine what they can do.

Director Hove presented why this work is important.

- Planning
  - Setting work plans – 2025 projects are already being prepped for: 2026 just around the corner
  - Building budgets
  - Setting levies (if necessary) and
  - Impact to user fees (utility rates)
  - Addressing unfunded projects
- Provides an opportunity for improved transparency and communication with our residents

How to pay for it:

- Cash Forecasting – in the coming weeks and/or months, staff will review each fund's ability to pay for the plan
- Identify areas of weakness and provide Council with recommendations on:
  - Levy
  - Utility Rates
  - Drinking Water Revolving Loan (DWRF) – State has confirmed the City's approval of loan; final paperwork projected to come before Council in late July or August
  - American Rescue Plan Act Dollars – Council has approved the use of $2.5 million towards the Water Treatment Plant Rehabilitation

Still on the Horizon:

Unprogrammed/Unfunded Projects

- Larger Facility Needs
- Railroad Quiet Zone
- Street Projects

  - 65th Street (TH 3 to Babcock Trail)
  - Akron Ave (Rosemount to Cliff)
    - Need remains; City Council requested County to consider revised funding split/policy before advancing.
- Utility Projects
  - Unprogrammed Storm Water Needs
    - City has already identified a funding deficit in this area
  - Unprogrammed NWA Stormwater Outfalls
    - Pending NWA Development
  - B-Line Lift Station
    - Pending NWA development
  - 64th Street Outfall Repair
    - Pending damage assessment & disaster relief funding
- Cell Antenna Monopole

Today's Request / Purpose

- Are staff proposing the right projects?
- Do projects seem prioritized properly?
- Do timelines seem appropriate?
- Are there any projects missing from the 5-year plan that Council would like added to the plan?
- Are there projects in the plan that Council would like removed?
- Regarding PMI Projects, is Council comfortable with the projects laid out for 2026?
  - Those projects are ready to begin feasibility study and are thus introduced to residents in Fall, 2024.

Mayor Dietrich asked if staff feels that they have received enough feedback and direction from Council throughout the meeting or if there is anything else they would like from Council.

Director Hove said the feedback on the two projects was good. It will probably take a while for Council to digest all of the information. When staff is providing information on projects for feasibility or budget processes if they have any further feedback, they would like to hear it.

Council Member Murphy said Council had some requests for information and wants to make sure staff had them.

Administrator Wilson said she has the notes relating to the operating budgets.

Council Member T'Kach said she likes that the maps regarding future road work are being published for residents to see what is planned for their area over the next few years. She asked if there was a way to provide information on possible assessment amounts.

Director Connolly said he would be hesitant to give a solid number for an assessment because they are determined through feasibility reports and every project is different. If they provided an estimate for Mill & Overlay and it was determined that it needed a Full Depth Reclamation, the assessment could go up 50%. They are trying to be upfront and honest with residents but do not want to provide incorrect information. If a resident calls requesting information, he could provide a high level overview and that there would be a cost.

Council Member T'Kach asked to confirm if the further ahead they can get with the information, the sooner they are able to provide that information to residents.

Director Connolly said the Council and Taskforce's goal was to start the notification process 18 to 24 months in advance and hopefully be able to provide a cost 12 months in advance of the project.

5. ADJOURN

Motion to adjourn at 9:15 p.m. by Gliva, second by Scales.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Sara Lyons