INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, NOVEMBER 24, 2025 – 6:00 P.M. – 8150 BARBARA AVENUE

1. CALL TO ORDER:

The City Council of Inver Grove Heights met in regular session on Monday, November 24, 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, and T'Kach (remote)
Absent: Council Member Scales
Staff In Attendance: City Administrator Wilson, City Clerk Kiernan, City Attorney Nason, Community Development Director Ziemer, Finance Director Hove, Parks & Recreation Director Lares, Planning Manager Shay, Commander Otis, Sergeant Winget, and Assistant Finance Director Ellison

3. APPROVAL OF AGENDA:

Motion to and approve agenda removing items 5E, 7B and 10A by Gliva; second by T'Kach.
Ayes: 4
Nays: 0 Motion carried.

4. PRESENTATIONS:

5. CONSENT AGENDA:

- **A.** Approval of Minutes of the July 7, 2025, City Council Work Session
- **B.** Approval of Minutes of the November 3, 2025, City Council Work Session
- **C.** Approval of Disbursements, **Resolution 2025-247**
- **D.** Personnel Actions
- **E.** ~~2026 Pay Plan for Seasonal, Temporary, On-Call and Non-Regular Status Employees~~
- **F.** 2026 Classification and Compensation Plan for Regular Status Non-Union Employees
- **G.** Authorization to Purchase Sleepy Hollow Park Playground Replacement
- **H.** Authorization to Purchase Lobby Furniture for the Veterans Memorial Community Center
- **I.** Approval of Storm Water Facilities Maintenance Agreement for 2750 70th Street East
- **J.** Resolution Accepting Donations, **Resolution 2025-248**

Motion to approve Consent Agenda Items A – J, minus E by Gliva; second by T'Kach.
Ayes: 5
Nays: 0 Motion carried.

6. PUBLIC HEARINGS:

A. 2026 Liquor License Renewals

The 2026 Liquor License Renewals were outlined for consideration, beginning with the requirement that any renewing Liquor License must receive a 4/5 vote during the public hearing. This voting threshold applies to all renewal actions.

The establishments seeking Liquor License renewal include 451 Beer with an Off Sale license and A & M Liquor with an Off Sale license. AMC Theatres Inver Grove Heights 16 holds an On Sale and Sunday license. Applebee's Neighborhood Grill & Bar holds an On Sale and Sunday license. Arbor Pointe Golf Club holds a 3.2 On Sale and Sunday license. Arbor Pointe Liquors holds an Off Sale license. B-52 Burgers and Brew holds an On Sale and Sunday license. Cameron's Warehouse Liquors holds an Off Sale license. Celts Pub holds an On Sale and Sunday license. Cub Foods holds a 3.2 Off Sale license.

Additional establishments listed for renewal include Cub Wine & Spirits #1584 with an Off Sale license and Drkula's 32 Bowl with an On Sale and Sunday license. Gold Palace Liquor holds an Off Sale license. Inver Grove Brewing Company holds an On Sale, Sunday, and Brew Pub Off Sale license. Inver Wood Golf Course holds an On Sale and Sunday license. IWA Sushi holds an On Sale and Sunday license. Jersey Bar & Grill holds an On Sale and Sunday license. King of Diamonds holds an On Sale license. Mallards Restaurant holds an On Sale and Sunday license. Nowhere Entertainment holds an On Sale and Sunday license.

Further renewal requests include Open Window Theatre with a Wine and Strong Beer license. Outback Steakhouse holds an On Sale and Sunday license. Overboard Bar & Grill holds an On Sale and Sunday license. Perplebunny's Axe House holds an On Sale license. Pizza Pub holds an On Sale and Sunday license. Speedway #4411 and Speedway #4548 each hold a 3.2 Off Sale license. Trail Liquor holds an Off Sale license. Mississippi Pub holds an On Sale and Sunday license.

Staff recommends holding the public hearing and outlines the available motions. Because approval requires a 4/5 vote, the Council may move to continue a renewal to the next meeting on December 8 if recusals occur. A motion may also be made to approve some of the Liquor License applications and specify the application numbers included in that action.

Mayor Dietrich opened the public hearing. There were no public comments.

Motion to close the public hearing by Murphy, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

Motion to approve 28 Liquor License renewals by T'Kach, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

Motion to continue Mississippi Pub to the December 8, 2025, meeting by Gliva, second by T'Kach.
Ayes: 4
Nays: 0 Motion carried.

B. 2026 Tobacco Sales License Renewals

The 2026 Tobacco License Renewals were outlined for Council consideration. The information begins with the requirement that approval of any renewing Tobacco License must receive a 3/5 vote during the public hearing. This requirement applies to all license renewals brought forward for action.

A list of Tobacco Retail Stores seeking renewal includes Arbor Pointe Holiday #3537 located at 9087 Broderick Boulevard and Arbor Pointe Liquors at 9084 Buchanan Trail. Casey's General Store is located at 9981 Diffley Court and Cub Foods is located at 7850 Cahill Avenue. Cub Wine & Spirits is located at 7804 Cahill Avenue. IGH Smokes Plus is located at 9090 Buchanan Trail. Inver Grove Tobacco #2 is located at 7806 Cahill Avenue and Inver Grove Tobacco & Vape is located at 6570 Cahill Avenue. Perfect Ash is located at 9080 Buchanan Trail and Pilot Travel Center is located at 11650 Courthouse Boulevard.

Additional Tobacco Retail Stores seeking renewal include Rick's Tobacco located at 1372 Mendota Road East and Snak Atak #51 at 9717 South Robert Trail. Speedway #4411 is located at 7501 Concord Boulevard. Speedway #4548 is located at 5728 Bishop Avenue. Speedway #4792 is located at 3240 57th Street East. The Corner Store is located at 3015 80th Street East. Trail Liquors is located at 9740 South Robert Trail. Vapour & Dispensary is located at 5747 Blaine Avenue. Walgreens #04882 is located at 5825 Cahill Avenue and Walgreens #06943 is located at 4560 South Robert Trail.

The recommendation requests that the City Council hold the public hearing and make a motion to approve the Tobacco Retail License applications.

Mayor Dietrich opened the public hearing. There were no public comments.

Motion to close the public hearing by Gliva, second by Dietrich.
Ayes: 4
Nays: 0 Motion carried.

Motion to approve 20 Tobacco License renewals by Murphy, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

C. Application for New Tobacco Sales License

The Council was asked to consider approval of an application for a new tobacco license for South Metro Fuel Stop, located at 7030 Cahill Avenue. The City received the application and staff reviewed it, confirming that all required materials were complete and that the business is qualified. Staff recommended holding the public hearing and subsequently approving the tobacco sales license.

Mayor Dietrich opened the public hearing. There were no public comments.

Motion to close the public hearing by T'Kach, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

Motion to approve a new Tobacco Sales License of South Metro Fuel Stop by T'Kach, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

D. Liquor License Compliance Check Violations, **Resolution 2025-249, 250, & 251**

The 2025 Alcohol Compliance Failures were outlined by Commander Otis, beginning with an overview of the Alcohol Compliance Program and the City Code on alcoholic beverages, which authorizes the Police Department to conduct annual compliance checks. The purpose of these checks is to ensure that businesses holding a valid liquor license are acting responsibly and to reduce underage access to alcohol. The program's short-term and long-term goals focus on reducing youth access, strengthening the knowledge and skills needed by local establishments to prevent underage sales and service, and achieving and maintaining a 100% yearly compliance rate. Compliance checks are conducted once per year.

The Alcoholic Beverages City Code is outlined through Section 4-1-14 which defines the Conditions of License and includes Subsection D that addresses Sales to Certain Persons Prohibited and Subsection J that requires Alcohol Server Training. Section 4-1-19 establishes Civil Penalties and Sanctions and includes Subsection A on Civil Sanctions Imposed which lists item 5 stating that a license holder failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages and item 6 stating that a license holder failed to conduct mandated Alcohol Server Training as required by this chapter. Subsection B identifies the minimum penalties which require that the violations occur within the last five years.

The process for conducting the checks includes identifying license locations for both On Sale and Off Sale businesses. Notification procedures following a compliance check are explained. A passing business is sent a letter in the mail advising that they passed the compliance check for the current year. When a business fails, the Officer of Record identifies themselves on the day of the failure and conducts post sale follow up procedures. If a license holder has no training records available at the time of follow up, the business is given 72 hours to provide the required documentation.

The review of the 2025 compliance checks identifies that no public hearing is required for GasX LLC doing business as 451 Beer. Public hearings are required for American Multi-Cinema, Inc. doing business as AMC Theaters and for Trail West doing business as Trail Liquor.

<u>GasX, LLC dba 451 Beer</u>

Details of the case involving GasX LLC doing business as 451 Beer explain that on October 16, 2025, at 4:39 P.M. an alcohol compliance check occurred at 6530 Cahill Avenue. The underage buyer purchased a bottle of wine, and the clerk completed the sale without asking for identification. The underage buyer advised that no identification was requested. Once the sale was completed, the Officer of Record identified himself as a Police Officer and informed the clerk that the business failed the compliance check. During post buy procedures, the clerk provided a voluntary statement and admitted selling alcohol without checking identification. The clerk was charged with a Gross Misdemeanor for selling or furnishing alcoholic beverages to a person under 21 years of age.

Further information states that on November 7, 2025, and again on November 19, 2025, 451 Beer was notified of administrative penalties for failing the compliance check concerning prohibited sales. Under City Code 4-1-14-D, no intoxicating liquor may be sold, furnished, or delivered to any person under age 21 or to any person obviously intoxicated or to any other persons to whom sale is prohibited by State law. They were notified that this was their first violation within the last five years. Staff recommended imposing the minimum presumptive civil penalty for a first violation which is a $750 civil penalty.

Motion to approve Resolution 2025-249 Imposing Sanctions upon Off-Sale Liquor License Holder GasX LLC dba 451 Beer for a Fine of $750 by Gliva, second by T'Kach.
Ayes: 4
Nays: 0 Motion carried.

<u>American Multi-Cinema, Inc dba AMC Theaters</u>

AMC Theaters is described as requiring a public hearing. On October 13, 2025, at 5:07 P.M. an alcohol compliance check occurred at 5567 Bishop Avenue. The underage buyer ordered one Blue Moon alcoholic beverage and the bartender served and completed the sale without asking for identification. The Officer of Record informed the bartender that the business failed the compliance check. During post buy procedures, the bartender provided a voluntary statement acknowledging the sale without requesting identification. The server was charged with a Gross Misdemeanor for selling or furnishing alcoholic beverages to a person under 21 years of age.

On November 7, 2025, AMC Theaters was notified of administrative penalties for failing the compliance check on prohibited sales under City Code 4-1-14-D. They were advised that this was their second violation within the last five years with the first occurring on July 28, 2023, which resulted in a $750 civil penalty. Staff recommended imposing the minimum presumptive civil penalty for a second violation within the last five years which includes a $1,000 civil penalty and a one-day license suspension selected by the Council from a list of dates that includes November 30, December 15, and December 22.

Mayor Dietrich opened the public hearing.

Sebastian Galvis, 4970 Ashley Lane, and General Manager for AMC Theatre, acknowledged the compliance failure, noting that video footage confirmed the customer should have been ID'd and that the employee responsible is no longer with AMC. They emphasized that all staff are trained on the consequences of failing compliance checks and that this is the first such incident in the representative's two years as General Manager. If a one-day liquor license suspension is imposed, he requested that it not fall on Sunday, November 30, due to high attendance expected for the release of Wicked.

Motion to close the public hearing by Gliva, second by Murphy.
Ayes: 4
Nays: 0 Motion carried.

Motion to approve Resolution 2025-250, Imposing Sanctions upon On-Sale Liquor License Holder American Multi-Cinema, Inc dba AMC Theaters for a fine of $1,000 and a one-day suspension to occur on December 15, 2025, by Murphy, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

<u>Trail West dba Trail Liquor</u>

Trail West doing business as Trail Liquors also requires a public hearing. On October 16, 2025, at 4:20 P.M. an alcohol compliance check occurred at 9740 South Robert Trail. The underage buyer purchased a bottle of wine, and the cashier completed the sale without asking for identification. The Officer of Record notified the cashier that the business failed the compliance check. The cashier declined to provide a voluntary statement. Follow up occurred on October 21, 2025, for alcohol server training records which were provided on October 29, 2025. The records indicated a completion date on October 16, 2025, at 11:00, the same day as the compliance check. The Officer followed up with the cashier for clarification on the 11:00 time stamp. The cashier advised this was 11:00 A.M., however the training company verified the training was completed at 11:09 P.M. The cashier was charged with a Gross Misdemeanor for selling or furnishing alcoholic beverages to a person under 21 years of age.

On November 7, 2025, Trail Liquors was notified of administrative penalties for failing the compliance check on prohibited sales under 4-1-14-D which addresses Sales To Certain Persons Prohibited and states that no intoxicating liquor shall be sold, furnished, or delivered for any purpose to any person under the age of 21 years or to any person obviously intoxicated or to any other persons to whom sale is prohibited by State law. They were also notified of 4-1-14-J(8) regarding No Server Training which states that no liquor licensee shall allow the sale or service of any alcoholic beverage by a person who has not complied with the alcohol server training requirements of this section and any such sale or service constitutes a violation of the licensee's liquor license. Additional violations included 4-1-19-A(5) for Failure to Comply with Conditions of License and Licensing Procedures 3-2-10-A(1) for Fraud, Misrepresentation, or Incorrect Statement contained in the application for license, or made in carrying on the licensed activity. They were advised that this was their second, third, and fourth violations within the last five years and that their first violation occurred on August 31, 2022, which resulted in a $750 civil penalty imposed by the Council. Staff recommended imposing the minimum presumptive civil penalty for a second, third, and fourth violation within the last five years which for more than three violations includes a $2,000 civil penalty and a more than three day license suspension selected by the Council from the following dates which are Sunday, November 30, Monday, December 3, Tuesday, December 11, Monday, December 15, and Monday, December 22.

Mayor Dietrich opened the public hearing.

James Vogt, 4685 Bristol Boulevard in Eagan and Owner of Trail Liquor, stated that they have been selling alcohol and tobacco since 2018 and that this was the first time they had ever failed a compliance check. He acknowledged that he completed the sale and accepted full responsibility for the violation. He also described an error with the MLBA compliance test, noting that he misunderstood the time by nearly eight hours, which resulted in providing incorrect information to an Officer. He emphasized that he takes compliance seriously but made a poor judgment call while another employee was assisting a regular customer, and he reiterated that he was at fault.

Mayor Dietrich asked for confirmation that the Council needs to select three available dates.

Commander Otis stated that there must be more than three dates.

Council Member T'Kach asked whether the dates need to be consecutive.

Mayor Dietrich stated that it does not appear so and confirmed that the answer is no.

Motion to close the public hearing by Murphy, second by T'Kach.
Ayes: 4
Nays: 0 Motion carried.

Motion to approve Resolution 2025-0251, Imposing Sanctions upon Off-Sale Liquor License Holder Trail West dba Trail Liquor for a fine of $2,000 and more than three days suspension to occur on December 3, 11, 15 & 22, 2025 by Dietrich, second by Gliva.
Ayes: 3
Nays: 1 (T'Kach) Motion carried.

E. Tobacco & Nicotine Products License Compliance Check Violation, **Resolution 2025-252**

Commander Otis explained that the City Code on Tobacco and Nicotine Products designates the Police Department to conduct annual compliance checks. These checks verify that businesses holding a valid Tobacco or Nicotine license are acting responsibly and help reduce underage access to these products. The program's goals include reducing underage access to tobacco and nicotine products, increasing knowledge and improving skills for local businesses to prevent underage sales, and achieving and maintaining 100% yearly compliance with no underage product sales.

The compliance program includes verification of all license holders within the City and the recruitment and training of underage buyers. These buyers are instructed not to misrepresent their age, to dress normally, and to avoid disguises. They are required to possess and present their own valid Under 21 Minnesota State Driver's License or ID card. Proof of age is defined by Minnesota State Statute 340A.503 Subdivision 6, and acceptable proof of age verification is further outlined by City Code.

City Code 4-12-4 License Requirements states that any employee of a licensed retail establishment, or other person who sells licensed products at that licensed establishment, shall complete an educational or training program regarding the sale of licensed products to underage purchasers before they may be allowed to sell licensed products at the licensed establishment. Under City Code 4-12-6 Prohibited Sales, subsection A requires licensees to verify, by means of government-issued photographic identification, that any purchaser is at least 21 years of age. City Code 4-12-10 Administrative Penalties for Violations establishes that the first violation results in an administrative penalty of $300, the second violation within 36 months of the previous violation results in a minimum administrative penalty of $600 and a license suspension of at least one day, and the third violation or any subsequent violation within 36 months of the previous violation results in a minimum administrative penalty of $600 and a license suspension of at least seven days.

Compliance check procedures include notification to businesses following the inspection. Businesses that pass, receive a letter confirming they have passed for the current year. If a business fails, the Officer of Record identifies themselves on the day of the failure and conducts post-sale follow-up procedures. License holders who do not have training records available are given 72 hours to submit the required documentation.

The review of the 2025 compliance checks identifies Rick's Tobacco LLC as requiring a public hearing. On October 13, 2025, at approximately 4:12 p.m. a compliance check occurred at 1372 Mendota Road East. During the check, the Officer of Record observed that the underage buyer purchased a container of Green Zyn from the clerk, and the clerk did not verify that the buyer was over 21 years of age. After the sale was completed, the Officer of Record identified himself as a Police Officer and informed the clerk that the business failed the compliance check. During the post buy procedures the clerk did not provide a statement. The clerk was charged with a misdemeanor for the sale of tobacco or a tobacco related product to a person under 21 years of age. The clerk also did not provide certification documenting completion of the required educational or training program regarding the sale of licensed products.

On November 7, 2025, Rick's Tobacco LLC was notified of the prohibited sales failure, the basis for a license suspension, and the administrative penalties. City Code 4-12-4 requires that any employee of a licensed retail establishment, or any person who sells licensed products at the licensed establishment, shall complete an educational or training program regarding the sale of licensed products to underage purchasers before they may be allowed to sell licensed products at the licensed establishment. Under City Code 4-12-6, sales of licensed products to any person under 21 years of age are prohibited, and licensees must verify age by means of government-issued photographic identification to ensure the purchaser is at least 21 years of age. They were advised that these incidents constituted their first and second violations within the past 36 months. The staff recommendation is to impose the minimum presumptive administrative penalty, which for a first and second violation includes a $600 administrative penalty and a one-day license suspension. The Council may select the suspension date from the following options: Sunday, November 30, Monday, December 15, or Monday, December 22.

Mayor Dietrich opened the public hearing. There were no public comments.

Motion to close the public hearing by Gliva, second by T'Kach.
Ayes: 4
Nays: 0 Motion carried.

Motion to approve Resolution 2025- 252 Imposing Sanctions upon Tobacco and Nicotine License Holder Rick's Tobacco LLC for a fine of $600 and a one-day suspension to occur on December 15 by Murphy, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

7. REGULAR BUSINESS:

A. Approval of Amendment to the Bishop Heights Planned Unit Development (PUD) and Major Site Plan Review, **Resolution 2025-253, 254, & 255**

Planning Manager Shay explained that the request concerns a PUD Amendment and a Major Site Plan Review for a Culver's proposed at 5880 Blaine Avenue. The parcel is 1.06 acres and was platted in 2003. It is guided Regional Commercial and is within the Bishop Heights PUD. An amendment to the PUD is required for this project.

The evaluation includes two components. A PUD amendment is needed because the use is fast food, which aligns with the regional commercial guiding. The proposed building and site layout are like the previously approved bank use. The Major Site Plan Review shows that the proposal meets setback requirements, provides sufficient parking, complies with impervious surface limits, and meets landscaping, screening, and architectural standards. Flexibility is requested for the trash enclosure.

Several site features include a new sidewalk connection to Blaine that crosses the parking area to the restaurant and underground Stormwater facilities located beneath the northeast parking area. Required screening for both the drive-through and the trash enclosure will be provided through a combination of fencing and landscaping, with fencing used where green space is limited and landscaping added as the green space widens toward the northeast side of the site. The primary entrance will be from the south side of Blackshire Path, with a secondary entrance at the existing access near Market Liquors to support two-way circulation. The landscape plan provides the equivalent of 27 trees, exceeding the required 22.

Access to the site is governed by a private easement agreement that allows access from Blackshire Path and requires a restriction prohibiting left turns out of the Culver's site to maintain safe traffic operations. The agreement also provides a parking easement across the Culver's property for seven stalls to be used by the Blackberry Town Office Park. Culver's has nine stalls within the easement area and was required to provide 45 parking stalls for its building. With a total of 53 stalls, they meet both the City Code parking requirement and the obligations outlined in the easement. Although the easement is a private agreement to which the City is not a party, staff confirmed compliance during the Site Plan Review.

The Planning Commission considered the request on November 5, with notices mailed to surrounding properties ten days in advance. No public comments were received before the meeting, and none were offered during the public hearing. The Commission unanimously recommended approval on a 9–0 vote. The only new item before the Council that was not reviewed by the Commission is the Site Improvement Agreement, which is a Council-level consideration.

The recommended action includes approval of an Ordinance amending the Bishop Heights PUD to permit a fast-food restaurant with a drive-through on Lot 2, Block 1 of Inver Grove Market. Approval is also recommended for a resolution granting Major Site Plan Review for the construction of the fast-food restaurant with a drive-through, with the motion amended to reflect the correct 4,212 square-foot building size, along with a resolution approving the Site Improvement Agreement and a resolution approving the Summary Publication of the Ordinance amendment. The recommendation includes two conditions: the site plan must be revised to replace the pylon sign with a monument sign, and a final geotechnical report must be submitted to the satisfaction of the Engineering Department.

David Raymond, 5838 Blackshire Path and a Board member of the Blackshire Path Business Association, stated that there are 24 owners with various businesses and expressed concern about the Easement Agreement established in 2004 when a Wells Fargo Bank was originally planned for the site. While not objecting to the PUD Amendment, he asked the Council to postpone action on the Major Site Plan Review to allow time to discuss the access point and easement terms with the developer and the City. He noted that the proposed fast-food use is significantly different from what was contemplated in the original agreement and questioned its validity, particularly since required payments under the easement have not been made in 20 years. He added that attempts to engage the applicant last week were unsuccessful and that the Planning Commission meeting was the first time he became aware of the proposed development.

Marcia Veach & Tony Stepan, Owners of Culver's, explained that her family owns and operates seven Culver's restaurants in the metro area and that this location would be their eighth. She expressed appreciation for City staff's assistance throughout the process and noted her family's nearly three decades of involvement with Culver's, along with their commitment to creating jobs and supporting the communities they serve. She added that the project is especially meaningful because one of their partners grew up in Inver Grove and has long hoped to bring Culver's to the City. While emphasizing that they strive to be good neighbors, she noted that continued delays have real impacts, as they have invested significant time and money based on adopted City standards. She stated they remain willing to work with neighboring property owners but asked that private legal matters be handled separately and that the Council base its decision on City Code and staff's review. She respectfully requested that the Council follow staff's recommendation.

Mayor Dietrich stated that it was at the applicant's discretion whether to answer, but asked, for those wondering what the anticipated opening date would be if the project continued on its current timeline.

Ms. Veach stated that the anticipated opening would be by the end of 2026.

Mayor Dietrich asked legal counsel whether they had reviewed the agreement concerning payments related to the easement and noted that Mr. Raymond had questioned the legality of the agreement.

City Attorney Nason stated that she has reviewed the Easement Agreement, which is recorded against the property and includes a provision for an annual payment, though she has no specific knowledge regarding whether those payments were made. She noted that issues related to payment are a civil matter between the easement holder and the benefited parcel owners. She explained that while the agreement was created when a bank was the anticipated use, it is not limited to that use and provides access to the site regardless of the specific development proposed.

Motion to accept correspondence into record by Gliva, second by Murphy.
Ayes: 4
Nays: 0 Motion carried.

Council Member T'Kach asked whether the rationale is based on the presence of other commercial traffic in the area, noting the mix of restaurants and similar businesses within the same development, and whether that factors into how this proposal fits.

Manager Shea responded that if the property were not part of a PUD and were simply guided RC Commercial with the compatible B-3 zoning district, the proposed use would be permitted. He explained that the use is compatible with adjacent commercial uses and would be allowed if the PUD were not in place restricting it to a bank. He added that the Site Plan Review is a standard component of the development approval process to ensure compliance with Zoning Ordinance requirements.

Mayor Dietrich stated that she believes both parties are professional businesses capable of working out the details of how they will coexist and that she would not factor those private matters into her decision. She added that she is very excited to have the restaurant come to the community and is glad they chose Inver Grove Heights.

Motion to approve an Ordinance amending Title 10 of IGH City Code related to the Planned Unit Development Zoning District in the Southeast Quadrant of Highways 52 and 494, approve Resolution 2025-253, approving a Major Site Plan approval for a 4,212 square foot fast food restaurant, approve Resolution 2025-254 approving summary publication of Ordinance 1518, amending Title 10 of IGH City Code related to the Planned Unit Development Zoning District in the Southeast Quadrant of Highways 52 and 494, and approve Resolution 2025-255 approving Site Improvement Agreement for Lot 2, Block 1, Inver Grove Market by T'Kach, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

B. REMOVED - Purchase Agreement with Ace in the Hole Real Estate Limited Partnership

C. Overview of 2026 Budget & Levy Status

Finance Director Hove explained that the preliminary levy reflected a 6.30% levy increase that staff brought forward at the September 2 Work Session. After reviewing $193,300 in reductions, the Council approved a 5.74% levy increase at the September 8 Council meeting. To reach the 5.74% levy amount, significant changes were made to Personnel Budgets. All new staff position requests were removed, including a 60% FTE Parks Maintenance position valued at $64,350 and the mid-year hire of a full-time HR Coordinator valued at $61,600. Requested increases to hours for part-time staff were reduced, including the Accounts Receivable Technician whose original request was to move from 20 to 30 hours per week but was instead reduced to 25 hours per week, and the Parks and Recreation Communication Specialist whose original request was to move from 25 to 40 hours per week but was instead reduced to 32 hours per week. Additional savings were realized in Life, Long Term Disability, and Paid Family and Medical Leave budgets based on actual quoted premiums. Wage adjustments were made to reflect decreases that resulted from new hires.

Further reductions to reach the 5.74% levy included a reduced EDA transfer of $3,700. Additional expense reductions affected Mayor and Council Professional Services by $8,000 and Inspections Professional Services by $6,600. Subsequent updates that occurred after approval of the preliminary levy reflected revised information from Dakota County regarding the total tax base and fiscal disparities impacts. Additional revenue was recognized from Police Pension State Aid in the amount of $100,000, along with increased revenue from the School Resource Officer contract. The DWI Grant was eliminated, creating a reduction of $150,000, and the City chose not to backfill the Officer promoted to the second SRO position to cover the reduction in revenue.

Additional changes included updated Health Insurance costs based on the actual renewal. The HR Coordinator hours were increased from 25 to 32 hours per week. Further wage adjustments reflecting decreases based on new hires were incorporated, along with other small miscellaneous expense reductions. The Community Center budget was revised and summarized at the November 3 Work Session. Revenue assumptions were increased, and expense assumptions were lowered. Additionally, the original staffing request was reduced. The net impact was approximately $123,700 in reductions to the proposed 2026 budget. Within the Opioid Settlement Fund, education materials were identified as expenses to be paid directly from the Opioid Settlement Fund. School Resource

Officer wages were incorporated as a reimbursement through a transfer out to the General Fund for opioid education.

Updates to other funds included changes within the Golf Course Operating Fund. Revised Anniversary Membership Drive revenues will be determined after the conclusion of the Membership Campaign. The original sales price included sales tax in the amount of approximately $104,685, and this amount must be subtracted from the final revenues. Costs increased for the purchase of a vehicle from Public Works, reflecting a $5,000 increase. Within the Central Equipment Fund, the City finalized 2026 equipment replacements at the November 10 Council meeting and authorized ordering in 2025 for delivery in 2026.

City Administrator Wilson stated that the proposed Citywide 2026 Tax Levy remained at $36,178,590 in both September 2025 and November 2025, with a levy increase of 5.74% in each period. If the levy were reduced by $87,100, the total would decrease to $36,091,490 with a corresponding levy increase of 5.49%. The change in the tax rate increased from 0.45% in September 2025 to 1.09% in November 2025, or 0.83% if the reduction were applied. The 2026 median valued property shifted slightly from $362,200 in September to $361,800 in November. For a median valued residential property, the annual change in City taxes increased from $80.59 in September to $90.10 in November, or $85.22 if the levy reduction were implemented.

The total impact of proposed levies in Dakota County shows varying average total tax increases across communities. West St. Paul reflects the highest increase at 10.13%, followed by South St. Paul at 8.66%, Burnsville at 6.14%, Hastings at 5.49%, and Apple Valley at 5.46%. Rosemount shows an increase of 4.36%, while Eagan reflects a 4.15% increase. Inver Grove Heights has an average total tax increase of 3.15%, closely aligned with Mendota Heights at 3.12% and Farmington at 2.91%. Lakeville is the only community showing a slight decrease with an average total tax impact of -0.19%.

Administrator Wilson stated that although the levy is proposed to increase by 5.74%, residential tax bills are estimated to rise by only 3.15% because multiple taxing districts and varying property value changes influence how the tax burden is distributed. She explained that shifts in residential, commercial, industrial, and multifamily property values in Inver Grove Heights and throughout Dakota County affect each property's share of the levy, so taxpayers do not see a direct connection between the levy and their individual tax bills. She noted that even with these factors, Inver Grove Heights remains in the lower range of estimated tax increases for 2026.

A renewed request was discussed regarding additional HR staffing. The HR Division currently consists of one HR Manager and one part-time HR Coordinator. This division is responsible for recruitment and hiring, compensation and benefits, leave administration, union contracts and labor relations, discipline and performance management oversight, legal compliance, workers' compensation, certain safety and OSHA matters, and some employee training. The City employs 189 regular benefits eligible employees, approximately 40 paid on call firefighters, and between 180 and 260 temporary or seasonal employees. The need for more HR staff is driven by the growth in the number of City staff over the last five years, expansion of union groups from four to nine, and new State laws and compliance obligations including Earned Sick and Safe Time, Paid Family Medical Leave, etc.

The HR Division currently operates with 1.00 FTE for the HR Manager and 0.65 FTE for the HR Coordinator who works 26 hours per week, for a total of 1.65 FTE. The requested staffing level increases the HR Coordinator to 0.80 FTE at 32 hours per week, maintains the HR Manager at 1.00 FTE, and adds 1.00 FTE for a new position with a job title to be determined for a partial year in 2026, resulting in a total of 2.80 FTE. This can be accomplished within the preliminary levy that was set by the Council in September.

The request included a recommendation to finalize the 2026 levy at the amount approved as the preliminary levy and to allocate the remaining available funds to the HR Division for the mid-year addition of one FTE position. The next steps in the 2026 budget and levy process include Dakota County mailing proposed tax statements to property owners on November 12. A Public Hearing on the Proposed Budget and Tax Levy will occur on Monday, December 8 at 6:00 p.m. Council adoption of the 2026 Budget and Tax Levy will occur on Monday, December 15 at 6:00 p.m.

Mayor asked whether the Council was expected to provide direction so the numbers could be analyzed.

Administrator Wilson stated that it would be helpful to know if most of the Council supports the request for additional HR staffing. She explained that as the Finance Director prepares the budget book, staff will show that position as a funded staffing level if Council support exists.

Council Member Gliva asked when the City is expected to have a new HR Director.

Administrator Wilson stated that the current HR Manager is retiring and that second round interviews for her successor are scheduled.

Council Member Gliva inquired whether the new hire would begin employment prior to the end of the year.

Administrator Wilson stated that she anticipates the new HR Manager will begin on the first Monday in January.

Council Member T'Kach stated that she sees merit in the staff request for additional HR staffing. She also stated that she does not support removing funding for a professional facilitator for the Council and staff planning session and asked whether staff could identify up to $8,000 from other areas to cover that expense. She noted that both needs are connected and important.

Administrator Wilson stated that if this is the Council's direction, she believes staff can identify funding to cover the facilitator cost. She noted that locating such funds is challenging, but if this is the one item the Council wishes to include in the preliminary levy, staff can review the budget again and determine the necessary amount.

Council Member Murphy stated that he would not support a goal-setting session in a City that is, in his view, overly reactive. He stated that he agrees HR expansion is important because the City has been understaffed in several areas; however, he believes the Council is failing by not rehiring an Assistant City Administrator. He stated that if the Council intends to pursue expanded HR staffing, he also wants to review cost estimates for hiring an Assistant City Administrator. He expressed concern that the City is not developing future leaders, continues to operate reactively, and is unable to execute the vision established during the annual goal-setting session. He requested that staff provide financial estimates for both positions.

Council Member T'Kach asked Council Member Murphy whether she correctly heard him say he does not want a planning session for 2026 with Council and staff.

Council Member Murphy clarified that he supports holding the normal planning session but does not believe the City needs to hire an outside consultant. He stated that leading such a session should be the responsibility of the City Administrator or an Assistant City Administrator.

Council Member T'Kach stated that in her opinion, some lack of clarity in the past few years' goal setting processes contributes to the City being reactive. She said a stronger structure that supports broader vision and goals, rather than specific ordinance work, may address some concerns raised.

Council Member Murphy said he disagrees. He added that any goal setting exercise requires accountability, and there must be someone who facilitates review of the goals. He stated that he has never seen that work with an outside organization because those consultants come and go and do not remain involved.

Council Member T'Kach stated that she does not expect a facilitator to work with the City throughout the year. She agreed that accountability is important and stated that it is the responsibility of Council leadership to conduct quarterly check-ins. She stated that staff could assist by including regular progress updates on Council agendas. She noted that the City has not clearly articulated a broader vision and that a facilitator could help frame that discussion. She emphasized that a facilitator does not need to cost $8,000 and directed staff to seek the most cost-effective option.

Council Member Gliva stated that she does not have a strong opinion on the $8,000 request but remains concerned about adding additional staff. She noted that her concern is not the dollar amount and acknowledged the increased demands created by new Minnesota laws. She stated that she entered the budget cycle hoping to avoid adding staff to keep taxes down and suggested that the new HR Manager could help determine next year whether another position is necessary. She stated that she is inclined to hold the line and save the $87,000 given upcoming 2026 projects that may require tax increases. She added that she is not supportive of outside facilitators and believes the City should improve its own process.

Mayor Dietrich said she sees the need for an Assistant City Administrator in a City of this size. Her proposed compromise is to support a midyear hire for the position, giving the new HR Manager time to demonstrate their capabilities and provide a strong return on investment before adding another role. She noted that the matter will need to be revisited in the next budget cycle. After speaking with other Mayors, she expressed support for using an outside facilitator for the retreat, explaining that department heads may be more candid when their supervisor is not leading the session and that an external perspective can be valuable. If the City moves forward with a facilitator, she wants the Council to help shape the expectations for that engagement.

Council Member T'Kach said the Council should trust the City Administrator's judgment in requesting HR staffing support. She noted that HR skills related to Minnesota law and labor law differ significantly from those of a City Administrator or Assistant City Administrator. She said the City should follow the City Administrator's recommendation because staff identified HR as the area of greatest need. She acknowledged concerns about raising taxes but noted that residential increases remain near the bottom among Dakota County communities.

Mayor Dietrich said she hopes Administrator Wilson can speak with Council Member Scales prior to the next meeting to determine whether a majority position is possible, since no clear direction emerged.

Administrator Wilson said she will reach out to Council Member Scales and attempt to gather guidance. She stated that further discussion may be required at the December 8 meeting.

D. 1st Reading of an Ordinance Establishing the 2026 City Fee Schedule and 1st Reading of Ordinance Removing Fees from City Code Title 10 Chapter 3

City Clerk Kiernan provided the 1st reading of an Ordinance Establishing the 2026 Fee Schedule and Removing Fees from City Code Title 10 Chapter 3.

The background information identifies three types of City fees and charges for the upcoming year. The first category consists of utility connection and other development related fees. The second category consists of utility rates. The third category includes all other fees and charges such as building permits, business licenses, the VMCC, Inver Wood Golf Course, etc.

Reorganization efforts have occurred to better reflect ease of use. Fee changes include increased wine and off-sale liquor licensing fees, decreased Public Safety audio/video/photographs fees, a 3-5% increase for Parks to keep in line with market rates in other cities, adjustments related to Recreation Brochure advertisement space and an approximate 4% increase for Inver Wood Golf Course.

Staff recommends use of an Uncodified Ordinance which functions in the same manner as a Codified Ordinance and carries the same legal authority. It stands independently and is not merged into sections of City Code. This method serves as a useful tool for interim ordinances and for items that frequently change.

A second ordinance is proposed to complete this process. Staff have prepared a housekeeping ordinance whose purpose is to remove the final remaining references to fees contained in City Code Title 10 Chapter 3 related to fees and deposits and replace them with a reference to fees set forth in the City Fee Schedule. This ensures consistency moving forward and eliminates the risk of conflicting fee references or amounts.

Staff recommends Council action to approve the 1st reading of the Ordinance adopting the 2026 Fee Schedule and to consider approval of the 1st reading of the Ordinance amending various provisions of the Inver Grove Heights City Code Chapter 10 Section 3 related to fees and deposits.

Motion to approve the 1st Reading of an Ordinance Establishing the 2026 City Fee Schedule and 1st Reading of Ordinance Removing Fees from City Code Title 10 Chapter 3 by T'Kach, second by Gliva.
Ayes: 4
Nays: 0 Motion carried.

E. 1st Reading of Ordinance Amending Utility Connection Fees

City Administrator Wilson provided the 1st reading of an Ordinance Amending Utility Connection Fees for 2026. The process is an annual action of the Council and is required by State Statute to be completed through an Ordinance and following a public hearing. Ordinances in the City require three readings, and the public hearing will be held in conjunction with the 2nd reading at the December 8 Council meeting.

The proposed Ordinance sets connection fees for Water, Sewer, and Stormwater Utilities, which are paid at the time of connection to the system, most often by developers and builders but sometimes by current residents. For the past 15 years, the City has had higher utility connection fees for most development in the NWA to reimburse the City for upfront investments made without assessments to property owners. In the NWA, the connection fees escalate with density to a greater degree than fees outside the NWA which creates a particular challenge for proposed multi-family development.

She highlighted the current comparison of NWA versus Non-NWA fees showing that Water building permit connection fees equal $4,095 per SAC unit in the NWA and $1,115 per SAC unit outside the NWA, while Sewer building permit connection fees equal $7,310 per SAC unit in the NWA and $640 per SAC unit outside the NWA, resulting in subtotals of $11,405 per SAC unit in the NWA compared to $1,755 per SAC unit outside the NWA.

The key policy question centers on determining the appropriate process for setting these fees, including whether the City should base them on the amount of revenue that needs to be raised or on what the market is willing to pay. City fees cannot exceed the cost of delivering the service, which in this case is the provision of municipal utilities, although they can be set at a lower amount and may be required to be lower under certain circumstances.

The policy questions include several important factors to consider. This revenue is different from other City revenue sources such as property tax and utility fee revenue. Developers have other available options, and there are limits to what is financially viable for any given project. To date, no multi-family development in the NWA has occurred without some form of fee relief. These considerations lead to the broader question of what additional options the City may have to cover costs.

The goals of the study include developing a single structure of utility connection fees to be applied consistently across the entire City, setting the connection fee amounts such that the cost of developing the City is not significantly more expensive than in nearby communities undergoing development, accepting that the City has certain sunk costs in NWA utilities, and creating a new fee structure that is simpler and easier to understand and explain.

The recommendations include applying a 3% increase for Water and Sewer fees and a 5% increase for Stormwater fees where fees are already equal City-wide. For connection fees at the time of plat, the recommendation is to use current non-NWA fees City-wide, increased by 3% for Water and Sewer and 5% for Stormwater. For connection fees at the time of building permit, the recommendation is to set fees at 30% of current NWA fees City-wide, increased by 3% for Water and Sewer, with no such fee applied for Stormwater.

Comparative graphs illustrated how infrastructure development fees for sample industrial, single-family, multifamily, and townhome projects align with those in other communities. It showed the relative position of current IGH NWA fees, current IGH non-NWA fees, and the proposed fee structure across these development types.

Revenue projections show that if all acres in the NWA north of Highway 55 that are guided for development paid the proposed 2026 rates, total revenue generated would equal $44,993,872 rather than the $80,086,866 that would be generated under current fees. She explained that projected revenues under the proposed structure are sufficient to pay off remaining Sewer debt totaling $9.2 million over 10 years, fund the allocated share of the CIP, and leave remaining funds for yet to be programmed build out of utilities in the NWA.

The acres used to calculate the revenue projections represent the portions of the NWA that have not yet developed and therefore have not yet paid utility connection fees. Other portions of the area have already been built out, their fees have been collected, and no additional development or future connections are anticipated from those locations. The undeveloped acreages were evaluated based on their planned land uses in the Comprehensive Plan to estimate the remaining potential revenue that could still be generated.

The analysis focuses only on the portion of the NWA located north of Highway 55. Although additional land south of Highway 55 is also identified in the Metropolitan Urban Service Area and is contemplated for future development with City utilities, opening that area would require significant additional infrastructure investment, including extending services beneath the highway. The Council, now or in the future, may choose to reassess how properties in that southern portion should be charged or assessed before any development occurs.

Given the anticipated buildout of the northern portion of the NWA over the next several years, this review of utility connection fees is timely. Cities periodically evaluate these fees, particularly when major system expansions are planned. The goal is to ensure that the fees remain competitive within the market while also generating sufficient revenue for current obligations and the capital improvements required to support continued growth.

The next steps including a 2nd reading and public hearing on Monday December 8 at 6:00 p.m. in Council Chambers and the 3rd reading will occur on Monday December 15.

Council Member Gliva asked whether the City's rates are going to be 30% of the current rates and if that percentage applies to both Water and Sewer.

Administrator Wilson explained that a subset of the rates will be 30%, noting that the Ordinance includes separate tables for Water, Sewer, and Stormwater. She clarified that each fee category contains multiple components, and not all are being recommended for the same adjustment. She stated that staff reviewed each fee individually to develop a balanced package that meets the City's goals.

Council Member Gliva asked for confirmation that this is not a case of reducing the entire previous cost by 30%.

Administrator Wilson clarified that the change is not 30% across the board.

Council Member Dietrich asked about the timeline, stating that the next meeting is expected to include the 2nd reading, with the 3rd reading anticipated later this year.

Administrator Wilson confirmed that the timeline is correct.

Motion to approve the 1st Reading of an Ordinance Repealing and Replacing Inver Grove Heights City Code Title 3, Chapter 4, Section (2)(2) related to Water, Sanitary Sewer, and Stormwater Utility System Connection Fees by Gliva, second by Dietrich.
Ayes: 3
Nays: 0 (Abstain: T'Kach)

F. 2nd Reading of Ordinance Amending City Code Related to the Convention & Visitors Bureau and the Planning Commission

City Administrator Wilson provided the 2nd reading of the Ordinance related to Governance of the Convention and Visitors Bureau (CVB) and meetings of the Planning Commission. The Ordinance would delete references to CVB members, appointments and meetings from City Code in preparation for a possible new contract with the Chamber of Commerce. It also changes the meeting requirement for the Planning Commission to once per month, making it consistent with the City's other two advisory commissions.

Council Member Gliva asked whether the intention is to complete this before the end of the year and if there will be sufficient time to do so.

Administrator Wilson stated that the original goal was to complete this before the end of the year, noting that the date was simply a target and not a requirement. She added that the Council could carry the item into a January meeting and enter into an agreement with the Chamber at any point during the year.

Council Member T'Kach stated that she is somewhat uncomfortable moving forward but noted that staff appears confident that any remaining issues can be resolved. She said she is not opposed to advancing the item to a 2nd reading, acknowledging that the Council still has the 3rd reading as an opportunity to pause or delay if necessary.

Council Member Gliva stated that she is also in agreement with that position.

Motion to approve the 2nd Reading of Ordinance Amending City Code Title 2, Chapter 2 regarding the Convention & Visitors Bureau and the Planning Commission by Gliva, second by T'Kach.
Ayes: 4
Nays: 0 Motion carried.

8. <u>PUBLIC COMMENT:</u>

Sandy Honerbrink, 2318 75th Street East, expressed concerns about the difficulty hearing discussions at work session meetings held at the Grove and questioned why those meetings are not held in the Council Chambers. She also noted that an item related to the garage project was approved at a previous meeting but not mentioned during the work session recap. She encouraged the Council to promote citizen participation as election judges and urged careful review of any new voting equipment prior to approval. She emphasized the importance of adhering to the City's budget, stated that rising costs are affecting residents, and asked the Council to be mindful of taxpayer impact when making financial decisions.

Mayor Dietrich asked Ms. Honerbrink for one point of clarification. She inquired what Ms. Honerbrink was asking and what she was referencing regarding a large garage discussed during the work sessions.

Ms. Honerbrink stated that during a recent work session she heard discussion about constructing a large garage or shed with a cost she believed to be $6 million or $60 million. She said the Council approved part two of the development despite a petition she felt should have delayed further action until the next election.

Mayor Dietrich clarified that one option is to place the matter on the ballot, but no decision has been made at this time.

Ms. Honerbrink stated that residents do not want the building constructed as proposed and would prefer that it not be built or that a smaller building be considered.

Mayor Dietrich acknowledged that some residents do support the project and confirmed that the petition signatures were certified.

Ms. Honerbrink expressed concern about the cost of the project and stated that the Council should have waited to involve the public. She noted that the work session at the Grove had almost no residents present and believed the petition meant the matter would be delayed until the next November election. She said it was disappointing to see the Council advance the second action item without broader public awareness and asked whether the meeting had been televised.

Mayor Dietrich stated that all work sessions are recorded but not televised and apologized if notice about the location was not widely received. She explained that work sessions have been held at the Grove and that there is no cost to use the room.

Ms. Honerbrink responded that the space at the Grove is difficult for the public to see and hear in, noting the need for microphones, and said the Council Chambers are more comfortable and accessible.

Mayor Dietrich acknowledged the feedback and said she would take it under advisement.

9. <u>MAYOR AND COUNCIL COMMENTS:</u>

Mayor Dietrich wished everyone a bountiful Thanksgiving and announced that the annual Christmas tree lighting will take place at 6:00 on December 5, inviting everyone to attend.

10. <u>CLOSED SESSSION:</u>

A. REMOVED - Closed Session to Discuss Labor Relations Matters

11. <u>ADJOURN:</u>

Motion to Adjourn at 7:58 p.m. by Gliva, second by T'Kach.
Ayes: 5
Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Tammy Greenlee