

INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
MONDAY, September 3, 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, September 23, 2024, in person. Mayor Dietrich called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

2. ROLL CALL:

Present In-Person: Mayor Dietrich; Council Members: Murphy, T’Kach, Gliva and Scales; and T’Kach; City Administrator Wilson, Community Development Director Ziemer and Deputy City Clerk Malott.

3. APPROVAL OF AGENDA:

Motion to Approve by T’Kach, Second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

4. DISCUSSION ITEMS

A. Request to Modify Allocation of Cable Franchise Fee Revenues

Northern Dakota County Cable Communications (NDC4) Director Jodie Miller presented this item.

NDC4 is a municipal joint powers agreement formed in 1982 and has seven member cities: Inver Grove Heights, Lilydale, Mendota, Mendota Heights, South St. Paul, Sunfish Lake, and West St. Paul. The cities work together to do cable franchising, manage the rights of way used by cable companies and provide television and programming video content for communities. NDC4 is made up of 14 members, two from each of the seven cities. Inver Grove Heights representatives are Council Member T’Kach and resident Regina Barr. The NDC4 is requesting a temporary change in the franchise fee agreement between the cable commission and each of the seven cities. They are also requesting Council consider a waiver of a one-time settlement payment they received after an audit of the cable company. There will be work done in the 2025 legislature by the League of Minnesota Cities (LMC) and other organizations to modernize the funding and regulatory structures for users using city rights of way and solve the problem for the long run. Cities across the state and country are experiencing cable franchise fee and peg fee reductions due to cable cutting and antiquated franchise laws that limit their franchise authority to traditional television and does not include streaming.

The NDC4 has taken steps to diversify their revenue and cut their budgets but they have been spending capital dollars for major projects over the past few years. They have been budgeting for an 8% decrease year over year and that is not sustainable without making major budget cuts. They are asking for an agreement for one to three years to give them a cushion to work on solutions and not have to make major changes to their operations.

NDC4 Requests:

1. NDC4 Member Cities waive their 25% of one-time audit settlement payments

Miller said in 2019 and 2020 they partnered with several metro cities and conducted an audit to make sure the cable company was remitting and calculating the correct amounts. For the time between 2015 and 2021 there was a settlement paid to the cable commission from the cable operator and 25% of the settlement should be returned to the cities in the joint power’s agreement. Inver Grove Heights portion is approximately \$25,000. The NDC4 is asking the city to allow them to keep the funds.

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2. NDC4 Member Cities approve a Memorandum of Understanding for 2024 - 2026 fiscal years

- Reduce FF% 25/75 share for 2024 FY (paid in 2025)
- Member Cities receive 12.5% of actual Franchise Fees
- NDC4 Cable Commission uses 87.5% for operating and reserves
- Consider reductions in 2025 and 2026 if necessary

The normal payment for Inver Grove Heights is \$96,000 and if Council accepted the reduction the city would receive \$48,000. The document is drafted to have a plan for the next three years but either party could cancel or change the agreement. If the NDC4 is able to find state or federal solutions, the reduction may not be necessary for all three years.

3. Member Cities support legislative effort to modernize funding for cities' ROW and PEG programming

- Communicate with League of MN Cities and Legislative Delegation

NDC4 Projects that have reduced their reserves:

- Updated and replaced all of the cameras in the four city halls for the four biggest member cities to high definition cameras
 - Cost - \$34,000 per city
- Updated the control room equipment
 - Cost - \$34,000 per city
- Working on Master Control
 - Building located in Inver Grove Heights
 - Central system for all live programming and pre-recorded programming
 - New features include closed captioning and the ability to stream exactly what is being broadcasted on the cable channels

Miller said the cities in Dakota County have a history of cooperating on various types of projects in order to obtain efficiency, pool resources and leverage people to build more for the residents and taxpayers. Cities are receiving the services for government meetings and promoting the videos through the school sports, arts, parades, and other events that engage the community. This creates a community center that combines volunteers, students, residents, and businesses.

Mayor Dietrich asked if the NDC4 had an advocate at the capital this last year.

Miller said they belong to the Minnesota Association of Community Telecommunications Administrators (MACTA) which is a state chapter of National Association of Telecommunications Officers and Advisors (NATOA). They are a specialized trade group for public education and government peg stations and cable commissions. MACTA works very closely with the LMC. The LMC has a few IGR staff that have a lot of work to do during the legislative session. MACTA provides help with right of way issues, broadband cable, and telecom. Last year MACTA was able to contract with Goff Public and have a consultant help them with the process and a plan for 2025.

Council Member Murphy asked if they were planning in incorporating a steaming service or any other modern services.

Miller said they have been web streaming since 2008 and distribute their content on many different platforms. Their programs are on cable channels, Comcast, their website through a third party vendor, Facebook, and Vimeo for on demand viewing. They have not chosen to use YouTube due to excessive advertising. Their equipment has been updated and she does not see any needs in the near future. Adding additional platforms is not an intensive capital cost. The new master control system being installed this summer will allow them to integrate with other platforms like Apple TV and Roku. The content is free, and they need a way to fund it. The regulatory scheme has not kept up with the cost and they are trying to update either the state or federal legislation.

Council Member Murphy asked what the League of Minnesota Cities is hoping to do that will help.

Miller said there are different approaches that can be taken. The approach last spring was to require broadband companies to get a franchise with the city. The bill made it to the House floor but did not reach the Senate. Some states have proposed a streaming fee for providers like Netflix, Apple, Hulu, and Roku. They are also trying to see if it can be included in the state budget. Goff Public will help the LMC determine the right strategy for next spring.

Council Member Gliva asked if NDC4 is going to be receiving the correct franchise fees after the audit or if another audit would need to be done later on.

Miller said there were 8 to 12 findings that the CPA firm found while doing the audit. In some of the areas the cable operator agreed that they were doing it incorrectly. There are some areas where the cable operators do not agree that they need to change their method. That is why there was a settlement agreement that does not require them to correct some of their processes. Some of the approaches have to do with streaming services that people receive from their cable company. This is a problem across the country and many cities are trying to find a solution. The audit went through 2021 and there are a group of people looking at pooling resources to conduct another audit until it is firmly resolved. She believes they will be doing another audit for fiscal years 2022 to 2024. They hope to come to an agreement with the operators on the correct accounting procedures.

Council Member T'Kach said she is one of the Inver Grove Heights representative and encourages support for this. They have been upgrading and modernizing equipment but now need to modernize how revenues are brought in. The system is a value for the community.

Council Member Scales said he is amazed by the number of people that watch and believes it is an important service. He agrees with supporting it and it serves a purpose to the community that they cannot get anywhere else.

Mayor Dietrich asked if they were considering expanding into other cities.

Miller said they have talked about it previously. There have been many changes in the surrounding commissions over the years. They share resources with neighboring commissions including engineers and accountants. They have talked about sharing administrative staff and try to reduce their overhead costs.

Mayor Dietrich said she is supportive of NDC4's request but wants to revisit after one year. They do not know how things will change.

Council Member Murphy said he is supportive of the one-year reduction and waiving the settlement amount. He is happy to hear the NDC4 is trying different things but would also want to revisit after one year.

Council Member Gliva asked if the City's legal department has reviewed the memorandum.

Administrator Wilson said they have not yet, they were waiting for direction from Council and then legal would review it and bring it back on the consent agenda.

Council Member T’Kach said she likes the long term agreement, and it is a clear message to the commission. It could be revisited if something drastic happened. They will be able to budget better if there is more certainty over the next few years. T’Kach asked if they were requesting the same thing from all seven cities in the commission.

Miller said yes, but they have not shared the draft of the MOU yet, but they had a meeting in July with all seven cities. The cities are all in different stages of conversation. They would like feedback, and they may make adjustments before it is distributed to each city. Each city can act on it individually.

Council Member Gliva said she supports Town Square TV and the NDC4. She wants to see more fluidity after year two. If something passes this session it is likely nothing will change until the following year. After year two, she would like to have another discussion.

Miller said they could craft a two year plan. They would be communicating throughout the two years but could have a formal discussion after the two year mark.

Council Member Scales said two years made sense because it allows them to build a plan.

Miller said NATOA had their national conference last week and they had eight videos that were finalists for national awards. The videos nominated from Inver Grove Heights were the Struggle to Structure story about the specialized garage space that was built for a local veteran, The Nowhere Haunted House which is about a fairly new Inver Grove Heights business, and the Dakota County Emergency Preparedness exercise. They thank Commander Otis and Deputy Fire Chief Bergum for coordinating with them to make it possible. Their Insight 7 news magazine program also received an award and was in the category with much larger cities like Seattle, Denver, and San Francisco.

B. City Administrator Updates (verbal)

Administrator Wilson presented the follow up on the 2025 budget questions and Preliminary Levy and the planning for the State of the City event this fall.

Follow-Up in Progress:

- Focus of new police officers if 2 are approved rather than 3

Administrator Wilson said Chief Chiodo said the first officer would allow for someone to be promoted to sergeant to supervise the investigative division. A second officer would be added to the strategic response team. If they were unable to confirm the third officer, the organization of the community outreach and engagement would remain decentralized with different officers and members of the command staff organizing different community events throughout the year.

- Current overtime costs for shift coverage in the Fire Department

Administrator Wilson said staff’s best estimate from January 1, 2024 to date is \$62,500 in wages and they would have paid into Para and employer taxes. This is approximately 1,880 hours of total overtime work just to fill shifts when someone is off.

- Estimated impact of proposed increase on commercial and industrial properties
 - Cannot predict at this point
 - Metropolitan Fiscal Disparities Program results in an “areawide tax rate” being applied to a portion of the value of commercial/industrial property

- Shares 40% of the tax base growth since 1975
- Need to know how much of the value is post-1975 value and what other cities' tax rates are in order to calculate the areawide rate
- Staff will be able to provide an estimated impact for commercial/industrial parcels in mid-November, once preliminary notices are sent by the County
- Funding for breakroom furniture at Maintenance Facility

The Public Works Director and Street Superintendent were out of office last week and staff will follow up with them when they return.

- Can we get to a 4.5% rather than a 4.55% for the preliminary levy
 - Requires \$16,371 in reductions

Administrator Wilson said Finance Director Hove was able to reduce the budget to accomplish a 4.5% levy. They continue to wait to hear if the police and fire department grants are approved. Staff are preparing a resolution to set the levy at a 4.5% increase for next week's agenda unless there is further direction from Council.

Council Member T'Kach asked what the cost of benefits was for paying overtime for the fire department.

Administrator Wilson said it adds approximately 20%. That cost does not include the cost of having to have other staff removed from their current duties to fill in for an absence. The cost for the workload that is delayed is not able to be calculated.

Council Member Murphy asked if the overtime hours equaled 1.5 fulltime positions.

Administrator Wilson said a fulltime firefighter is 2,080 hours per year.

Administrator Wilson presented the 2024 State of the City Event. Decisions for the date, time, location, and format need to be made. Staff need to consider budget, preparation time and conflicting events. Last year's budget was \$3,700. Staff proposed a family-friendly outdoor even at South Valley Park on Saturday, October 5. The date does not work for all Council Members. Staff reviewed the calendar and are now considering an indoor even in November. They are tentatively considering Wednesday, November 21, or Thursday November 22. The clubhouse at Inver Wood Golf Club is a location that is being considered. It has parking and is a City-owned facility. The clubhouse can seat approximately 50 people, this would be double the turnout from the previous year.

Mayor Dietrich said she would choose Thursday, November 21 because Wednesday nights are often busy church nights.

Council Member Murphy said he agrees with November 21 and hosting it at the clubhouse. The State of the City event is a more formal and prefers it to be indoors. He would like Town Square to be there. If they are planning to have 50 people, they could consider allowing staff and Council a certain number of guests.

Council Member T'Kach said she will need to let staff know if she is available. She liked the idea of South Valley Park but thinks the golf course will be great also. She would like opportunities for poster sessions in addition to a talk from the mayor. She has received feedback that people would like to be comfortable and thinks they would have more interest.

Council Member Scales said the clubhouse is great and a good way to show off City property. He agrees with November 21 and likes an informal setting, but this will give them a way to showcase what is happening in a formal way.

Council Member Gliva agreed with November 21 at the golf course.

Mayor Dietrich asked if the clubhouse would help with budgeting and if they would have a cash bar.

Administrator Wilson said yes, using the clubhouse they will not have to pay rental fees. They will have a cash bar and free food. They will be able to test the audio/visual systems a few days before. Staff will have more information about the event and theme at a future meeting.

Mayor Dietrich said she would like everyone to be involved.

Council Member T’Kach asked if there could be opportunities for family activities before the event if the majority of Council would like the event to be more formal. Staff could talk about different programs in their departments that residents may not be aware of.

Administrator Wilson said staff will take into consideration how they make people feel involved in the event. There are some cities that do pop-up park events to give people a less formal setting. It may not be on the same night, but it can be something they look into for next summer.

Council Member T’Kach said she would like even an hour before the event but understands budget and time limitations.

Administrator Wilson said they hope to have enough people attend to fill the clubhouse.

Mayor Dietrich said the Communications team did a fantastic job with short notice last year.

Mayor Dietrich said she has had residents’ comment on drivers speeding on Cahill Avenue. Residents in the area are having difficulties backing out of their driveways.

Council Member Murphy said he heard that a few times this past weekend. It may be related to school being back in session, but it is getting to be a problem. They are afraid to back out of their driveway. Proactive policing on Cahill Avenue would be good.

Mayor Dietrich said there was a death on Cahill Avenue.

Council Member Scales said he has heard it as well and parking a squad car on 75th Street would be good.

Council Member T’Kach said speeding on Cahill Avenue is a problem and asked if they could have more signs with the speed limit and the radar showing the driver’s speed put up. Sometimes people do not realize that they are speeding.

Administrator Wilson said she will follow up with the police department.

C. CLOSED SESSION to Discuss an Offer to Purchase City-Owned Properties

Motion to move into closed session pursuant to Minnesota Statute Section 13D.05 Subdivision 3(c)(3) to consider an offer for the sale of City-owned properties (Pinkville) located north of the City’s southern border with the City of Rosemount, west of Albavar Path and east of City-owned Woodland Preserve by Murphy, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

Motion to move into open session by Murphy, second by Gliva.

Ayes: 5

Nays: 0

5. Adjourn

Motion to adjourn at 7:32 p.m. by Murphy, second by Gliva.

Ayes: 4

Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Sara Lyons.