

**INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
MONDAY, AUGUST 2, 2021. 6:00 PM - 8150 BARBARA AVENUE**

A. CALL TO ORDER: The City Council of Inver Grove Heights met in person for a Work Session on Monday, August 2, 2021. Mayor Bartholomew called the meeting to order at 6:00 p.m. The Pledge of Allegiance was recited.

Roll Call: Mayor Bartholomew; Council Members; Piekarski Krech, Dietrich, Murphy, and Gliva; Community Development Director/Interim City Administrator Heather Rand, City Clerk Rebecca Kiernan, Police Commander Josh Otis, Finance Director Amy Hove, Interim Public Works Director Klay Eckles, and City Attorney Bridget McCauley Nason.

Also Present: Jessica Cook - Economic Development Advisor, Ehlers Public Finance; Brad Schieb - Vice President, HKGi Planning.

1. False Alarm Presentation

Police Commander Josh Otis oversees the Administration Division for the Police Department. He presented the following relating to the False Alarm Management Program within the Police Department:

False Alarms:

1. Intrusion - normal break into a residence.
2. Robbery - at a business or home.
3. Medical - medical alarm. Alert type bracelets/necklace.
4. Fire - businesses and apartment complexes.

When responding to alarms found to be false, notices (sticker/post it) are left so the person/business is aware there was a response.

- Most alarms are false.
 - Human Error - a majority of them are due to human error. Forget to turn off alarm.
 - Environmental Error - weather events causing power outages. They do not call weather events a false alarm. It is known to be an Act of God people cannot be accountable for.

2020 False Alarms Stats:

- 735 Total False Alarms. Everyone gets a letter or warning for a false alarm.
- 203 = 1st Letter
- 32 = 2nd Letter
- 298 Billable
- 202 Not Billable (could have been cancelled, alarm company calls to cancel, or weather related)

Updating our False Alarm Program

- Update Ordinance. Tried to update the Alarm Ordinance in 2019 because the current Ordinance is not strong enough to be able to seek compensation/cost recovery for false alarms. Currently have the ability to:
 - Issue a warning for the First Alarm
 - Issue a warning for the Second Alarm
 - Third Alarm is a \$100.00 cost recovery
 - Fifth Alarm is a \$200.00 cost recovery
 - Sixth or more Alarms is a \$300.00 cost recovery

Invoices can be given to businesses or residents. If left unpaid, there is nothing that can be done as a city because the Ordinance doesn't specify that they can do anything if there is no payment.

- External False Alarm Management System. This is a business where all they do is manage alarms.
 - Take Registration
 - Daily Alarm Tracking. All current information from the Inver Grove Heights computer system would go into their system. They can monitor to see if:
 - Warning Letters need to be issued.
 - Billing/Cost Recovery. When doing a billing letter, they also assist with recovery cost.
- Reducing Staff Time

Ordinance Updating

- In 2019 a Draft Ordinance process had begun and was presented to the City Council for the First Reading. Ordinance Updating Issues:
 - The Pandemic
 - Billing and Collection. Very difficult to determine a best model for billing and collections.
- Police Department Staff has been reaching out and collaborating with different organizations:
 - The Security Industry Alarm Coalition (majority of alarm organizations across the nation have a Coalition making sure Best Practices are being presented to private homeowners and/or businesses).
 - PM AM Corporation (false alarm management provider that would help manage the cities false alarms).

PM AM Corporation

Key Points:

- 16 years of false alarm management
- Reduce False Alarms. To those that join their services
- Increased Compliance. With all cities that have joined
- Leverage Best Practices. Review practice on a yearly basis to ensure they are not missing anything.
- Provide a program worthy of the city's brand. They don't want to put anything out there that would harm the reputation as a city or harm their reputation as a business.

False Alarm Management System:

- Customizable to city needs
- Zero out of pocket costs for the city. Recoup costs through their recovery assets.

If continuing with the current Ordinance, the Corporation would take a percentage of the cost they recoup from businesses/residents and the city would receive the residual.

- Community Outreach. Make sure Best Practices are being used for each individual person/business.
- Alarm Tracking and Monitoring. Staff would no longer have to do this. Officers will still respond to alarm calls.
- Cost Recovery. The collection.
- Appeal Process. If a business or resident feels the false alarm should not be billable.
- Monthly Financial Reconciliation. Reconciles everything monthly with the Finance Department.
- This company deals with 500 plus Police Departments across the Nation.
 - Would be the first city using this in Minnesota.
 - Majority of clientele have a larger city population.
 - Inver Grove Heights is in the middle. The company has some lower and higher than our population.

When the Police Department went to a presentation given by PM AM Corporation, they took the false alarms calls the city received in 2020 and projected it over the next three years:

- \$120.00 per call for the Officer to go out, the equipment to go out, Staff time behind the scenes with the records team consolidating and organizing fees associated with false alarms.
- If keeping the same pace over the next three years it would cost the city \$264,000.
- National Average:
 - 97% are false alarms. Normal for Inver Grove Heights.
 - 25 minutes' worth of time for an alarm call.
 - Officer's going out
 - Make sure business is secure
 - Staff time after

Councilmember Piekarski Krech asked what the company does. Commander Otis responded Officers would still be dispatched to calls. The Corporation would take down the information behind the scenes, such as registration,

collections with warning letters/collection letters, help get fees into the city based on Ordinance language, answer phone calls (Monday through Friday). Questions can be sent to them by email or phone.

Councilmember Piekarski Krech asked if they have interacted with them before, or with other Police Departments. She commented she was leery about there being no presence in Minnesota. Looking at their website with where they started out makes her hesitant. Commander Otis responded he reached out to their Staff today and just received references prior to this meeting. He would be reaching out to the following Communities to check on how things have been going with the Corporation:

- Council Bluffs, Iowa has a population of 62,000.
- Selena, Kansas has a population of 47,000.
- Saginaw, Michigan has a population of 48,000.

He stated they are also dealing with Houston, TX, and Beverly Hills, CA. Higher population cities that have noticed a reduction in false alarms.

Councilmember Piekarski Krech asked if they were nationwide or aggregated. Commander Otis displayed a diagram with locations where this is being used. Those depicted in red are using the False Alarm Management System, blue is a combination of the False Alarm and Human Contract Management side of their business.

Councilmember Murphy referenced the complimentary assistance with rewriting Code for enforcement reasons. He asked if they looked at the current fee and believe that would work for their business model. He asked if the company takes a certain percentage with the rest going to the Police Department. Commander Otis responded the Organization provides an Ordinance template. If the Council wishes to go that route, the Department will bring that before the Council and compare it to what is currently in the Ordinance. The Corporation also has a fee schedule that is in line with their Ordinance. Compared to their fees, Inver Grove Heights is heavier with \$100 for the first violation, \$200 for the second, and \$300 for five or more. Their company doesn't go as steep as that but does have a registration fee that helps offset costs to have them manage this for the city.

Councilmember Piekarski Krech asked what their charge was. Commander Otis responded they charge the city zero dollars. There is a percentage they take out of the recovery cost. If keeping the current Ordinance, they would do a 75/25 split with the city. They take 75%, the city gets 25%. If going through an Ordinance revision and their Best Practices, the percentage changes to 70% for them, 30% to the city.

Councilmember Piekarski Krech asked how that works with going after people with unpaid bills. She was concerned about the public's perception. If violating a city Ordinance, this company comes after them and that goes back to the city. She said it was an interesting business model.

Councilmember Gliva asked about the registration fee, who registers, and for what. Commander Otis responded the current Ordinance has a registration requiring everyone with an alarm to register. People register with the city through a portal or website specific to Inver Grove Heights.

Councilmember Piekarski Krech suggested making sure to look at what their Data Practices are. She said they are not a city organization and would be getting a lot of very personal information. She would be concerned about security. Commander Otis responded the city would require they follow our Data Practices. Councilmember Piekarski Krech understands in this day and age everyone seems to have information. This gives information and data that probably isn't public but allows their company to use it. She suggested when checking references to check on data breaches and how they make sure unauthorized people are not able to access.

Councilmember Dietrich questioned if any are outsourced outside of the United States. Commander Otis responded they are not. It's Texas based with encrypted data.

Mayor Bartholomew stated it is an interesting idea. He said the perception is if something goes wrong the city sends a bill collector out to residents. He understands the need, it takes a lot of resources to answer calls. He suggested having someone check in with the Minnesota League and see what their standing is on this because there is nobody else in Minnesota using this model. He said he would like to hear something from Legal as to what barriers the city sees as far as collection enforcement and how those ties into Government Agency, or the one that makes/produces Ordinances. Looking at the map of locations that was displayed, Iowa and Chicago were the closest, there was a reason for that, he would like to find out what that reason was.

Councilmember Dietrich asked how the current registration works, there is no current fee. Commander Otis agreed there is no fee. She questioned if implemented, if residents would pay a different fee than a business entity. Commander Otis responded everyone pays the same fee. It's based on what the Council would like to do. The Corporations Draft Ordinance language states if a business or resident registers and has zero alarms, no fee is paid the next year.

Commander Otis stated he would get answers to questions and report back to Council.

2. NWA Planning Review Presentation

**Given by: Heather Rand - Inver Grove Heights Community Development Director
Jessica Cook - Economic Development Advisor, Ehlers Public Finance
Brad Schieb - Vice President, HKGi Planning**

Community Development Director Heather Rand stated the City of Inver Grove Heights has a very unique area in the northwest corner of the city. It is highly undeveloped, has interesting topography, stormwater to manage, and basins. There is a lot of development interest in the area. The city has tried to strategize and come up with ways to smartly develop it by way of the Comprehensive Land Use Plan. She said this community has bonded for some of the public infrastructure that has already been installed in the northwest area. Staff felt it wise to revisit some of the issues and history as well as update and frame the discussion of where the city is going in the future. For that reason, she asked Brad Schieb, from HKGi, the cities principal planning firm when it comes to the Comprehensive Plan and Small Area Plans, to be here. She said Jessica Cook, from Ehlers Public Finance, is present to assist and would be speaking to some of the public infrastructure investments the city has already made and/or hope to make in the future.

Brad Schieb, Consultant Planner with Hoisington Koegler Group, started with the Group in 1997, his firm worked with the city prior. When he started the group was just starting the Comprehensive Plan update for the city. He started working in the city about 2004/2005. He displayed an aerial photograph of the northwest area from the late 1990's and said the photo looked specifically at growth in the northwest area.

In 1998 the Comprehensive Plan was heavily underway.

- The Plan was the catalyst for northwest area planning work.
- Property owners were concerned if development happened in the area, the cost for infrastructure was going to be really high.
 - The city began exploring different options to extend infrastructure into the area.
- This is consistent with the early 90's policy to protect water quality and manage the flow into the Marcott Chain of Lakes. If development happened and surface water ran off without managing stormwater, the water level in Marcott Lakes would go up. With any development happening in the northwest area the traditional way of development would mean it would have to be put into a pipe going all the way to the Mississippi River. Pipes were not sized for that.

Comprehensive Plan Basics:

- There is a history of doing Comprehensive Planning in Inver Grove Heights predating 1990's.
- Look to make sure to preserve existing public and private investments.

- Guide land use, development, and redevelopment, to maximize efficiency and sustainability over time for infrastructure systems. Such as: Roads, pipes, parks, ponds
- Having a plan in place for private utilities.
- A plan that makes the most efficient and wise use of scarce public resources.
- Promotes community investment, quality of life.
- In the metro area it is required by the Minnesota Land Planning Act.

Comprehensive Plan and the Land Planning Act:

- Required by State Statute. Many other regions have it. Some are requirements, some more encouraging. There is one from 1976 that suggests planning and working with neighbors.
- Plans overseen by the Metropolitan Council.
- Requires conformance with system plans.
 - Water Resources (sanitary sewer and surface water)
 - Parks
 - Transportation
 - Consistency with Plans and Policies of the Region (forecasts, land use, housing)
 - Compatibility with Adjacent Communities and Agency Plans
- Comprehensive Plans have two different ways they change:
 - Amendment (deal with on a regular basis) can be Major or Minor.
 - Update (State Law triggers) 2-year period.

Land Use and Density - 2040 Comprehensive Plan:

One of the things the Metropolitan Council is looking for in this city is based on land use projections; how much land is left in the city and how land use is distributed. There are goals for density. In Inver Grove Heights the area is what they call “emerging suburban development” with a goal to be at least 3 units per net acre. This is in place so they can have an efficient wastewater system.

There are policies for affordable housing. They want to make sure there is land guided to meet regional policies.

Why High-Density Housing is so Important:

- There is a process done with the public.
 - Receive feedback.
 - Often hear back they don’t want high density housing near them.
- Important for life-cycle housing choices, workforce housing, leisure lifestyle housing.
- Provides more rooftops in support of desired commercial services.
- Provides a stronger market for transit.
- Contributes more towards infrastructure investments.

Planned Land Use:

A diagram was shown comparing 2000, 2010, and 2020 Comprehensive Plans. Each decade shows a distinctive pattern. Additional land use categories were created to provide more choice, moved them around, and took a best shot at where development could happen. The diagram displayed showed a majority of the city being largely residential/lower density residential.

Series of Incremental Steps - Began in 2000 (roughly):

- A Task Force was formed to study the planned extension of municipal utilities and subsequent development in the northwest area.
 - Study of hydrology and landforms
 - Inventory of Natural Resources
 - Study of land use, development patterns, and environmental impacts
 - Study of regulatory tools and guides (zoning, storm water, collector streets)
 - Study of financing strategies
- Ongoing measures to calibrate and adjust relative to market forces.

Northwest Area Study: focusing on different ways development could be done:

- Funding in part by the University of Minnesota.

- The property owners on the Task Force found money to do the study through a pilot program.

September 2001 - Northwest Quadrant Study:

- The study said development could take place in a way that doesn't require putting a pipe in to get stormwater out to the Mississippi River. Thinking about development differently. Still need enough critical mass to be able to fund infrastructure and development in the northwest area.
 - There would be pockets of higher and lower density based off topography.
 - Amount of open space based on basins and natural features.
 - This means the traditional way of mass grading cannot be done. Regulatory tools were needed to make sure this can happen.
 - This was tested with the development community.
 - At the end of the process, it was determined to work.

2004: A study was done that looked at environmental resources that provided a baseline/guideline for where those environmental resources are.

- Hydrologic & Hydraulic Analysis. Soils were checked to make sure the system worked.

August 2004 to September/October 2005:

- Infrastructure Feasibility Study
 - Looked at all of the northwest area
 - Looked at where areas may develop
 - Logical locations for infrastructure
 - At what cost

August 2004 to July 2005:

- Alternative Urban Areawide Review (AUAR). This is unique to Minnesota.
 - Studied environmental impacts and infrastructure demand based on projected development.
 - Updated every five years.

Public Process:

- Very open and transparent with community members.
- A lot of engagement took place.

Stormwater Manual 2005-2006:

- This was done to try to demonstrate to people how things can be done differently and the costs.
- Still used today.
- The stormwater process received international fame and recognition as a real innovative approach to development.

Regulatory Approach and Northwest Area Ordinance 2007-2008:

- Traditional zoning doesn't do enough.
- Think more creatively, create flexibilities.
 - PUD Overlay District Boundaries. Chosen way to create flexibilities.

Northwest Quadrant PUD Overlay District - Overview:

- Ability to be flexible in uses and design.
- Requires open space process. There for the stormwater system, make sure it works.

Establishment of Key Standards - Planned Unit Development:

- All new developments in the northwest area need to go through a PUD process.
- Built in different standards for different sized parcels.
- Ordinance addresses bulk standards, open space.
- Looks at minimum and maximum setbacks.
- Reduces impervious surface coverage.
- Encourages more efficient use of land area. "Build up not out".
- 20% of buildable development area preserved as open space.

A table was created to assist with a PUD. Have traditional zoning districts to look at as a guide. Would allow mixing of each district with different housing forms.

Comprehensive Plan 2008-2010:

- Argenta Hills happened.
- Target store was in.
- Went out and looked at what has been built and started talking to property owners.

He stated since he began, new ideas have come and gone. There are really difficult challenges to them.

Collector Street Study 2010-2012:

- Needed to provide more guidance on street connectivity.
- Do not want a lot of individual driveways on neighborhood collector streets because it makes it difficult to put safe sidewalks in.
- Plan was focusing on spacing.

Financial Implications:

- Financing of infrastructure is 100% reliant on "connection fees".
 - Collected at the time of plat and time of Building Permit.
 - Not special assessing.
 - Did not want to put a burden on existing property owners.
- Need enough units to support infrastructure investment made to date - services up to 70th Street.
 - If not hitting the estimated unit count, are left with a revenue shortfall to cover debt incurred to extend sewer.

Projects:

- United Properties
 - Industrial Spec Buildings. (Platted in 2008 - first phase completed)
- Southview Senior Housing
- McGough - Argenta Hills
 - Commercial (Target, Future pad sites - 2008).
 - Residential (planned multi-family, was built to single-family residential - Argenta Hills).
 - This change (from planned multi-family to single-family) meant they needed to go back to the Comprehensive Plan and move density around.
 - They lost units.
 - Needed to find an area to recapture that loss.
- Others:
 - Many speculated but none got off the ground

Observation based on a couple years of implementation:

- Storm water features are not occurring inside yard areas.
- Difficult to achieve the mix of housing.
- Desire to have smaller front yard setbacks on corner lots.
 - Learned people wanted smaller lots, but still wanted to put the same large home on those smaller lots.

Market Implications:

- Market dictates what will be built.
 - Staff evaluates plans to make sure projects achieve targeted density and use.
- Market is now shifting to include higher density housing options after many years of demands for single family. What he has learned:
 - Higher density always fills in later.
 - Single-family neighborhoods go first.
 - The marketplace is looking for a place that is already built: parks, trails, retail, transit.
 - Another popular ask is the proximity to a Regional Trailhead.
- Having multiple uses in the Comprehensive Plan allows for different market segments to be served when demand arises.

2010-2020 Plats/Projects:

- Originally assumed medium density and went to a lower density designation.
 - These are where land uses were shifted.
 - There is a balance out there when it comes to land use.
 - Difficult to shift to lower density, not as many places.

2007 to 2020 Plats:

A diagram was shown of the developments that have happened since 2008.

- Shows areas where they have the ability to make decisions.
 - Depends on the market.
 - Depends on the property owners. When they do/do not want to sell.
 - What is there today.
 - One area is one of the biggest challenges is from a topography standpoint.

Water Infrastructure: Installed and Proposed:

- Loop systems are important.
- Service was brought in. In some locations.

Storm Water Infrastructure: Installed and Proposed:

- Series of basins and pipes that connect different basins.

Sewer Infrastructure: Installed and Proposed:

- As they start to think of the financing side; what projects are next, what can be funded without building new infrastructure.

Councilmember Murphy referenced the map and asked if the green line indicated the original. Mr. Schieb responded it is what is in the ground, not what was conceived.

Mayor Bartholomew asked if there was information about what went in, in 2008, and what became in 2017. Mr. Schieb responded they have the information but would need time to pull it together, a map could be created. Councilmember Murphy requested the original infrastructure because he was curious about whose land they touched.

Jessica Cook, Economic Development Advisor, Ehlers Public Finance, has been with Ehler's since 2002, and working with Inver Grove Heights since 2005. She referenced a diagram shown previously regarding 2007 to 2020 Plats stating development occurred in Argenta Hills and to the west and north. The sewer had to be brought from the southeast. The first installation of sewer to get over to Argenta Hills was very expensive. There is an area that is not serving any property developed in the 2008 timeframe. Conversations were had at that time because a lot of the density was going to happen in later phases up by 494. Expenses would be happening in earlier phases as they built up from the southeast portion and extended utilities to the north. They didn't realize the recession would hit and the 494 interchange would get pushed back from MnDOT. The mismatch in timing has been accentuated. She gave the following presentation:

Financial Overview Connection Funds:

- When development occurs, fees are paid at the time of plat and time of Building Permit. They are put into a special Northwest Area Connection Fund:
 - One for Water: At a healthy \$3 million plus.
 - One for Stormwater: \$1.5 million, closer to \$2 million.
 - One for Sewer: Most expensive infrastructure. Has been struggling. Current balance is -\$1 million dollars.

This is a concern because water and stormwater have both been funded with cash or on a pay as you go basis. Meaning the connection fees come in, infrastructure is built.

Sanitary Sewer Funding Challenge:

- Because sewer had to be brought up from the southeast and no cash available, they issued debt.

- Now there is an obligation to pay \$1.2 million dollars annually on the debt service. There were two Bond issues a few years apart.
- Requests for lower density reduce connection fees and tax revenue.
- Development needs to cover the cost of further extensions plus the existing sewer debt service.

The next step would be to refine the analysis to look at timing and cost. There is a preliminary engineering estimate about what it would take to finish sewer in the northwest area. In five-year increments:

- First increment: \$2.6 million dollars to finish the next five years of demand.
- Over that same time period the Debt Service would be \$6.15 million dollars.
- Total of \$8.8 million dollars' worth of revenue the city needs to come up with over the next five years. That equals \$1.76 million dollars a year.

If staying with the system of connection fees, how many units would the city have to collect fees on to cover that expense. The answer:

- 220 single family homes, or
- 215 apartments

Single family homes take a lot more land than apartments. If wanting to do all single-family homes, is there even enough land given stormwater needs, open space requirements, and demand for parks, to pay for the system. She said that is the question they need to answer.

Next Steps:

Step 1: Financial Analysis:

- Looks at land use, what has been platted to date, what is planned in the Comprehensive Plan.
- Estimate connection fee revenue from the land use.
- Compare to expenses.
- Match the timing.
- Identify any shortfalls.
- Do this for water, stormwater, and sanitary sewer.

She stated their goal would be to come back before the City Council at the October 2021 Work Session with results from the analysis and receive Council feedback.

Step 2: Present revised Financial Analysis with Council feedback on:

- Density assumptions.
- Alternative funding mechanisms.

This work would be done between October and November. Report back to the City Council at the November 2021 Work Session. She stated the financial problem exists primarily with sewer. They want to make sure water and stormwater will continue to be self-funded. She suggested looking at all three systems. She said they would let the Council know what they believe to be a reasonable path forward as well as work with Engineers and HKGi on each of those utilities and bring forward solid information.

Councilmember Murphy referenced when Ms. Cook visited with the Council earlier this year and asked if the message at that point was there isn't a density available that is going to pay the debt service based on what they have done so far. Ms. Cook responded she did not see in the short term, based on the work with Small Area Plans and the cost of extending infrastructure in those Small Area Plans, that those plans would be generating enough fees to accomplish paying the debt service and the cost to serve the new development areas. The comment was short term based on her work with those plans. It's not known whether there will be enough development to do that long term. Sewer is the big question they need to answer.

Councilmember Murphy questioned if there was talk around original density assumptions and asked if there was a built-in contingency. Ms. Cook responded in 2005/2006 they looked at the Hoisington Kogler estimates and took 80% of those. That was the original assumption. Councilmember Murphy asked if those were accurate for the time. Mr. Schieb responded the presentation makes a lot of assumptions. It's assumed what areas are/are not developable. They do not have the budget or ability to do a survey for every property. Best available data is used,

site visits in some places, and property owners to understand the uniqueness. Net Developable area was determined for each parcel. He said they added in what he calls a "conservative estimate" of 80% of land getting developed with the remaining 20% being street right of way or parks. He said Ehler's adds in another conservative estimate of 80% of what HKGi says is going to be developed. They had a cushion. They knew the risk existed, but didn't anticipate the recession, the impact on housing, and the push for more single-family housing. At that time, they were told townhomes, smaller lots, and a broad mix; which all changed. He didn't believe the density items are as big an impact as other factors, all of them together created the current situation they are in. Ms. Cook stated another factor was that costs increased from the estimates. They were working with original engineering estimates. When bids came in, they were considerably higher. Multiple factors resulted in this.

Councilmember Murphy said two "cushions" were built in, but still ran into this issue. He asked if doing all this work, how they know they are not going to run into it again. Mr. Schieb responded they do not know. Every time they go back and freshen up data, they have access to more information. There is new technology now to understand more of the slope issues in the area. He stated Ms. Cook referred to Small Area Plans, those plans included looking at two isolated pockets. The one north of Highway 55, west of Argenta, south of 70th, has a big hole. They have a lot more information about what that hole is, stormwater needs, and homeowner information because they are doing a deeper dive on it. High density could be put there, but is it the best area due to constraints, are they still able to get enough out of it, and still balance neighbor concerns. He said there was a public engagement process via Zoom call, a lot of steps were made to understand concerns. There is still some high density there. He said the Council will see this information eventually, they are still trying to work things out. He said in response to Councilmember Murphy's question, the likelihood of it happening is less, but can continue to happen. When development projects come to the city, their ability to accommodate them is less each time they get stepped down. When it's requested going from high density to low density if allowed, where do they capture that high density. There are fewer places to recapture it. He said there has to be a rationale behind it. Close to major roads, close to mixed use nodes, jobs. All those things are considered when determining where they would go.

Councilmember Murphy said when the Council makes a decision based on available factors, everything needs to be revisited. It's not just one project, it could be two or three projects combined and would have to relook at the whole picture and question where the density just given up can be recaptured. Mr. Schieb responded they have all the data to do that analysis. They do the work when it's said a developer would like to do "this" when the Comprehensive Plan says differently. He stated what Mr. Hunting does is pulls up tools that were created and goes through the initial analysis and identifies where the gap is. If continuing to push it becomes a question of, if doing a lower density development and charge fees based on the numbers, is there somewhere else they can capture. That is usually when he receives the call to run a couple of programs and evaluate what the likelihood was and where it would go. He said they haven't done it every single time there is a change. If it is a big change, they look at it. They also reach out to some of the property owners and ask what their timeline is.

Ms. Cook stated initially there is a 30-year horizon for the study. The area north of 70th or 80th wasn't going to develop for the first 15 years and then it would pop. Here they are 16 years later. This time, they can look out 30 years, but financial issues should be discussed in a shorter time frame. They will bring forward a different perspective on the timing gap and how that would work. She said maybe they wouldn't count on the growth up by 494, that is a different assumption. Those are things they can work with the Council on.

Councilmember Murphy asked about the 2016 report that recommended the city not develop the Canvas site. The city did. He asked if something changed. He believed the report said it was too expensive to do. Ms. Cook responded the pipe was there to serve the site. In order to make sites beyond that available for development, the pipe had to be put in across the site at great expense. There wasn't enough development on that site to pay for the extension through the site to the next site. Councilmember Piekarski Krech responded that corner was the area where there have been eight different plans. Ms. Cook was unsure what changed. Community Development

Director Rand stated that is rental homes and single family with a clubhouse that also has high density. That is why it is economically feasible now. The high density has not moved forward yet, it is in the plat. Mr. Schieb responded prior plans submitted to them were for single family residential, and they said it wasn't going to work. Councilmember Murphy stated Mr. Schieb mentioned that high density tends to come later in an area. Because higher density wants retail locations, trails, and parks, it tends to come last. The Argenta Hills area was slated for higher density, the market wasn't there for it, the city approved single family homes. Mr. Schieb responded correct, that was the first project that went in before Target. Councilmember Murphy said they don't have trails or parks in that area, or retail aside from Target. He asked if they believed it was a good idea to get something started in the area. He commented he didn't feel it made sense to him. Mr. Schieb responded he cannot speak to how it was approved, but from a Staff perspective with his involvement, they were not supportive of the change. He believed at the time the pressure was to allow it to happen and get something started because once something started, other things would happen. There was a lot of conversation and pushback in discussions with the Developer before it went to the Council level. That is what came in front of the Council. Currently, there are a lot of other places they can move pieces around. He stated in 2010 they did Land Use Plan Amendments. The west area had different pieces to it. The intersection of Highway 55 and Argenta in 2000 was all industrial. That was an opportunity to say if it would be low density to the north, they could start to increase density at Argenta and Highway 55. More single family came forward and pushed the multi family north of 70th. He said they were able to move those pieces around. Every year it gets more and more difficult because there are less places to locate them. Councilmember Murphy asked if these would be guided for future use, not actual changes where it was listed industrial but changed in 2010. Mr. Schieb responded it changed again in 2020. He said there were updates to the Comp Plan, the city changed the Land Use.

Mayor Bartholomew stated they have been consistent in the Robert/70th area in mixed use, medium/high density. Mr. Schieb agreed.

Councilmember Piekarski Krech stated there were grand plans when this first started. She said she is a little negative about it because she didn't want change at all, she voted not to run sewer over there. She said McGough purchased a bunch of land there, there was a Developer on the other side that wanted to develop his for years. There were grand plans for Target and shops coming in. The recession hit, and it seemed everyone went away except Target. She said the city had to pay \$1 million dollars to get Target to build there. They were going to walk at one point. She stated that McGough suggested something go in, pushed Council at that time, and they have what is there now. There was a lot of pressure. Sewer extensions had already begun.

Community Development Director Rand discussed the timeline stating they are not coming back in September because this will take time. October and November would be when this moves forward.

Mayor Bartholomew asked if the Council was on the same page as far as expectations. Councilmember Murphy said they would see numbers and density recommendations, and any potential changes or Amendments. Ms. Cook stated in October they would come back with their analysis based on the Comprehensive Plan. They may do some sensitivity analysis, if it develops less or more quickly. October would be an opportunity for Council to provide feedback if there are other scenarios to evaluate.

Councilmember Murphy asked if it impacted the budget, if there would be time. Mayor Bartholomew responded he was unsure if they would be able to impact the budget in this calendar year, but certainly if there is a change in direction. Community Development Director Rand suggested waiting until October to see where things stand. Tonight's discussion was based on changes, land uses, some challenges in the area, and public infrastructure challenges. Staff is still trying to comply with the existing Comp Plan to the extent they can.

Mayor Bartholomew stated a typical Comprehensive Plan Amendment request would come from the landowner or developer on behalf of the landowner. He asked what the guiding factors were if the city wishes to trigger an Amendment. Mr. Schieb responded it would be the same process. The city/property owner can trigger an Amendment. There is more of a robust public engagement process when the city triggers it. Mayor Bartholomew asked at what point does the city determine that the Comprehensive Plan needs a change, and what analysis would need to go into it. Mr. Schieb responded the analysis they do with Ms. Cook is to run the numbers, see what it would say under the current Comprehensive Plan and where they are at if they develop accordingly. Assumptions would be put in about how much development and timing. Different scenarios can be tested. Once going through the analysis, it may say to change land use or change densities. Doing that would trigger the Comprehensive Plan analysis. He said the regional (city wide) test they would have to do is the density trigger. The entire city is looked at when measuring density while doing a Comprehensive Plan Amendment. They can then factor in redevelopment to a degree as a part of that. After doing the analysis they would make that decision in October. Mayor Bartholomew asked who “they” were that is referred to. Mr. Schieb responded it is the Met Council. He said his company does the analysis and makes sure to meet targets and then submits it to the Met Council who reviews it and says yes or no. It is a matter of working with the Met Council to meet objections. He said the 3 unit per acre across the suburban area is a tough one. It’s tough to fall below it. That’s because it is directly connected to the sanitary sewer system.

Councilmember Murphy asked if they were above or below 3 units per acre. Mr. Schieb responded they are just above it.

Councilmember Gliva asked if that was true for all. Mr. Schieb responded it is true for many cities. The rural area doesn’t count. Councilmember Piekarski Krech commented the Met Council is worried about the sewer money. City sewer rates are based off what has to be paid to the Met Council.

The Council took a 10-minute break at 7:33 p.m. The Council was back in session at 7:44 p.m.

3. 2022 Budget

Finance Director Amy Hove discussed the General Fund and Levy for 2022. She thanked the many Departments, Department Heads, Managers, and Staff that stepped up to participate in the budget process. For those that may not know, there are a number of Interim’s serving in Department Head roles. A lot of Employees and Staff stepped up in areas they don’t normally participate in. Having this here today is a big accomplishment.

Strategic Plan Focus:

Mission Statement. To provide services and facilities that enhance the quality of life in our vibrant community.

Objectives & Strategies:

- Address safety issues and concerns within the community
- Improve operations and delivery of services (internal and external customers)
- Ongoing commitment to street infrastructure

Levy Summary. 2022 Proposed vs. 2021 Adopted:

• General Fund: Expenditures:	2022 Proposed, \$28 million dollars
	2021 Adopted, \$25,296,80
	Change of \$2.7 million dollars increase = 10.7%
Revenues:	2022 Proposed, \$4.45 million (offsets operational costs)
	2021 Adopted, \$4.3 million dollars
	Change of \$160,000 = 3.7%
General Fund Levy:	2022 Proposed, \$23.5 million dollars
	Increase of over \$2.5 million dollars over 2021 General Levy
Pavement Mgmt:	
Debt Levy:	
Citywide Levy:	2022 Proposed, \$28,798,853

Increase of \$2.7 million dollars = 10.2%

Levy Impact:

This item is an analysis they started doing last year during the budget process. This is in thanks to the Ehler's Capital Improvement Financing model that was used to be able to see what this means in terms of a tax rate increase.

2021 Adopted Budget: Tax Levy, \$26,123,358 = 5.6% increase

Due to the increase in market value in 2021, the tax rate went down slightly.

Change in City Taxes, \$72.50 on a median property

She stated some may ask if the tax rate went down, why city taxes didn't go down or stay at zero. There are inflationary changes to a property's value, even if the tax rate stays flat/goes down, they may see an incremental increase because of the value on a particular property increase.

2022 Proposed Budget: Tax Levy, \$28.8 million dollars

Levy Increase, 10.2%

Tax Rate Change, 4.5%

Change in City Taxes, \$148.21 on a median property

Tax Rates - Dakota County:

Within the Strategic Plan, the goal is to be in the lowest half of Dakota County cities. Inver Grove Heights is right in the middle. A lot of that has to do with when the growth and market value comes online for a community. For Inver Grove Heights:

- In 2017 it started at 51.6
- 2019 was the highest tax rate at 53.5
- In 2020 it came down significantly (the last TIF District became de-certified, meaning all of the value that was captured within the TIF District became available for the tax rate). Those properties could absorb the levy burden.
- 2021 showed a slight decline with where they are proposed to be
- 52.884, 2022 Draft Budget

Cities that get Local Government Aid (LGA) seem to have higher tax rates. Apple Valley, Burnsville, and Eagan were excluded due to their larger size, those did not seem like viable comparisons.

Councilmember Murphy asked why West St. Paul was at the top and also receiving Government Aid. Finance Director Hove responded they may have less development, increasing cost, less new value coming to share in the tax burden.

Councilmember Murphy asked if there was new information about Local Government Aid as the city has discussed this item previously. Finance Director Hove responded they have no new information. With Local Government Aid, there are communities that receive it and communities that don't. In order to change the formula someone has to give up their Local Government Aid. She knows there have been pushes with the Legislature to take a new look at the formula. There is a lot of pressure from cities that receive it, they would have to take a hit. She said they continue to take a look but also make sure to not negatively impact others.

Councilmember Piekarski Krech stated the city cannot just say they want Local Government Aid. Finance Director Hove responded it was a State Legislative Formula. The city would have to get that to change.

Councilmember Murphy asked if Local Government Aid was not liked for a particular reason. Interim City Administrator Rand stated the Local Government Aid formula was established many years ago, it's difficult to get any changes Legislatively. That doesn't mean there cannot be dialogue with Legislators. She stated the City Lobbyist, Katy Sen, will be coming for a visit to discuss Legislative priorities for the upcoming session in 2022. It is anticipated scheduling her for the Work Study Session in October. That may be an item to discuss when Ms. Sen is here. She said she knows Mayor Bartholomew is interested in discussing fiscal disparities, which has to do with the pooling of property tax in the metro area. She suggested bringing up both those issues prior to Katy Sen coming in.

Finance Director Hove discussed:

Tax Base - Timing:

- Development approved today can take 18-24 months for the new value to show up in the city's tax base.
- For 2022, Dakota County estimates the city's tax capacity (tax base) will increase by 6.8%.
 - 6.2% due to inflationary growth in residential market values
 - 0.6% due to new tax base coming online

Mayor Bartholomew asked about calculations shown in the previous slide, if it includes and incorporates the anticipated increase in capacity. Finance Director Hove responded that has been included into all calculations. She expects that to increase more as construction picks up.

- As of July 26, 2021, the city has approved construction Permits for an additional \$83 million dollars in new building values that will contribute to the city's tax base.
 - In 2020 the city was at \$39 million in tax value growth
 - In 2019 the city was at \$61 million
 - The city is showing very solid growth in 2021
 - As the city continues to approve new housing plats and additional commercial/office warehouse construction Permits, this could have a very positive impact on the city's tax base

Timeline To Date:

- May/June 2021 - General Fund Departments were asked to submit budget requests. Finance Staff prepares salary and benefit estimates.
- July 7-13, 2021 - Interim City Administrator and the Finance Director meet with Departments to review requests, request additional information.
- July 20, 2021 - Department Head Meeting to review impact of requests on General Fund Budget and Levy.
- August 2, 2021 - Council Meeting to discuss preliminary budget and levy impact.

Key Highlights, Revenues:

- Building Permit revenues similar to 2021 Budget levels.
 - This was making the assumption they were continuing the trend noticed in 2019.
- New DUI Grant for Police. Anticipating another half year of receiving this.
- SAFER Grant - if received, would help reduce the levy to cover Fire positions currently included in the 2022 Budget (\$359,400).
 - Hope to know by the end of September.
- Other minor adjustments based on past performance/history.

Key Highlights, Expenditures:

- Wages and Benefits
 - Contract commitments built into budget
 - COLA at 2.75%
 - Health Insurance: 9% max per contract
 - Workers Comp Insurance Assumption: 5% (could end up higher)
 - New Staffing
 - 11 Full time FTE's (Full Time Employees)
 - 2 positions upgraded from Part Time to Full Time
 - 2 position changes
- Equipment Replacement of GPS Receiver \$38,500 (Engineering)
- Increase to Street Maintenance Supplies (asphalt/salt) \$130,000
 - Additional broad area patching. Looking to expand the program

Councilmember Piekarski Krech asked if the two positions were included in the 11 full time, or if it was 4 more besides the 11. Finance Director Hove responded it would be 4 more. 11 are the full time, 2 positions are currently part time, proposing to move them to full time. 2 are modifications. Councilmember Murphy asked if the last two were or were not additions. Finance Director Hove responded they are modifications with a slight increase.

Key Highlights, Internal Service Fund Allocations:

General Fund Departments all contribute to the maintenance and ongoing operational cost to those funds. Fund balances and activity were looked into. Those funds have sufficient fund balances that would allow to keep allocations fairly flat this year.

- Property/Casualty Insurance allocation same as 2021
- Central Stores allocation same as 2021
- Technology allocation same as 2021
- Manual adjustments to City Facilities allocations
 - Manual increases to Fire Department, Recreation, VMCC, Storm Water, Water, Sewer, and Golf Course as we shift City Facilities focus to all city buildings, not just City Hall.
 - Allocations needs further analysis - will wait until next years budget cycle for additional formula changes.
- Central Equipment allocation is increasing due to rising fuel costs

Mayor Bartholomew asked if Central Equipment was included in the preliminary. Finance Director Hove responded it is included.

Key Highlights, Capital Improvement Financing Plan:

There have been a few adjustments off of the original plan.

- Change to city share of Special Assessment methodology.
 - Free's up - \$200,000 in annual levy capacity
 - PMP levy increase of \$300,000 rather than the \$250,000 planned in the City Capital Improvement Financing Plan to help offset for this change
- Eliminate General Fund Contribution to Local Improvement Construction Fund for Public Works Facility (\$350,000 Transfer Out was scheduled for 2022 within the 2020-2024 Plan).
 - Host Community Fund transfers for project are still in the budget.
 - 2021 Budget \$1,000,000
 - 2022 Budget \$1,000,000
 - 2023 Budget \$1,000,000

Councilmember Piekarski Krech asked what this does to the Construction Fund. Finance Director Hove responded it would short the savings account by \$350,000. The next time they bring the Capital Improvement Financing Plan through, the plan is to look at the Host Community Fund and see if more can be contributed to make up for what the General Fund was not contributing.

New FTEs in the 2022 Draft Budget:

- Administration: Request is for more Administrative Staff.
- Communications: Independent Contractors (in lieu of Staff).
- Central Equipment: Mechanic (this is the position change with Storm Water) Taking a Street Maintenance Worker that was assigned to Central Equipment with some environmental abilities and re-assigning them to Engineering.
- Storm Water: No increase. Replacing the Street Maintenance Worker.
- City Facilities: Building Maintenance Technician, Facilities Technician.
- Finance: Assistant Finance Director.
- Fire: 2 Firefighters and 1 Lieutenant.

- Inspections: Positions the Council has already approved. During 2021 approved a Combination Inspector and the part time to full time Office Support.
- Police: 3 Patrol Officers, converting 1 Patrol Officer to Sargent, Office Support moving from part time to full time, eliminating their Maintenance Worker if able to make other internal staffing changes.

Councilmember Piekarski Krech said she thought the city was always short on Streets. She asked how someone can be pulled off of Streets. Interim Public Works Director Klay Eckles responded this individual is someone who is very skilled and knowledgeable about the upcoming and increasing need for Open Space Management. Open space areas have been requiring a lot of work around the city. This person is doing that work. It is putting the person into a different department. Moving the position from Public Works to Engineering because it's a specialized type of work and often associated with stormwater areas. Stormwater professionals are in the engineering area. Would still be doing outside work, the same work they were doing, just associating the position with a different part of the city operation wise.

Councilmember Piekarski Krech stated it says Mechanic swap with Street Maintenance Worker. Interim Public Works Director Eckles responded that may not be the correct term. They are adding one person under Public Works (Engineering and Streets) adding the position to the Mechanic and move one Public Works position toward Engineering. There is net of +1. The \$1,400 is to recognize the fact that it is very unique specialized work, not a lot of people do it. He said they wanted to give this person a chance to potentially grow in the position over time. A Specialist title would allow that. Councilmember Piekarski Krech commented they are creating an Environmental Resources Technician position. Interim Public Works Director Eckles responded yes, using an existing Staff person. Finance Director Hove stated it was currently budgeted under stormwater as a Street Maintenance Worker but would be called the Environmental Resources Technician.

Councilmember Gliva questioned if that was really an add. Finance Director Hove responded it is a position swap. It is the amount that shows up under stormwater. In Central Equipment they would rather have a Mechanic assigned to them rather than a Street Maintenance worker who is working on storm water. Interim Public Works Director Eckles said calling it a swap likely isn't the right term, what they are doing is reclassifying one position, same skillsets, doing a lot of the same work, but being reclassified to provide growth opportunity. He said they are adding one position to the Public Works area. The reason they said swap is because the number of people in the Public Works area stays the same because an additional one goes to Engineering; the dollar value is one additional Staff.

Councilmember Piekarski Krech asked if there would still be enough people to plow streets. Interim Public Works Director Eckles responded yes. Councilmember Piekarski Krech stated that was her concern. A few years ago, there were comments that there weren't enough people to run those trucks. Mayor Bartholomew stated they are adding 1 FTE.

Finance Director Hove stated with all Staffing changes, they are just in under \$1.4 million dollars in new employee asks.

Councilmember Gliva asked if the Executive Assistant/Deputy Clerk would work with the City Clerk and have a half job with other Staff. Finance Director Hove responded they envisioned this would be an Executive Assistant to the new City Administrator and also be able to serve in the Deputy Clerk role. It is a type of Hybrid position. She said between that, and the Communication adds, as they created the budget, they wanted to leave room because they know there are Staffing needs within the Administration Department. For example: Human Resources, Clerk, or Administration Office Support. Now that there has been a new City Administrator hired, there is a placeholder in terms of financial resources. That person would come in and examine what Staff's thoughts are and see if they still line up with where they envision the need being. This would be to analyze existing Staff, their roles, and where

additional support may be needed. This is something the new City Administrator could help draft within the next few months in terms of what they see for the future of the Department.

Councilmember Murphy asked if the city hired an Executive Assistant a couple months ago. Finance Director Hove responded she did not believe they did. She referred to the Community Development Director and said there have been a few hires in Inspections for Office Support and Planning. Community Development Director Rand responded there were replacements.

Councilmember Dietrich referenced the Org. Chart and asked about Administration and Communications. She asked if Communications would be a consultant. Finance Director Hove responded they are asking for enough additional Staffing. They want to spend time looking internally as to whether there is a need to create an employee or expand the person into an Independent Contractor. She said there is someone they are currently using as an Intern that they would like to utilize in a full-time capacity. Staff is looking into legal issues about whether they could be an Independent Contractor or an employee. Councilmember Piekarski Krech stated that would be 12 full time employees. Finance Director Hove responded she would have to check.

Councilmember Dietrich asked where the one under Administration would fall on the Org. Chart. Finance Director Hove responded that would be under the City Administrator. Councilmember Dietrich asked if it would split off into another Department as well, with dual roles. Finance Director Hove responded the City Clerk is under Administration. The Administration Department has the functions of Administration, HR, and the City Clerk. They don't have their own separate department right now. Communications and Technology have their own departments in the Org. Chart. She said Staff wanted to make sure there was a financial placeholder to help determine the best role, maybe more of a Deputy clerk, less of an Executive Assistant or use some of the existing office support they have at City Hall. Councilmember Dietrich asked when that time comes, if they could see the job descriptions. Finance Director Hove responded yes, she would provide new job descriptions and recommendations. She explained just because it's built into a budget doesn't mean they automatically get to hire a new position without following process.

Future Staffing Requests (not included in this version of the budget) Placeholders as potential discussion for 2023 or future years:

- Originally looked at making the HR Coordinator a full-time position rather than a part time position. It was removed. This is a placeholder under Administration.
- Senior Accounting Technician in Finance. Will wait until they receive the AEM (Abdo Eick and Meyers) Financial Process Review. Wait and see what their Staffing recommendations are in terms of additional support staff in finance.
- Fire Department had originally requested 9 Firefighters. Reduced that request to 3. Took out 4 Firefighters and 2 Lieutenants. If receiving the SAFER Grant, they would have to re-examine as they would be able to fully fund all 9 positions and still reduce the budget and levy need.
- Parks. As the city continues to develop the northwest area, more people would be needed to maintain the parks created in the area. Will need full time maintenance workers, seasonal workers, and equipment. No needs were anticipated for 2022 because it will take time to build the parks.

Councilmember Gliva asked if the numbers included a new Public Works Director and new Parks and Recreation Director. Finance Director Hove responded yes; those were left at original budgeted amounts. There is a cushion if needed.

Finance Director Hove continued:

Levy Summary. 2022 Proposed versus 2021 Adopted

She stated this slide was referenced earlier with:

- A city-wide levy of 10.2%, a change of just under \$1.7 million.

When looking at the dollar change of \$2.7 million dollars, she checked to see what the dollar increase was from 2020 to 2021. When passing the 2021 Budget there were two positions that went from part-time to full-time and an increase for Firefighter pay. Those were the only staffing changes they could fit in the 2021 Budget. That increase was \$1.4 million dollars. The \$2.7 million dollars wasn't too bad considering they had \$1.4 million dollars in new staffing added. Last years increase was \$1.4 million dollars with very little increases in staffing.

Levy Impact:

- 2021 was 5.6%
- 2022 is 10.2%
- The change in tax rate is 4.53% proposed for next year
- Change in city taxes on a median property is around \$150.00.
- A median property is around \$275,000 in our community. Inflation included. Estimates from Dakota County on Tax Capacity and what to expect for the growth estimates.

Councilmember Piekarski Krech asked if the County was still saying they were going to stay at zero for an increase this year. Finance Director Hove responded she was unsure. Councilmember Gliva responded zero is what the County says.

Next Steps:

- Council feedback.
- Updates will be provided at future Council Meetings or Work Sessions.
- Preliminary Levy must be approved and submitted to Dakota County by September 30.
 - Present at the September 13 or 27 Council Meeting.
 - Cannot go any higher than what is set in September.
- October/November Work Sessions - Other Fund Budgets are reviewed and discussed.
- Between November 11 to 24, Dakota County mails proposed property tax notices to residents (based on city's preliminary levy).
- Public Meeting to discuss budget and levy.
 - Typically held in conjunction with first December Council meeting (December 13).

She stated the recommendation is to start higher than they normally would to give the new City Administrator the opportunity to work with Staff and with the Council priorities, and to be able to bring that down come December.

Councilmember Gliva asked if they have taken into account the American Rescue Funds, or money from the State. Finance Director Hove responded the city has received money from the State. Staff did not include any of those dollars into this budget. Currently waiting to see how the State and County dispatches their dollars. It's not recommended to use it toward operating costs. They recommend these be one-time funds, find a project or program, not necessarily an ongoing program, more toward one time uses.

Councilmember Gliva asked what the total amount was. Finance Director Hove thought it may be around \$3.8 million dollars. She said the first half has been received, the second half comes next year. There will be recommendations on phasing and spreading it out. The city has until the end of 2024 to commit the funds and the end of 2026 to actually spend them.

Councilmember Piekarski Krech stated it could also be used to cover extra overtime costs. She said Fire and Police may have safety equipment needs. Finance Director Hove responded equipment, sanitary, and cleaning supplies are applicable. Some things that applied under the CARES Act have different rules now. Staff is waiting to see where the money can be spent. She said one area discussed was some of the infrastructure needs. The original plan talked about water and sewer, a lot of townships that didn't have water and sewer needs had street needs.

Councilmember Dietrich referred to the Community Development Director's update on Friday where it stated the amount was almost \$1.9 million.

Finance Director Hove stated if there are any questions or feedback, it can be given to her now or sent via email.

Councilmember Murphy said he was very impressed. He asked if there was anything that didn't make it to the list that was given up. If there was anything they really wished they could have but are not. Finance Director Hove responded management focused on the staffing aspect. Staff believed in catching up on staffing and providing the services needed to be able to provide to external/internal customers. That was prioritized within the budget requests. Some departments held back on equipment requests because they felt this was the year to build up staffing and bring the equipment in future years.

Mayor Bartholomew asked if September 13th or September 27th was preferred for the preliminary. Finance Director Hove responded if there were not any big changes, or a great deal of research needed, she would prefer the 13th. Mayor Bartholomew requested Council get questions to the Finance Director and they can begin talking about getting to the September 13th date. If not happy with the tax rate of 4.3%, have discussion and make sure it's known. He agreed with Councilmember Piekarski Krech that the amount of 4.53 would be a hard sell.

4. Truck Idling Ordinance

Community Development Director Rand suggested the City Attorney do some research on how other cities have handled the idling of trucks. What triggered this item as a concern is that there is a truck and RV storage facility on Concord Boulevard called Stagecoach. There have been complaints from residents because it abuts residential property. She said Staff were aware the property owners/Manager, has posted no idling of trucks, and their lease with those individuals states no idling. Despite this there are still trucks idling. Their lease states there is a \$200.00 fine for each incident. She said this has been an ongoing problem. After further discussion with the landlord team, they found a lot of violations would occur after hours when Staff was not on the premises. The owners gave residents adjacent to the property their phone numbers to call when this took place. What they found when they went to check was the people who own these vehicles lease them to others who were not as diligent with the rules. They also found that truck idling noise was under 40 decibels and not something the Police could cite for a noise violation. Staff feels this situation is an ongoing nuisance. Working with Legal and Planning Staff, they discovered there is no enforcement mechanism for when trucks continue to idle. She said it's not just idling of a diesel engine. Refrigeration units are just as loud if not louder.

She stated this was strictly an option for the Council to consider. There are other communities that have an actual Ordinance that could be utilized as a model if the Council wanted to pursue. The Ordinance prohibits, on a limited basis, an allowance for the idling of large trucks adjacent to residential neighborhoods. She said if going through with an Ordinance change, operators such as Stagecoach would appreciate this as it helps them with enforcement. She said the Council would need to consider what the impacts mean to delivery trucks, medical vehicles. The Ordinance carves out those exemptions. Another example would be public buses who idle, delivery trucks, those who need the opportunity to keep trucks running, especially if they are refrigerated. The Model Ordinance has those types of provisions. She asked the Council if this is something they want Staff to pursue. She said Staff could try to get a reaction. In the past a social media post was done for input or notify the River Heights Chamber of Commerce. She said they can do that, but it hasn't been really effective and have not received a lot of feedback. Feedback and public engagement are important, but often doesn't happen until there is a reading of an Ordinance and it's in front of the Council. She said as the Interim City Administrator, she recommends they pursue this type of Ordinance. There are plenty of cities in the surrounding area that have this type of Ordinance. She didn't feel the enforcement cost would be that large. There have been enough complaints coming into the Code Compliance Officer who has nothing to enforce. These types of calls also go through 911. The city Police Department does not have time to be tracking down and enforcing idling of trucks unless there is something on the books like an Ordinance Violation or Nuisance Complaint.

Councilmember Piekarski Krech stated if in an area of commerce, such as delivering at Holiday, then it is legal.

Councilmember Dietrich thanked the Interim City Administrator for showing both sides of this and what some of the repercussions may be. She said refrigeration was mentioned, she asked how that would affect the reefers running, they can be loud. Interim City Administrator Rand responded it was her understanding that refrigeration units (reefers) are considered idling. She stated one piece of good news they heard with respect to Stagecoach, in October the business will have a new facility in Burnsville located in an Industrial Park. Stagecoach notified all refrigeration trucks currently in the city that they must relocate to Burnsville. Staff is hoping that may mitigate problems with refrigeration. There would still be delivery trucks with refrigeration noise, hopefully that would be for 15 minutes or less as they quickly unload.

Councilmember Piekarski Krech stated she thought Stagecoach was a storage facility when not on the road. Trucks would be parked there. She asked if it was more of a rest stop facility. She said there was no reason for a reefer to be running if it doesn't have product. She asked why they would have something running while parked in a storage lot. Interim City Administrator Rand responded some still have goods in the vehicle. Some run it for a certain number of hours in the summer to get them cold, which could be at 4:00 or 5:00 a.m.

Councilmember Gliva asked if this would work with food trucks who have generator noise. Interim City Administrator Rand responded that was correct. Councilmember Murphy believed the food truck was a great example, provisions could be added stating if at a food truck event, this is not what they are referring to. Interim City Administrator Rand replied that discussions would need to be had with legal to determine what that may be.

City Attorney Bridget McCauley Nason stated there are a number of challenges. Current Code provisions do not provide adequate tools, there are standards that refer to MPCA noise standards which require a special noise management study and not readily available for enforcement. Or there are standards that are subjective, it annoys a certain number of people, or louder than the average person would like. This is a difficult standard to uphold in Court. The thought was to craft something that is more direct. The definition section is trying to limit this to apply to "all diesel-powered commercial motor vehicles as defined under the CFR which are designed to operate on highways". She said whether that would also include food trucks is a great question, she was unsure of the answer. She said this Ordinance is challenging in that it does have some obvious potential unintended consequences, and some that are not as obvious. Staff is trying to carve out the ones identified so far. This applies to property that is either residentially zoned or located adjacent to residentially zoned properties. It would apply to a park or to commercial property abutting a residentially zoned property. There are some cities that have Idling Ordinances and quite a few that do not.

Councilmember Piekarski Krech stated the issue is Stagecoach. She asked if there has been an issue anywhere else. This means they are trying to do an Ordinance for one area. She suggested the city work with Stagecoach. She said an Ordinance can be created but seems like they are only doing it for the one property if there isn't an issue anyplace else. Interim City Administrator Rand responded they have had issues regarding buses. Staff tries to deal with that by calling the bus company. Staff has had questions about idling trucks that are really parts of delivery. Sometimes it's a matter of asking the store to make the parking next to a residential area about the delivery itself and send truck drivers moving on. Most proprietors understand and want to be good neighbors. She believed Stagecoach's intention is that they want to be a good neighbor as well. Stagecoach has had difficulty in that it has become a 24/7 facility and Staff is only there Monday through Friday during the day and have had some difficulty with enforcement. She said the good news is that the new facility in Burnsville is opening and they are sending all refrigeration trucks to that location. That could eliminate a lot of the problems.

Councilmember Piekarski Krech questioned how they can solve the issue without making an Ordinance that seems to be for one thing, or to have so many unintended consequences. Food trucks or Ambulances could become

issues then. Councilmember Murphy stated this needs the ability to better enforce. Trucks don't need to be running all night in residential neighborhoods. He felt they could address that issue while still allowing food trucks or how long someone is parked making a delivery. He commented that this needs to be crafted carefully. His opinion is that this is needed and need to be able to enforce. He said maybe by having a Permit or a License for an event, eliminates them having to shut down. Councilmember Piekarski Krech stated most of the time they are not going to have a food truck in a residential area unless coming for a birthday party. A food truck isn't just going to park next to a home because they think it's going to look nice.

Councilmember Dietrich suggested thinking about this further and see what happens in October. She hates to over legislate something. Councilmember Gliva suggested a wait and see approach.

Mayor Bartholomew stated everyone makes a great point. Unintended consequences are going to be big. He didn't even think of a food truck. Councilmember Piekarski Krech felt bad for the neighbors with trucks that are abusing the situation. She asked when getting 911 calls, if Officers can go there and say they are bothering the neighborhood. Interim City Administrator Rand responded the sound is less than 40 decibels, they have nothing to enforce. Councilmember Piekarski Krech asked if the Police couldn't say they have a complaint about the noise, it was the same if a kid next door has a party, it's not decibels but making noise. Councilmember Dietrich stated it sounded like the business owner was trying to take care of it and not overuse public safety resources. She was hopeful some of that would be alleviated by October.

Interim City Administrator Rand hears a majority of the Council saying to wait and revisit the issue in October and see if there are continued complaints from the primary facility surrounded by residential.

Councilmember Murphy stated he did not have an issue with waiting until October to see if things change. He does not believe the number of trucks running in the winter would go down, it would go up. He asked if it would hurt to have Staff start investigating what an Ordinance might look like. It doesn't mean it would have to be put in place. Councilmember Piekarski Krech responded Staff has done that, they looked at the other places that have Ordinances. She said the question was how to craft the Ordinance to avoid the unintended consequences of the MTC Bus, Ambulance, and a Food Truck.

Mayor Bartholomew asked if Staff was certain there was nothing in the PUD that prohibits. Interim City Administrator Rand responded that was correct. Legal and Planning Staff looked through everything with respect to the Stagecoach facility, there was nothing to enforce.

B. Adjourn:

Motion by Dietrich second by Gliva to adjourn the meeting at 8:55 p.m.

Ayes: 5

Nays: 0 Motion carried.