INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, JULY 28 6:00 P.M. – 8150 BARBARA AVENUE

1. CALL TO ORDER:

The City Council of Inver Grove Heights met in regular session on Monday, July 28, 2025, 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: Gliva, Murphy, Scales, and T'Kach
Staff In Attendance: City Administrator Wilson, City Clerk Kiernan, City Attorney Nason, Police Chief Chiodo, Fire Chief Thill, Finance Director Hove, Communications Manager Looze, Public Works Director Connolly, City Engineer Merchlewicz, Assistant Engineer Ray, Fire Marshall Oswald, and City Planner Schneider.

3. APPROVAL OF AGENDA:

Motion to approve Agenda as published by Murphy, second by Gliva.
Ayes: 5
Nays: 0 Motion carried.

4. PRESENTATIONS:

A. Swearing in of New Firefighters.

Fire Chief Thill introduced the three newest full-time firefighters, Christopher Anderson, Garrett Backus, and Andrew Dealey approved as part of this year's budget. These positions work 24-hour rotating shifts and may be assigned to either Station 1 or Station 2. All three began as paid-on-call members of the Inver Grove Heights Fire Department, reflecting the quality of the department's training program and personnel.

Mayor Dietrich administered the oath of office, after which family members participated in the ceremonial badge pinning.

Mayor Dietrich congratulated Chief Till and the department.

5. CONSENT AGENDA:

A. Approval of Minutes of the May 27, 2025, City Council Minutes
B. Approval of Minutes of the June 9, 2025, City Council Meeting
C. Approval of Minutes of the June 23, 2025, City Council Meeting
D. Approval of Disbursements, **Resolution 2025-166**
E. Personnel Actions
F. Approval of Exempt Gambling Permit for Inver Grove Heights Hockey Association
G. Memorandum of Understanding between Inver Hills Community College and the Inver Grove Heights Police Department
H. Resolution Ordering Feasibility Study and Accepting Surveying Services Proposal for 2027 Pavement Management (PMI) Projects Areas, **Resolution 2025-167**
I. Change Order No. 1 for Water Treatment Plant Rehabilitation (City Project No. 2023-03)
J. Resolution Adding KLM Engineering, Inc. to the City's Professional Engineering Services Consulting Pool, **Resolution 2025-16**

K. Resolution Approving Plans, Specifications and Authorizing Advertisement for Bids for the 64th Street Outfall (City Project No. 2025-14), **Resolution 2025-169**

L. Approval of Estoppel Certificate and Certificates of Completion for Inverwood Business Park

M. Resolution Approving Development Contract Amendment and Amendment to Related Development Documents for the Plat of Peltier Reserve 3rd Addition, **Resolution 2025-170**

Motion to approve Consent Agenda Items A-M by Scales, second by T'Kach.

Ayes: 5
Nays: 0 Motion carried.

6. <u>PUBLIC HEARINGS:</u>

A. Bond Capital Improvement Plan for New Central Maintenance Facility, **Resolution 2025-171**

Administrator Wilson stated that the consideration of a Bond Capital Improvement Plan (Bond CIP) is part of a broader process to evaluate the City's need for a new Central Maintenance Facility and the methods for funding it.

The purpose was to conduct a public hearing and consider adoption of the Bond CIP, which includes an overview of existing and proposed maintenance facilities, financing options and recommendations, estimated levy and tax impacts, and next steps.

Public Works Director Connolly provided background information, noting that the main maintenance facility was built in 1985, with a cold storage building added in 1991. Expansion discussions have been ongoing for many years. A 2015 needs study determined the site was significantly constrained, lacked sufficient covered space, and had outdated facilities unable to meet current and future demands. In 2021, the City acquired an adjacent farmstead, adding 5 acres for a total of 13 acres. An updated needs analysis and site planning study began in 2024 and concluded in 2025. Since 1985, the number of full-time employees has grown from 14 to 37, part-time employees from 6 to 24, and vehicles from 24 to 72, with an additional 83 City vehicles stored off-site. The current facility provides only 32 indoor parking spaces, leaving 73% of vehicles and equipment stored outdoors or in partially sheltered, unconditioned storage year-round.

The existing facility has significant space deficiencies. For vehicle storage, only 32 indoor spaces are available, with more than 90 vehicles stored outdoors. The wash bay has been converted for brine mixing and other equipment storage. Storage spaces are undersized, including the mechanics parts room and cold storage, leading to equipment being stored outside. The salt shed is undersized, and its roof prevents loading and unloading in sheltered space. Office and crew spaces are inadequate, with the breakroom doubling as a meeting space for only 20 people despite having 37 full time and 24 part time staff. There is no public lobby, and single offices have been converted to shared offices. The sign shop operates from a converted storage room, with sign materials stored in separate buildings.

Locker room facilities are inadequate, with mechanics using lockers in the garage that lack privacy, seating, and security. Crew tool and daily locker spaces are in converted storage rooms. The men's locker room is outdated, poorly lit, not ADA accessible, and undersized for the full staff. There is no women's locker room, and only one women's bathroom is available. The mechanics area is undersized for larger equipment, has limited tool storage, lacks a dedicated welding space, suffers from poor ventilation, and poses safety concerns. Larger vehicles must be serviced in the main drive aisle, which blocks access to other vehicles.

The needs analysis identified significant space constraints, finding that the Maintenance Facility is only 45% of the recommended size for current operations and 37% for long-term growth. Mechanic areas are approximately 25% of the standard size for both current and future needs, making them unable to accommodate all sizes of City vehicles and equipment. The facility lacks a women's locker room, and most crew spaces require substantial upgrades. There is insufficient office and administrative support space for crew leads and superintendents, the building is not ADA compliant, and safety systems, storage areas, and improved lighting are needed.

The site plan recommendation includes Phase 1A in 2026 for a new Cold Storage Facility, a new salt shed/materials storage, demolition of the existing Cold Storage Facility, and site grading and improvements. Phase 1B in 2026–2027 includes a new Central Maintenance Facility and parking lot site improvements. Phase 2A in 2028 involves partial renovation of the existing Central Maintenance Facility and the facility for Public Works cold storage. The estimated project cost for Phases 1A–2A is $55,443,216. Phase 2B, to be considered in the future, could involve partial renovation of the existing Central Maintenance Facility for police training or maintenance needs and deferred maintenance for the existing Central Maintenance Facility.

Option B, the recommended plan, proposes a new Public Works Campus with Central Maintenance Facility reuse. The new building can be designed and constructed to meet current and future City needs and be utilized for the next 40 or more years. It can be constructed to be adaptable for the implementation of future technologies and changes in public works operations over time. It allows for expansion and design flexibility of the police parking lot in conjunction with site improvements. It allows for the reutilization of the existing Central Maintenance Facility building, with flexibility for future remodeling to accommodate both storage and police training needs. It also allows existing maintenance operations to continue with minimal disturbance during construction.

The project schedule began in March 2024 with the award of the needs analysis and site plan contract to Wold Architects. In April 2025, the Council adopted the needs analysis and preliminary site plan Option B. In June 2025, the final design and construction management contracts were awarded to Wold Architects and Kraus-Anderson, respectively. The public hearing for the Bond Capital Improvement Plan took place on July 28, 2025. Schematic design review by the Council is planned for August and September 2025, with final design approval by Council expected in November or December 2025. Contract bidding and awards for the initial phase of improvements are scheduled for spring 2026, with construction to begin in May 2026. Substantial completion and facility commissioning are anticipated in December 2027.

Finance Director Hove explained that funding options considered included paying cash up front, with the possibility of using some internal City funds to help offset the facility's cost; however, the City does not have enough cash on hand to cover the entire project. An interfund loan from some of the City's healthier funds was also considered, but analysis showed those funds have their own future capital needs, and no internal funds could cover the total project cost. State funding is typically limited to projects with regional significance that serve or benefit residents of multiple communities, and no known sources of Federal funding are available. A local option sales tax, which also requires legislative approval, is generally reserved for projects with regional significance. Furthermore, because the City does not attract many commuters or shoppers from other cities, such a sales tax would likely be paid primarily by residents, potentially even more so than property taxes, which are shared between residents and businesses.

Funding options and considerations also included borrowing money. General Obligation (G.O.) Bonds are tax-exempt bonds that allow the City to borrow money at the lowest possible interest rate, backed by the full faith and credit of the City and repaid over multiple years with revenues from the property tax. Lease Revenue Bonds generally involve the EDA borrowing money to construct the project and then leasing it to the City, with the lease payments, funded from property taxes, serving as the revenue to the EDA to pay off the bonds. These have a higher interest rate than G.O. Bonds but are not subject to a reverse referendum. A combination of sources was also considered.

The funding recommendation is to issue G.O. Bonds for most or all the project, with annual payments made through the City's annual property tax levy. There is a possibility of using some cash on hand for a modest percentage of the total project cost. The bonds would be issued in two parts, one in 2026 with first payments due from 2027 tax revenues, and the second in 2027 with first payments due from 2028 tax revenues. This approach would make the property tax impact more gradual rather than occurring all in one year. The bonds would be repaid over approximately 20 years. The same method was used to fund construction of Fire Station #2.

The bonding process is governed by Minnesota Statute 465.521, which allows cities to issue tax-exempt G.O. bonds under a Capital Improvement Plan (CIP) without a voter referendum. This applies to specific capital improvements such as City Halls, Public Works Facilities, Public Safety Facilities, and Libraries, but does not apply to Recreation Facilities or amenities. Adoption of a Bond CIP must follow a public hearing and is subject to a 30-day reverse referendum.

The timeline began on June 23, 2025, when the Council called for a public hearing. Tonight, July 28, 2025, the Council is holding the public hearing and considering adoption of a resolution approving the CIP and issuance of bonds. The reverse referendum window will expire on August 27, 2025, at which time the City will be authorized to issue bonds. Approval of the sale of G.O. Bonds is planned for spring or summer 2026, with the award of the sale occurring approximately three weeks after approving the sale.

The action authorizes the City to issue bonds but does not require it to proceed, with the City Council retaining full oversight of the proposed facility's development and multiple opportunities for further decision-making before any bonds are issued. The authorization permits the issuance of bonds up to the stated amount; however, the Council may direct a lower amount if final design and bidding indicate that less borrowing is necessary. The current schedule anticipates bond issuance in 2026 and 2027, though the timing may be adjusted as the project advances, provided all issuances occur within the 2025–2029 Bond CIP timeframe.

The estimated maximum project cost is $61 million, which includes architectural design and construction management services, with $3 million in existing cash contributions from the PW Remodel/Expansion Fund, resulting in a maximum bond amount of $58 million. The bonds are expected to be issued in two parts, half in 2026 and half in 2027, with the initial impact to the property tax levy occurring in 2027 and 2028. Bond payments would be made over approximately 20 years.

Debt levy projections show that a $58,000,000 bond issuance would raise the total levy to just over $7.5 million at its peak in 2028–2029 before declining as existing debt falls off, while a $50,850,000 issuance would peak at about $6.95 million over the same period. Reductions occur in 2031, 2033, and 2034 as older street project bonds are retired, with the remaining Fire Station #2 debt scheduled to end in 2039.

Mayor Dietrich stated that there has been some misleading information in the public suggesting that the levy will increase by 10% to 12% each year. She noted that, based on the chart, this is not the case and asked for confirmation of that fact.

Director Hove explained that the City could structure its debt, so the levy increase occurs over two years rather than all at once in a single year. This approach would align the increases with when funds are needed for the project. The debt levy would rise in two consecutive years and then remain at that level, rather than continuing to grow annually.

Council Member Gliva asked what interest rate was being assumed in the calculation.

Director Hove stated that the current rate is 5.2%, with a 1% cushion, as advised by their financial advisor, for a potential 20-year bond.

For a median-valued residential property of $362,200, the estimated annual City tax increase from the proposed G.O. bond ranges from $252.49 to $287.01, depending on the final project cost and bond amount, which equates to a monthly increase of approximately $21.04 to $23.92. These estimates assume the property is homesteaded, reflect City taxes only, and are based on the City's 2025 tax rate.

For a $400,000 commercial property, the estimated annual City tax increase from the proposed G.O. bond ranges from $334.90 to $380.76, depending on the final project cost and bond amount, which equates to a monthly increase of approximately $27.91 to $31.73. These estimates reflect City taxes only and are based on the City's 2025 tax rate.

For a $400,000 agricultural property, the estimated annual City tax increase from the proposed G.O. bond ranges from $175.42 to $199.44, depending on the final project cost and bond amount, which equates to a monthly increase of approximately $14.62 to $16.62. These estimates assume the property is homesteaded, reflect City taxes only, and are based on the City's 2025 tax rate.

Council Member T'Kach, referring to the debt levy estimate, asked for confirmation that it pertains solely to the debt levy and does not include the regular levy for building maintenance, staff, health benefits, or similar expenses.

Director Hove stated that it is solely the debt levy.

Council Member T'Kach asked if expanding the project to include the police shooting range, fencing, and secured parking would be covered within the bond and debt.

Director Hove stated that the project under discussion is the Public Works Facility expansion, which is the only project included in this bond CIP. She explained that the $58 million maximum ceiling for bonds pertains solely to the project as described. Any expansion or remodeling of the old site would require a separate process and could be funded through cash or borrowing.

Director Connolly clarified that the scope of work contracted with Wold includes the Public Works facilities and related site work, such as parking lot grading and layout of any parking lot configurations. It does not include remodeling the existing building for police functions.

Council Member Murphy asked for clarification on the meaning of a 1% cushion, inquiring whether it provides a range.

Mr. Aarsvold stated that the 1% cushion is included because the bond issuance is nearly a year away. If sold today, the rate would likely be around 4.2%, but a percentage point is added to be conservative due to market volatility. The numbers are based on a 5.2% rate, though the actual rate may be lower at the time of sale.

Adoption of the Bond CIP gives the Council the authority to issue bonds up to $58 million, although the Council could choose to issue less. Once the final design is complete and estimated costs have been refined, staff will review funds on hand and make a recommendation for possible payment of some costs from existing balances of the Host Community Fund, Central Equipment Fund, and the City's Closed TIF Fund. This could reduce the amount that needs to be bonded for or lower the amount of the annual bond payment required from the tax levy.

The requested actions are to hold the public hearing and receive public comment, and to consider adoption of the attached 2025–2029 Bond Capital Improvement Plan to fund the construction of a new Central Maintenance Facility.

Mayor Dietrich stated that there is correspondence to be entered into the public record and asked for a motion.

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

Ayes: 5
Nays: 0 Motion carried.

Mayor Dietrich opened the Public Hearing.

Frank Alexander, 8504 Birch Boulevard, asked if the facility would include an enclosed gun range or if it was no longer being considered, noting it was mentioned in the last brochure.

Mayor Dietrich stated that there will be no gun range in the facility.

Administrator Wilson clarified that the reference might pertain to the possibility of reusing part of the existing building for police training space in a future project, which could include an enclosed indoor gun range to meet police training requirements,

Mr. Alexander asked how much of the existing structure could be salvaged to help minimize the cost that will be incurred soon.

Mayor Dietrich stated she would take note of that and ensure the questions are answered or directed to the appropriate person.

Alex Bruns, 2406 Blueberry Street, asked about the age of the facilities, whether the need was addressed in the City's strategic plan, and suggested on-site parts storage instead of just-in-time delivery. He questioned the lack of alternatives to the $58 million project, recommending shared use of the Veterans Memorial Center. He also requested clarity on what service gaps the project would fill, expressed concern over the City's increased debt, and asked for the exact tax increase percentage to address misinformation.

Randy Sampson, 8660 Ann Marie Trail, asked whether the maintenance department operates on a single or multi-shift basis and requested an estimate of the percentage tax increase for homes valued at $500,000 or more. He acknowledged the need for the project but noted the challenge of budgeting for a facility intended to last 25 years. He also expressed concern that, combined with a recent 9.9% Dakota County tax increase, the additional cost could be substantial for residents.

Martin Moody, 9641 Rich Valley Boulevard, questioned the need for a large break room, emphasized prioritizing maintenance equipment and welding areas over vehicle parking, and agreed that the tax increase appears higher than the stated 10–12%.

Mayor Dietrich clarified that the misconception is that some residents believe the tax will increase 10 to 12% each year, which is not correct.

Sandy Honerbrink, 2318 75th Street East, voiced concern over rising taxes, citing fluctuating project costs and urging a 10% budget cut to lessen the financial burden on residents.

Martin Moody, 9641 Rich Valley Boulevard, stated that while state statute allows CIP approval after a public hearing and does not require a referendum, he questioned why a referendum was not held to increase community involvement and awareness.

Mayor Dietrich stated that it was a good question that she would refer to legal counsel for review.

Joel Johnson, 4060 87th Street East, said communication on the project has been poor, noting he only learned of it recently. He called for clearer details on the tax increase and suggested a large expense like this should be decided by residents through a vote.

Mike Rouleau, 7814 Davidson Court, questioned whether the $55–$61 million facility is necessary and suggested more cost-effective options, such as adding to the existing building. He expressed concern about significantly increasing City debt and the overall tax burden when combined with other recent levies and County tax increases.

William Frison, 6802 Carleda Avenue East, said taxes keep rising and are forcing seniors out of the City. He urged the City to provide tax relief for senior citizens.

Motion to close the Public Hearing by Scales, second by Gliva.

Ayes: 5
Nays: 0 Motion carried.

Mayor Dietrich began addressing resident questions, starting with whether a portion of the existing building would be reused.

Director Connolly said the proposal is to keep the entire Maintenance Facility as in the original layout, with possible partial demolition of office space during final design. The building would be repurposed for cold storage and could be used in the future for police training or other City storage needs.

Mayor Dietrich asked if there is a percentage available at this time.

Director Connolly said he did not have an exact percentage but estimated that about 85% of the existing building would be retained.

Mayor Dietrich asked what the intended use was when the current building was constructed in 1985 and whether there was any idea of how long it was expected to serve the community.

Director Connolly said there is no record of the building's intended lifespan. He noted the main building is in relatively good condition, with investments in the roof and mechanical systems, and could be reused. The cold storage and salt shed buildings are also in fair condition but are lower-value, unconditioned structures that hinder site grading and would need to be demolished to create a contiguous site.

Mayor Dietrich asked if the project was part of the strategic plan and inquired about the delivery of products.

Director Connolly said the City has no citywide strategic plan. In regard to the delivery of products, he explained that while some items are received through just-in-time delivery, others, such as seed, fertilizer, fuel, and salt, are ordered in bulk or on regular intervals and require storage.

Mayor Dietrich clarified that it is not called a strategic plan but noted a study was referenced and asked when the needs analysis was conducted.

Director Connolly stated that the previous needs analysis was completed in 2015.

Mayor Dietrich inquired about the possibility of utilizing shared spaces, such as locker rooms in the VMCC and conference areas in other campus buildings.

Director Connolly stated that the new facility will include flexible spaces, as outlined in the needs analysis, which can serve as meeting, lunch, and break areas with dividers to maximize efficiency. He emphasized that employees should have access to necessary amenities, such as bathrooms and showers, without needing to use facilities in other buildings.

Mayor Dietrich asked what services are lacking in the current facility and whether there is a gap in meeting current needs.

Director Connolly said limited mechanic space causes repair inefficiencies and delays. More staff and equipment would improve response times for maintenance, snow removal, and storm cleanup, helping public works support emergency services and maintain service levels.

Mayor Dietrich asked whether operations run multiple shifts or a single shift and what the shift structure looks like.

Director Connolly said most day-to-day operations run on a single shift for the three primary entities in the building, with split shifts occasionally used for plowing but not year-round due to the seasonal nature of services.

Mayor Dietrich asked about the amount of equipment and vehicles parked outside and why it is important to move them indoors.

Director Connolly stated that high-value assets are stored indoors to protect them and keep them ready for immediate use in winter. Equipment stored outside deteriorates more quickly, is vulnerable to rodent damage, and results in costly repairs. With over 200 pieces of equipment, not all can be stored inside, so priority is given to high-value or tool-equipped vehicles to extend their lifespan and stay within the replacement schedule.

Mayor Dietrich observed that, based on the pictures of equipment sitting outside during a snowfall, it could be difficult to even locate the equipment, which would present a challenge.

Mayor Dietrich noted there were questions about providing percentage increases for different home values and asked if residents could calculate the impact for their specific homes.

Director Hove explained that calculating the impact is not as simple as providing a formula, as the City uses specific tables and data runs. She said that for a residential property valued at $500,000, the annual increase would be about $411, which equates to roughly $34 per month.

Mayor Dietrich asked if there is an example for a home valued at a lower amount, such as $250,000.

Director Hove stated that a home valued at $250,000 would see an annual increase of about $186, which equates to approximately $15.50 per month. She added that there is a grid based on the most expensive bond run, and she provided the highest numbers. If the bond run were, for example, $50,850,000, all those numbers would be lower.

Director Hove stated that the City's 2025 property tax levy is $34,214,757. For a $58,350,000 bond issuance, the new debt levy would be $4,986,988, a 14.57% increase, which would be spread over two years at approximately 7.2% each year. For a $50,850,000 bond issuance, the new debt levy would be $4,384,093, a 12.8% increase, or about 6.4% per year over two years.

Mayor Dietrich requested clarification, observing that three different amounts had been referenced in the residential estimates within a brief period. She asked that the information be reviewed and conveyed to ensure a clear understanding of how these amounts were derived.

Director Hove explained three current scenarios. The first, based on the needs analysis, estimates just over $53,850,000 in project costs, reduced to about $50,850,000 in bonding after applying $3 million in available funds. The second is a mid-range estimate of just over $59,220,000, requiring about $56,220,000 in bonding. The third, representing the maximum under the bond CIP, estimates $61,000,000 million in costs, with $59,000,000 million to be bonded after applying the $3 million. These figures do not yet factor in potential additional funding, which will be considered once final design and more precise estimates are available.

Mayor Dietrich noted a resident's concern that the cost could exceed twenty dollars per month and asked for clarification on how accurate the current figures are and how residents will be informed in the future if those amounts change significantly.

Mr. Aarsvold explained that the figures are estimates, and the debt levy will increase, requiring a corresponding increase in the City's tax rate. The amount will depend on the final project costs and will be distributed across properties based on tax classification and valuation, which may change over time. While there are many variables, in the high scenario the City's tax rate would need to increase by about 8.2%, which residents can use to estimate the potential impact on their own circumstances.

Mayor Dietrich noted an inquiry regarding the applicable State statute and the possibility of submitting the matter to a referendum.

City Attorney Nason explained that State statute permits only a reverse referendum for the proposed Capital Improvement Bond issuance, requiring a petition within a set timeframe after adoption of the Capital Improvement Plan. The City is not authorized to hold a regular or advisory referendum for these bonds.

Council Member T'Kach stated that while the need for the facility is clear, the exact size and design remain to be determined. She stressed the importance of viewing the project alongside other potential needs, such as a future fire station, possible police expansion, and anticipated adjustments to stormwater, water, and sewer rates, noting that funding sources and timelines are uncertain.

She expressed concern about the cumulative impact on residents, particularly those on fixed incomes, and emphasized the need for transparency. She noted that this project comes during a time of political and economic uncertainty, with reduced Federal and State funding and possible future school district referendums and said residents should have a clear picture of what the next five to ten years may hold.

Administrator Wilson stated that, aside from the Central Maintenance Facility, the only other City facility need is Fire Station #3 at Upper 55th, which is planned to be addressed next due to its higher need and urgency. The 2015 needs analysis was completed before Fire Station #2 was built, leaving the Public Works Facility unaddressed for another decade. She emphasized the important work of both firefighters and public works staff and noted that Fire Station #3 will require significant remodeling, expansion, or possibly a rebuild, estimating the project is at least five years away.

Council Member T'Kach asked if there is an estimate of the cost.

Administrator Wilson stated that a firm number cannot be provided until the design and bidding for the building are complete, and she would not speculate on the cost of a fire station five years from now.

Council Member Murphy asked if having a fire truck on a lift for repairs, which prevents staff from working on other tasks, has a significant impact on productivity.

Director Connolly confirmed that would be an accurate assessment.

Council Member T'Kach stated that selling the bonds requires consultation with other jurisdictions to identify potential partnerships, as outlined in the statute, and asked who the City had contacted for this purpose.

Administrator Wilson requested the specific statute for that requirement.

Council Member T'Kach stated that she believed it was the statute that includes the reverse referendum provision for bonding, specifically for a G.O. bond.

Administrator Wilson stated that she was not aware of a City that had issued a G.O. bond.

Council Member T'Kach asked whether there are any opportunities to partner with West St. Paul, South St. Paul, Dakota County, or Eagan to create a different or larger facility with shared participation, and whether this possibility has been explored.

Administrator Wilson stated that the City has not explored building a facility with another jurisdiction. She noted that South St. Paul faces similar facility challenges and it is unlikely either City would build outside its own boundaries. The same space would still be needed to serve parks, vehicles, and other needs, so no serious consideration has been given to sharing a building.

Council Member Scales acknowledged the high total cost but noted the existing facility has served the City well for 40 years and no longer meets current needs. He expressed concern about the lack of women's locker facilities, restrooms, and ADA accessibility, and noted that site topography adds to costs. He stated the design is simple and utilitarian, with no unnecessary features, and supported efforts to reduce costs if possible. He emphasized the importance of housing high-value equipment indoors to extend its lifespan and protect the City's investment, concluding that it is time to move forward with the project while aiming to keep costs on the low end.

Council Member Murphy agreed with the need for the project, noting that from an asset protection standpoint it makes sense. He stated that the building, constructed in 1985, now serves a population that has grown from about 19,700 in 1980 to an estimated 37,000 today. He emphasized the importance of providing a quality work environment for Public Works staff, which the current facility does not offer.

Motion to approve Resolution 2025-171 Approving a Capital Improvement Plan; Approving the issuance and sale of general obligation capital improvement plan bonds, series 2025A, in the aggregate principal amount not to exceed $58,000.000; and taking other actions with respect thereto by Murphy, second by Scales.

Ayes: 5
Nays: 0 Motion carried.

7. <u>REGULAR BUSINESS:</u>

A. Rental Housing Licenses

Director Ziemer presented a new rental housing license for 3613 76th Lane East.

The application has been reviewed by staff and found to meet the necessary requirements. Staff recommends approval of the license.

Motion to approve one Rental Licenses by Scales, second by T'Kach.

Ayes: 5
Nays: 0 Motion carried.

B. Approval of the Plat, Rezoning and Easement Vacation - Orchard Heights 3rd Addition (1845 77th Street West), **Resolution 2025-172, 2025-173, 2025-174.**

City Planner Schneider stated that the 5.08-acre property owned by Mr. Steve Grebin contains an existing single-family home. The proposal is to subdivide it into one lot for the existing home and one outlot for future development. The requests include preliminary and final plat approval, rezoning from Agricultural to R-1C/PUD and R-3A/PUD, and the vacation of existing drainage and utility easements.

A Comprehensive Plan Amendment in 2024 changed the property's designated future land use from Medium Density Residential to Low-Medium Density Residential and Low Density Residential. LMDR allows for up to 4-6 units per acre.

The proposed rezoning is consistent with the guided land use. Proposed Lot 1 meets performance standards, and the easement vacation is considered appropriate. Future development will require following the preliminary and final plat and Planned Unit Development process.

The Planning Commission held a public hearing on July 1, 2025, and voted 7-0 to recommend approval of the requests. The recommended actions include a motion to approve a resolution vacating all current drainage and utility easements on the subject property, resolutions approving the preliminary and final plat for Orchard Heights 3rd Addition, and an ordinance approving rezoning from A, Agricultural to R-1C/PUD and R-3A/PUD.

Council Member Murphy asked for clarification on the difference between what was done last year and what is being considered this year.

Planner Schneider explained that last year's request was to amend the Comprehensive Plan. At that time, the property was guided entirely for Medium Density Residential at 8 to 12 units per acre. The request was to re-guide it to Low-Medium Density Residential, creating a gradient from Low-Medium to Medium Density. The current request is to rezone the property to match the updated Comprehensive Plan and to plat the property accordingly.

Motion to approve Resolution 2025-172 the preliminary plat for Orchard Heights 3rd Addition, Resolution 2025-173 the final plat for Orchard Heights 3rd Addition, Resolution 2025-174 vacation of drainage and utility easements on Lot 2, Block 1, South Delaware Estates, and Ordinance 1507 – Rezoning Orchard Heights 3rd Addition from A, Agricultural to R-1C/PUD and R-3A/PUD by Gliva, second by Scales.

Ayes: 5
Nays: 0 Motion carried.

C. Resolutions Approving Contract Award, Approving Budget, and Awarding the Construction Administration Contract for City Project No. 2023-08 - Babcock Trail Multi-Use Trail (Upper 55th Street to I-494), **Resolution 2025-175, 2025-176, 2025-177.**

City Engineer Merchlewicz stated that the item is on the agenda under Regular Business rather than Consent due to its Federal funding component. While the City of Inver Grove Heights receives limited Federal funding and has not had issues with it, other cities have recently experienced delays or cancellations of Federal awards. Staff believes the risk of disruption for this project is low; however, if the Federal funding is withdrawn before being received, the City could be responsible for additional project costs.

In 2022, the City and County applied for a Transportation Advisory Board Grant. In 2023, final design and right-of-way activities began. In February 2025, plans and specifications were finalized, but remaining right-of-way efforts still needed to be completed. Through coordination with MnDOT Federal Aid, the City worked to ensure Federal Aid was likely still available prior to advertisement on June 30, 2025. On June 23, 2025, MnDOT stated that funds had been authorized for this project, which typically means they are encumbered and will not be at risk.

On July 22, 2025, bids were opened with seven bidders, with the apparent low bidder being Max Steininger, Inc. for $971,495.23, which is 2.4% under the engineer's estimate. Estimated project costs are as follows: construction bid $971,495.23; legal, engineering, administrative, and finance (LEAF) $443,475.00; construction and administrative contingency $57,998.51, for a total of $1,476,968.74. Due to Federal funding, this project is required to go through an extensive award process with MnDOT to receive final award approval. The action gives staff authorization to proceed with the contract award pending MnDOT's acceptance.

Funding sources are as follows: TAB Regional Solicitation Grant $419,040.00; Municipal State Aid Funds $103,500.00; Pavement Management – Partnership Projects (Fund 441) $54,589.43; Dakota County $899,839.31, for a total of $1,476,968.74. If there is a disruption in Federal funding, the City's responsibility would increase by approximately $63,000. This increase in cost would be funded through Fund 441, and any funding changes would be brought forth for future Council approval via a budget amendment resolution.

Staff recommend awarding the construction contract for this project to Max Steininger, Inc. for $971,495.23, contingent on MnDOT's and Dakota County's concurrent awards of the same. Staff also recommend awarding the construction administration contract to Short Elliot Hendrickson (SEH) to assist the City with meeting the MnDOT and Federal requirements for this project.

Motion to approve Resolution 2025-175 Awarding Contract to Max Steininger, Inc. for City Project 2023-08 – Babcock Trail Multi-use Trail (Upper 55th Street to I-494), Resolution 2025-176 Approving budget for City Project 2023-08 – Babcock Trail Multi-Use Trail (Upper 55th Street to I-494), Resolution 2025-177 Accepting a Proposal and awarding a contract for construction administration services to SEH for City Project 2023-08 – Babcock Trail Multi-use Trail (Upper 55th Street to I-494) by T'Kach, second by Gliva.

Ayes: 5
Nays: 0 Motion carried.

D. 1st Reading of Ordinances Amending City Code Regarding Licensing Requirements

City Clerk Kiernan stated that the liquor license application requirements include removing outdated terminology, reducing the amount of information required for the initial application by eliminating data not necessary to determine approval or denial, and clarifying alcohol server training by requiring that the training be valid for six months beyond the date of the initial or renewal application and aligning requirements with online training certification.

The cannabis and hemp business regulations are updated to reflect new legislative vocabulary and include pre-approval versus preliminary license approval.

Massage therapy regulations specify that operating without a license is a reason for the Council to deny, suspend, or revoke a license and add language stating that if a license is revoked or denied, the applicant may not reapply for a license for a period of one year from the date of revocation or denial. City Code is currently silent on when an applicant can reapply, and one year would be consistent with other Dakota County cities. The question is whether this is the threshold the Council wants to have for Inver Grove Heights.

Contractor licensing for solid waste collectors includes repealing 8-6-3C2 license tabs for solid waste vehicles and removing reference to City-furnished license tabs for solid waste haulers, as this is not current practice.

Staff recommends approval of the first reading of the four ordinances amending City Codes, including 4-1-7 and 4-1-14 regarding liquor license applications, 4-4-2 and 4-4-9 concerning cannabis and hemp business regulations, 4-8-1 addressing massage therapy regulations, and 8-6-3 relating to contractor licensing for license tabs for solid waste collectors.

Mayor Dietrich asked if the City's software for massage therapy licensing can retain unchanging information, such as schooling requirements, so that applicants do not need to re-enter it each year. She noted this as one example and acknowledged there may be others.

Clerk Kiernan stated that the City is implementing an online business application, which is operational but not yet publicly launched to allow time for resolving any issues. The system will allow applicants to update only the information that has changed.

Mayor Dietrich stated that the proposed approach would be wonderful and thanked staff. She expressed support for maintaining consistency with surrounding cities and the County.

Council Member Murphy stated that the changes make perfect sense, expressed appreciation for the ongoing code updates, and said he had no issues with the one-year term, noting it makes sense since neighboring communities are following the same approach.

Council Member Gliva stated that everything looked good to her. Council Member Scales indicated he had no issues. Council Member T'Kach agreed.

Council Member Gliva stated that the proposal appeared acceptable. Council Member Scales indicated he had no concerns. Council Member T'Kach expressed her agreement.

Mayor Dietrich asked if there were any public comments on any of the codes under consideration.

Clerk Kiernan stated that she had not received any public comments.

Motion to approve the first reading of an Ordinance amending IGH City Code Title 4, Chapter 1, Sections 7 & 14 regarding Liquor License Applications, Title 4, Chapter 4, Regarding Cannabis and Hemp Business Regulations, Title 4, Chapter 8, Section 1, Regarding Massage Therapy Regulations, Title 8, Chapter 6, Section 3, Regarding Contractor Licensing by T'Kach, second by Gliva.

Ayes: 5

Nays: 0 Motion carried.

8. PUBLIC COMMENT:

Dale Scearcy, 8121 College Trail, stated that the City appears not to care about trees, noting more have been removed in his 20 years here than by forest fires in California, and expressed hope they could breathe better in the future.

Sarah Scovil, 5885 Blackberry Trail, stated she opposes publishing residents' addresses online. She raised concerns about the Forest Haven Road reconstruction project. She explained that, through a FOIA request, she found emails showing project cost and infrastructure condition information was withheld from residents, despite claims of transparency. She also cited staff communications that she felt were dismissive of residents' concerns and referenced an email suggesting higher home values in her neighborhood might influence opinions. She questioned whether such language was appropriate from City staff.

Eric Scovil, 5885 Blackberry Trail, stated that neighborhood concerns about the project are due to its high cost, potential road designation change, possible rerouting through a neighbor's property, and challenging topography. He criticized staff for dismissing questions, withholding information, failing to respond to emails, and excluding resident concerns from the feasibility report. He also objected to the lack of notification to affected homeowners about potential road changes and the refusal of an independent appraisal later pursued by the City. He urged the Council to address unprofessional language and actions and to uphold transparency.

Mayor Dietrich stated that the matter would be discussed offline and added that the Council plans to address the issue of names and addresses being made public at an upcoming work session.

Alex Bruns, 2406 Blueberry Street, raised concerns about consent agenda item 5I, noting differences between the published version and the one presented at the meeting. He stated that change order No. 2 was removed after they questioned erroneous charges and emphasized the need for transparency about the changes. He expressed frustration with what he viewed as dismissive responses from staff.

Sandy Honerbrink, 2318 75th Street East, commended the City's budget presentation but urged the Council to cut the budget by 3 to 4% instead of increasing it. She expressed concern that the technology and data budget is combined into one large category and should be divided among departments for clarity. She asked whether unused project funds from last year were returned to the general fund, requested notice of citizen meetings, and questioned the validity of surveys cited by the City, noting she has never received one in her 30 years. She concluded by urging budget cuts across all departments and lower taxes.

9. MAYOR AND COUNCIL COMMENTS

10. ADJOURN:

Motion to Adjourn at 8:27 p.m. by Scales, second by Murphy.
Ayes: 5
Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Tammy Greenlee