

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, NOVEMBER 27, 2017- 8150 BARBARA AVENUE**

1. CALL TO ORDER and 2. ROLL CALL

The City Council of Inver Grove Heights met in regular session on Monday, November 27, 2017, in the City Council Chambers. Mayor Tourville called the meeting to order at 7:00 p.m. Present were Council members Bartholomew, Hark, Perry and Piekarski Krech; City Administrator Lynch, City Attorney Kuntz, Community Development Director Link, City Clerk Tesser, Parks and Recreation Director Carlson, Finance Director Smith, Public Works Director Thureen, City Engineer Kaldunski, and Fire Chief Thill.

3. PRESENTATIONS:

- A. Sibley High School Marching Band invitational to America's National Independence Day Parade**
- B. Miss Inver Grove Heights Scholarship Program**

Rochelle Van Kempen coordinator for the program. Each royalty recipient introduced themselves. Newly crowned Hanna: sponsored by Hometown Meats, newly crowned Felicia: sponsored by Quality Auto Care Center, Ashley: sponsored by South St. Paul Rotary, Grace: sponsored by Sand and Mix, Piper: sponsored by Drkula's, Cheyann: sponsored by (not understandable)

4. CONSENT AGENDA:

- A. i. Minutes October 9, 2017 City Council Meeting
- ii. Minutes October 23, 2017 City Council Meeting
- iii. Minutes October 25, 2017 Special City Council Meeting
- iv. Minutes November 2, 2017 Special City Council Meeting
- B. **Resolution 17-222** Resolution Approving Disbursements for Period Ending on November 21, 2017
- C. CITY OF INVER GROVE HEIGHTS; Approve a Resolution creating a permanent pedestrian trail easement for Lot 7, Block 1, Blackstone Vista **No Resolution**
- D. Approval of the 2018 Election Polling Place Designation **Resolution 17-223**
- E. Approval of the 2018 Fee Schedule **Resolution 17-224**
- F. Approval of Kristi Smith's Employment Agreement Extension with the City of Inver Grove Heights
- G. Consider Approval of the Five Bugles Design for Architectural and Engineering Services for the Fire Station Site Design and Construction of Fire State #2
- H. Consider Approval of the 2018 Parks and Recreation Department Fees
- I. Consider Pay Request No. 4 – Bid Package 1 – East Rink Floor Project – City Project 2017-05
- J. Consider Approval for Therapeutic Massage Business License for Health 1st Chiropractic and Individual Therapeutic Massage License of Dorina Lynn Costa
- K. Consider Final Compensating Change Order No. 1, Final Pay Voucher No. 2, Engineer's Final Report, and Resolution Accepting Work for City Project No. 2016-01 – Stormwater Treatment for Mississippi River Discharge (78th St. and Concord Blvd. Wet Extended Detention Basin) **Resolution 17-225**
- L. Consider Pay Voucher No. 4 for City Project No. 2016-09E – Bancroft Way Area Reconstruction
- M. Consider Pay Voucher No. 5 for the 2017 Capital Improvement Program, City Project No. 2017-02 – NWA Watermain Improvements, 65th Street Loop
- N. Approve Sidewalk Easement for 6888 Alverno Court (Lot 18, Block 3, Blackstone Ridge)
- O. Release of Improvement Agreement Related to 9735 Robert Trail South owned by Inver Grove Storage, LLC
- P. Release of Lot 5, Block 1, Blackberry Town Office Park from Development Contract Related to Plat of Blackberry Town Office Park
- Q. Personnel Actions

Motion by Bartholomew, second by Hark, to approve all items on the consent agenda 4A-4Q with the exceptions of Items 4F and 4Q.

Ayes: 5

Nays: 0

Motion carried.

Item 4F: Approval of Kristi Smith's Employment Agreement Extension with the City of Inver Grove Heights

There is not a unilateral right to extend but both parties must agree on the contract. Kuntz stated there was a notification that both parties had to agree in order to extend the contract.

Perry discussed the problematics of the temporary six months agreement and stated she would like to look at extended it past six-month during the next review.

Tourville stated it's a mutual agreement.

Motion by Perry, seconded by Piekarski Krech to approve the extension of Kristi Smith's contract to June 30, 2018.

Ayes: 5

Nays: 0 Motion carried.

Item 4Q: Personnel Actions

Council Member Perry wants to split the vote because she does not believe that Paul Schell is the right person for the Police Chief position. She does support the Personnel Actions related to the Fire Department and Parks and Recreation Department.

Motion by Perry, seconded by Piekarski Krech to approve the Personnel Actions relating to Fire Department and Parks and Recreation

Ayes: 5

Nays: 0 Motion carried.

There were no further discussion about naming Paul Schnell as Police Chief and the motion to approve his position was made.

Motion by Bartholomew, seconded by Hark, to approve Paul Schnell as Police Chief.

Ayes: 4

Nays: 1 Perry Motion carried.

5. PUBLIC COMMENT:

6. PUBLIC HEARINGS:

7. REGULAR AGENDA:

I. COMMUNITY DEVELOPMENT:

A. KEVIN KNEISL; Consider Resolution 17-226 relating to a Variance to allow two detached accessory structures where one is the maximum allowed for property located at 1847 Upper 55th Street

Community Development Director Link introduced the item stating that the applicant had submitted an application for a variance to build a second accessory building on his property. The zoning district in this area only allows a single accessory building. Planning Commission and staff recommend denial of the request for a variance.

Councilmember Bartholomew stated that he was aware that the proposed building was 565 square feet, and the existing building was 365 square feet. He whether that was a consideration, given that the limit is 1000 square feet. He asked if the option of building a new accessory building that was large enough for their needs, and demolishing the existing building was discussed with the applicant.

Community Development Director Link stated staff discussed different options available but was unsure whether that option had been discussed. He acknowledged that the two buildings together would be less than the 1,000 square foot limit.

Kevin Kneisl, 1847 Upper 55th Street E., he stated an attached garage costs \$45,000, which is too expensive for his single income family. He wants to build a detached garage in which to store his boat and camper. He stated the existing shed is 385 square feet, but you can't see it from the road. He stated he has 1.3 acres. He stated he can't afford an attached garage. He discussed his autistic child and the importance of helping him

Councilmember Bartholomew asked the applicant if he considered building a larger building and tearing down the existing one.

The applicant responded that the cost to demolish and remove the building would be beyond his budgeted amount.

Councilmember Piekarski Krech asked what was being stored in the existing building.

Kneisl stated its mostly lawnmowers and equipment.

Councilmember Hark asked can we consider health issues as a reason to approve the variance.

Community Development Director Link stated you cannot look at health or economic issues to approve.

Councilmember Bartholomew asked about approving other variances for people who have faced the difficulties of not having a garage.

Community Development Director Link stated mostly those properties that have received a variance in situations that haven't had garages but not with this size lot.

Lynch asked about the difference cost of detach and attach. Kneisl stated its \$45,000 for the attached garage, and \$20,000 for the detached. He stated there is a cost in removing the out building in the back.

Kuntz asked about the difference in conditions of the topography of the outbuilding.

Councilmember Bartholomew stated grade restoration would need to be done. Councilmember Piekarski Krech stated that drainage would be an issue by the lake. Councilmember Piekarski Krech asked about the excavating costs for the attached garage. Kneisl stated that it will not need much excavating.

Kuntz asked if Kneisl thought it would be better to build where he intends to build, in terms of the run-off from the requested building site.

Kneisl stated there's an existing culvert system that dumps into the lake. He stated the lake has a lot of run-off that goes into the lake.

Mayor Tourville stated that grading and age of the home and the lake and storm water run-off would be improved in the accessory building for the detached garage would be approved.

Councilmember Piekarski Krech stated the body of water and topography does create difficulties.

Councilmember Bartholomew stated that the applicant stated he would like to get rid of the accessory but can't because of the topography and otherwise wouldn't be prohibited by the variance.

Tourville stated the applicant should work with staff on the details of the variances.

Motion by Bartholomew second by Piekarski Krech to approve the variance to allow two detached accessory structures where one is the maximum allowed for property located at 1847 Upper 55th Street.

Ayes: 5

Nays: 0 Motion carried.

B. ALAN AND LLONI BEBEL; Consider Resolution 17-227 relating to a Preliminary and Final Plat, development contract and related agreements for a two-lot subdivision to be known as Lloni's 2nd Addition located at 8843 Alverno Avenue.

Community Development Director Link stated this is in relation to a preliminary and final plat development contract for a two-lot subdivision. He stated it is consistent with rural identity and comp plan land use designation and is supported by property owners. He stated there are two septic systems. Planning Staff and Planning Commission unanimously recommend approval of the preliminary and final plat and development contract.

Lloni Bebel, 3852 North Ridge Drive in Eagan, MN stated that she met with staff this morning and had no further questions at this time.

Motion by Perry second by Hark to approve Resolution Relating to a Variance to Allow Zero Setback for a Driveway Whereas Five Feet is Required. Property Located at 8843 Alverno Ave.

Ayes: 5

Nays: 0 Motion carried.

C. CITY OF INVER GROVE HEIGHTS; Consider the Third Reading of an Ordinance to prohibit transient lodging (short-term rentals) of residential property

Community Development Director Link summarized the past work on the last considered the ordinance on September 25 when council approved the 2nd reading, and asked staff to research options for making exceptions to prohibiting transient (short-term) rentals.

Staff discussed and researched internally, the challenges that come up from having these short-term rentals. It was revealed that these types of lodgings constitute a form of commercial use in a residential area, and they are time consuming to enforce. In addition, they can be causes of unusual and additional traffic, noise complaints, underage drinking, and other public nuisances.

Community Development Director Link stated that staff also looked to what other cities have done. An alternate option would be to create exceptions for specific situations, manage it through an interim use permit which would provide the City with some form of enforcement. It could include neighborhood notification, public hearing, and restrictions could be placed, such as parking, number of occupants, number of guests, and homesteading requirements. Staff recommended that the council approve the ordinance to prohibit short-term rentals due to the difficulty of enforcement.

The Planning Commission recommended denial of the ordinance that prohibits these types of lodgings, and favored allowance of short-term rentals but with some kind of regulations.

Mayor Tourville stated that the City of St. Paul and Minneapolis has found a way to license transient lodging with large fees.

Tourville stated that he sees the positives and the negatives on both sides. He discussed the impacts of the neighborhoods.

Councilmember Piekarski Krech stated the city could have a fee associated with the city code, that makes it possible to enforce an ordinance that allows short-term (transient) rentals, if they don't abide by the requirements.

Community Development Director Link stated that the rental license doesn't cover transient lodging and we are considering this different from the rental license.

Councilmember Piekarski Krech stated she considers this as different and more of a vacation home. She stated the license fee should be more expensive. She was concerned about a whole block or section of a neighborhood that would have short-term rentals.

Community Development Director Link stated that most cities that allow short-term rentals – maybe 7-8 of them – limit the number of short term lodgings allowed. The City of Stillwater limits the number of transient lodging about 35. He stated they are different in that they're a tourist community.

Councilmember Hark stated that the interim use period allows for teeth to penalize those that are not following the rules, especially since it is unlikely there will be a lot of people wanting to do this.

Community Development Director Link stated with the interim permit has been used and varies a lot depending on the situation. It also provides a public hearing. He stated also conditions can be applied.

Councilmember Piekarski Krech can we charge more for the interim use permit than for others?
Community Development Director Link responded affirmatively.

Mayor Tourville stated that other communities have reviewed these kinds of options and have decided that it was just too complicated to address.

Mary T'Kach 7848 Babcock Trail, she is a part of the Housing Committee. She asked the council to deny the proposed ordinance because this is a housing issue not just a public safety issue. She stated the issue should go back to staff and the Housing Committee for review of all the potential costs and benefits that could be derived from having an ordinance that allows short-term rentals. She believes that managing this kind of short-term rental could have a positive effect on the community and the residents. She also recognizes that there can be downsides to these kinds of activities. Because of these many layers this is a complex issue and requires a full process to review. She sees this as an opportunity to for the City to offer different options for residents.

She believes that the issue should go back to the Housing Committee.

Steven Dick, 1630 52nd Street E, he stated that he is aware that his property was the one that was involved in the trouble that began this whole process. He recognizes that he didn't have the right measures in place to prevent issues, but now he has taken steps like setting a minimum number of days, setting a higher deposit, and installing security cameras to make sure that the problems won't happen again. He feels that approve the ordinance to ban short-term rentals will take away opportunities for residents to become recession-proof, or at least make a little bit of extra money.

He believes that cities like Bloomington are banning this option for residents under pressure from hotel owners, but that Inver Grove Heights does not have that problem. He does not want the council to approve the ordinance to ban short-term rentals.

Mayor Tourville stated the Planning Commission stated that they denied the denial. Tourville stated that it was confusing because the Planning Commission supported short-term rentals but with proper regulation in place.

Mayor Tourville stated that his fear is people will still have Airbnb, with or without the ordinance in place. If conditions and restrictions will be further explored, the issue may have to go to the Planning Commission.

Kuntz stated in the affirmative. If there are going to conditions, restrictions, it will be required to go to the Planning Commission.

Tourville stated that it should go in from the Planning commission and Housing Committee.

Councilmember Hark stated they're a lot of layers in this but there must be pain (punishment) involved for those who are in violation or those that aren't abiding by the rules.

Councilmember Piekarski Krech stated that Mr. Dick made others pay the price.

Councilmember Bartholomew stated this is a commercial use in the residential area and is a conflict.

Councilmember Piekarski Krech stated it's not a home business.

Councilmember Hark stated that the Planning Commission should review this to help them make a decision.

Tourville and Piekarski Krech both stated that commercial entities such as hotels pay fees and are taxed as such.

Kuntz stated that the ordinance doesn't get approved if the council doesn't approve a third reading.

Tourville stated the ordinance will be studied additionally by the Planning and Housing Commission.

Community Development Director Link stated that staff will look at staff time during this process. If the house is inspected and complaints are received this will take staff time. Link stated we ask that council consider staff time. Processing permits, escrows, insurance and take quite a bit of time, and asked that this information be considered.

Councilmember Piekarski Krech stated the interim use permit fee would cover these issues.

Resident Dick discussed the online registration process. They are required to have smoke alarms, etc. Tourville stated that Airbnb doesn't make sure that the requirements are approved.

City Administrator Lynch stated the event in February will probably give rise to the number of short-term rentals for that event. There will be many guests and celebrating. He stated with public safety this is challenging. There will be a high activity during these types of celebrations.

Councilmember Piekarski Krech asked if an interim ordinance can be implemented for seven days, while the Super Bowl events are going on. That might help with managing problems with police and fire.

Lynch responded other cities have tried this but collecting on damages against home owners is difficult. He stated that it would take 6 – 8 weeks to implement some kind of ordinance, if the Planning Commission and/or the Housing Commission need to review it.

Mary T'Kach stated that she agreed with City Administrator Lynch's observations. She also made a point that there are more than just Airbnb as different options for people to rent out their homes. She indicated that there is a "community" of people on both sides – renters and home owners – who get to rate the experience and that helps to police themselves.

Councilmember Perry discussed the impact of the Vikings stadium long-term.

The council directed staff to have the planning commission and housing committee review the ordinance and impacts on the city.

8. MAYOR & COUNCIL COMMENTS:

9. ADJOURN:

Motion by Bartholomew second by Hark to adjourn. The meeting was adjourned by a unanimous vote at 8:20p.m.