INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, NOVEMBER 10, 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 10, 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 (remote)
Staff In Attendance: City Administrator Wilson, City Clerk Kiernan, City Attorney Nason, Community Development Director Ziemer, Assistant Finance Director Ellison, Public Works Director Connolly, Building Official Johnson, Parks & Recreation Director Lares, Street Superintendent Underdahl, and Police Chief Chiodo.

3. APPROVAL OF AGENDA:

Motion to and approve agenda as amended by Gliva; second by Scales.
Ayes: 5
Nays: 0 Motion carried.

4. PRESENTATIONS:

5. CONSENT AGENDA:

- **A.** Approval of Minutes of the June 3, 2025, City Council Work Session
- **B.** Approval of Minutes of the October 13, 2025, City Council Meeting
- **C.** Approval of Minutes of the October 27, 2025, City Council Meeting
- **D.** Approval of Disbursements, **Resolution 2025-235**
- **E.** Personnel Actions
- **F.** Summary of Conclusions Regarding City Administrator's Performance Evaluation
- **G.** Approval of Early Hire of Parks & Recreation Administrative Specialist
- **H.** Resolution Approving Joint Powers Agreement for Final Design and Right of Way Acquisition for 70th Street Reconstruction and Lane Reduction (City Project Nos. 2023-13 and 2024-14), **Resolution 2025-236**
- **I.** Resolution Authorizing 2026 Equipment Orders for Golf Course, **Resolution 2025-237**
- **J.** Resolution Authorizing 2026 Command Vehicle and Equipment Order for Police Department, **Resolution 2025-238**
- **K.** Amended Agreement to Acquire Right-of-Way

Motion to approve Consent Agenda Items A – K by Scales; second by Gliva.
Ayes: 5
Nays: 0 Motion carried.

6. PUBLIC HEARINGS:

A. Resolution Adopting Proposed Assessments for Securing a Vacant and Hazardous Building at 3095 65th Street, **Resolution 2025-239**

Chief Building Official Johnson explained that the subject property is located at 3095 65th Street and is the former Buggy Car Wash. The property is owned by R and R LLC. The City received several public complaints and staff identified issues involving public and property nuisances as well as security concerns. The existing building had been posted as not approved for occupancy since 2022. The owner did not address the issues despite repeated notices from and discussions with the City. Authorization was issued to proceed with securing the vacant building to address the hazardous and public nuisance conditions present on the building and the property. The authorization date was May 12, 2025, under Statute 463.251.

The City hired a contractor to secure the building and abate nuisances, with the work completed on June 6, 2025. The cost to complete the work, including the City administration fee, was $9,650.00. The owner was invoiced on July 2, 2025. City staff compiled all legal costs associated with the effort, and those legal costs totaled $3,676.57. The owner was invoiced on October 14, 2025. City staff re-noticed the owner for the unpaid abatement costs and included notice for the legal costs.

The abatement and legal costs remain unpaid in the amount of $13,326.57. The Council called a public hearing to consider the unpaid abatement and legal costs. The hearing was called on October 13, 2025, and notice was mailed on October 14, 2025. The hearing date was scheduled for November 10, 2025. Payment options include paying the full amount to the City within 30 days, with no partial payment accepted. After 30 days the full amount must be paid to Dakota County along with interest. After December 31, 2025, interest will be added at a rate of 4.106%.

The public hearing should be conducted, and City staff recommend approval of the resolution authorizing the assessment. The Council should approve the resolution authorizing the assessment even if the owner intends to pay before the deadlines. The suggested motion is to approve a resolution adopting the special assessment related to securing the vacant building located at 3095 65th Street East.

Mayor Dietrich opened the Public Hearing. There were no public comments.

Motion to close the Public Hearing by Gliva, second by Scales.
Ayes: 5
Nays: 0 Motion carried.

Motion to adopt Resolution 2025-239 adopting Special Assessment related to securing the unsecured building located at 3095 65th Street East by Scales, second by T'Kach.
Ayes: 5
Nays: 0 Motion carried.

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

A. Rental Housing Licenses
City Administrator Wilson presented 5 new rental housing licenses located at the following addresses.

4883 Bisset Lane
4663 Blaine Ave
8896 Brunell Way
4766-4768 Barbara Avenue
6986 Archer Trail

All applications have been reviewed by staff and found to meet the necessary requirements. Staff recommends approval of all licenses.

Motion to approve 5 new rental applications for the addresses of 4883 Bisset Lane, 4663 Blaine Ave, 8896 Brunell Way, 4766-4768 Barbara Avenue, and 6986 Archer Trail by Gliva, second by Scales.
Ayes: 5
Nays: 0 Motion carried.

B. Resolutions Approving City of IGH 5-Year Capital Improvement Plan (2026-2030) and supporting the Dakota County 5-Year Capital Improvement Program (2026-2030), **Resolution 2025-240 and 2025-241**

Public Works Director Connolly provided a final review of the Capital Improvement Plan (CIP) for the years 2026 through 2030. A CIP is a community planning and fiscal management tool used to coordinate the location, timing, and financing of capital improvements over multiple years. The purpose of this plan is to preserve the City's existing assets and infrastructure, plan for long term asset needs, assist in the development of budgets, and balance community goals and priorities.

The schedule for review began on July 21, 2025, when the plan was introduced at a Council work session. It was subsequently referenced in various budget discussions during Council meetings and work sessions between July 21 and November 3. The Planning Commission reviewed and confirmed the CIP is consistent with the City's Comprehensive Plan on October 7, 2025. Parks projects were then reviewed by the Park and Recreation Advisory Commission on October 8, 2025. Adoption is scheduled for tonight at the November 10 Council meeting.

The contents of the plan include Pavement Management Initiatives, Utility projects for Water, Sewer, and Stormwater that are contingent on financing and Utility rates. If Utility rates do not yield sufficient funds, future CIPs will need to be adjusted. It also includes City Facilities, the Community Center, Parks, and the Golf Course. Items not yet included in the CIP consist of larger facility remodels and repairs such as those for the Public Works Central Maintenance Facility, which is part of a separate bond CIP, Fire Station #3 which may require a future move or improvements, and a potential remodel or expansion of the Police facility. The replacement schedule for Central Equipment currently remains in an Excel format, and other possible General Fund needs or new equipment have not yet been incorporated.

The plan is organized into a Table of Contents that covers an introduction, a department summary, a funding source summary, projects by department, underfunded projects, unfunded or unscheduled projects, and individual project details.

The CIP Department Summary outlines projected expenditures from 2026 through 2030 across all City departments, totaling $123,444,461. City Facilities are budgeted at $556,000 in 2026, $605,000 in 2027, $535,000 in 2028, $700,000 in 2029, and $1,650,000 in 2030 for a total of $4,046,000. The Community Center shows planned investments of $485,500 in 2026, $207,000 in 2027, $225,000 in 2028, $4,592,000 in 2029, and $659,000 in 2030 for a total of $6,168,500. The Golf Course includes $640,000 in 2026, $240,000 in 2027, $125,000 in 2028, $175,000 in 2029, and $580,000 in 2030 for a total of $1,760,000. Parks capital needs are budgeted with $445,600 in 2026, $505,000 in 2027, $1,100,000 in 2028, $550,000 in 2029, and $650,000 in 2030 for a total of $3,250,600. Pavement Management Local Streets represents the largest share of CIP expenditures with $21,520,022 in 2026, $15,389,098 in 2027, $16,668,739 in 2028, $17,748,677 in 2029, and $13,542,825 in 2030, totaling $84,869,361. Pavement Management Partnership Projects add an additional $6,965,000 across the five years. Sewer system needs total $3,585,000 and Stormwater investments total $3,490,000. Water infrastructure totals $9,310,000. The five-year grand total for all departments is $28,347,122 in 2026, $23,896,098 in 2027, $26,753,739 in 2028, $26,395,677 in 2029, and

$18,051,825 in 2030 for a total across all years of $123,444,461. The Parks and Recreation pie chart shows Community Center needs representing 40% of the division total, City Facilities at 27%, Parks at 21%, and the Golf Course at 12%. The Public Works chart illustrates that Pavement Management accounts for 85% of total Public Works capital funding, followed by Water at 9%, Sewer at 3%, and Stormwater at 3%.

The CIP Funding Source Summary outlines projected revenues from 2026 through 2030 across all major City funds, totaling $123,444,461. The City Facilities Fund contributes $3,400,000, with annual amounts ranging from $150,000 to $1,650,000. The Community Center Capital Fund provides $3,668,500, with yearly funding levels ranging from $207,000 to $2,092,000. County Cost Share revenues total $600,000, with contributions of $75,000 to $450,000. The General Fund contributes $600,000 in a single year. The Golf Course Capital Fund generates $1,803,000, with annual contributions ranging from $125,000 to $683,000. Other Jurisdictions and Agencies provide $519,132 as a one-time source. The Park Capital Replacement Fund totals $3,250,600, with annual funding ranging from $445,600 to $1,100,000. The Pavement Management Fund contributes one of the largest totals at $29,893,144, with annual amounts ranging from $2,340,579 to $9,161,587. The Sewer Capital Fund provides $6,557,742, with yearly levels between $655,670 and $2,270,499. Special Assessments represent the single largest revenue source at $33,967,907, with annual amounts ranging from $5,698,929 to $7,765,850. State Other Grants and Aid provide $1,350,000 as a one-time allocation. State Aid MSA contributes $12,828,818, with yearly amounts ranging from $353,018 to $5,678,248. The Stormwater Capital Fund provides $7,236,901, with annual amounts ranging from $571,726 to $1,855,283. The Unfunded category totals $2,500,000. The Water Capital Fund contributes $15,268,717, with annual amounts ranging from $811,185 to $5,016,944. Together, these sources comprise the City's full capital revenue plan for the five-year period.

Parks related work includes a playground at Sleepy Hollow at a cost of $150,000 and a parking lot at Salem Hills Park at a cost of $200,000. City Facilities projects include replacement of heat pumps at City Hall with $150,000 planned annually for the next 5 years, roof repair or replacement at Fire Station #3 costing $140,000, and the purchase of additional R-22 reserves for the Community Center at a cost of $200,000. The Golf Course expects to replace golf carts for $400,000 and complete facility improvements for $143,000. Additional major initiatives include Sanitary Sewer cleaning and televising for $390,000 as an annual initiative. Stormwater projects include the 64th Street Outfall replacement for $620,000 and erosion restoration for the Marcott Woods Park Ravine at $180,000. Water system needs include the Northside Booster Monopole for $600,000 with future budgeting anticipating use of General Fund reserves. Automated Metering Infrastructure requires $1.75 million in 2026 as part of a major meter replacement plan with an additional $3.75 million expected in 2027 and 2028. The plan also identifies $22,180,022 in Pavement Management projects.

Changes since the July 21 work session were outlined for Golf Course equipment replacements. Updated cost estimates include an increase for 2026 golf cart replacements from $250,000 to $400,000 (GC-2026-01), an increase for two triplex tee mowers in 2026 from $85,000 to $110,000 (GOLF-2026-01), an increase for the 2027 fairway mower from $60,000 to $100,000 (GOLF-2027-01), an increase for the 2027 deck rough mower from $75,000 to $125,000 (GOLF-2027-02), an increase for two triplex greens mowers in 2028 from $90,000 to $125,000 (GOLF-2028-01), and an increase for the 2029 aerator from $55,000 to $75,000 (GOLF-2029-01). A new equipment item was added for 2026, which is the purchase of Vehicle #316, a 2015 Ford F550, from Public Works for $15,000.

Updates were also provided for Pavement Management. Annual Initiatives (PMI-001) for 2028 increased to a new total of $15,213,739 which reflects an increase of $178,735 due to increased City contributions and special assessments. The 2029 total decreased to $17,283,677 which is a decrease of $578,796 resulting from increased State Aid funding and corresponding decreases in City contributions and special assessments.

Pavement Management Partnership Projects for 2026 include the 70th Street project identified as CSAH 26 from TH 3 to CSAH 73 under project number PMDC 2024 01. Right of way (ROW) acquisition estimates for this segment increased from $180,000 to $450,000 following completion of preliminary design, and this amount represents the City share of 15% share of the total ROW costs.

Changes since the July 21 work session for Utilities included an update to Stormwater capital. The 2026 64th Street Outfall replacement identified as project STW 2025 03 received bids that were lower than anticipated, reducing the project cost from $750,000 to $620,000.

The 2026 through 2030 Dakota County CIP is reviewed annually as part of the Transportation CIP process. In the Spring a draft is prepared with City staff review and discussions, followed in the Fall by a draft that incorporates recommendations from both County and City staff, and at year-end the final CIP is adopted by the County Board. The goal of this process is to ensure conformance between the City and County CIPs. City Public Works and Engineering staff reviewed the 2026 through 2030 Dakota County CIP and incorporated all known updates into the draft City CIP. The draft was presented to the Council on July 21, 2025, and the final version was presented to the Council this evening.

The 2026 through 2030 Dakota County CIP includes several carryover projects from the 2025 through 2029 CIP that were previously supported through past Council action under Resolution No. 2024-253. These projects were reviewed by staff and included in the draft City CIP for 2026-2030. Carryover items include ROW and construction for 70th Street from TH 3 to Babcock Trail scheduled for 2026 and 2027, and ROW and construction for 70th Street from Babcock Trail to 1,000′ East of Cahill also scheduled for 2026 and 2027. Additional projects include construction of CSAH 14 which is Mendota Road at the TH 62 intersection improvements in 2027 with no City cost participation and moved up from 2028 in the current CIP, construction of the 70th Street West Ramp at TH 52 in 2028 led by MnDOT, and construction of a pedestrian underpass at CSAH 28 which is Argenta Boulevard and Yankee Doodle Road in 2029 with no City cost participation.

New and phased projects in the 2026 through 2030 Dakota County CIP include signal and intersection improvements for CSAH 28 which is 80th Street at Cahill Avenue, covering design, ROW, and construction activities scheduled from 2027 through 2029. This is a City lead project conducted in coordination with the reconstruction of Cahill Avenue from 70th Street to 80th Street. Another project is the Argenta Boulevard and TH 55 pedestrian overpass for the Lebanon Hills Mendota Greenway, scheduled for construction in 2030 with no City cost participation proposed.

Budget impacts for County projects are addressed through two primary methods which include coordination with the City's annual CIP updates and inclusion of these items in the City's annual budget approval process for capital projects. Pavement Management partnership projects identify funding from Capital Utility Funds which include the Stormwater Fund, the Sewer Fund, the Water Fund, and from State Aid Funds. The City must approve cost sharing for any County project through a Joint Powers Agreement (JPA). Projects that do not involve City cost sharing or do not affect City infrastructure do not require a JPA.

County CIP budget impacts for 2026 note that the County CIP does not include projects that were previously scheduled to begin construction in 2025 or earlier, such as 117th Street and the Babcock Trail Multi-Use Trail. It also does not include projects with studies or design occurring or starting in 2025, including the final design for 70th Street from TH 3 to Babcock Trail and the final design for

70th Street from Babcock Trail to 1,000' East of Cahill. The City CIP for 2026 through 2030 and the 2026 budgets account for the costs associated with these projects that will be spent in 2026.

In conclusion, the Council was asked to adopt resolutions approving the 2026 through 2030 Capital Improvement Plan and supporting the 2026 through 2030 Dakota County Capital Improvement Program. All projects scheduled for 2026 except for unfunded projects will be included in the 2026 budget that will be brought forward for Council approval on December 15.

Mayor Dietrich asked for clarification regarding the increase in the golf cart project cost and noted that the escalation appeared to be significant.

Parks & Recreation Director Lares explained that when staff evaluated the seven-year-old fleet, they expected replacement costs to be like those reviewed previously. After reviewing the State and national contracts, staff found that new golf cart pricing had risen significantly across all major vendors due to added technology and updated features, resulting in an approximate 20% increase. He noted that the contract bidding is completed before the City becomes involved and staff did not anticipate such a large escalation.

He added that staff is also reviewing geo fencing capability, which would improve efficiency, protect sensitive areas during wet conditions, and increase cart availability during rainy periods.

Mayor Dietrich asked for clarification regarding the cost difference between the proposed lifeguard lockers at the VMCC and the lockers planned for Fire Station #1. She noted that both facilities require corrosion resistant materials and stated that the VMCC lockers are estimated at $22,000 while the Fire Station #1 lockers are estimated at $15,000.

Director Lares stated that the cost difference may be due to the number of lockers required at each location and noted that the Aquatics facility needs approximately 22 lockers. He explained that pool chemicals create corrosive conditions that require higher grade materials to prevent deterioration. He added that he would confirm the quantities for both sites and provide additional information.

Mayor Dietrich asked whether the difference in corrosion issues between the Aquatics facility and the Fire Department could allow for a bulk purchase if the same company were used,

Director Lares stated that the feasibility of a bulk purchase depends on the vendor. He explained that vendors supplying standard locker room units may not also carry models that meet the corrosion resistance requirements needed for the Aquatics facility. He added that staff can review available options to determine whether a more cost-effective solution is possible.

Council Member Gliva asked whether there was a $2.5 million item that had not been fully accounted for.

Director Lares explained that the unfunded amount relates to the future compressor conversion at the Community Center. He stated that the current ice system uses R-22, which is no longer readily available, and that reclaimed R-22 will be purchased in 2026 to provide coverage in the event of a major leak. A full system conversion is expected in 2029 at an estimated cost of $4.5 million. He noted that the City and a neighboring community are expected to generate a combined $2 million to $2.5 million for the project, leaving an estimated $2 million to $2.5 million unfunded. He stated that staff will review funding options to address the remaining amount.

Mayor Dietrich asked for an update on the Public Works break room furniture. She noted that some pieces originated from the annual cleanup event and observed that City Hall is scheduled to receive new break room furniture. She requested confirmation that Public Works has already received updated furnishings.

Director Connolly stated that he did not have a specific comment regarding the break room furniture but noted that Public Works staff are advised each year to request replacement furniture through the annual budget process as needed. He clarified that the break room furniture is standard and in regular condition, and that the concern may relate instead to the muster spaces, where some furnishings had been obtained from the public disposal site.

Council Member Scales asked for an explanation of what caused the significant cost increase for the 70th Street project. He noted that the City's 15% share rose from several hundred thousand dollars to approximately $400,000 and requested clarification on the factors driving the escalation.

Director Connolly clarified that the cost increase relates solely to ROW acquisition for the section of 70th Street between TH 3 and Babcock Trail. He stated that when the original CIP was prepared in July, the City had not yet received ROW cost estimates from the County's preliminary study. Those estimates were not provided until early August. He noted that the initial figure was a placeholder and acknowledged that it could have been higher, but the City did not have sufficient information from the County or its consultant at that time.

Council Member T'Kach asked whether the preliminary design for 70th Street is expected to change as the project moves to final design. She asked if the County has presented the current design to the community and whether any future adjustments could result in additional costs that would affect the CIP.

Director Connolly stated that the layout presented by the County at the July or early August work session is the design they are moving forward with. He noted that only changes resulting from new information during final design could affect project costs. He explained that cost variations may occur as the County evaluates options such as slope tie backs versus retaining walls, but he does not anticipate major changes because the primary alignment and scope presented earlier remain the basis for final design.

Motion to approve Resolution 2025-240 adopting the 2026-2030 Capital Improvement Plan (CIP) and approve Resolution 2025-241 regarding Dakota County's 2026-2030 Transportation Capital Improvement Program (CIP) by Scales second by Gliva.
Ayes: 5
Nays: 0 Motion carried.

C. Resolution Approving 2026 Central Equipment Purchases, **Resolution 2025-242**

Street Superintendent Underdahl outline that the 2026 Central Equipment Purchases cover replacement needs across the Street Maintenance, Utilities Maintenance, Park Maintenance, and Police.

For the Street Maintenance the replacement of the 2015 Ford F550, #316, reflects an allocation balance of $119,462. The combined cost of the vehicle and associated equipment is $99,560.52. The anticipated trade value through a sale to the Golf Course is $15,000. The net replacement cost in 2026 is $84,560.52. The existing truck is equipped with a Boss V plow, a dump box with fold down sides, and a tailgate sander, making it useful for the Golf Course The replacement vehicle is expected to be nearly identical in type and configuration and will serve as a daily use vehicle and will be essential during winter maintenance operations.

The 2016 Mack Tandem Axle Dump Truck, #324, carries an allocation balance of $341,470. The total vehicle and equipment cost is $331,356.33. The expected trade value is $70,000. The 2026 net replacement cost is $261,356.33. This truck is a daily workhorse for the Street Department and is one of nine assigned to a major plow route. It will be replaced with a 2026 Western Star.

For the Utilities Maintenance the 2013 Ford F250 with utility box, #411, has an allocation balance of $43,140. The vehicle and equipment cost totals $79,551.24. The anticipated trade value is $8,000. The net replacement cost in 2026 is $71,551.24. This vehicle is used daily for Water and Sewer system maintenance and is equipped with a valve exerciser and an under-hood air compressor. It supports routine tasks such as hydrant maintenance and valve operations, as well as emergency response and water meter repairs.

For the Park Maintenance the 2015 John Deere Tractor and Mower, #523, has an allocation balance of $93,821. The vehicle and equipment cost is $69,180.86. The trade value is $32,070. The 2026 net replacement cost is $37,110.86. The tractor is used by both Streets and Parks for boulevard mowing, rough mowing, and Stormwater maintenance. The replacement will transition to a smaller tractor and flail mower that better aligns with current maintenance needs.

The 2019 Bobcat UTV, #524, has an allocation balance of $41,050. The vehicle and equipment cost is $67,469.75. The anticipated trade value is $5,000. The 2026 net replacement cost is $62,469.75. Parks staff report that the unit has been particularly useful at Rich Valley Park and recommend replacing it with a Bobcat Toolcat. They currently use several Toolcats and find them significantly more functional for maintenance needs. Funding is available within the replacement schedule to support this upgrade.

The Police Department has one scheduled replacement. The 2016 Ford Explorer, #1603, has no allocation balance. The vehicle and equipment cost is $10,400. The anticipated combined trade-in value for existing vehicle #1603 and the PD #1 command unit is $10,000. The 2026 net replacement cost is $900. The replacement vehicle will be an off lease 2021 Ford Explorer purchased for $10,900.

A complete summary of 2026 equipment replacements show allocation balances across all divisions totaling $638,943. Total vehicle and equipment costs across all divisions amount to $411,797.83. Trade values total $140,070.00. The combined acquisition cost is $517,948.70. The overall cost differential is $120,994.30. Acquisition costs may change based on State contract expiration or renewal dates, availability due to supply chain constraints, manufacturing cut-off dates, and tax, title, document, and license fee fluctuations.

Council is asked to adopt the resolution approving the purchase of the 2026 vehicle/equipment replacements, declaring vehicles/equipment as surplus property, and approving funding for these purchases through the Capital Equipment Fund, Fund 603.

Motion to approve Resolution 2025-242 approving the 2026 new and replacement vehicle and equipment purchases by Gliva, second by Scales.
Ayes: 5
Nays: 0 Motion carried.

D. Resolution Approving 2026 Water, Sanitary Sewer, and Stormwater Utility Rates, **Resolutions 2025-243, 2025-244, & 2025-245**

Public Works Director Connolly outlined the proposed 2026 Utility rates. The City's Utilities face significant funding challenges due to maintenance needs that have not kept pace with the aging infrastructure. Planning efforts historically focused only 1 or 2 years ahead instead of taking a 5-, 10- or 20-year outlook. The Water Treatment Plant rehabilitation serves as a clear example of a major project that lacked long term planning or adequate savings, resulting in the need to rely on ARPA Funds and a low interest State loan. The Sanitary Sewer debt payment issue stems from development fees coming in below expected levels, requiring Host Community Funds and Sewer user fees to support the debt obligation. Stormwater operations and capital needs are being met at only about 50% of their annual funding requirement, which leads the City to supplement needs with Host Community Funds while also leveraging Pavement Management Funds and special assessments.

Historical rate adjustments show that Water rates increased by 2% annually from 2014 through 2022, followed by 10% increases in 2023, 2024 and 2025. Sewer rates increased by 3.5% annually from 2014 through 2022, followed by 6.6% in 2023 and 6.8% in both 2024 and 2025. Stormwater rates held at 0% from 2014 through 2017, followed by a 45% increase in 2018, then 5% annual increases from 2019 through 2022, shifting in 2023 to tiered increases with 5% for NWA and 25% for non-NWA through 2025.

The City completed a Sewer and Water rate study in 2022, along with a preliminary Storm Sewer study initiated in 2020 and updated through 2023. These studies recommended higher and sustained rate increases to meet essential needs and support future capital improvements and maintenance of the Utility infrastructure. This is why the adjustments beginning in 2023 reflect a more aggressive approach compared to prior years.

Aging infrastructure remains a substantial concern. Sanitary Sewer systems have a lifespan of 60 to 100 years, Watermain systems reach 70 to 100 years, and Storm Sewer systems range from 40 to 80 years. The oldest City utilities date back to the mid 1950's and are now nearing or reaching the lower end of their lifespan at about 70 years. During the next 20 years, more than 25% of infrastructure will reach its average intended life expectancy of 80 years. As the City's population has grown, the quantity of infrastructure has grown proportionally, which means rehabilitation and replacement needs will continue to increase for more than 40 years.

Recent expenditures have increased notably over the past 4 to 5 years, reaching approximately $1 million annually. Projections for the next several years show costs exceeding $2 million, rising to nearly $3 million by 2035, with no decline anticipated in later years. This continued upward trend is driven by ongoing community development, which adds new infrastructure that will require maintenance and eventual replacement. As a result, long-term needs beyond 2042 and into subsequent decades are expected to remain at elevated levels rather than returning to past lower expenditure patterns.

Forecasted rate increases for the Water Operating Fund identify annual fixed and volumetric increases of 10% from 2024 through 2029. In 2030, the projected increases shift to 8% for the fixed component and 3.5% for the volumetric component, with these rates continuing through 2032. These projections are structured to help the Water system remain financially stable while planning for long term needs.

Quarterly Water Operating Fund rates for 2026 reflect a 10% increase for single family dwellings. The base fee increases from $21.78 in 2025 to $23.96. Volumetric charges rise from $1.41 to $1.55 per 1,000 gallons for 0 to 6,000 gallons, from $3.51 to $3.86 per 1,000 gallons for 6,001 to 21,000 gallons, from $4.21 to $4.63 per 1,000 gallons for 21,001 to 39,000 gallons, and from $5.06 to $5.57 per 1,000 gallons for usage above 39,001 gallons.

Monthly Water Operating Fund rates for 2026 covering Commercial, Industrial and Institutional accounts increase the base fee from $7.26 to $7.99. Volumetric rates rise from $1.41 to $1.55 per 1,000 gallons for 0 to 7,000 gallons, from $3.51 to $3.86 per 1,000 gallons for 7,001 to 20,000 gallons, from $4.21 to $4.63 per 1,000 gallons for 20,001 to 80,000 gallons, and from $5.06 to $5.57 per 1,000 gallons for usage above 80,001 gallons.

A summary of the quarterly Water Operating Fund impacts for 2026 shows that a single-family residence using 10,000 gallons would see an increase from $44.28 to $48.70, or $4.42. At 18,000 gallons, the quarterly cost increases from $72.36 to $79.58, or $7.22. At 25,000 gallons, the increase is from $99.73 to $109.68, or $9.95. In 2021, 75% of the City's single-family water accounts used 25,000 gallons per quarter or less year-round.

Forecasts for the Sewer Operating Fund show fixed and volumetric increases of 7% and 6% respectively in both 2024 and 2025. The original projections for 2026 indicated a 6% fixed and 4% volumetric increase, but revised numbers adjust these to 5% and 3%. Increases continue at 5% and 2% in 2027, followed by 4% and 2% in 2028. The City's increase from the Metropolitan Council totals 1.56% for 2026. The City anticipated an MCES rate increase between 4.5% and 6%. The City's share of contribution to regional treatment was reduced due to lower growth compared to surrounding communities.

The proposed 2026 quarterly Sewer Operating Fund rates increase the fixed fee (+5%) from $7.94 per month or $23.82 per quarter to $8.34 per month or $25.01 per quarter. The volumetric fee (+3%) increases from $5.52 to $5.69 per 1,000 gallons.

Quarterly Sewer costs in 2026 rise modestly based on usage. At 10,000 gallons, the cost increases from $79.02 to $81.91, an increase of $2.89. At 18,000 gallons, the cost moves from $123.18 to $127.43, a $4.25 increase. At 25,000 gallons, the charge increases from $161.82 to $167.26, a $5.44 difference. In 2021, 75% of the City's single-family Water accounts used 25,000 gallons per quarter or less year-round.

Stormwater rates apply to all properties in the City. Customers on City Water and Sewer pay monthly or quarterly, while properties not connected to City Water and Sewer receive a stand-alone annual bill. The City uses a dual rate structure distinguishing NWA and non-NWA rates. NWA rates generally align with those charged in other metro area cities, while non-NWA rates remain significantly lower. The City is gradually merging these rates through annual increases of 5% for NWA and 25% for non-NWA, beginning in 2023, with convergence scheduled for 2028.

The Stormwater Operating Fund rate schedule shows R-1A non-NWA (larger lots) monthly rates increasing from $10.95 in 2025 to $13.69 in 2026, followed by increases to $17.11 in 2027, $18.95 in 2028 and $19.90 in 2029 (approximate increase of 25% per year through 2027, 10% in 2028, and 5% thereafter). R-1A NWA rates increase from $16.37 to $17.19 in 2026, $18.05 in 2027, $18.95 in 2028 and $19.90 in 2029 (approximate increase of 5% per year). For R-1C non-NWA properties, rates rise from $5.18 in 2025 to $6.48 in 2026, $8.10 in 2027, $9.03 in 2028 and $9.48 in 2029 (approximate increase of 25% per year through 2027, 12% in 2028, and 5% thereafter). R-1C NWA (single-family) rates increase from $7.80 to $8.19 in 2026, $8.60 in 2027, $9.03 in 2028 and $9.48 in 2029 (approximate increase of 5% per year). These amounts reflect monthly charges for single family homes within the urban area of the City.

A sample quarterly Utility bill for a single-family household using 18,000 gallons shows Water increasing from $72.36 in 2025 to $79.58 in 2026, Sewer increasing from $123.18 to $127.43, and Stormwater (R-1A non-NWA) increasing from $32.85 to $41.07. The total increases from $228.39 to $248.08, a difference of $19.69 or 8.62%.

A second sample bill for a household using 25,000 gallons shows Water increasing from $96.93 in 2025 to $106.60 in 2026, Sewer increasing from $161.82 to $167.26 (Q1 Water of 25,000 gallons), and Stormwater R-1A Non-NWA increasing from $32.85 to $41.07. The total rises from $291.90 to $314.93, an increase of $23.03 or 7.89%.

Mayor Dietrich asked whether the customers in the first example are still averaging less than 21,000 gallons per quarter.

Director Connolly confirmed that the average would be approximately 18,000 gallons per quarter and therefore below 21,000 gallons. He noted that the examples used were 18,000 and 25,000 gallons and that he did not include the lowest tier of 10,000 gallons, as fewer customers fall into that category. He stated that nearly 50% of customers are within the two example ranges.

Action requested of the Council is adoption of the resolutions establishing the 2026 Water Utility Rates, the 2026 Sewer Utility Rates and the 2026 Stormwater Utility Rates, each becoming effective January 1, 2026.

Motion to approve Resolution 2025-243 establishing Water Utility rates effective January 1, 2026, approve Resolution 2025-244 establishing Sewer Utility rates effective January 1, 2026, and approve Resolution 2025-245 establishing Stormwater Utility rates effective January 1, 2026, by Gliva, second by Scales.
Ayes: 5
Nays: 0 Motion carried.

E. 3rd Reading and Final Adoption of an Ordinance Amending City Code Regarding Rental Licensing, **Resolution 2025-246**

City Administrator Wilson stated that this was the 3rd and Final Reading for Residential Housing Rental Licensing. The 1st and 2nd readings of the Phase 1 ordinance took place on October 13 and October 27, 2025. The current rental licensing program was adopted and implemented in 2016, and ordinance updates are proposed in two phases. Phase 1 focuses on streamlining and improving existing processes, while Phase 2, planned for 2026, will consider limits on the concentration of rental housing and the possibility of proactive inspections.

She stated that the ordinance changes are intended to streamline the application and approval process by authorizing staff to approve or deny license applications, with any denial eligible for appeal to the Council. Suspension and revocation of a license will continue to be handled by the Council. Activity reports will be provided to the Council on a quarterly basis. The application form and the data required will be simplified. The ordinance will change the current 2-year license to a 1-year license while maintaining the April 1 through March 31 license period. Existing licenses will remain valid as issued and will convert to an annual license upon the next renewal.

She noted additional changes including a requirement for local property managers to reside within 75 miles from Inver Grove Heights, with the option for the owner to act as the property manager. Enforcement related to rental licenses will be strengthened by adding the ability to impose fines for late or incomplete renewal applications. A specific renewal deadline of January 31 will be established. The ordinance will also allow fines for violations of rental licensing code by using a 3-tier fine structure. Existing language regarding background checks has been incorporated, requiring background checks to be current and valid within 24-months of the rental license application. The City Attorney and staff recommended that this requirement be clearly stated in both the ordinance and the application.

Mayor Dietrich asked how this works in practical terms, noting that someone could complete a background check 24 months earlier, but a great deal can change over the course of 24 months.

Administrator Wilson explained that State law requires certain rental property keyholders to undergo background checks through the Bureau of Criminal Apprehension, and for individuals to submit proof of completion to the City. She noted that the 24-month requirement is already the City's policy and the proposed change simply keeps that language in the City Code. She added that she was unsure why the timeframe is specifically 24 months and asked City Attorney Nason if additional context could be provided.

Attorney Nason stated that the intent of the requirement was simply to establish a clear timeframe, but she did not have additional insight into why 24 months was selected instead of 12 months. She added that the original 24-month standard may have aligned with the previous 2-year licensing period. With the City now moving to a 1-year annual license, she suggested that the Council could consider requiring background checks within the last 12 months, or possibly 14 months to allow some flexibility depending on when applications are received, which could address the concern that had been raised.

Mayor Dietrich apologized for not raising the concern earlier and noted that, in practical real-life terms, 24 months is a long time for potential issues to arise.

Administrator Wilson noted that a phase 2 ordinance will be brought forward and, if the Council chooses to adopt the ordinance this evening, staff can revisit that specific provision and provide additional information at that time. She added that the Council may delay action if desired; however, staff is working to complete the ordinance so that the new licensing process for 2026 has all necessary components in place.

Mayor Dietrich asked why the requirement would not be set at 1 year if licenses are renewed annually, noting that the 24-month standard may not ultimately pose an issue and was simply something she had been considering. She added that she is comfortable with whichever direction the Council chooses and asked whether three additional readings would be required or if the Council could amend that single item.

Administrator Wilson stated that the Council may amend the ordinance as presented and still proceed with the 3rd reading.

Council Member Gliva stated that she would be in favor.

Council Member T'Kach asked whether this could be reviewed as part of the phase 2 update, noting that the Council had previously discussed the definition of family. She suggested that phase 2 may be the appropriate time to examine the ordinance more thoroughly and address these types of issues.

Mayor Dietrich stated that she did not want to delay the current reading, noting that the next phase would provide an opportunity to address the issue further.

Council Member Scales stated that the requirement should align with the length of the license. He added that he did not have a strong preference on whether the change was made that evening or during phase 2 and could support either approach.

Council Member T'Kach asked what the cost is for a background check.

Administrator Wilson stated that she did not know the cost of the background check. She explained that the requirement is set in State law and originates from an older case involving Kari Koskinen. She added that she did not know what fee is charged for obtaining the background check but could find that information for the Council.

The requested action is to adopt the rental licensing ordinance and resolution of summary publication as presented.

Council Member T'Kach requested a friendly amendment to the motion, proposing that the background check requirement be reduced from 24 months to 14 months.

Attorney Nason clarified that the motion on the table could be amended. She noted that the Council could hear the motion, and if it failed for lack of a second, it would not proceed.

Motion to approve Ordinance 1517, repealing and replacing Title 4, Chapter 13 regarding rental licenses; renumbering existing sections 9-1-4, 9-1-5, and 9-1-6; and adding a new section 9-1-4 to Title 9, chapter 1, Building and Development with the change of background check to being 12 months by Scales, second by Gliva.
Ayes: 4
Nays: 1 (T'Kach) Motion carried.

Motion to amend the background from 12 to 14 months – failed for a 2nd

Motion to approve Resolution 2025-246 for summary publication by Gliva, second by Scales.
Ayes: 5
Nays: 0 Motion carried.

F. 3rd Reading and Final Adoption of an Ordinance Amending City Code Regarding Rental Licensing.

City Administrator Wilson introduced the 1st reading of an ordinance related to Governance of the Convention and Visitors Bureau (CVB) and meetings of the Planning Commission.

The ordinance removes all references to CVB members, appointments and meetings from the City Code in preparation for a new contract with the Chamber of Commerce. In addition, the ordinance updates the meeting requirement for the Planning Commission by changing it to once per month; equal to the City's other two advisory commissions.

The requested action is to approve the 1st reading of the ordinance as presented.

Mayor Dietrich stated that her only proposed change relates to the CVB and, given the strong relationship and parallel work with the City, she would like to see both an elected official and a staff member serve on that Board.

Administrator Wilson stated that staff will ensure the agreement brought forward with the Chamber reflects that structure.

Council Member T'Kach noted that the upcoming comprehensive planning work may increase the Planning Commission's workload and questioned whether requiring only one meeting per month could set unrealistic expectations for applicants.

Administrator Wilson responded that the best way to ensure Planning Commission applicants understand the time commitment is to clearly communicate it in the City's volunteer recruitment materials, such as the Insights Newsletter and social media postings. She noted that applicants are more likely to see that information there than in the City Code, where meeting frequency is less visible, and agreed that it is an important point to address as the City enters its next round of comprehensive planning.

Motion to approve the first reading of an Ordinance amending IGH City Code title 2, Chapter 2 regarding the Convention and Visitors Bureau and changes to Planning Commission meeting structure by T'Kach, second by Gliva.
Ayes: 5

Nays: 0 Motion carried.

8. PUBLIC COMMENT:

Mayor Dietrich welcomed Deborah Douglas, 1462 80th Street East, to the meeting and stated that she had posed several questions at the previous meeting that the City Administrator would address.

1. **What specific racial bias or cultural bias training have Inver Grove Heights police officers completed in the past 2 years?**
   Administrator Wilson explained that Police Officers in Minnesota, including those in Inver Grove Heights, are required to complete 16 hours of continuing education every 3 years in areas such as recognizing and valuing community diversity, implicit bias, conflict management, mediation, crisis intervention, and mental illness crises. She noted that Inver Grove Heights officers complete 16 hours of this training each year, which exceeds the State requirement.

2. **What agency provided the most recent training?**
   Administrator Wilson stated that the most recent training was provided by the League of Minnesota Cities, an approved provider under the Peace Officer Standards and Training Board.

3. **What policies and procedures apply when officers engage with a minor and do not contact a parent or guardian?**
   Administrator Wilson clarified that parent or guardian notification is generally required only when a juvenile is taken into custody. There is no legal requirement or department policy requiring notification for brief, informal interactions such as the one involving Ms. Douglas's grandson. If a minor is taken into custody and an officer failed to notify a parent or guardian when required, the matter would be subject to internal investigation and possible discipline, depending on the circumstances.

Ms. Douglas stated that her concerns relate to how children of color are treated in the community. She shared that her own experiences and research suggest that Inver Grove Heights does not feel welcoming to people of color and asked what community outreach or education efforts the City plans to undertake to promote more inclusive behavior among residents. She emphasized that, without such efforts, families may feel unsafe or unwelcome and need clear information to make informed decisions about living in the community. She reiterated that her primary question is whether the City will address these concerns and work to ensure that all children feel accepted and safe.

Bohuslav (Bo) Christman, 7325 Bester Avenue, requested written permission from the Council to bow hunt deer on a City-owned parcel. He stated that, following discussions with several City staff and a legal review initiated by Code Compliance, the parcel meets all requirements of City Code except for the provision requiring written permission from the property owner, which must come from the Council. He noted that he is a member of the Metro Bowhunter Resource Base (MBRB), which requires training and proficiency testing, and he offered to volunteer his services to assist with deer herd management. He emphasized the impacts of unchecked deer populations on property and vehicle safety. He plans to provide a map and additional details for Council review.

Mayor Dietrich asked Attorney Nason whether she had noted the parcel number and if she could provide any insight on the request for the Council.

Attorney Nason explained that the parcel in question is more than 5 acres, located in the southeastern portion of the City, and falls within the mapped area where bow hunting is permitted if conditions are met. The City owns the property, so only the Council can grant written permission for an individual to hunt there. She noted that the parcel is in an industrial area with no nearby residences, bordered by a DNR owned parcel on one side and a commercial property on the other. She stated that the Council could grant permission and would then need to direct staff to issue written authorization.

Administrator Wilson noted that if the Council were to consider the request, it may be helpful to have staff provide a list of other City parcels located within the hunting boundaries and to consider the precedent such an approval might set. She stated that the City would need to evaluate how the public uses the property and assess safety considerations related to allowing hunting. She also noted that she was unsure of the DNR rules governing the larger adjacent parcel to the east.

Council Member T Kach asked whether, if the City were to consider allowing hunting in the future, it would be more appropriate to solicit bids from contractors and award a contract for this type of service.

Administrator Wilson responded that if the Council were to pursue deer culling, a more formal process would typically be used. She noted that other members of the public may also wish to hunt on City property, and it is unclear how the City would determine who is best suited to provide that service.

Mr. Christman stated that he has spent more than a year researching this request and chose to bring it forward himself. He noted that while the City could hire a contractor for deer management, he preferred that taxpayer funds not be used when a qualified resident is willing to volunteer. He added that the adjacent DNR parcel, the Pine Bend Scientific Area, does not allow deer hunting and that only one other City owned parcel may meet the criteria for bow hunting. He also stated that City parks do not allow the discharge of a bow and arrow except at the South Valley Park archery range.

Mayor Dietrich asked whether most of the Council was interested in pursuing the topic, noting that the Council had discussed bow hunting at length a few years ago.

Council Member Scales stated that he would like more information before deciding. He noted concern about the precedent and said he would want to know whether there are other locations in the City that could fall under the same criteria and what other City owned parcels might be affected.

Council Member T Kach stated that she was not sure the topic was a priority and suggested discussing it at the retreat early in the year to determine whether it fits within the staff work plan.

Council Member Gliva stated that she understood the issue, noting her own experience with deer and her background in a hunting family. She agreed that the City should fully review the details, including input from the Police Chief, and said she was open to learning more.

Mayor Dietrich stated that she would be open to having staff investigate the matter and noted that it is a unique situation.

Administrator Wilson summarized the questions for staff as identifying which other City owned parcels fall within the bow hunting district and meet the required standards for size, zoning, and related criteria. She then asked what additional questions the Council would like staff to address.

Council Member Gliva asked whether other cities allow similar bow hunting arrangements and if staff is aware of any comparable practices.

Mr. Christman stated that many nearby jurisdictions allow similar controlled hunts. He noted that MBRB participates in hunts requested by Ramsey County and others at locations such as Pigs Eye, Battle Creek, Fish Creek, and Lebanon Hills, as well as on private land in Sunfish Lake and along the Minnesota River. He estimated that at least two dozen such hunts occur across the Twin Cities each year and added that the region's deer permit areas allow multiple bonus tags due to overpopulation.

Mayor Dietrich asked staff to investigate what other areas and cities are doing, noting that she did not want to exhaust too much staff time in the process.

City Administrator Wilson asked Mr. Christman to send her the list of hunts he referenced.

Mr. Christman stated that he could send the link to the MBRB site and noted that there is a Ramsey County liaison he works with who may be a helpful resource.

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

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

A. Closed Session to Discuss Labor Relations Matters

Motion to move to closed session pursuant to MN Statutes, Section 13D.03. subd. 1(b) to consider strategy for labor negotiations strategies or developments or discussion and review of labor negotiation proposals, conducted pursuant to sections 179A.01 to 179A.25; with Law Enforcement Labor Services (LELS), Local 84, Local 189, and Local 540 by Scales, second by Gliva.
Ayes: 5
Nays: 0 Motion carried.

Motion to reconvene in open session by Scales, second by Gliva.
Ayes: 5
Nays: 0 Motion carried.

11. <u>ADJOURN:</u>

Motion to Adjourn at 8:40 p.m. by Gliva, second by Scales.
Ayes: 5
Nays: 0 Motion carried.

Minutes prepared by Recording Secretary Tammy Greenlee