

INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, August 26, 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, August 26, 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 and Scales; City Administrator Wilson, City Clerk Kiernan, Parks & Recreation Director Lares, City Engineer Merchlewicz, City Attorney Nason, Community Development Director Ziemer, Assistant City Planner Botten, Finance Director Hove, Fire Chief Thill, Commander Otis, and Finance Director Hosszu.

3. APPROVAL OF AGENDA:

Motion to approve agenda as published by Murphy, second by Scales.

Ayes: 4

Nays: 0 Motion carried.

4. PRESENTATIONS:

5. CONSENT AGENDA:

- A.** Approval of the Minutes of the August 5, 2024 City Council Work Session
- B.** Approval of Disbursements, **Resolution 2024-168**
- C.** Personnel Actions
- D.** Assignment of Antenna Lease Agreement – Arbor Pointe Water Tower, **Resolution 2024-169**
- E.** Resolution Approving a Variance from the Fence Height at 1260 105th Street, **Resolution 2024-170**
- F.** Resolution Approving a Plat, Conditional Use Permit, Vacation of Certain Easements, and Development Contract for Expansion of a Car Dealership at 1290 50th Street, **Resolution 2024-171, 2024-172, 2024-173, & 2024-174**
- G.** Resolution Approving Charitable Gambling Premise Permit Application for Mississippi Pub, 4455 65th St. E., **Resolution 2024-175**
- H.** Request for Donation to IGH Days Fireworks Display

Council Member T’Kach asked to remove 5H from the consent agenda to be discussed by Council.

Motion to approve consent agenda items 5A - 5G by Scales, second by T’Kach.

Ayes: 4

Nays: 0 Motion carried.

Council Member T’Kach said they donated last year, and she is not sure if it should be an item on the consent agenda. Last year, the Inver Grove Heights Days Foundation came before Council and said they needed additional money because they had a higher expense of fireworks than anticipated. She asked if this would be a standing expense to the City or if there was something else that was not in the agenda packet that they should be aware of. Administrator Wilson said the City has been contributing to IGH Days for many years. The amount established for the donation was done in 2017 or 2018. The additional request for donation was due to the increase in costs of fireworks and not a result of an unplanned incident and it was something out of their control.

Council Member T’Kach said she thinks they were planning \$5,000 and the cost went up beyond their initial plan. Administrator Wilson said their display was around \$10,000. Local businesses also sponsor the event with the City providing approximately 50% of the cost. They had said the City typically gives 50% of the cost and the costs have gone up so they were asking the City to still contribute 50% of the current cost.

Mayor Dietrich asked if anyone was present from the Inver Grove Heights Days Foundation, and no one was present.

Motion to approve consent agenda item 5H by T’Kach, second by Scales.

Ayes: 4

Nays: 0 Motion carried

6. PUBLIC HEARING:

A. Temporary Premise Expansion for On-Sale Liquor License Holder Inver Grove Brewing Co.

Clerk Kiernan said Inver Grove Brewing has applied for two one day premise expansion for on-sale liquor licenses for events on September 6, 2024, in conjunction with Inver Grove Heights Days and September 29, 2024. The permit would allow them to serve alcohol beyond its normal boundaries of operation for a defined date and timeframe. The site map in the application identifies the parking lot as the area where the alcohol will be served for the events. The application has been reviewed and approved by the Building Inspections, Planning, Fire and Police departments and staff recommends holding the public hearing and approving the licenses for September 6 and September 29.

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

Ayes: 4

Nays: 0 Motion carried.

Motion to approve temporary premise expansion for two (2) One day events on September 6 and September 29, 2024 by Murphy, second by Scales.

Ayes: 4

Nays: 0 Motion carried.

B. Consideration of New Corporate Officer for Liquor License Holder Outback Steakhouse of Florida, LLC

Clerk Kiernan said Council is asked to consider a new corporate officer, William Healy, for Outback Steakhouse Inc. premises at 5723 Bishop Avenue, holder of an On-Sale and Sunday Liquor License. They have requested a change to their corporate officers which will amend their On-Sale and Sunday Liquor License for the location at 5723 Bishop Avenue in Inver Grove Heights. The applicant has paid the fees as required by City Code and provided all of the necessary documentation for the officer change. The Police Department conducted a background investigation on William Healy and found no basis for denial of the officer change.

Motion to close public hearing by Scales, Second by T’Kach.

Ayes: 4

Nays: 0 Motion carried.

Motion to approve New Corporate Office of On-Sale Liquor License holder Outback Steakhouse of Florida, LLC by Scales, second by Murphy.

Ayes: 4

Nays: 0 Motion carried.

7. REGULAR BUSINESS:

A. Consider Variances from Exterior Building Materials and Setbacks for 7280 Dickman Trail

Mayor Dietrich said her company has a business relationship with the applicant and to avoid any appearance of conflict of interest she will not participate in discussion and will abstain from voting.

Associate Planner Botten presented this item. The request is for property located on the east side of Concord Boulevard and west of Dickman Trail. It is zoned I-1 which is the limited industry district. The applicant is requesting a variance from the exterior building material and side setback requirements to allow a hoop structure about 22 feet from the side of the property line. City Code requires a 40 foot setback from all property lines for structures in the industrial district. The hoop structure does not comply with exterior building material requirements because it does not have a poly type roof.

The property is three parcels totaling approximately 16 total acres. The structure is on the northern 3.58 parcel and was installed in 2020 without a building permit. The building is about 1,200 square feet in size.

The intent of the code requirements are to require commercial and industrial buildings to be constructed with high grade material for aesthetic and valuation purposes. There do not appear to be unique circumstances on the property to allow for the encroachment into the side setback or not to comply with exterior building standards.

Staff’s Recommendations:

- Planning Commission: At the August 20, 2024, public hearing, the Commission unanimously recommended denial of the setback variance due to the lack of practical difficulty.
- The Commission also unanimously recommended denial of the exterior building material variance due to the lack of practical difficulty, with the recommendation to Council to consider amending the ordinance to allow certain hoop structures in industrial districts.
- Staff: Staff concurs with the Planning Commission recommendation and recommends denial of the variance request based on the fact the applicant has not demonstrated practical difficulties with the code requirements or a reason why he is unable to comply with the minimum standards.

Assistant Planner Botten said there are two denial resolutions in the packet, one for side setbacks and one for the exterior building materials. Council could approve one and not the other. If there is a denial recommendation, they will need to set a timeline for when the structure should be removed. It is a 3/5th vote for the variance.

Council Member Murphy asked if two of the three Council Members voted in agreement would be considered 3/5th.

Attorney Nason said it is 3/5th of the Council. There are only three Council Members voting so the vote would need to be unanimous.

Council Member Scales asked if the material requirement is the same in industrial and residential zoning.

Assistant Planner Botten said no, they have different requirements, and she can review some of the requirements if he has specific questions.

Council Member Scales asked what the difference is for siding material in residential zones compared to industrial zones.

Assistant Planner Botten said the code in the commercial industrial districts require at least 50% of the exterior vertical surface be consistent and have a combination of the following materials: brick, sculpture block, panels, wood siding, steel, aluminum, or vinyl lap siding on natural stone. Some agricultural districts allow hop structures depending on lot size and uses of the hoop structure.

Council Member Murphy said he drove by the building but was unable to get a good look at the building. He asked if the material on the hoops was in good shape.

Assistant Planner Botten said she had not been on the property to inspect it. There was not a permit requested when it was being constructed so there have been no inspections. It was constructed in 2020, and she would assume it is in good condition.

Council Member Scales said he knows the requirements but thinks it fits the product they are using it for and the neighborhood. He does not have a problem with the material but has a concern with the property line. He saw the building and said it is a nice looking hoop building. He would like to see the requirements in industrial areas and would like to see the material included because he thinks it works well for the product.

Council Member T’Kach said she agrees with Council Member Scales. The issue of the side yard setback is a bigger issue that she cannot condone. They could have applied for a permit and would have known the requirement was a 40 foot setback and requested a variance if they wanted to. She does not have a problem with the materials.

Council Member Murphy said he agreed also, the setback bothers him but the building in that location does not. He said they should look at the code and see if the requirement for business versus residential is a significant practical difficulty that they could stand on that.

Attorney Nason said there are a number of issues and if the will of the Council is to revisit the code provisions in respect to the building itself and the materials, the Council could provide the applicant with a substantial amount of time to bring the building into compliance. Staff could revisit the ordinance about the building materials which may give the applicant time to move the structure somewhere else onsite. If Council denies the variances, they can include the condition that the applicant has some period of time to remove the structure or bring it up to code.

Council Member T’Kach asked if they wanted to review the building materials if it would just be for the commercial industrial districts or all districts.

Attorney Nason said Council can direct staff to look at just commercial industrial zoning districts or all of the potentially applicable zoning districts.

Council Member Scales said he would prefer to look at just the industrial zones.

Mayor Dietrich asked Assistant Planner Botten how many inquiries they get about hoop structures. Assistant Planner Botten said they do not receive many inquiries because a lot of these structures get put up without permits. There are some code enforcement actions that are on hold to see if there will be a zoning code amendment, if they will need variances, or if they are going to have to remove the structures.

Mayor Dietrich asked if clearing up the code would help with code enforcement. Assistant Planner Botten said she did not review all of the structures that are in violation and does not know if they are all in industrial districts. It would also depend on what kind of performance criteria Council would be looking at. She does not know if it would take care of all of the outstanding hoop structures that are in Inver Grove Heights.

Motion to approve Denial Resolution 2024-176 Denying a variance from the side setback requirement and 2024-177 Denying a variance from the exterior building material requirement for the address of 7280 Dickman Trail and allow the applicant until June 2025 to comply with code by Murphy, second by Scales.

Ayes: 3

Nays: 0

Abstained: 1 (Dietrich) Motion carried.

Community Development Director Ziemer asked if this will apply to all potential structures that are existing or just this structure.

Council Member Murphy said it was just for this one structure but if they revisited the code, it would address the other structures. Director Ziemer said there are a few structures that have code enforcement actions being reviewed and asked if they should pause the enforcement actions or deal with them one at a time.

Council Member Murphy said he would be inclined to deal with them one at a time.

Council Member Scales said there is a big difference between industrial and residential districts and does not want to do a blanket motion for the city. He would also like to see them done one at a time. Director Ziemer said he was thinking of just the industrial districts.

Council Member T'Kach said she agreed, and the focus should be on industrial districts.

B. Consider a Variance for a Fence in the Front Yard at 6202 Concord Blvd

Associate Planner Botten presented this item. This request is for a property located east of Concord Boulevard and west of Heritage Village Park. The railroad is along the east property line, and it is zoned I1, limited industrial.

Action requested:

- A variance to allow a 72 inch fence (6 feet) in the front yard whereas 48 inches (4 feet) is the maximum height.
 - The code allows for up to a seven foot fence on the side and rear of the property
- Proposed chain link fence complies with the 75% clear visibility requirement
- Fence is proposed to be located up to the front property line, abutting the sidewalk
- The gate would be 30 feet back from the property line, providing safe access to and from Concord Boulevard
- Location of fence could comply with setback requirements; applicant would lose some on-site parking.
 - Complies with setback requirements on the side and rear of the property

Assistant Planner Botten said the owners have said the gate would be left open for business hours and only closed after hours for security purposes.

Recommendations:

- Planning Commission: At the August 7, 2024, public hearing, the Commission recommended approval of the variance with the two conditions listed in the resolution with the practical difficulty being city code has the same fencing requirements in all districts and commercial and industrial properties have different fencing needs compared to residential properties (6-2).
- Staff: Staff do not support the Planning Commission recommendation. Although fencing is a permitted accessory use, the applicant is able to satisfy the minimum zoning standards. The proposed fence would not fit the character of the area as other nearby fences comply with code requirements. Therefore, staff does not see it as practical difficult to allow a 6-foot fence in the front yard and therefore recommends denial of the as presented.

- If the variance is approved, staff recommend the fence be located at least five feet from the front property line for pedestrian safety and snow removal.

Assistant Planner Botten said the applicant is present.

Mayor Dietrich asked if the applicant wanted to speak to Council.

Applicant Nick Morter - 6202 Concord Blvd. - said he represents Landscapes Unlimited, and they purchased the property earlier this year. They have been making improvements to the site and would like to secure the property and the equipment on the property on site. The current city code does not make a distinction between residential and commercial or industrial property. Currently they can have a 4-foot fence right up to the front property line. A 4-foot high fence does not serve the purpose for their needs of providing a decent barrier for security.

Morter said if they were to comply with the 30-foot setbacks it would create 30 feet of space that would be difficult to use and create safety issues for their trucks and trailers. Their preference is to have the fence up to the property line to allow all of their vehicles to park within the fence and use the property to its fullest extent. If they are allowed to put the fence on the property line, they are committing to maintaining the sidewalk throughout the winter months.

Council Member T'Kach said she has driven by the property, and it seems it is employee parking up front and asked if there is a reason they could not have the fence 30 feet back and maintain the employee parking outside of the fence.

Morter said they could have the fence 30 feet back and have employees park between the fence and the sidewalk, but their preference is to have employees park inside of the fence. Employees park their vehicles and then get into their trucks and trailers to go to sites. They would prefer to have their cars and possessions secured inside the fenced area during business hours.

Mayor Dietrich said she agrees with the Planning Commission and fence heights in residential and commercial zoning districts should be reviewed. The setbacks seemed reasonable in the discussion the Planning Commission had.

Council Member T'Kach said she has a hard time with the variance to the 30-foot setback. Businesses to the south have fences and are able to comply with the setback requirements. She does not believe there is so much crime that the employees' vehicles would be unsafe. 6-foot high fences make the area less appealing, and they are trying to bring more housing to the area and believes a 4-foot fence would be sufficient. She agrees with staff's recommendation that the fence should be at least five feet from the sidewalk because the city or county will still be going down the sidewalk on Concord Boulevard to clear the snow.

Council Member Scales said he is ok with the 6-foot fence in an industrial district, but he is concerned with it being on the property line up to the sidewalk. Vehicles exiting would have to pull on to the sidewalk to see around the fence to exit the property. If the variance is approved, he would prefer a 5-foot setback but thinks industrial districts need a little more than residential in terms of fence height and would like to have the code reviewed.

Council Member Murphy said he does not see any fences near the property line on Concord Avenue. He agrees with the Planning Commission that there is a difference between residential and industrial districts. He does not support the fence on the property line but does support a 5-foot setback. There are streetlamps that are there, and it is nice the owner is volunteering to clear the sidewalk, but it may not last forever. He supports the 6-foot fence with a 5-foot setback.

Mayor Dietrich asked Council if they agree with the Planning Commission's determination of practical difficulties.

Council Members Murphy and Scales said yes, they agree with the determination of practical difficulties.

Mayor Dietrich asked Administrator Wilson if Council Member Gliva had shared any feedback on this item.

Administrator Wilson said Council Member Gliva said she agreed with the Planning Commission's recommendation for denial, but the Planning Commission's recommendation was for approval, so she is unsure of how to interpret the message.

Council Member T'Kach said she does not disagree that commercial and industrial needs are different than residential needs but thinks it may be more appropriate to review the codes and have the applicant resubmit the request once the code revision is done. She does not see the practical difficulty just because there is a difference in the codes, and it is not a rational reason or hardship.

Motion to approve a variance to allow 6 feet in heights whereas 4 feet is the maximum height allowed with a setback of 5 feet from the sidewalk in the front yard for 6202 Concord Blvd by Scales, second by Murphy.

Ayes: 3

Nays: 1 (T'Kach) Motion carried.

C. Potential Use of State Funding for Public Boat Launch (continued)

Administrator Wilson presented this item. Administrator Wilson said the 2023 Legislature provided a grant to Dakota County to add a public boat launch along the Mississippi River between South St. Paul and Hastings. Dakota County representatives have suggested the County would pass the funding through to the City of IGH. The City did not have plans for building a boat launch and have limited riverfront property in city-ownership. They started discussing a possible public/private partnership.

Staff learned from the DNR that in order to do a public/private partnership the agreement must be for a term that is equal to or greater than 125% of the useful life of the real property. A boat launch is considered a facility, and the useful life of a facility is 50 years. The agreement would need to be for 125% of 50 years which equals 62.5 years.

Staff sent a letter to the five known marinas in Inver Grove Heights per Council's direction. They received a response from one, the River Heights Marina, and they are interested in

continuing discussions. The discussions would take the form of the state funds being invested in improvements to the boat launch to make it compliant with state requirements for a public boat launch. In return, use of the boat launch would be accessible to the public at no cost for 62.5 years. The site has to be reviewed for historic or archaeological factors. A design of improvements proposed to be paid for with state funds would need to be submitted to the state for their approval. If Council would like to pursue this option, staff requests authorization for consulting services not to exceed \$18,400.

Administrator Wilson said another alternative available is looking at the city-owned property again. Staff focused on Riverfront Park. It is a challenging site and is only 3.75 acres. River Road bisects the property, so they do not have the total acreage to build the boat launch. There are single-family residential homes to the north and south and staff would expect potential opposition to the boat launch because of the need for trailering in boats and parking there for the day. They have not done any community outreach.

Riverfront Park

If interested in exploring further:

- Contract for Preliminary Design Services to include:
 - Development of up to 2 parking layouts
 - High-level traffic impact review
 - Preliminary storm sewer layout
 - Cost estimate for construction
- SEH has quoted \$18,400 to complete the above work
- Estimate it will take them approximately 6 weeks to complete, dependent on DNR availability
- Would have to be City-funded
 - Park Development or Park Capital Replacement Fund
 - Host Community Fund

Administrator Wilson said the state appropriation is a firm \$1.2 million and if the cost to build the boat launch exceeded that, the City would have to find the additional funds to complete the project.

The third option would be to notify Dakota County that they do not have a use for the funds, and they would try to find a county project. Staff are asking for direction on which path they would like to pursue.

Council Member Murphy said they are a river city, and the boat launch belongs in Inver Grove Heights. He would hate to give up that amount of money. \$18,400 is a lot of money but it is a cost of doing business and finding out if this is going to work and he believes the Host Community fund is the proper place from which to take the funds.

Council Member Scales agreed with Council Member Murphy. He thinks Riverfront Park will work and he would regret it if they did not try to see if it were feasible. It is a lot of money, but they are a river city, and he thinks it is a shame they are not able to access the river.

Council Member T'Kach agreed they are a river city but disagrees with pursuing the Riverfront Park option and said trying to shoehorn in a public boat launch will basically destroy the park. She said she thinks the pursuing a public/private partnership with River Heights Marina is a better option and people are familiar with the area. She thinks that they might just have to let the county know they do not have an option but would like to explore the public/private partnership option.

Council Member T'Kach asked if the City would have to pay for the design work with a public/private partnership. Administrator Wilson said there is nothing that says they have to pay for it, but they have to provide information to go along with a grant application. It is not a competitive grant, but they still have to complete something similar to a grant application. River Heights Marina has worked with contractors for dredging in the river before, but not does not have an existing relationship with an engineering firm that could provide proper documentation. The City will have to step in with some funding that a small business would not have at their disposal.

Council Member T'Kach asked if it were a similar cost to look at the design for River Heights Marina as it would be to contract with SEH for the Riverfront Park area. Administrator Wilson said yes, the cost would be similar. If they did not need all of the money, they would not spend it, but they would partner with SEH and use their expertise towards the potential partnership. Council would authorize an amount not to exceed that and staff would partner with SEH.

Council Member T'Kach said they have a lot of development along the river and adding a public boat launch to an existing marina makes more sense than taking away from the river frontage they do have.

Council Member Scales said he thinks they are jumping ahead. They need to figure out if something can or cannot be done. The study will tell them if it can be done. If they are unable to do the boat launch, he wants to be able to tell residents why. If they can build it in Riverfront Park, he thinks it will be a good addition and recommends moving forward with the study.

Council Member Murphy said he wants the residents to have access regardless if it is a public/private partnership or Riverfront Park. He was concerned that if they pursued a public/private partnership and it did not work, they would not have time to pursue Riverfront Park before the state took the money back.

Mayor Dietrich asked if Council Member Gliva had any comments. Administrator Wilson said she did not. Administrator Wilson said they are considering pursuing one or the other. It would take time and money to pursue either option. If they pursued both, the cost would be \$36,000 and staff would look for direction from Council as to which option they would want to pursue.

Mayor Dietrich said she does not want to spend \$36,000. She would like to see the public/private partnership because it is already existing and some of the groundwork is already there. It is ADA compliant.

Council Member Murphy said the public/private partnership does not bother him, but he is worried about the business owner backing out at the last minute.

Council Member Scales said he has concerns but does not care where the boat launch is as long as they can provide access. Every time they talk about the public/private partnership there are a lot of concerns, and it will be too late to look at a park they already own. He thinks they should look at what they own first before moving on to something else.

Mayor Dietrich said she respects Council Member Scales opinion but is concerned the Riverfront Park option is going to be unaffordable and there will be constituents that do not want a boat launch there.

Council Member T'Kach said she has concerns about staffing costs and maintenance when a city owns a boat launch. In a public private contract, she thinks more of it would fall on the owner. An analysis would need to be done for staffing if they were to build a boat launch on city-owned property.

Council Member Scales said he does not care where it is but has concerns if they can make a public/private agreement work. The boat launch is cement and there is a big park next to it so picking up and maintaining the area should not be a problem. He is concerned about getting through the legal work. He is happy with either option if there is a chance at success. They have a lot of river property, and they should be able to put a public boat launch. It is possible it cannot be done.

Council Member T'Kach asked if staff had an idea of how long it would take to have a draft of a contract. Administrator Wilson said they have struggled to find other public/private partnerships of this kind. This is inherently embedded within the operation of the private business.

Attorney Nason said it would take some time to look at what the contract would need to entail. There is a lot of due diligence that needs to be done. It would take some time.

Council Member Murphy said he does not care if it is public/private or Riverfront Park. There is support to explore the public/private partnership and asked if staff has time to reach out to the owner and get dates and decisions made. Administrator Wilson said staff understand the urgency of whichever path they choose. Staff will make an effort to do that but there are multiple parties involved. They may have questions for their insurance carrier also. It could take 8 to 10 weeks to receive answers. If Council wants to pursue the public/private partnership there will have to be discussions about maintenance at the marina to determine if the city or owner is responsible for paying for items such as parking lot rehabilitation.

Mayor Dietrich said those types of things can all be negotiated. Administrator Wilson said yes, they need to understand what the city's position is going to be and what the Council sees as reasonable.

Council Member Murphy said he fully supports the public/private partnership.

Mayor Dietrich asked if Administrator Wilson had enough information to move forward.

Administrator Wilson said Council can make a motion to direct staff to pursue a public/private partnership with the River Heights Marina and authorize staff to use up to \$18,400 from the Host Community Fund for consulting services as needed.

Council Member Murphy said he would make the motion.

Mayor Dietrich said she did not have a motion in the agenda packet. Administrator Wilson said there is not a motion in the packet, but staff needs direction.

Council Member Scales said he supports the public/private partnership.

Council Member T'Kach said they do not know if they can make this work, but this would explore that option with SEH. Administrator Wilson said SEH would likely attend meetings with Council and the private partner, visit the site and maybe sit in on calls with staff from the DNR or other relevant parties. SEH would help identify what needs to be done to have a boat launch that state funds can be invested in.

Council Member T'Kach said residents do have access to the river through a public boat launch for \$8 to \$10. She agrees with spending up to \$18,400 with SEH to look at the opportunities with a public/private partnership.

Council Member Murphy said he hopes they are able to get this done quicker in case they have to shift to another direction.

Mayor Dietrich asked what the motion would be. Administrator Wilson said the motion she suggested is a motion to authorize staff to spend up to \$18,400 from the Host Community fund for consulting services from SEH to guide them in the public/private partnership and in negotiating that and identifying what needs to be done.

Motion to authorize staff to spend up to \$18,400 from the Host Community Fund for consulting services from SEH to guide them in the public/private partnership and identifying what needs to be done by Murphy, second by Scales.

Ayes: 4

Nays: 0 Motion carried.

D. 2nd Reading of Ordinance Amending City Code Related to the Sale of Tobacco and Nicotine Products

Commander Otis presented this item. Dakota County previously issued licenses for the sale of tobacco and nicotine products and delivery devices. The City adopted an ordinance and took over the licensing of tobacco products starting in 2024. The first round of license compliance checks was completed, and the police department has requested clarifying revisions to existing code language.

#1: Basis for Denial, Suspension or Revocation of License

- Existing language in section 4-12-10 establishes minimum penalties for license violations
- No suspension or revocation is contemplated for a first violation

- Proposed language change clarifies that there is no mandatory suspension or revocation of a license upon a violation, although council always has discretion to impose greater penalties for any violation
- Also clarifies that any of the specific enumerated grounds are sufficient to revoke or suspend, as well as deny a license

City Code Revisions

4-12-5: Basis for Denial, Suspension, or Revocation of a License:

- A. The following ~~shall~~may be grounds for denying the issuance or renewal of a license or suspending or revoking any license issued under this chapter:
- B. Except as may otherwise be provided by law, the existence of any particular ground for denial, revocation, or suspension does not mean that the City must deny revoke, or suspend the license. If a license is mistakenly issued or renewed it shall be revoked upon the discovery that the person was ineligible for the license under this Chapter.

#2: Administrative Penalties for Violations

1. Clarifies that in addition to financial penalties or license suspension or revocation, the City Council may add reasonable conditions to a license as a result of a violation
 - No one under 21 allowed to sell licensed products
 - Additional training requirements
2. Further clarifies that each violation of a license is a separate violation of the terms of the license
 - Failed compliance check with sale to a person under 21 and with a prior violation
3. Requires that all license holders implement seller training upon a license violation
 - Similar to alcohol server training requirements
4. Clarifies that the City Council will be holding hearings related to license violations
5. Removes non-criminal penalty section
 - No clear process for this hearing
 - Police issuing a petty misdemeanor citation to sellers over 21 years of age

Commander Otis said staff had questions emailed to them that he would like to address. The first question was if the financial penalty in 4-12-10 was high enough to make a difference to the business. The City has civil penalties that are in line with other municipalities that have tobacco and nicotine ordinances. Minnesota law provides specific penalties outlined in the state statute. The first violation is a \$300 civil penalty, second violation is a \$600 civil penalty and the third or any subsequent violations within a 36 month timeframe is a \$1,000 civil penalty. The City's ordinance is in line with those violations.

Commander Otis said there was a suggestion about training that covers a violation. When a person applies for a license, they have to identify the training that they have done and how they have done it. There are four items in the ordinance that have to be included in the training.

- Information regarding the laws pertaining to the sale of licensed products
- The rules for identification checks

- Responsibilities of the establishment selling licensed products
- Verification of age, forms of identification and forms of false or misleading age identification

Commander Otis said the last question was if there is a process in place to help staff properly identify those businesses that are applying for licensing provide training for the staff. The violations would require an establishment show them the standard that the business uses for training.

Council Member Murphy asked if the questions were submitted from residents.

Commander Otis said the questions were from Council.

Council Member T'Kach asked if there are two violations found at the same time if they would receive a \$300 penalty or would they also receive the \$600 penalty for the second violation.

Attorney Nason said if they have two violations, they would both be considered 2nd penalties instead of considering them a 2nd and 3rd penalty. They have combined two 2nd penalties and imposed a \$1,200 civil penalty and a two day suspension.

Commander Otis said in the past Council has chosen to combine the penalties into one penalty for alcohol compliance checks.

Motion to approve second reading of an Ordinance 1483 Amending City Code Related to the Sale of Tobacco and Nicotine Products by Scales, second by Murphy.

Ayes: 4

Nays: 0 Motion carried.

C. 2025 Budget Update & City Administrator's Recommendations

Administrator Wilson presented this item.

Agenda:

- Recap Impact of 4.55% Tax Levy Increase
- Updates
 - Changes since July 15 & Aug 5 work sessions
 - Staffing recommendations
- Working toward adoption of the 2025 preliminary levy & preliminary General Fund budget in two weeks

Administrator Wilson said once the city adopts a preliminary levy in September, it can be lowered prior to final adoption but it cannot be increased.

Citywide Tax Levy by Fund

Fund	2022	2023	2024	2025 Preliminary
General Fund	\$ 22,916,070	\$ 24,856,311	\$ 26,971,103	\$ 28,566,191

General Fund - Tax Abatement		33,000	182,880	183,300
Pavement Management	2,550,000	2,900,000	3,045,000	2,934,750
Debt Service	2,519,316	2,545,484	2,542,411	2,547,632
Total Levy	\$ 27,9385,386	\$ 30,334,795	\$ 32,741,394	\$ 34,231,873
% Change from Prior Year	7.1%	8.4%	7.9%	4.55%

Administrator Wilson said the General Fund Levy supports wages, benefits, supplies and all of the things that keep most of the departments running. The Tax Abatement levy is required based on a previous City Council granting a tax abatement for The Crossings development. There was a partial abatement in 2023 because the building was only partially built when it was assessed. The Pavement Management Levy went down for 2025 because of a change in how they account for some funds. The Debt Service Levy remains consistent because they have not added to the debt in a number of years.

What is Funded in the General Fund?

What's Included	What's Not Included
Administration & Mayor/Council	Community Center Funds*
City Clerk & Elections	Debt Service Funds*
Communications	Host Community Fund
Finance	
Community Development	Golf Course
Planning	Utilities (Water, Sewer, Storm)
Inspections	Convention & Visitor's Bureau
Police	
Fire	* these are not part of the General Fund, but they are levy-supported Funds
Engineering	
Streets & Street Lighting	
Parks & Recreation	
Transfers - to EDA & Parks Capital	

General Fund by Function

	2024 Approved Budget	2025 Proposed Budget	\$ Difference	% Change
General Government	\$ 3,359,700	\$ 3,466,110	\$ 106,410	3.17%
Police	11,846,756	12,352,519	505,763	4.27%
Fire	6,464,364	6,748,831	284,467	4.40%
Community Dev.	2,259,475	2,332,850	73,375	3.25%
Public Works	4,956,955	5,045,095	88,140	1.78%
Parks & Recreation	3,566,235	3,682,760	116,525	3.27%
Transfers Out	484,515	771,240	286,725	59.18%
Total	\$32,938,000	\$34,399,405	\$1,461,405	

General Fund – Transfers Out

	2024 Approved Budget	2025 Proposed Budget	\$ Difference
EDA	\$ 169,515	\$ 177,990	\$ 8,475
Parks Capital Replacement	\$ 315,000	\$ 593,250	\$ 378,250

For several years, the City has made two transfers from property tax revenues to support the ongoing maintenance and replacement of park assets:

1. Transfer from General Fund levy to Parks Capital Replacement
2. Transfer from Pavement Management levy for paved surfaces within parks (i.e., parking lots and trails at City parks)

Administrator Wilson said the work at South Valley Park has been funded by the Parks Capital Replacement fund, with the exception of a grant from the DNR.

For 2025, staff is recommending combining these into one transfer for improved simplicity and transparency.

General Fund Budget by Function

	2024 Approved Budget	2025 Proposed Budget	\$ Difference	% Change
General Government	\$ 3,359,700	\$ 3,466,110	\$ 106,410	3.17%
Police	11,846,756	12,352,519	505,763	4.27%
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Community Dev.	2,259,475	2,332,850	73,375	3.25%
Public Works	4,956,955	5,045,095	88,140	1.78%
Parks & Recreation	3,566,235	3,682,760	116,525	3.27%
Transfers Out	484,515	771,240	286,725	59.18%
Total Budget	\$32,938,000	\$34,399,405	\$1,461,405	
Minus Other Revenues	-\$5,966,897	-\$5,833,214		
Amount Levied for General Fund	\$26,971,103	\$28,566,191	\$1,595,088	

Administrator Wilson said they do have other revenues which will add \$5.8 million to the General Fund budget leaving \$28,566,191 to be levied.

Citywide Tax Levy by Fund

Fund	Adopted 2024	Proposed 2025 Preliminary
General Fund	\$ 26,971,103	\$ 28,566,191
General Fund - Tax Abatement	182,880	183,300
Pavement Management	3,045,000	2,934,750
Debt Service	2,542,411	2,547,632
Total Levy	\$ 32,741,394	\$34,231,873

% Change from Prior Year	7.9%	4.55%
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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	739,552	733,514
2019A G.O. Bonds	176,585	187,635	188,475	189,105
Total	\$2,519,316	\$2,545,484	\$2,542,411	\$2,547,632

Administrator Wilson said they levy for five of the six debts. The 2020A G.O. Bond has been paid for with the Closed Bond Fund and staff recommend the use of the fund to pay for 2025 and the bond will be paid off in 2025.

Pavement Management Fund

Annual Revenue	2024 Adopted	2025 Proposed	% Change
Tax Levy	\$ 3,045,750	\$2,934,750	
Transfer out for Parks Pavement	-\$250,000	\$0	
Subtotal	\$2,795,750	\$2,934,750	+5%
Franchise Fees (Gas & Electric	\$1,100,000	\$1,111,000	
State Aid - Maintenance	\$450,000	\$500,000	
New: Transportation Advancement Aid (TAA)	\$0	\$100,000	
Transfers In - Host Community	\$500,000	\$0	
Total Annual City Funding for PM	\$ 4,845,750	\$ 4,645,750	-4%

Administrator Wilson said they had been transferring money from the Host Community Fund to Pavement Management to be able to pay cash for the City's share of Pavement Management Projects and not take on more debt. Staff had originally planned to reduce the amount of transfer from the fund but are recommending ending the transfer.

Pavement Management Fund

Annual Funding for PM in 2025	\$ 4,645,750
Project Specific PM Revenues for 2025 (assessments, transfers from Utility Funds, use of State-Aid Construction \$, etc.)	\$ 14,006,175
Total 2025 Revenues	\$ 18,651,925

Total Proposed Expenditures for 2025	(\$18,170,063)
Remaining Funds added to the PM Fund balance (at year end 2025)	\$ 481,8632

Administrator Wilson said 2025 is a lighter year in construction projects and there are some bigger projects in the years following. The goal is to have the levy be stable or just increasing at a modest steady rate.

Citywide Tax Levy by Fund

Fund	Adopted 2024	Proposed 2025 Preliminary
General Fund	\$ 26,971,103	\$ 28,566,191
General Fund - Tax Abatement	182,880	183,300
Pavement Management	3,045,000	2,934,750
Debt Service	2,542,411	2,547,632
Total Levy	\$ 32,741,394	\$34,231,873
% Change from Prior Year	7.9%	4.55%

Impact of 4.55% Citywide Tax Levy Increase on Median Valued Residential Property (\$349,500)

Proposed Citywide 2025 Tax Levy	\$ 34,231,873
Increase (%)	4.55%
Change in Tax Rate	1.65%
2025 Median Valued Property*	\$ 349,500
Annual change in City Taxes (for \$349,500 median property)	\$69,75

*In 2024, the median valued property was valued at \$341,950

Administrator Wilson said cities in Minnesota do not set a tax rate. They levy an amount and then it is divided over the tax base and the end result is a tax rate.

Changes from Previous Draft:

- Utilize Fund Balance for one-time purchases/needs
 - Police - utilize one-time public safety dollars for state seal changes & new honor guard uniforms
 - Police - utilize City Facilities fund balance to pay for updates to police department spaces (2025 = year 2)
 - City Clerk - remove recodification project and consider potential carryover of unspent 2024 general fund dollars to pay for project
- 2025 Employee Health Insurance
 - 1st draft budget had an estimate of a 10% increase in 2025 health insurance costs
 - Updated version has actual renewal data incorporated
 - Average increase of 6.2% (across the City's 3 plans)

- Implement smaller increase to Fire Department's Central Equipment allocation than originally shown

2024	2025 - 1st Draft	2025 - Modified
\$856,200	\$1,482,800	\$1,382,800

- Based on updated inflationary recommendations from equipment vendors
- Allows for better phase-in of increases for future capital costs
- Assume a 50% decrease (\$50,000) to Town Square cable franchise revenue to allow for future consideration of an adjusted 2025 revenue share plan
- Other minor, immaterial, adjustments between departments and accounts made during budget reviews

Administrator Wilson said the budget reductions allow some staffing requests to fit in the budget.

Original Staffing Requests:

- Police Department - 3 additional police officers
- Fire Department - 3 additional FT firefighters
- Communications - 1 additional FTE
- Additional dollars for position reclassifications, additional hours, interns

The Fire Department has been going through a change over the past few years from being entirely paid on-call to being a hybrid department of both FTE and paid on call. They have had 14 new fulltime positions added over the past six years. The Police Department has added six new staff positions over the past six years. The Communications Department has added 1 FTE and one 0.625 FTE. The current staffing is two FTE assigned to Communications and 0.625 FTE assigned to the Parks & Recreation Department.

City Administrator's Recommendations:

Staffing Recommendations (4FTE's)

- Police Department - 3 additional police officers
 - 5-year phased approach like SAFER savings plan, using Police's share of one-time public safety dollars
 - 2025 levy impact of \$78,000
- Fire Department - 1 additional FT firefighter
 - 2025 levy impact \$128,000
 - Additional firefighters could be considered if the City is awarded a new SAFER grant
 - Future years would consider adding 1 FT firefighter/year in years 2026 & 2027
- Additional \$45,000 spread across all departments for additional hours, position reclasses, interns

Administrator Wilson said the Police Department has submitted a grant request, but they have not heard if they have received the grant. If they receive the grant, they could reduce the levy by the amount of the grant prior to final adoption. Administrator Wilson recommends using the One-Time Public Safety Aid to phase in the cost of the officers. The

Fire Department works in shifts of three, but it does need to be levy supported and they could consider adding one per year over the next three years.

Proposed Use of One-Time Public Safety Aid

	2025	2026	2027	2028	2029	Total
Cost of 3 Officers	\$390,000	\$409,500	\$429,975	\$451,474	\$474,047	\$2,154,996
Levy	\$78,000	\$163,800	\$257,985	\$361,179	\$474,047	\$1,335,011
State Aid	\$312,000	\$245,700	\$171,990	\$90,295	\$0	\$819,985
	20% / 80%	40% / 60%	60% / 40%	80% / 20%	100% / 0%	

- Also recommending one-time uses of less than \$100,000 in 2025 PD budget.
- Already spent \$243,750 to close gap on purchase of new fire engine, \$64,613 on new radios for the Fire Dept., and \$35,744 on new motors for the Fire Dept. boat
- Remaining unallocated One-Time Public Safety Aid, if above use is approved would be approximately \$250,000.

Administrator Wilson said with the addition of the staffing recommendations, the increase in the budget is 4.55%. Staff plans to have a preliminary tax levy ready for adoption in two weeks. Council needs to decide what they want for a preliminary tax levy. Finance Director Hove and Administrator Wilson recommend the preliminary levy to be set at an increase of 4.55%. If Council would like to consider a 4.0% increase, they will have to find areas in the budget to cut. They could also consider a 5.0% increase, and they would have additional funds to allocate to other priorities.

	4.0% Increase	4.55% Current Draft	5.0% Increase
Proposed Citywide 2025 Tax Levy	\$ 34,051,050	\$ 34,231,873	\$ 34,378,464
More / (Less) than current draft	(\$180,823)	n/a	\$146,591
Change in Tax Rate	1.06%	1.65%	2.14%
Annual change in City Taxes (for \$349,500 median property)		\$69,75	

Mayor Dietrich asked if Council Member Gliva had any input. Administrator Wilson said Council Member Gliva had some questions about the use of the one-time money to pay for staffing and wages. The table was not in the packet so hopefully it will help. They do not usually spend one-time dollars on employee wages and benefits, but this is a large amount of money from the state that they have to spend on something public safety related. The Police Chief identified the greatest need as people.

Council Member Gliva also asked if they were waiting a SAFER grant and it made sense to commit to hiring one FTE for the Fire Department. Administrator Wilson said they were waiting on a SAFER grant. The preliminary levy is not committing to the staff positions but allowing for the possibility of them. They can remove the money prior to final adoption of the budget and no steps will be taken towards hiring until final adoption. If they do not include the funding, they do not have an option of hiring unless the grant is received.

Council Member Scales thanked staff for keeping the rates down and he thinks residents will appreciate it.

Council Member T'Kach asked to review the use of the One-Time Public Safety Aid and how it would impact the levy over the next few years. Administrator Wilson said the levy for 2029 would be \$474,047. The amounts are not cumulative.

Council Member T'Kach asked if the numbers reflected included the SAFER grant. Administrator Wilson said the SAFER grant is for the fire department. The police department also applied for a grant (COPS). If they receive the grant it pays for approximately 1/3 of the salary and benefits for the new officers.

Council Member T'Kach asked if staff would have a pie chart showing the levy broken down by departments. Administrator Wilson said it is coming but they had not talked about the utility budgets. They will have it later in the fall.

Council Member T'Kach asked if the levy differs between commercial and residential. Administrator Wilson said it is different between residential and commercial and it also differs house to house. The \$69.75 increase is for a residential homestead valued at \$349,500.

Council Member T'Kach asked if the percentage would be 4.55% across the City. Administrator Wilson said no, different properties appreciate at different rates. Staff can provide more data at the next meeting if Council wants to see how values are changing in other property types.

Council Member T'Kach said she understands the dollar amount would change but asked if the tax rate would change depending on the type of property. Administrator Wilson said the tax rate of 50.961 would be the same across all types of properties but the rate of change varies. They use the median value homestead as a baseline.

Council Member Murphy said he likes the adjustments that have been made and he has no problem support 4.55% levy increase.

Mayor Dietrich said she would like to see 4.50% and asked how adding one additional firefighter would help alleviate the staffing need. Administrator Wilson said the current schedule for FTE works perfectly until someone is sick or needs to take the day off. When they have a firefighter out, they either have another firefighter work overtime or have someone from the administrative staff fill in. Adding one firefighter would allow for one shift to have flexibility. The other two teams would still be in need of overtime or administrative staff is one is not able to work. The administrative staff is trained to work as a firefighter, but they would be unable to do their regular job. If Council wanted to alleviate the staffing concerns for two of the teams, they could authorize the hiring of two full-time firefighters midway through the year. It costs the same on next year's budget but they are committing to funding two fulltime firefighters the following year.

Mayor Dietrich asked if they could get a comparison of the overtime cost and a fulltime firefighter. Administrator Wilson said they can provide the comparison for Council. If they are just looking at the budget, overtime will be less expensive than adding an additional person because they would not have to provide them with a benefits package, and everything

needed for the job. When firefighters have to fill in for someone else, they are often working for 48 hours straight. It has a lot of impact on the employees' physical and mental health, which is what they are trying to alleviate.

Mayor Dietrich asked if it would be similar for the staffing of the police department. Administrator Wilson said if they hired two FTEs for the police department, they would not be hired to work overtime. They would make a choice between the functions that the Chief is recommending. One of the officers would be added to the strategic response group working on compliance and looking for trends. The second person would allow for the creation of a sergeant to oversee their investigations team. The third person would be used for community engagement. Staff would seek the Chief's recommendation if they were to get two officers.

Mayor Dietrich said she was also factoring in the wages for a second SRO if the referendum passes and asked if that is the budget. Administrator Wilson said if the referendum passes, they would be responsible for covering three months of the officer's salary. Staff are proposing to use opioid settlement funds for the cost because an emphasis would be for drug prevention activities in the school. The opioid settlement funds could fund the salary for six to seven years before they would need to consider a levy.

Council Member T'Kach asked if the additional officers would need vehicles. Administrator Wilson said the Chief said they would not need additional squad cars.

Mayor Dietrich said the Public Works breakroom consists of dilapidated furniture and asked if in the \$45,000 they could make their breakroom welcoming and comfortable.

Council Member Murphy said he would support updating the Public Works breakroom. Administrator Wilson said they have a study underway for a remodel, but it is in the very early stages of the study and any significant investment is still several years away. Staff will talk to the street and park superintendents.

Council Member T'Kach asked if funds could be moved from one department to another if they did not use their entire budget. Administrator Wilson said there are some funds that are use restricted based on where the money came from but otherwise yes. They try to carry unspent funds over to a future year. The funds are allowed flexibility in the type of expenses as long as they do not go over the department budget. Changes that affect the total amount for the department are presented to Council.

Council Member T'Kach asked what fund the money would come from if they were to consider a raise for Council. Administrator Wilson said they did not include a raise for Council in the 2025 budget because they did not receive any direction to Council to include it. They would have to look at the General Fund balance to pay for it. Council can only vote to change wages prior to an election. If they do not adopt an ordinance to change the salary by the second meeting in October, they would not be able to revisit it for two years.

Council Member T'Kach asked if there is a way to integrate a cost of living raise into Council salary. Administrator Wilson said they could adopt an ordinance that was structured to include a cost of living raise. Administrator Wilson said they will provide follow up to

Council's questions at the next meeting. Staff will continue in the direction of a 4.50% - 4.55% levy.

8. PUBLIC COMMENT:**9. MAYOR AND COUNCIL COMMENTS:**

Council Member Scales said IGH Days are coming up and it will be a week of festivities.

Mayor Dietrich invited the public to South Valley Park ribbon cutting/grand opening from 6 p.m. to 7:30 p.m. on Tuesday, August 27, 2024. Hometown Meats will be providing hotdogs and hamburgers for residents free of charge.

10. ADJOURN:

Motion to Adjourn at 8:08 p.m. by Scales, second by Murphy.

Ayes: 4

Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Sara Lyons