INVER GROVE HEIGHTS CITY COUNCIL AND PARKS & RECREATION ADVISORY COMMISSION JOINT WORK SESSION
8055 BARBARA AVENUE, COMMUNITY ROOM 3

MONDAY, JUNE 2, 2025 – 6:00 P.M.

1. CALL TO ORDER:

The City Council of Inver Grove Heights met in regular session on Monday, June 2, 2025. Mayor Dietrich called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

2. ROLL CALL:

Council Present In-Person: Mayor Dietrich; Council Members: Murphy, T'Kach, Gliva, Scales;
Parks & Recreation Advisory Commission Members Present In-Person: Chair Steve Cook; Commissioners Bill Skar, Tracy Mulcahy, Kurt Stangler, Niki Barker, Abby Heidenreich, Lukas Johnson, Luisa Torres, Sandy Christensen, Ben Stone, and Willie Krech
Staff Present In-Person: City Administrator Wilson, Deputy City Clerk Katie Malott, City Attorney Nason, Parks & Recreation Director Adam Lares, Community Center Manager Jamie Muscha, Facilities Maintenance Superintendent Aaron Fitzloff, Recreation Superintendent Julie Dorshak, Communications Manager Amy Looze and Technology Manager Marc Gade

3. APPROVAL OF AGENDA:

Motion to approve the agenda by Scales, second by T'Kach.

Ayes: 5
Nays: 0 Motion carried.

4. Joint Work Session with Parks & Recreation Advisory Commission:

A. Renovation Options for the VMCC's Brightside Room

Presented by Parks & Recreation Director Adam Lares

Staff presented that the Brightside room was originally designed for racquetball courts, later leased for gymnastics until 2021, and is now used for various recreational and fitness programs. The project is included in the 2025 Veterans Memorial Community Center Capital Improvement Plan with $350,000 allocated.

Staff reported that a community survey was conducted from March 10 to April 25, offering options for an indoor playground, a multi-purpose room, or other suggestions, with 763 participants responding. An open house was also held at the VMCC on April 23, 2025. The engagement process was promoted through the City's social media, website, Spring Insights Newsletter, and summer brochure.

Staff noted that an indoor playground would require a higher upfront investment, but it is expected to generate greater annual revenue. Features could include climbing structures, slides, obstacles, seating areas, and party packages, designed for children ages 10 and under with adult supervision.

Based on comparable facilities in other cities, potential revenue ranges from $135,000 in Eagan to $321,500 in Golden Valley, with Inver Grove Heights projected at $90,000–$130,000 annually. Estimated construction costs are $350,000–$450,000, including the play structure, windows, doors, paint, seating, HVAC adjustments, and possible improvements to an adjacent room for party use.

Commissioners asked about staff time for cleaning and monitoring the space. Staff answered that plans are not quite there yet, but staff would work with the vendor of the indoor playground equipment for their recommendations on how often and what to use on the equipment. For monitoring the facility, a manager on duty or other staff member would do spot checks to make sure people have paid and things are kept in order. Admission fees might look something like a wrist band or barcode card to scan at the front door to come in and out. Busier times may have an attendant staffed in the room.

A commissioner asked what the age range will be for the children playing in the indoor playground and if adults will fit through the structure if needed. Staff answered that staff will work with the vendors and builders to make sure there are spaces that are safe and secure for the age range that is decided on in the design process and that adults can fit in the instance that someone needs to go into the structure for any reason.

A commissioner asked if there will be safety waivers that residents will sign for liability purposes. Staff answered that there will be a waiver that is signed during the membership or day pass process written either by the League of MN Cities or from the City Attorney, much like there is to use other spaces and equipment at the Community Center.

A councilmember asked what the plan will be for rearranging the equipment so that it does not lose its novelty by frequent visitors and what the life expectancy is for the equipment. The playground equipment is similar to outdoor playground equipment, and it is built to last 20 to 30 years. If individual pieces or small sections need to be repaired or replaced, staff will work with the vendor to make sure those are fixed and that could open up opportunities for reimagining. There may be options once working with a vendor to allow for easy modifications to the equipment.

A councilmember asked if the planned window addition will be for natural light or an observation window to see in from the common area. The windows to the common areas are planned to face spots that will offer natural light along with observation.

Staff stated that a multipurpose space would require a lower upfront investment but would also generate lower annual revenue. Potential uses include a half-court basketball area, fitness programming, and rentals.

The estimated annual revenue is $10,000–$30,000 from rentals and programs. Construction costs are estimated at $150,000–$250,000, covering sport court flooring, basketball hoop and backboard, windows, door and paint, closet work, and HVAC adjustments.

A commissioner asked if the multipurpose room would have a fee for people to use. Staff answered that it would depend on what the use of the room will be. If the room is used in conjunction with programmed services, such as fitness classes or open gym, the use of the room would be included in the membership. If the room were going to be used by a specific group, such as for dry hockey practices or pickleball, there would more than likely be additional costs.

Councilmembers, commissioners, and staff discussed the different types of groups that could use the space with minor modifications. A closet in the room would supply space for supplies that could be used in the room during different activities. The different surfaces used for flooring and wallcoverings will help with sound buffering.

The advantages of an indoor playground would be a higher rate of return on investment, youth and family focused, supports active play year-round, and would be a new amenity for the community. Advantages of the multipurpose room are that it would provide versatility in ways to use the space and provide programmable and rental space closer to the entrances.

The disadvantages of the two options were discussed. For the indoor playground, it was stated that usage would be limited primarily to youth, and it would displace existing recreation and fitness programming. This displacement could result in a potential revenue loss of up to $10,000 if those programs cannot be relocated within the community center. Regarding the multipurpose space, we explained that while it provides flexible use, it offers a lower return on investment and does not make a substantial impact in closing the facility's overall cost recovery gap.

Staff reported that the majority of survey respondents (82%) were city residents, with 18% from nearby communities including Eagan, South St. Paul, West St. Paul, Saint Paul, Cottage Grove, and Mendota Heights. About half (53%) were non-members of the facility, while 43% were members. Respondents were primarily adults ages 35–44 (42%), with an average household size of two adults and two youth. When asked about preferred use of the space, 52% supported an indoor playground, 35% supported a multipurpose room, and 13% selected "other," of which most cited hockey dryland training. A total of 308 open-ended comments were submitted, reflecting a wide variety of perspectives both in favor and against each option, along with alternative ideas captured in the "other" category.

Return on investment is a top priority of the council and to provide a new amenity to the community. As the survey results reported, the community would like an indoor playground. Some programs may have to be cut, but this could bring potential for upgrades in other spaces to accommodate the programs again.

Based on the directions provided by the Council and the Commission, staff will develop a design aligned with the preferred indoor playground option. This design along with tentative fee structure will be brought to the Parks & Recreation Commission (PRAC) for a recommendation to the City Council. Staff would expect to present final design and contract to council by the end of the year.

B. 2025 Parks & Recreation Advisory Commission Work Plan Updates

Presented by Parks & Recreation Director Adam Lares.

Staff stated that at the February PRAC work session a 2025 Work Plan was developed and then formally approved in March. Several initiatives and projects from prior years were carried forward into the plan. Subcommittees have been formed to support implementation, and staff noted that the group is awaiting the swearing in of new commissioners, who will then be able to join the subcommittees.

Key initiatives include creating a subcommittee to guide the Parks and Recreation Systems Plan Request for Proposal. Parks and Recreation Systems Plan help to guide a city's needs through community engagement for its parks systems and can take 18 to 24 months and the City has not had one since 2009. Second on the list was to hold a joint City Council and PRAC work session to discuss plans and goals. PRAC will continue to support active park projects, including Heritage Village Park Phase 5, Rock Island Swing Bridge lighting improvements, South Valley Park Archery Range, and all approved 2025 CIP projects.

The Commission will advise on prioritization and planning for future projects such as Northwest Area (NWA) Park development, Heritage Village Park Phase Six, and Rich Valley Park master planning. Specific focus will also be placed on identifying and potentially acquiring land for a fourth Northwest Area Park.

PRAC will provide input on VMCC/Grove improvements, beginning with the Brightside Room, and review park dedication proposals for new housing developments to ensure alignment with the city's comprehensive plan. Finally, the Commission will create strategies to strengthen PRAC and departmental community engagement efforts.

Staff highlighted three priorities in PRAC's current work plan: acquiring and developing a new park in the NWA, planning for the final phase of development at Heritage Village Park, and master planning for the southwest corner of Rich Valley Park. Staff reported that in 2024 PRAC identified a potential site for a new park in the NWA, and Council authorized an offer to the landowner; however, negotiations stalled. In 2025, discussions with the landowner were re-established.

The Park Acquisition & Development Fund, supported by park dedication fees, had a balance of $5,225,962 as of May 30, 2025. After commitments for Heritage Village Park Phase 5 (approx. $951,173), South Valley Archery Range (approx. $100,000), and Heritage Village Park Phase 4 (approx. $100,000), the remaining balance is estimated at $4,074,789. Staff noted that additional revenue is expected from NWA development, including approximately $1,063,300 from Yellow Tree (apartments) and $476,000 from MN Ventures (townhomes).

Staff asked for council and commission input of park acquisitions with the land already acquired and the possibility of a 20 acres acquisition in the NWA, but it is not cheap and could potentially use a lot of the funds available in the Park Acquisition & Development fund. Commission and council would like to see the Council and staff do their best to negotiate with the property owner and may come down to details. Funding through the County may not be an option as it is not noted as an area of interest in their parks plan.

A council member agreed that the acquisition of the NWA park should be a top priority but starting Rich Valley should be ahead of putting the final touches on Heritage Village even though it has been long-awaited.

Staff reported that Phase 4 of Heritage Village Park is complete, and construction on Phase 5 will begin this summer, including the inclusive playground, splashpad, and extension of the western parking lot. The final phase is planned to include an amphitheater, picnic shelters, a nature play area, educational and historical interpretive nodes, a garden area, relocation of two City-owned historic buildings, a lawn game area, heritage panels, and an expansion of the dog park parking lot.

Staff asked for Council and Commission direction on whether the final phase should remain on the City's state bond request as a priority, and if so, whether city funds will be allocated to support the request. The requirements for a state bond request are to prove that there is a regional benefit to a project. The city has received two of these. One was for Heritage Village for $2 million for inclusivity and location and the other was for 117th Street for $4 million because of the truck traffic to the landfill. Receiving funding from the state is getting harder as the State's budget is shrinking. Funds are put aside from city property taxes to the parks fund for certain projects and maintenance. Some of the finishing touches on parks could be done in house when time allows or phase in final touches. The parks maintenance crew does a great job maintaining and getting more life out of parks properties.

Staff reported that the playground in the southwest area of Rich Valley Park is more than 20 years old. A $500,000 contribution from Pine Bend is expected to support playground replacement by 2028. Dakota County has also proposed a Purple Heart Plaza as part of a joint master planning process. Staff noted that this proposal may affect several existing facilities, including the parks maintenance building and its septic and well infrastructure, the Old School House building, the playground area, the shelter, and the trail network.

A councilmember asked about putting the old schoolhouse on the Historic Preservation list. Staff could look into it for what the criteria would be. A commission member mentioned that it could also be a hindrance to be on the preservation list because you would not have as much say in the maintenance and restoration. There is a subcommittee that will be working with the County for design efforts.

A comment from a commissioner who could make the meeting thanking the council for the joint meeting to talk about the goals of PRAC. The commissioner agrees that the indoor play area would be the best use of the space at the VMCC.

The Joint Session with Parks & Recreation was adjourned at 8:32 p.m.

5. <u>Discussion Items</u>

A. New City Seal

Presented by Deputy City Clerk Katie Malott.

Staff presented two designs that incorporated the changes suggested by Council from March 3rd Work Session narrowing the choices.

Council and staff discussed which design they would like to bring to the next regular city council meeting to be approved. Council chose the one with the dotted border.

B. Plans for 2025 State of the City Event

Presented by Communications Manager Amy Looze.

Staff presented considerations regarding the proposed meeting location. Discussion highlighted the need for adequate capacity to meet open meeting requirements, sufficient parking for both councilmembers and the public, and compliance with accessibility standards to ensure ease of entry for all participants. Council also reviewed whether food service should be offered at the event and if alcohol service would be permissible or appropriate. The schools and college were looked into but not the type of space wanted for the event. The cost of renting an event tent and heating it is too expensive for the budget. City Hall or golf course would be a fallback option.

Considerations regarding the timing of the proposed meeting included the need to set a clear date and time, determine whether the format should focus on a review of the past year or a preview of the year ahead, and avoid scheduling during the election season from candidate filing through the general election. If an outdoor venue is selected, council also considered the likelihood of favorable weather conditions. November was decided on a for the time State of the City would be held.

C. City Administrator Updates

Presented by City Administrator Kris Wilson.

The City Administrator provided updates on upcoming budget and project activities. Staff noted the special council work session on July 21, which will address the 5-Year Capital Improvement Plan and the General Fund budget and tax levy. The regular council work session on August 4 will cover pavement management, the community center, the Host Community Fund, EDA, debt service, central equipment operating expenses, city facilities, the technology fund, and risk management. A council work session is scheduled for September 2, followed by a regular meeting on September 8 for adoption of the 2026 preliminary tax levy and approval of the preliminary 2026 General Fund budget. Finally, the council work session on October 6 will focus on utility funds, the golf course, and the CVB.

The City Administrator discussed the probable needs for the 2026 levy, noting that every 1% levy increase equates to approximately $342,000. A 2% levy increase is likely needed to cover wages and benefits, including a 3.5% cost-of-living adjustment and health insurance increases. The new Paid Leave Tax, estimated at 0.88%, is projected to cost the General Fund approximately $143,000. An additional 1% levy increase is anticipated to support infrastructure needs. Staff also highlighted planned expenditures related to the Fire SAFER Savings Plan ($235,000), and the phasing in of three firefighters and three police officers hired in 2025, totaling $101,500 each. Reductions in revenue from cable franchise fees ($24,000) and the loss of the CJIN rent payment ($14,500) were noted, as well as the second of two scheduled increases to the Fire Department’s central equipment allocation.

The City Administrator stated that the major financial impact of the new Central Maintenance Facility is likely to be reflected in the 2027 and 2028 levies. However, staff indicated there may be a staffing request related to the facility as part of the 2026 budget and levy process.

The City Administrator provided a summary of the Citywide Tax Levy from 2021 through 2025, outlining annual levy amounts, changes from prior years, and notable adjustments to fund allocations.

In 2021, the total Citywide Tax Levy was $26,123,358. This included $21,006,200 for the General Fund, $2,250,000 for the Pavement Management Program (PMP), and $2,867,158 for Debt Service Funds. There were no tax abatement. The levy increased by $1,392,475 from the prior year, representing a 5.6% change.

In 2022, the total levy rose to $27,985,386. The General Fund was allocated $22,916,070, PMP received $2,550,000, and Debt Service Funds were $2,519,316. No tax abatement was applied. The increase from the previous year was $1,862,028, or 7.1%.

In 2023, the levy reached $30,334,795. The General Fund was $24,856,311, PMP was $2,900,000, and Debt Service Funds totaled $2,545,484. A tax abatement of $33,000 was included. The year-over-year increase was $2,349,409, or 8.4%.

In 2024, the total levy was $32,741,394. The General Fund received $26,971,103, PMP was funded at $3,045,000, and Debt Service Funds were $2,542,411. Tax abatement increased to $182,880. The levy rose by $2,406,599 from the prior year, a 7.9% increase.

In 2025, the levy totaled $34,214,757. The General Fund was allocated $28,549,075, PMP received $2,934,750, and Debt Service Funds were $2,547,632. Tax abatement was $183,300. The increase from 2024 was $1,473,363, or 4.5%.

Staff noted that in 2025, funding for Parks Parking Lot and Trails was moved from the PMP levy to the General Fund levy. Despite this reallocation, PMP still received a 5% funding increase.

Over the five-year period, the average annual dollar increase in the levy was $1,896,800, with an average percentage increase of 6.7%.

The City Administrator reported that the City's taxable market value totals $5.92 billion. Residential properties make up the largest share at 76% of the tax base, followed by apartments at 9%. Commercial and industrial properties together account for just over 11% of the total. All other categories, including utilities, agriculture, rural vacant land, railroads, and personal property, each comprise less than 2% individually. The report emphasized that the City's tax base remains heavily reliant on residential properties.

The City Administrator reported on market value changes for taxes payable in 2026. Residential properties in Dakota County saw a median increase of 3.66%, compared to a 0.11% increase the prior year. Apartment properties experienced a smaller decline, with values down 1.10%, compared to a 1.91% decrease the year before. Commercial properties rose by 3.60%, following a 4.77% increase the previous year. Industrial properties had the largest growth, with a 7.15% increase, up from 5.08% in the prior year. The report highlighted continued growth in residential, commercial, and industrial sectors, while apartments remain the only category showing decline.

The City Administrator outlined the upcoming work session schedule. On July 7, the regular work session will cover County Road projects at 70th and 80th Streets and a potential flavored tobacco ban; the City Administrator will be absent. A special work session on July 21 will focus on the 2026 CIP and General Fund Budget, with consideration of meeting in Council Chambers for televising. The August 4 regular work session will review the 2026 Non-General Fund Budget, with the same option to televise. The September 2 work session is scheduled for Tuesday due to Labor Day and will primarily address the 2026 Budget, again with consideration for holding the session in Council Chambers for televised coverage.

Council and staff discussed a future discussion about the banning of flavored tobacco. Councilmembers would like to see more enforcement in schools and of the businesses selling the products rather than putting these regulations on something that is not in their purview to keep adults from purchasing and then can buy in neighboring cities.

The City Administrator provided an update on recent legislative actions. Funding was secured for the boat launch project and for a DEED grant. However, there will be no cannabis revenue allocated to cities and no bonding funds awarded to Inver Grove Heights. The Legislature did approve an increase in the maximum pension for Relief Associations. No new housing legislation was passed. Changes were also made to the Open Meeting Law and to election procedures.

Staff reviewed the proposed timeline and process for the Legal Services RFP. Council approval of the RFP is planned for June 23, with issuance scheduled for July 7 and responses due by August 8. Following the submission period, staff will review proposals and select approximately three finalist firms. The Council discussed whether finalist interviews should be conducted by the full Council or by a smaller subcommittee. Contract approval is anticipated for October 13, with any necessary transition occurring between October 14 and December 31. Next steps include confirming the interview format and moving forward with the RFP following Council approval.

ADJOURN:

Motion to Adjourn at 9:13 p.m. by Scales, second by T'Kach.
Ayes: 5
Nays: 0 Motion carried.

Minutes prepared by Deputy City Clerk Katie Malott