

**INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
MONDAY, JUNE 7, 2021. 6:00 PM - 8150 BARBARA AVENUE
Meeting Via In-Person or Virtual Zoom**

A. CALL TO ORDER: The City Council of Inver Grove Heights met for a Work Session on Monday, June 7, 2021. Mayor Bartholomew called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

Roll Call: Present In-Person: Mayor Bartholomew; Council Members; Piekarski Krech, Dietrich, Murphy, and Gliva; Administration Specialist Judy Wonick, Community Development Director/Interim City Administrator Heather Rand, City Attorney Bridget McCauley Nason, City Clerk Rebecca Kiernan, Finance Director Amy Hove, and Police Chief Melissa Chiodo.

Also Present In-Person: Jessica Cook, Ehlers Public Finance.

1. Presentation by Ehlers Financial on the NWA Utility Connection Fees

Interim City Administrator Heather Rand stated Jessica Cook from Ehlers Public Finance will discuss the Northwest Area Utility Connection Fees. For 15 years the city has been handling the fees in the northwest area. It was determined to revisit with background, history, and an update.

Jessica Cook, Ehlers Public Finance, updated the Council on what has been happening in the northwest area over the last 15 years. She began with the following update relating to water and sewer utilities: Northwest Area:

- Utilities are extended up from the southeast, through the northwest area.

Decision to Extend Utilities for Development:

- Sewer and water extensions began in 2007. Difficult area to serve because of the terrain.
- Goals:
 - Allow landowners interested in selling to sell for development at greater densities.
 - Do not financially pressure landowners to develop if they want to remain “as-is”.

Original Funding Plan:

- Water:
 - Enough cash in the Water Connection Fund to pay for improvements.
 - Collect fees as development occurred. Fees would replenish the Water Connection Fund.
- Sewer:
 - Did not have cash available.
 - Starting in 2007, issued Bonds. Have issued three series of Bonds to pay for sewer extensions.
 - Those three issues have an outstanding debt amount of \$11.5 million dollars.
 - Equates to about \$1.2 million dollars that is due every year.

Development Fees:

The plan in 2007 was that fees would be collected from the development community when those properties developed. Those fees come in and:

1. When land is platted, a fee is paid depending on the zoning of the property.

- a. Properties zoned for higher use such as: commercial industrial, business, zoning, and multi-family zoning, would pay more per acre than single-family with the thought that they were putting greater demands on the system.
- 2. Larger portion of the fee is paid when the Building Permit is pulled.
 - a. Based on actual units.
 - b. The more units on a piece of land, the higher the fees that piece of land would generate.

This was the fee structure adopted in 2006/2007. It has not changed since other than inflationary increases. What's Changed Since 2007:

- Had the great Recession. This stalled out a lot of development believed to occur. Pipes were put in to the ground, development didn't occur as anticipated. The city still had to pay the Debt Service on the Sewer Bonds.
- When devising the system of development fees, cost estimates from Engineers proved to be too low. This could be due to the difficult terrain. In order to get things up and down, more lift stations were needed, and/or burying pipes deeper in order to get gravity feed working. The installation of utilities became more expensive than original estimates.
- The development there was less dense than what was estimated in the plan. That means, the fee revenue coming in was less than anticipated. Fee revenues were not sufficient to pay the \$1.2 million dollars in annual debt service.

Existing and Future Utilities:

A map of the area from 2018 was shown and depicted the sewer line as far as it was extended in 2018. It was a big investment the city put in. A majority have not been built.

- When a developer comes in, looks at their section and says that is what the city has to pay to facilitate their development. This is true, but there is an entire investment of other areas that also still have to be paid for at a cost of \$1.2 million dollars per year. This is what they are trying to remedy.

She stated even though they haven't had enough fee revenue to cover costs, the city still has a development community that says Inver Grove Heights fees are too high. In 2020 comparisons of three types of development were done:

Development Fee Comparison:

- Single Family Home:
 - Single Family developers have been willing to pay the fees. Speculating it is due to the lots being so beautiful and premium.
- Multi-Family:
 - Similar to single family. Not an issue city wide, but in the northwest area where there is a different fee structure than the rest of the City. Even though the lots are beautiful/premium there is a financial discipline that owners of multi-family property have to exercise in order to make money and are having difficulty paying these fees.
- 60,000 Square Feet Sample Industrial Commercial Building on 5.5 acres:
 - Inver Grove Heights is higher than other Communities. The city was compared to neighboring communities and growing communities.

Solutions Employed to Date:

- Problem #1: The Development Fees are not competitive with other communities.

- Tax abatement provided when financial need is demonstrated.
- TIF from District 4-1 available for affordable housing.

One project would fall into each of these categories to date. When the city considers using tax abatement, Ehlers does a review of the project. They compare how much the fees are higher than the average of other communities. That difference would be the maximum amount of tax abatement received. It needs to be proven that it is really needed. An analysis was given, underwritten, and recommended an amount for the tax abatement. The tax abatement allows the development to pay the full amount of the connection fees.

- Problem #2: Fee revenue insufficient to pay sewer debt.
 - Several years ago, the city implemented a Sewer Surcharge on residents and businesses in the northwest area.
 - The sewer rates in the northwest area are higher than the rest of the city.
 - Generated approximately \$50,000 a year. This is used to pay the debt.
 - Debt service has been paid with cash from the Water Connection Fund and connection fees.
 - Water Connected Fun is depleted.
 - This year debt will be paid from a combination of connection fees and the Sewer Operating Fund.
 - The Sewer Operating Fund cannot do this on a long-term basis.
 - Need to identify future funding source.
- Problem #3: Requests for lower density housing reduce connection fee and tax revenues.
 - The community of people living in the northwest area and developers have come in and requested lower density housing than what has been in the Comprehensive Plan.
 - In some cases, it has been approved, in other cases a site-by-site analysis is done. They ask the question if developing lower density housing, can they still afford to pay to extend the sewer and water. Often the answer is no, and the development has not proceeded.
 - Most recently the city has undertaken a couple of small area studies. Part of the analysis has been the costs to extend utilities.
- Problem #4: Landowner and developer requests for “leap-frog” development.
 - Develop land areas currently served by utilities before extending utilities further.
 - One of the responses the city has had in the past is sticking with orderly development.
 - Another response has been to evaluate the costs of that.

Ms. Cook stated this is a summary of some of the issues surrounding the delivery of utilities in the northwest area.

Mayor Bartholomew stated the need to review the overall density that was thought to be enough to pay for the infrastructure. Based on topography and requirements for stormwater, density was missed. There is a reality that is coming and they can't get the density needed to pay for the infrastructure. He wanted everyone to be aware that at some point the infrastructure has to be paid for. It has to be paid for either by density or out of the General Fund.

Councilmember Murphy asked if there were any examples where community requests lower density and receive lower density. He asked if it was residents asking for lower density or developers saying they would build lower density. Ms. Cook responded she believed Blackstone wanted this. Councilmember Piekarski Krech responded most of the ones over there wanted lower density. They were originally talking multi-family. They went with single family. A lot of it was supposed to be multiple housing turned into

single family. That's what was selling at the time. She commented now the requests are for apartments which seem to be the hot commodity.

Councilmember Murphy asked if there were numbers on the debt shortfall on a year over year basis. He was unsure if the \$50,000 mentioned was paid or not. Ms. Cook responded there are historical numbers. The debt service is approximately \$1.2 million. The contribution from the sewer surcharge was \$50,000. The fees range from \$250,000 to \$700,000 a year. This year was a record year with \$1.3 million dollars. If taking \$1.2 million and subtracting on average \$400,000 to \$500,000 in fees, and the \$50,000, the remainder is \$450,000 to possibly a \$700,000 shortfall. Councilmember Murphy asked how many years that has been consistent. Ms. Cook responded she looked at data since 2016. It was worse before that because there was less growth after the recession.

Councilmember Murphy referenced the planning process with the Comprehensive Plan and/or Consultants stating the great recession and inflation was mentioned. He asked when doing these numbers if the recession was something they do or do not plan for. The research he has done from Staff states if hitting the midpoint density, we were supposed to be fine in the northwest. Now he hears they may not hit it at all. He was confused about where they went off track. Ms. Cook responded with planning in 2006/2007 a consultant planning firm was used and they took 80% of their estimates. Their estimates at the time probably underestimated the terrain difficulty and stormwater needs of that area. In more current estimates, it has gone down, the original estimates of density were higher. Even though they used 80% of what the planners thought could be achieved for the area, it was still too high due to a couple of factors:

1. The Planners didn't account for the degree of terrain or stormwater needs.
2. The market fundamentally shifted. Condos were hot in 2006/2007. Now apartments are the hot thing. In between that there was not a lot of demand for density.

She stated a factor they are dealing with now, not historical, once there is a lot of single family, they like to see more single family. Now there are new pressures from the Community that were not there initially.

Councilmember Piekarski Krech commented when the city developed the Rottlund area, when she moved back into the city in the mid-80's she attended all the Planning meetings. That was when Rottlund was just being thought of. In 1985 the Comprehensive Plan for the city said that area where Rottlund is now could never be developed because the sewer had to go too deep. The City Council at the time thought it was great, started kicking people off the land and putting in sewer and water and eminent domain, and now there is Rottlund. That was successful. She stated they were told the area could never be sewer and water and it was done, with thinking of the northwest area, they believed it to be a piece of cake.

Mayor Bartholomew stated the reality remains whether taking 80% or 60-70%. The density was not going to be met because there was a flaw in the very beginning. The flaw being the terrain and the requirement for stormwater. The city is faced with a dilemma in the future. They can't get the densities needed.

Councilmember Murphy asked the Mayor what he meant and asked if the terrain wasn't properly analyzed. Mayor Bartholomew responded we missed the mark; the number was flawed by a percentage. He guessed the error rate to be down to 50%. When looking at the topography out there, there are things that cannot be

built on. Some of the flat areas have to be encumbered on with water. That leaves less and smaller buildable areas. The requirement may be searching for density to pay for what they have in the ground, if they don't have that density, they have to find another way to pay for it.

Councilmember Piekarski Krech stated in the development world you can build anywhere you want to if wanting to do some things. In the northwest area they tried not to destroy the landmarks, oak savannahs, and critical nature areas. Doing that didn't go with what some of the consultants were thinking. The entire area could be developed by flattening it out, but that wouldn't be done in the northwest area. The two ideas didn't jive. In concept the entire northwest area could be filled up.

Councilmember Murphy asked who helped the city make these decisions. Mayor Bartholomew responded he was unsure who they used as a consultant. Councilmember Piekarski Krech stated the city has been nationally recognized for how they handle stormwater.

Councilmember Dietrich asked if it wasn't as recent as 2018 that Council voted down high density with McGough. Mayor Bartholomew responded his position with that was a land issue. It had a B-2 and B-3 land designation, they wanted to convert it to residential. He saw the value of residential, but didn't want to lose the B-2 and B-3 designation.

Ms. Cook stated the initial analysis was presented to Council and the Council at the time understood there would be carrying costs. More of the density was expected to occur north of 70th Street and utilities were coming up from the south. They had projected deficits in the Sewer Connection Fund that would have to be funded with other resources until north of 70th Street developed. When the interchange with Argenta and 494 went in, at that time it was thought to be 25 years away, that was 15 years ago. With the change in the development patterns and demand, that didn't happen.

Mayor Bartholomew asked if there was a number of the approximate density shortfall. Ms. Cook responded their thoughts for next steps is to do additional analysis such as:

1. Quantify the funding challenge at current expectations for density. Discussion would be needed as to what those expectations look like and make sure they are on the same page.
2. If that is what is going to develop, what the funding shortfall would look like. That would be compared to the current outstanding debt service, plus the cost of future extensions.
3. Depending on what that is, may want to look at other funding mechanisms besides developer fees. When relying on developer fees, the city puts in the improvement and pays for it. The city is taking the risk of development happening as planned, which obviously didn't happen.

She stated there are other funding mechanisms that do more risk sharing with the development community and landowners. Those have other downsides, and were not used back in 2007. This may be worth another conversation.

Councilmember Gliva asked for one example of the other funding mechanisms that had higher risk sharing. Ms. Cook responded they were working on a small area plan for south of 55 in the northwest area. There are three parcels of land, two are large parcels controlled by one landowner, the other is a small parcel of land. Serving those three parcels of land, Engineers have estimated it to be approximately \$2 million dollars in water and sewer costs. If the small parcel in the middle, which could possibly be the one ripe for

development, goes for development, that means the city would have to put in \$2 million dollars' worth of pipe and maybe collect fees on 50 units. That is a losing proposition. You cannot put in that pipe until the larger parcels develop.

She stated one of the ways to address that would be to put in the pipe and take all or a portion of the pipe and specially assess it against all the property owners. Then they can sell when they want to sell, but would have to pay for the pipe in the meantime because the value of their property has increased. Councilmember Piekarski Krech commented that also makes them sell which is why the original plan was not to do that. If assessing someone \$1 million dollars, they are not going to be able to hold onto the land. Ms. Cook responded that was the conversation had with Council back in 2006 when options were evaluated. Some of the other funding mechanisms may/may not meet those two goals if those are still the same two goals the Council has.

Interim City Administrator Rand stated Staff felt it important to give this introduction and revisit the issue. As laid out by Ms. Cook, she as Staff recommends moving forward with that type of analysis. It will take Staff and Ehlers time. It can be paid for within professional service fees. She believed they may need more than 30 days to pull the information together. It could be end of July when the Council would receive an update. The Council will continue to receive development proposals. If multi-family, she would ask Ehlers to do some financial review and analysis of their Performa and come back with recommendations.

Councilmember Piekarski Krech commented with a couple of those developments, when they wanted to go lower density, ask them to pay more. If wanting a lower density, they had to pay at a higher density rate. Ms. Cook responded they did that for Argenta, but it didn't happen for Blackstone. Mayor Bartholomew responded there were issues with Blackstone that ameliorated some of the lower densities, the easement was huge and involved overhead easement and in-kind trading.

Mayor Bartholomew suggested finding out where they are at, what is left to build, what funds are left, how to address the shortfall, where densities go, and who is paying for the shortfall. Interim City Administrator Rand responded Staff would work with Ehlers to prepare the analysis and bring it back before the Council at the second meeting in July.

Councilmember Murphy stated when talking about the development fees in the city and developers saying it's too high, if that isn't the actual decision made in 2006/2007. The city was going to make the fees higher to pay for northwest area development. Mayor Bartholomew agreed and stated development fees not in the northwest area were comparable to neighboring cities. Councilmember Piekarski Krech commented when looking at it in terms of the area and what the benefits were, Chanhassen is the next one that was high. Inver Grove Heights has way more than Chanhassen as this is closer to the metro area.

Councilmember Murphy stated after speaking to a couple of different Staff members the city is not tracking the density requirements needed in the northwest area. This is why he got the response of hitting the midpoint of the Comprehensive Plan, they should be fine. He was unsure of doing another study without having something to measure so they don't end up making the same mistake again. He stated he first

starting looking into this because he was concerned about the amount of retail in town and not much of the new development is about retail. He started asking questions and the response he got was how much density do we need to pay for the infrastructure. He didn't receive an answer other than hitting a midpoint. He was unsure of doing another study without knowing what they need.

Mayor Bartholomew tried to understand the question posed and asked if density needs were known. Councilmember Murphy asked what the actual density was because it would lead to the actual density needs. Mayor Bartholomew agreed and stated they are trying to determine the number needed and how far off they are. He stated the analysis had started, they know the what was in the ground and each project, and where they went year by year, some of the data has to be helpful. Ms. Cook responded this requires more thought, but there were two ways to approach:

1. Can say this is what it is going to cost. The investment they have to cover. It serves the land area and is the density they would have to have in this land area to pay for that. There is no density that is achievable that will pay for that.
 - a. If currently stopping to extend sewer and water, and built out what is servable, at the expected densities, what is the shortfall and determine how they would pay for it.
2. If wanting to expand and extend service, which would be required to continue to grow in the northwest area. Estimates would be needed about what those costs are. Growth estimates would be needed beyond that area. then they could say based on estimated growth, and estimated costs, this is a gap. If there is a gap.
 - a. To fill the gap, they would have to develop at "y" density, or have another funding source, or stop development. That is what she is forcing the analysis to do. If that is inline with what the Council would want to see, she suggests a timeframe longer than the end of July because they would need engineering input.

Mayor Bartholomew stated that directly describes what Councilmember Murphy is looking for. What to do to pay for the infrastructure and where they are with the goal. Councilmember Murphy agreed.

2. American Rescue Plan

Finance Director Amy Hove updated the Council on the American Rescue Plan beginning with:
Public Sector Funds:

- Fiscal Recovery Funds (FRF) is one provision, or "pot" of funding set aside within the American Rescue Plan and equals \$350 billion.
 - Money is set aside for states and Washington, D.C. \$195.3 billion dollars
 - Set aside for local governments. \$130.2 billion dollars (split 50/50 cities/counties)
 - Inver Grove Heights estimates (using 2019 Census) $35.672 \times \$105 = \3.75 million
 - Tribal Governments. \$20 billion dollars
- How this funding differs from CARES:
 - More dollars for our community (\$2.67 million versus \$3.75 million – estimate)
 - Strategic. Have a lot more time to plan/spend
 - Broader scope of allowable uses (infrastructure, revenue loss) Under the CARES dollars it couldn't be used for revenue losses. They have expanded to infrastructure.

Additional Provisions within ARP (above and beyond what cities/counties receive). All other dollars above and beyond the portion allocated to governments. A large number of dollars have been put towards:

- Small Business Assistance
- Public Safety
- Broadband for Schools and Libraries
- Utility Assistance

This is above and beyond what our community is receiving for city dollars. There are a lot of federal dollars going into these other programs. There is a need to know what is going on in all of the other areas so they do not duplicate efforts.

Timeline:

- On March 11th the law was enacted. They went back a week for covered expenses. Expenses can begin March 3rd.
- On May 10th the Federal Government was scheduled to disperse funds to the state. Those funds were just received a week or two ago.
- The State Minnesota Management and Budget Office is working on a process for cities to follow to request funds.
- Anticipate receiving the first half payment this month.
- Next year at this time, they should receive the second half distribution.
- When the guidance originally came out, they spoke about spend down by December 31, 2024. (The rules for Treasury Guidance have been relaxed. They have until December 31, 2024 to obligate/commit it to something).
- Have through year end 2026 (December 31, 2026) to actually spend it.

There are four categories of eligible uses:

1. Respond to public health emergency (public health and economic impacts)
2. Respond to workers performing essential work
3. Recover revenue losses
4. Investments in sewer, water, or broadband

Mayor Bartholomew commented if the infrastructure wasn't limited to sewer, water, or broadband, it could include streets. Finance Director Hove responded it is currently limited to sewer, water, or broadband. They are still waiting on more Treasury guidance to see if there are other options such as potentially recovering revenue loss and being able to apply it towards another use.

Finance Director Hove discussed:

Government Finance Officer's Association (GFOA) Considerations/Guiding Principles,

- Temporary nature of ARP Fund
- Scanning and Partnering efforts with ARP
- Take time and careful consideration

GFOA Considerations/Guiding Principles. Temporary Nature of ARP Funds:

- These are temporary. Do not create new programs or enhance current programming. There is a financial obligation once the funds are gone.
- Are very aware that a lot of organizations have revenue declines. They put a high priority on replenishing those reserves in the areas needed.

- Did not want the City to cover operating deficits because if there are internal issues with funding a particular operation, if using this to fill in, it was going to be gone in a few years. This is not the most ideal place to use this.
- Emphasis on infrastructure. Because it is a one-time use, it is well suited and a long-term asset. Be aware if creating or building an asset, that requires ongoing financial support.

Mayor Bartholomew asked if it was for new or existing infrastructure. He asked if it was paying for debt or paying for something that hasn't been in the ground yet. Finance Director Hove responded it's not for paying debt. It can be used to replace if bonding for water, sewer, or broadband project, these funds can be used instead.

- Consider regional initiatives including partnering with other ARP recipients.
 - For example: Neighboring Communities, County, Schools, Cities and their programming.
 - Be aware of what programs are out there. Not duplicating efforts or resources already in place at the State level.
 - The schools or transportation agencies are already receiving funds from this.

She stated one of the things learned through the CARES Act was they wanted to help small businesses. There was limited time, they rushed trying to get small business and non-profit assistance moving forward. Between the County and cities, they felt they stumbled over each other. This time around they wanted the city to have an opportunity to work with the County closely and not rush forward until understanding what else was out there.

GFOA Considerations/Guiding Principles. Take Time and Careful Consideration:

- The money would be given over two years, two payments. The city has five years to spend it, three years to obligate it.
- Recommendation is that there will be other Grant programs offered. If there is an opportunity to apply for a large Grant, use those funds first and save these as "last use" when possible. It's recommended spreading it over the qualifying period. There is no hinderance to spending it all on one project or a particular area.

Mayor Bartholomew asked when obligating, if they could change the obligation. He asked what the rules were. Finance Director Hove responded she has not noticed any rules on that. They may run into trouble if obligating it and it's after December 31, 2024. And then trying to change their mind. Up until 2024 the decision making could be fluid, as long as a Contract has not been signed.

What's Next:

- Planning
- Analysis of revenue loss
- Wait on additional Treasury Guidance (public comment period on interim rules closes July 16, 2021)
- Continued discussion with community partners. Trying to stay engaged with public partners to make sure they are not duplicating those efforts and making good recommendations and decisions moving forward.

Mayor Bartholomew commented when the City receives the funds, there would be rules as to how to preserve the principle. It would be closely watched. Finance Director Hove responded they would probably do what they did with CARES Funds and create a special revenue fund. She said they are still waiting to hear from the Minnesota Management Budget Office on what process to follow. There has been discussion about a certification they need to make and whether it requires a Resolution or not. This is something Staff can put through paperwork. Staff would continue to provide updates in the Council's Friday updates if something comes up or if they need to bring something back to Council for approval.

Mayor Bartholomew believed there may be a mechanism to record any earnings on those funds. Finance Director Hove responded that is what they did with the CARES Act. When the city allocates interest, they allocate it based on the fund balances within each of the funds. She stated they are getting enough money so they will be single audit eligible again.

Councilmember Piekarski Krech asked if there were any estimates on the tax revenue coming in from the County. Finance Director Hove responded tax revenues were solid last year. It was estimated at a 5% loss, then dropped to 3%. They felt normal at year end. The items the County offered allowed people to make that payment. If escrowing as a part of the house payment, the money is set aside. Councilmember Piekarski Krech commented that would be their biggest revenue loss. Finance Director Hove stated the schedule for disbursements was received from the County. The city could receive their first distribution around July 1st.

3. Food Truck License

City Clerk Rebecca Kiernan discussed Mobile Food Units (Food Trucks). Conversations have been had with Staff. She gave the following overview:

A Brief History of Food Trucks:

- “Chuckwagons” started by Charles “Wagon Chuck” Goodknight. Fed cattle drivers.
- 1880’s “Lunch wagons” became more common.
- 1930’s Motorized versions replaced food wagons.
- 1950’s Army food trucks were repurposed for food sales.
- 1970’s taco trucks became common.
- Current trend starting in 2008 with the Kogi BBQ truck in LA.

Food Trucks in Minnesota:

- Allowed in St. Paul since the 1980’s.
- Local trend started in 2008 with Chef Shack truck.
- Minneapolis had 10 licensed food trucks in 2010.
- Trend took off around 2011.
- Going strong today:
 - Food trucks in cities
 - Food truck rallies
 - Food trucks at events
 - Minnesota Food Truck Association

Setting up a Food Truck Business: Requirements:

- A food truck can easily cost \$25,000 to \$100,000 or more:
 - Food trailer
 - Food truck
 - Generator to power the truck
- Access to a commissary/affiliation with existing restaurant
- State licensure (began in 2020)
- Local licensure (discussion this evening)

Why People Love Food Trucks:

- Interesting food
- Affordable
- Convenient

Why People Hate Food Trucks:

- Restaurant Owners: unfair competitive advantage
- Other business owners: traffic and other negative side effects generated by Food Trucks impact their business
- Take up parking spaces in busy commercial districts, impede public streets

State Statute Regulations:

- Minnesota Statute Chapter 157 (regulates food, beverage, and lodging establishments)
- Minnesota R.P. 4626 the “Food Code” (Food Managers Department of Health)

Fire Safety and Health Codes:

- In 2020 the Minnesota State Fire Code was adopted and started regulation of Mobile Food Preparation Vehicles
- Inspections still need to be made by the local authority

Definitions:

- Food and Beverage Service Establishment. Means a building, structure, enclosure, or any part of a building, structure, or enclosure used as, maintained as, advertised as, or held out to be an operation that prepares, serves, or otherwise provides food or beverages, or both, for human consumption.
- Mobile Food Unit. Means a food and beverage service establishment that is a vehicle mounted on wheels or a cart. Motorized, non-motorized, or trailered
- Seasonal Permanent Food Stand
- Season Temporary Food Stand
- Special Event Food Stand

State Licensing:

- The State requires food and beverage service establishments be licensed
 - License is required annually
 - Licensing process is a multi-step process
 - Individual must make application
 - Pay required fee
 - Receive approval for the operation, including plan review (Special event stands are not required to submit plans)
- Mobile food units, food carts, and temporary food stands shall be issued decals with the initial license. This is normally done by the State
- Licensing depends on jurisdiction/menu

- Minnesota Department of Health
- Delegated Agency
 - City or County Health Department
- Licensing Process:
 1. Submit a Plan Review Application with fees, obtain approval from Minnesota Department of Health or local public health agency
 2. Upon completion of construction, complete and submit license application. Separate fee required for the license
 3. Schedule pre-operational inspection

Constructional Guidelines:

- All food storage and preparation must take place in the food truck or at a permanent approved food establishment
- At least one handwashing sink with hot running water
- Equipment must meet various certifications (certifying groups)
- Adequate ventilation
- Protected water inlet
- Wastewater holding tank (required to be discharged into a sanitary sewage system, cannot dump on ground or into storm sewer).

How should a City Address the Regulation of Food Trucks:

Questions That Arise:

- What can cities do to regulate food trucks in their community
- Where can food trucks be located and make food sales
- Where can you park a food truck when it's not in use
- What conditions can be imposed on a Licensee

Where Can a Food Truck Operate:

- Operate anywhere in the city or a specific district
- In conjunction with an event with prior approval from the city
- As an accessory use to a Taproom, Winery, Distillery, or Cocktail Room
- In specific districts:
 - Can create various districts or designate areas where food trucks may park on public streets
 - May also limit hours of sales by location
- Residential Districts:
 - Special Events: Graduation parties.
 - Limit to catering purposes
- City Parks
 - Limits on number of Food Trucks
 - Limits on where Food Trucks can park
 - Prohibit Food Trucks in parks where concession stands operate
 - Additional permit required from Parks and Recreation

Zoning Regulations: Adding Limitations:

- Locations on Public Streets:

- Buffer zone
- Prohibit on sidewalks
- Sell items on the sidewalk from where they are parked
- Limit to operation when the street is closed to all non-emergency vehicles
- In proximity to community/permitted events unless authorized by event sponsor
- Limitations on sales in parks
 - What parks are Food Trucks allowed to sell in
 - Issuance of additional permit (could be one day, limit to two per location per day, can restrict when applying for the permit)

Food Truck Licensing:

When Can Food Trucks Operate:

- City may want to establish hours of operation
- Hours of operation may vary by location

Additional Licensing Requirements and Considerations:

1. Passage of an annual fire safety inspection by the Fire Department
2. Prohibit amplification of sounds to draw attention to the vehicle
3. Address signage, including additional signage located on sidewalks adjacent to the Food Trucks
4. Require generators be self-contained, screened from view, and operating at no more than 70 decibels
5. Require vendor to provide waste receptacles and clear site of all garbage
6. Require licensees to operate in connection with a licensed commercial kitchen
7. Require written consent from property owner where Food Truck sales will be conducted
8. Consider different licensing requirements for vending freshly prepared food and pre-packaged food such as ice cream bars
9. Review interplay with existing transient merchant regulations

Insurance: Required Liability Insurance:

- Personal injury and property damage
- Commercial general liability
- Automobile liability
- Food products liability
- Workers' compensation
- \$1,000,000 against liability for bodily injuries
- \$1,000,000 against liability for damage or destruction of property
- Require the city be named as an additional insured if the Food Truck operates on public property

City Licensing and Regulation of Food Trucks:

- Annual License: allows operation year-round
- Temporary License: allows operation for a set number of days each calendar year

Food Truck Licensing – Fees by City:

1. Apple Valley \$183/year
2. Burnsville \$500/year or \$55/day
3. Hastings \$225/year or \$30/day
4. Lakeville \$150/year or \$50/day
5. Rosemount Approved May 2021

Why Should Cities Be Concerned with Food Trucks:

What is The Worst That Can Happen:

- Lakeville, MN: March 2015. Food Truck exploded in Lakeville. Wasn't supposed to be parked there. 11 homes were directly affected, blown out windows, damaged doors, and cracked walls. Nobody was injured.

How Should a City Address Food Trucks:

- Regulate through licensing
 - Provides additional control and flexibility
 - Violations subject to license revocation or suspension
- Address issues related to where Food Trucks can be parked when not in use

Proposed Licensing Process Steps:

1. Meet with the City Clerk to go over application
2. Submit documents for plan review and fee
3. Set up and appointment with Fire to conduct an inspection of the mobile food unit
4. Correct any violations from the inspections
5. Find a location to operate in Inver Grove Heights
6. Submit license and fee for approval
7. License approved. Ok to open and start selling food

City Clerk Kiernan stated there are several vendors parked in parking lots that are not regulated by the city. This gives the opportunity to see if they are up to Code.

Councilmember Piekarski Krech asked if State Regulations require most of the items being requested such as liability insurance. They have to have a state license. She referenced an article that appeared in the newspaper about one city that was not licensing Food Trucks anymore because they felt it was too much Government interference. Two businesses in town currently have Food Trucks. She asked if there has been an issue with them. She has only noticed them in the city when Gertens has Hometown Meats there or at the City Food Truck event. There is a truck in the Southview Shopping Center. She stated West St. Paul has them in the MGM parking lot all the time now. There was one at a Church. She was curious to see what some of the other places were doing and what the fallout has been. City Clerk Kiernan responded she has received a complaint from a brick-and-mortar business that there was a taco truck behind the Ace Hardware area.

Councilmember Gliva agreed there has been one in the Home Depot parking lot. Councilmember Murphy commented the city is assuming he is licensed by the State of Minnesota and isn't watching that closely. Councilmember Piekarski Krech said they are on private property. City Clerk Kiernan responded regulations would allow Staff to see that they have permission from the property owner to be there. Councilmember Piekarski Krech stated in a situation like that where there isn't a restaurant those businesses like to have something like that there.

Councilmember Gliva asked if South St. Paul has regulations for Food Trucks. City Clerk Kiernan responded she did not check South St. Paul, but did check Dakota County as to who had Food Trucks. She didn't believe South St. Paul did but would check.

Mayor Bartholomew asked what the baseline is if he wants to bring a Food Truck to the Community Center. City Clerk Kiernan responded it has a state license and an application to go through the Parks Department for the community. Councilmember Piekarski Krech asked what the rules were for a situation such as, the Mayor wanting a Food Truck in front of his home for a graduation party. City Clerk Kiernan responded they are not currently stopping it. Mayor Bartholomew did not believe it could be stopped if it were in his driveway. He was unsure it could be required to see the license.

Councilmember Murphy suggested a regulation on cleaning up their mess be at the top of the list. Councilmember Piekarski Krech asked if they have had problems with the one parked at Southview Shopping Center. City Clerk Kiernan responded she has not received any complaints. Mayor Bartholomew suggested being mindful of the brick-and-mortar merchants that have spent a lot of money to open a store/restaurant.

Councilmember Dietrich stated she reached out to the Chamber and the CVB (Convention and Visitor's Bureau) to see if restaurant owners in that group had any complaints. They did not. She suggested keeping open communication with what local businesses have to say. City Clerk Kiernan responded there is an email going out to the Chamber and she would be following up with the Minnesota Food Truck Associations to see if it was worthwhile to pursue.

Councilmember Dietrich requested being aware of what the direct bordering cities around us are doing. She doesn't like to be a solution looking for a problem.

City Clerk Kiernan commented the City of Rosemount just passed theirs because they were having issues with a couple of the vendors.

Mayor Bartholomew stated the dilemma is when catering to a private property and coming in with a truck selling soft serve and hot dogs out of the truck, but on someone's property, is it a caterer or a Food Truck. City Clerk Kiernan said she has also received calls about Ice Cream Trucks. If not making the food in the truck, is it considered a Food Truck.

Councilmember Piekarski Krech asked if Ice Cream Trucks were licensed the same way. City Clerk Kiernan responded Ice Cream Trucks are not because they are not making food. Councilmember Piekarski Krech asked if they have some type of licensure. They should have Tax ID, and something from the Health Department. City Clerk Kiernan was unsure of the licensure.

Councilmember Piekarski Krech stated Safe Pops used to sell at the market and operated a Cottage Food License to sell there. City Clerk Kiernan responded there was a brick and mortar they were able to sell off of.

City Clerk Kiernan asked the Council if they had any directions, if there was a need to do Food Trucks, or if more information was needed. Councilmember Piekarski Krech asked if they can keep track of some of them. She asked if there are others that appear around town regularly. She does not want to interfere with the two businesses in town that run Food Trucks frequently.

City Clerk Kiernan clarified the request stating she would:

- Look to see what neighboring cities have had for complaints.
- Track current trends for Food Trucks.
- Inform the Council of the results.

Councilmember Piekarski Krech stated she has nothing against licensing them, but was unsure what they would be getting themselves into. Mayor Bartholomew commented his sense was if there wasn't a problem, and can regulate by asking them for a State License, staying on that path. If hearing from business owners about a Food Truck parked without permission, there could be an issue.

Interim City Administrator Rand said she was thinking about some of the inquiries she has received on this topic, for example, the vehicle parked by Aldi's. There are also inquiries from Food Truck businesses asking if they need to get licensing in the community and if not, why. It is nice that they want to comply. When she worked in Duluth, that Council wanted to tightly regulate where Food Trucks and Stands were as there was some infringement on brick-and-mortar restaurants and was getting out of hand. She believed it depends on the community. For now, she was more concerned about how this could be managed with parks because they are starting to get more requests from vendors that would like to set up at the parks and want to be sure to be on top of it.

Councilmember Piekarski Krech asked if a fee can be charged to be in the parks. Interim City Administrator Rand responded they currently charge a fee. They want to be sure they are staying up to date with that. She appreciated that Council didn't want to over-regulate something, Staff is limited. The largest concern is to make sure the brick-and-mortar restaurants are being trampled on.

Interim City Administrator Rand stated the example of the food truck located by Home Depot, is likely a draw due to there not being a lot of restaurants in the specific area. She let the Council know that in the Arbor Pointe Shopping Commercial District there is actually a Planned Unit Development Agreement that says no Food Trucks may be located there. Some businesses have requested them, but Staff has had to say no. Restaurants located there are probably appreciative of that. She stated there have been some "pop up food vendors" such as mini donuts at the Ace Hardware location. Things pop up where it's just a day here or there. That will likely continue. If restaurant owners have concerns, they should let the City Council and Staff know.

Councilmember Gliva asked about Food Trucks in parks. She is involved in many Athletic Associations, it's a big deal to come to an event. They use a lot of those funds for the athletic groups, especially when there are big baseball tournaments. Food Trucks could be an issue. From her own personal experience, some of the things that have been done is the Food Truck donates part of their proceeds. She felt this was something that needs to be looked at. Interim City Administrator Rand responded they have noticed those arrangements in the past. The Parks and Recreation Staff has let them know that there is talk of alcohol beverage trucks that are starting to make the rounds in various states. If that happens in the Minnesota, it would be something else to determine what is appropriate for the Community.

4. Police Radio Purchase

Police Chief Melissa Chiodo discussed Police Radio's stating they are switching to Encrypted Police Radio's in Dakota County. This decision was made before she began working with the city. The deadline was bumped up to go into full encryption in 2022.

Why is Encryption Important For Police Radio's:

- After September 11th, they learned that terrorists listen to Police Radio's .
- Everyday citizens listen to the radios and may show up at scenes and can prevent Police and Fire Trucks from getting there.
- Protestors have been listening to scanners. They listen to what the Police are doing and show up. This can make it hard for Law Enforcement to do their job as well as Ambulances and Fire Trucks.
- Police talk about things on the radio that is private data such as:
 - Juveniles. Names and date of birth are discussed and people are hearing it. People may not want names announced on the radio if involved in something tragic.

Due to this Law Enforcement is switching to all encrypted radios. They would like to do it in 2022.

Scanner Chasers:

- Gangs listen on Police Radios.
- The public will not be able to listen to the call and cannot hear the private information being shared.

Dakota County Encryption:

- Dakota County Communications will switch to full encryption for Law Enforcement in 2022.
- Starting in 2021, Inver Grove Heights Police put encrypted radios into newly built squad cars.
- Approximately half of the existing fleet will need Encrypted Mobile Radios (7).
- Forty-four portable radios need to be replaced.

Agencies in Dakota County That Have Already Gone Fully Encrypted:

- Apple Valley, Sheriff's Department, Farmington, Lakeville, Burnsville, Eagan, Rosemount, and Hastings (almost complete).

Agencies in Dakota County in The Process of Switching to Fully Encrypted:

- Inver Grove Heights, South St. Paul, Mendota Heights, and West St. Paul.

Inver Grove Heights Radio Needs:

- Portables
 - 44 Handheld Radios (have 6)
 - 44 Chargers
 - 16 Spare Batteries
 - 47 Remote Speakers (microphone that goes from radio up to shoulder)
 - Programming
 - Antennas
 - Accessories
 - 3 Year Service Plan
- Mobiles (in the squad car)
 - 7 Mobiles
 - Accessories
 - Programming
 - 3 Year Service Plan

Portable Radio Costs:

- Radio's current pricing: \$4,269.53 each (must place order by June 11th to get sale price)
- Radio pricing after June 11, 2021. \$4,419.53 each
- Radio pricing after December 31, 2021: \$4,819.53 each
 - The Police Department has been setting aside money into their budget for the last couple of years for Police Radio replacement. Unfortunately, the timeline has been sped up. Currently they have almost \$98,000 set aside.
 - Total radio replacement cost in 2021 is \$246,565.30.
 - Additional funding needed is \$148,992.80.

Funding Options:

She has worked with Finance Director Amy Hove about how to pay for this.

- In January 2121 it was approved to close the Equipment Acquisition Fund (401 Fund).
 - At that time the fund had \$120,000 committed for Weather Siren Replacement.
 - After that the final balance is \$408,000. This amount was transferred over to the Central Equipment Fund. That is available for this project and could pay for the remaining \$148,000.
- General Fund Balance.
- 2022 Budget.

Implications of Not Purchasing Radios Now:

- Base costs will increase January 1, 2022, and continue to go up in cost.
- Current sales promotion ends on orders not placed by June 11, 2021.
- By January 1st the same order will cost \$25,000 more.
- Inver Grove Heights Police will not be able to communicate with Dakota County Communications (Dispatch) or other Law Enforcement Agencies.

Old Radios:

- Repurpose radios for use by Police Reserves, Public Works/Parks and Recreation and the Fire Department.
- Public Works and Parks and Recreation will be able to communicate with each other and can still talk to Police on car-to-car channels during winter storm/plow events.
- Police can communicate on a non-encrypted channel with Staff.
- Police will be able to communicate on a car-to-car channel with the city Police Reserves during all of the events they work.

She has a full bid from Motorola, the ones that provide the Police Encrypted Radios.

Councilmember Piekarski Krech asked if they could trade in the radios like it has been done with other equipment. Police Chief Chiodo responded they can't with these radios because everyone is going to encrypted. The only way they would be good is for internal use.

Councilmember Piekarski Krech asked how long the new radios would last. Police Chief Chiodo responded the new radios come with a three-year service plan. As long as they are taken care of and have a radio shop that can repair them. Current radios are very old and they keep repairing them. Some of the radios could be up to 15 years old. They don't have the technology to encrypt them so they became useless. Councilmember Piekarski Krech thought when Paul Schnell was with the city, he got all new

radios. Police Chief Chiodo responded some new radios, not all. Some of the new ones are now outdated. 6-8 radios were encrypted when they were purchased then, so that is why the request is for 44. Two Supervisor's and three SWAT Members currently have encrypted radios.

Councilmember Murphy asked when the radios are received if they are used the next day, or if the squads would be out of service and fitted. Police Chief Chiodo responded as they receive them, they will have a radio replaced. The way they do it with current radios is Supervisors pull them out and run them to the radio guy. He fixes them, and recently tested to see if they could be encrypted. Radio's can go to the shop and return within a day or two. They would bring a couple in at a time. She stated their priority is the handhelds first so they can communicate in and out of the car. Radios would be programmed right away and then distributed.

Mayor Bartholomew stated they are \$150,000 short. He asked if they were still within the parameters for access with the General Fund. There are sources available. Finance Director Hove responded the General Fund, Fund Balance Policy recommends between 40-45% of the future years expenditure. They are definitely within that and coming in a little bit over that at the end of 2020. With some of the 2022 budget challenges they are going to be facing, that is why they have gone with identifying the excess funds in the old fund that was closed.

Councilmember Dietrich referenced the Equipment Acquisition Fund and asked what other things that money would be earmarked for, and if it was just for the Police Department. Police Chief Chiodo responded she was only asking for police radios and the weather sirens with \$120,000 set aside. It ended up coming under cost. She didn't anticipate asking for anything else out of that. Councilmember Dietrich asked if other departments have made asks. The response was no.

5. Weather Siren Upgrades

Police Chief Chiodo updated the Council on weather sirens. One thing she discovered when talking about replacing weather sirens was that people didn't understand what a weather siren is for. She has received a lot of calls. Weather sirens are not designed to be heard within a home. They are called outdoor weather sirens and are to alert people that don't have access to a TV or a weather radio. It's for those outside in the parks, golf course, outside a school, to alert them that they need to take shelter.

Weather sirens fall under the Police Department. It is their responsibility to maintain them, the monthly electric bills, and cost of repairs. Just having a call out to repair, even if nothing is repaired, is \$500.00 each time. The sirens are older and recently did a full inspection with the company to see what shape the weather sirens are in, what needs to be repaired, so a comprehensive exam was done. Two spots were identified where weather sirens are needed.

A diagram was shown of current weather siren locations and their coverage area. The city currently has six. There are two areas that have huge gaps in coverage:

- South on Highway 52 has an Elementary School at it. There are no sirens they can hear. What takes place is a Staff member from another school would call that school and let them know the weather sirens are going off.
- The second area is up by Inver Wood. There has been development and parks will be going in.

Current Siren Locations:

- Rich Valley Sports Complex. Put in 2007, has solar power.
 - New sirens would have solar power. Helps with not having to pay an electric bill.
 - Has a backup battery if solar fails.
- Police Department. By the City Garage. Installed in 2010.
- Oakwood Park. Installed in 2006. Moved in 2007.
- Hilltop Elementary School. Installed in 2007. This one has solar backup.
- Fire Station #3. Installed in 2009
- 8740 Alverno Way. Installed in 2008. Has solar power.

The Problem with These Sirens When Reviewing Them:

- The one in Fire Station #3. Someone went up and drilled a hole through the box. Water got in; things were corroded. They were lucky if the battery would have worked for one more siren run.
- None of the sirens communicate with each other and cannot be monitored from City Hall. Every month squad cars are called to sit next to every siren, they have to turn it on, stand and look at it, make sure it rotates, listen to it, and then call the Station to tell them its working. This takes time.
- One of the current weather sirens had a battery in it, no back up, no electricity.
- Another other one was only on electricity, when there is a power outage, it wouldn't work at all.

A lot of problems were found with the old ones. They were unable to get up there and get in the boxes and didn't have the knowledge.

Two Locations to Place the New Sirens:

1. Pine Bend Elementary School closest to Cahill Avenue.
 - a. They do not have to pay any money to place it there.
 - b. Work with the School on it.
 - c. If for some reason the property ever changes hands, they are working with the School to get something in writing for the City Attorney to look over to ensure if it ever changes hands, that siren stays in this location.
2. On Inver Wood Golf Course west of the entrance. Area where mulch is stored.
 - a. Because it is city property, do not need to pay to put it there.
 - b. No land needs to be purchased for the two sirens.

Current Siren Updates:

After doing an inventory on current sirens, items needed:

- Solar Kits on three existing and two new sirens
- Battery Cabinets
 - Keeps weather and birds out
 - For the two new sirens, had to pay more for Woodpecker proof poles. They had some poles the Woodpeckers were destroying.
- Control Boards
- Software Package to run and connect all sirens
 - The old ones will connect with the new ones
 - Monitor all with a computer remotely
 - Will no longer need Officers to go out and sit by the sirens to make sure they are working
 - Extended warranty

- Total updates: \$40,136
- The two new sirens are:
 - 2-130 decibel rotating sirens
 - Come with full charging systems, antenna's, all supplies, installation, warranties, and shipping
 - Total purchase price: \$63,301

Total Cost to Purchase and Update:

She stated the request was before the Council to purchase these at a cost of approximately \$120,000.

- Total cost to purchase and install two sirens: \$63,301
- Total cost to update/repair six sirens: \$40,136
- Total Cost = \$103,437

Funding Source:

- \$120,000 earmarked out of Fund 401
- Needed \$103,000 of the \$120,000
- It came in \$16,500 under what was initially requested

Implications of Not Updating or Purchasing New Sirens:

- Pine Bend Elementary School would not have a weather warning siren. Kids, Staff, and Community groups use the school grounds and surrounding area. Now they will have a weather siren.
- Settler's Ridge and other new homes and future parks in the northwest corner. Those areas will now be covered by a siren.
- Current sirens needing repairs would have failed if they had not paid for the upgrades.
- Officers have had to sit there and watch them to make sure they were working.
- Old sirens no longer had a warranty on them. Every time the company came out for a repair, it was \$500.00 to come out and look at them.
- Only one company does this in this region.
- Minnesota ranks 5th in the Nation for tornadoes during the month of June. They are 1st in the month of July, and 3rd in the month of August. This does not include storms with straight line winds.
- Weather sirens save lives

Councilmember Piekarski Krech referenced the Inver Wood location and asked if it wouldn't be better to locate it more to the west. Inver Wood has their own siren system. She believes the homes further out would need it. They can ask developers or use a city drainage easement for the pole. Police Chief Chiodo responded they could have them look again. It's based on a pattern, how the wind is going, where the sound carries, and topography. They can see what would happen if it's pushed over further. She questioned if land was needed, if they could acquire it quick enough to get the siren installed due to the bad weather season coming up.

Councilmember Piekarski Krech stated unless Eagan has put sirens in recently, that part of Eagan is not covered by weather sirens. Police Chief Chiodo responded they could look at it, but moving it over could create other gaps elsewhere. This may not be the end of sirens as the city develops, they may have to add more. Councilmember Piekarski Krech suggested checking Eagan's siren locations.

Councilmember Dietrich thanked the Police Chief for mentioning that they are outdoor sirens. She hears it a lot. Police Chief Chiodo responded most people do not know this.

Mayor Bartholomew stated the area by the Golf Course is already covered. It would only add a quarter of the circle to the west. He felt the location had a lot of duplication. Police Chief Chiodo responded there wasn't much overlap for that siren compared to others. This would be looked into further.

Councilmember Piekarski Krech asked how it was determined if they can be heard. Police Chief Chiodo responded they know based on how far the reliable distance is that they can be heard, and based on the direction sound travels. Councilmember Piekarski Krech suggested putting it higher up on a hill so it broadcasts better.

City Attorney Bridget McCauley Nason stated there is a Special Meeting that begins at 8:00 p.m. Council can adjourn the Work Session and at 8:00 can begin the Special Meeting.

B. Adjourn:

Motion by Piekarski Krech second by Gliva to adjourn the meeting at 7:58 p.m.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Recording Clerk Sheri Yourczek.