

**INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION
TUESDAY, SEPTEMBER 7, 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 Tuesday, September 7, 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; City Administrator Kris Wilson, Community Development Director Heather Rand, City Clerk Rebecca Kiernan, Interim Parks and Recreation Director Bob Bierscheid, Interim Public Works Director Klay Eckles, Assistant City Engineer Steve Dodge, and Finance Director Amy Hove.

1. Parks Update Presentation

Interim Parks and Recreation Director Bob Bierscheid updated the Council on the following information related to the Parks and Recreation Department, but first he wanted to thank:

- Parks Superintendent Brian Swoboda and Recreation Superintendent Julie Dorshak, both of which have been working very hard. They have been getting information, working with consultants, and doing a lot of engagement with the community.
- Heather Rand in her role as the Interim City Administrator and Community Development Director, in sharing information and helping him work his way through the position and being updated on items.
- The Planning Department, which has done a great job providing information and engaging the Park and Recreation Department with Developers on a number of projects that have been coming in to ensure correct information is received.
- City Engineer Tom Kaldunski who helped gather information with one particular project.
- Finance Director Amy Hove for providing budget information.
- The Parks and Recreation Advisory Commission has done a great job of engaging and reaching out to the public to receive as much input as possible.
- City Clerk Rebecca Kiernan for helping him pull this together.
- The City Council for their willingness to listen to information, engage, and make the appropriate decision when information comes forward.

Parks Update:

Northwest Area Park #1 - Vista Pines

- Construction trailer is on site. Contractors have begun.
- Grading will begin soon.
- Trees have been removed. Working on removing tree stumps.
- The Bicycle Contractor is working on the project.
- Play equipment has been ordered and should be in, in about two months.
- Signs for the park. Temporary signs will be placed to show the area the park is coming.
- The goal is by this time next year, the park will be ready.

HKGi Study:

- Involves three potential park areas: Peltier Reserve, Settler's Ridge, and Riley Property.
- Work with Parks and Recreation Staff, Public Works, and Planning to review known issues/opportunities and gather background information.
- Site visits to document existing conditions.
- Develop concepts for each of the areas.
 - Parks and Recreation Staff and the Parks and Recreation Commission would look over.
 - Concepts would be taken out to the public. Further engagement.
- Provide diagrams showing linkages.
- Preliminary cost estimates.
- Meet with City Staff to review concept(s).

- Presentation to the Parks Commission (Goal - October 13th) to review study findings.
- Project Schedule: Began work on the study in late August with a presentation scheduled for the PRAC Meeting on October 13th.

Peltier Reserve:

- Council has approved the development.
- Area outlined for park is a beautiful area, has some issues with topography.
- The Developer initially brought forward a plan, some of those elements may end up in the overall plan but want to ensure the best for those in the area.

Settler's Ridge (former Fleming Property):

- Starting to move forward.
- When initially brought forward it was very close to Peltier Reserve. Having the park that close tends to serve too many people in one area, but not enough people in another area.
- Staff recommends keeping the trail connection.
- The City Engineer has been working on this item and has identified a couple of areas that would be studied during this process.
- Suggesting to move the park from one location to another, possibly using a drainage area that is flatter.
- City owned land.

Riley Property:

- Still in the conceptual stage.
- A four-acre parcel has been identified.

The idea is to look at all of these potential parks on their own, but also in the context of being together. How they could link together and serve people in the area. Information about this would be brought back before the Council in the near future.

Heritage Village Park:

- The city has been given a Grant of \$250,000 from the DNR for this park.
- Potential Bonding Grant has been applied for.
- Working with Dakota County on Natural Resource Renovation Projects.
 - 90% the County would pay for.
 - 10% would come from the city. Can be from local match, in-kind. Parks Maintenance Staff could work on this without having to make any cash payment.
- Dakota County is developing a project plan.
- Dog Park Shelters were built with Friends of the Dog Park and Park Staff.
- Park has the potential to have an All-Inclusive Playground and Splash Pad.
- An example of the play area was shown. It would be built around the historical nature of the community.

South Valley Park: Renovation Highlights:

- Meeting was held today to go through technical aspects.
- Ballfield currently there will be taken out. In the non-skating season, area could still be used.
- Why there is a need for renovations: Some items are deteriorating.

Other Park Projects:

- Ruth Cole Estate.
 - Ms. Cole passed away in February.
 - The process is moving along. Have been working with Dakota County.
 - The family has requested Dakota County hold off on the appraisal until they decide how to distribute the estate.
- Swing Bridge Lighting Project.
 - Met with a Representative from the Visitor's Bureau and the company that does the lighting.
 - Lighting company is the same company that did the lighting on the 35W Bridge in Minneapolis.
 - This will be back with a potential proposal.

- Veterans Greenway - Dakota County.
 - A greenway trail that would go through almost all of Inver Grove Heights. It comes from Eagan and goes across the city.
 - Along the way there would be different types of memorial objects for Veterans.
 - This would come before the City Council in October or November.

Park Operations:

- Working with the Friends of the Mississippi River on a Natural Resource Management Plan for River Heights Park.
 - The Friends of the Mississippi River would be paying for some of the restoration.
- Identifying natural resource projects with Dakota County.
 - Heritage Village
 - Looking at several other parks
 - This would save Parks Staff time and money
- Tree Trust wrapped up a 2-year stair building project at Seidls Lake Park.
- Coming Soon: Emerald Ash Borer removal project beginning in late September.
- Renovating 3 Baseball infields/mounds this fall.

Councilmember Dietrich asked if there were photos of the Seidls Lake trail. Interim Parks and Recreation Director Bierscheid responded he would get those photos to her.

Councilmember Murphy asked how many acres Vista Pines Park is. Interim Parks and Recreation Director Bierscheid responded he believed it was 7 acres. It's classified as a Neighborhood Park with a 7-10-acre classification.

Interim Parks and Recreation Director Bierscheid stated the other 3 parks are what they typically call a "Pocket Park". One of those could potentially be larger, but 2 for sure are smaller. He recommends the term be included through the Master Plan process.

Councilmember Murphy asked if a Pocket Park was considered to be under 7 acres. Interim Parks and Recreation Director Bierscheid responded Pocket Parks could be 1-4 acres in size. They are designed to provide greenspace and preserve types of trees or vegetation in an area.

Mayor Bartholomew asked if the Ash Borer Policy was in writing and available on the City Website. Interim Parks and Recreation Director Bierscheid responded he would check with Parks Superintendent Brian Swoboda. Mayor Bartholomew stated there are a lot of questions about being proactive or reactive. If trees being taken down are not diseased. Questions about what the Policy is and how they are approaching it. Interim Parks and Recreation Director Bierscheid responded the Ash Borer is different than other diseased trees. There is a time period they go through that includes the overall stability of a particular tree. He said he would make sure that information is provided on the Website.

Mayor Bartholomew requested the Council be made aware of the budget and what they have in terms of funding for removal of the Ash Borer.

2. Pavement Management Update Presentation

Interim Public Works Director Klay Eckles stated he is aware Pavement Management is an important topic to the City Council. There is now a Citizen's Task Force, some of which are in attendance this evening, with the remainder likely watching.

Background was provided on Pavement Management as follows:

- The city is already late for 2022 to do some pavement work.

- In May 2021 the City Council discussed pavement management with recommendations. Progress has been made.
- It is confirmed where the city is headed is not acceptable. There is a need to accelerate the program.
- City Council determined they don't have to do Class A+ work on some of the improvements if they can get a lot more done for their dollar.
- City Council gave direction on the Citizen's Task Force which is now up and running.

Pavement Management Program (PMP)

What is Pavement Management:

- 150 miles of roads worth \$400 million dollar asset; unless it's not taken care of it becomes a \$400 million dollar liability.
- Designers look at tactics; choose the best methods to repair a street.
- Pavement Management is an overall strategy of what is best for improving the entire system.

2022 focus - An Interim Grand Strategy

- The overall goal is to get maximum life and quality for a minimum investment in order to provide acceptable roadways for the community.
- Recognize existing infrastructure has value. For example: Curbing. Trying to get the maximum life from existing elements.
- One of the big problems in the community is that some of the older roads were built on poor soils, which leads to more deterioration and a tougher fix.

Types of PMP Treatments (Tactics):

- Simple Overlay
- Mill and Overlay
- Full-Depth Pavement Replacement
- Full-Depth Reclamation
- Partial Reconstruction
- Full Reconstruction

Going further down the above-mentioned list, the more extensive, invasive, and expensive the project. For 2022 to accelerate the program:

- Not looking at the bottom of the list (Partial Reconstruction and Full Reconstruction)
- Look at projects the city would be able to get the most from:
 - Mill and Overlay
 - Consists of grinding off the upper layer of blacktop
 - Put down new top layer of blacktop
 - Curb and Gutter remains intact
 - Minor patches
 - Some utility repairs
 - Would not dig up the entire area and disturb curb, sidewalks, and driveways
 - Quick process (in and out of a neighborhood quickly)
 - Full-Depth Reclamation
 - Grind up all existing pavement
 - Use the grindings as new gravel
 - Repave entire road
 - Still work within the confines of the curb. Don't touch the curb except where it needs to be patched
 - Some utility repairs
 - Relatively quick, can be in and out of the neighborhood in a matter of weeks rather than months

Mayor Bartholomew asked what affect this would have on the CIP for neighborhoods waiting or designated for full repair tear-out reconstruction. He asked if that puts them in the category of a mill and overlay or if it pushes them down the CIP. He questioned if this had been considered yet. Interim Public Works Director Eckles asked if he was referring to Dawn for example; that question would be discussed further in the presentation.

Comparison of Impact:

- If looking at soil reports, a lot would say rebuild the whole road. That would give the longest life road. Also, more expensive.
- Reconstruction: \$2.4 million dollars a mile
 - More life. First time it would have to be touched again would be 25-30 years out
 - Cost of \$80,000 per year/per mile
- Mill and Overlay: \$0.5 million dollars a mile
 - 15 to 20 years life expectancy
 - Cost of \$25,000 per year/per mile
 - Not as high quality

Comparison of 1 mile of road:

- Reconstruction:
 - City Share much higher as a percentage. \$1.6 million dollars.
- Mill and Overlay:
 - \$200,000 per mile

More assessment dollars are received for less intensive projects.

What does this mean for 2022 Pavement Management Program?

- Some of this would need to be discussed more in-depth with the Citizens Task Force.
- There are 50 miles of roads in poor condition.
- If something is not done this year, it could be 55- or 60-miles next year.
- Something needs to be done now. Should be simple and as impactful as possible.
- This conversation should have been had 6 months ago. The city is late due to:
 - Retirement of the Public Works Director.
 - Incoming Interim Public Works Director familiarizing himself with the city process.
 - Existing projects under development being re-evaluated.
 - There may be ways to do those projects that could serve neighborhoods for less than was discussed previously.
 - Busiest construction season ever in the city.
 - Covid.
 - Spent part of the summer getting the Citizens Task Force (CTF) ready.

City projects involving assessments must adhere to schedule:

- Decide on candidate projects. (If a decision is made tonight, it doesn't mean they would happen, it means they could happen)
- Hold neighborhood meeting
- Hire a consultant
- Complete Feasibility studies
- Receive more input
- Come before the City Council with reports
- Hold Assessment Hearings
- Start the design and construction process

2022 PMP Elements:

- Maximum life and quality for minimum investment.

Assistant City Engineer Steve Dodge continued the presentation stating Staff knows there are roads out there they could get to sooner than later. As it has been mentioned, before those become a bigger more expensive rehabilitation method. For that reason, they are reconsidering their approaches in order to get the most for the money. He stated there would also be projects they would push off to the Citizens Task Force because they can help make considerations, proposals, and suggestions, along with Council and Staff, on how to move forward with some of the difficult projects such as Dawn Way. He said they would be able to update the long-range plan based on the Citizens Task Force proposals and recommendations which will occur they hope, by next spring.

He discussed Mill and Overlay projects stating they can do 21 main miles of roads with the PMP portion of city dollars, with \$4 million dollars. They would still try to do \$9 million dollars' worth of projects.

He referenced the key to the diagrams he would be showing and stated the following would be depicted:

- Purple: Mill and Overlay (M&O) This is a surface structural improvement
- Green: Full Depth Reclamation (FDR) The pavement or gravel below needs to be amended
- Red: Reconstruction

In the North Central Area: 62nd, Upper 55th, and Carmen areas.

- Includes a reconstruction area that has not been a part of proposals yet. The project has been discussed with Council since 2015.
- The overall pavement infrastructure is in need of repair.
- Older neighborhood; sewer, water, and storm all need upgrades.
- This is the perfect example of a neighborhood that is in need of rehabilitation as a whole for infrastructure.
- Proposing to keep this project in task. Staff has reviewed.
 - For Mill and Overlay: Carleda is along Cahill Avenue, north of 65th Street, further north of Upper 55th. Four lane road. Claude Avenue and a 62nd neighborhood would also be included.
 - For Full Depth Reclamation: Carmen, an industrial area, is a road that has gone a little bit too far. Now requires this method.

Northwest: Border of the city on Mendota Road with West St. Paul, west of Trunk Highway 3.

- Iron triangle area that includes Akron Avenue.
- He has driven the road and is unsure if Mill and Overlay would work here.
 - Feasibility reports.
 - Work with the neighborhood.
 - Come back to the Council with what they believe to be the most effective approach.
 - Some may fall into FDR as they get further into the evaluation process.

Southeast: Walmart is on the south side, Concord Boulevard, Cahill Avenue area. For Cheney Trail and Coffman Path.

- Ready for Mill and Overlay
- May lose it to a more expensive rehabilitation project.

Southwest Area: Along the Eagan Border. Jefferson Trail and Trunk Highway 149 is the major north/south road. Trunk Highway 3 attaches.

- Mill and Overlay: Tyne Lane area.
- Full Depth Reclamation: Albano Trail area.
 - With roads and freeze/thaw, what was there years ago, as far as the gravel section. For example, a farm field where rocks just appear every year. The same thing happens with gravel roads that are on clay. The clay eats up the gravel.
 - They look at knowing the pavement condition but have borings that show the underlying gravel section and whether it is a good gravel section.

Far Southwest Area: Along the Eagan border, adjacent to Cliff Road. Southern Lakes Neighborhood.

- Mill and Overlay: Recommended before the pavement deteriorates further.

Totals for 2022: Draft Report to receive City Council input for 2022 to launch projects. In order to do these, they have some Staff capability for plans. From a neighborhood and project management standpoint they will likely have to engage with consultants to help Staff manage the workload.

- 21.2 Lane Miles (over 10 centerline miles)
- \$9 million-dollar total project cost (high level)
- \$4.1 million dollars Pavement Management Program share
- \$4.9 million in Assessments
- 600 to 900 properties involved
- Citizens Task Force will help recommend future projects and methods

He said these are very high-level planning numbers. The next steps in the process will provide more accurate information. They would be using this area as an example: Dawn Way area already underway:

- Very engaged neighborhood that would enjoy having the streets repaired.

He stated he has been out in the area several times over the last couple of years and met with residents.

- A Feasibility Study has been launched with Council.
- The Feasibility Study, for a two-year plan, \$12 million dollars in costs.

Based on feedback received, review of the roads, engagement with citizens, Consulting, and Geotechnical Engineers, Staff feels this is a perfect example for the Citizens Task Force to look at. He stated Staff would like guidance from Council showing that they are in general agreement with Dawn Way being a good example project for the Task Force to look at to receive answers and proposals back by next spring.

- May be able to leverage \$500,000 in Grant funds.
 - There are two programs, each one is for \$500,000. Can only do one of them.
 - There are caveats, if you don't receive one, can get the other.
 - This can replace pavement management funding. If able to get those Grants it would open up more pavement management funds.
 - Grants are important because the Dawn Way area drains to the Mississippi River. The River has a lot of water quality benefits and projects with agencies that provide funding for water quality that goes into the Mississippi River.
- The original concept was \$12 million dollars.
 - Feel they can do this for a much lesser expense.
 - Curbs are in pretty good shape.
 - By the time feedback is received from the Task Force, and the Grant, that makes for a summer of 2022 design project with construction in 2023.

Interim Public Works Director Eckles continued and stated this is a big issue. This isn't quite the way it would normally be approached, normally they would have started 6 months ago.

- They have launched the Citizen's Task Force.
- If the Council candidate projects, Staff would:
 - Start selecting consultants
 - Prep for neighborhood meetings
 - Begin notifications
 - Come back to the City Council with reports

He said they are late in trying to get something done in 2022. Staff recommends getting something done, if possible, if they can receive feedback or approval from the City Council. If approved, Staff would begin to formalize things and move it forward as quickly as possible. If there are significant concerns, they can take a step back and work on it further. He commented that he is concerned, 20 lane miles is a huge project with 600 properties. He didn't believe they would get it all done, but Staff would set the bar high. This is as far as they believe it can go this year. He looks for Council feedback.

Mayor Bartholomew stated he was concerned about the loss in momentum. There are known projects in dire need. He referenced that people were spoken to about Dawn Way and was unsure those would be willing to wait

until 2023; he wasn't sure that was the overall consensus. He said they need to find the balance if setting big projects aside in dire need, ones that are falling apart, when promises were made. If putting it off another year they need to have a good game plan to be able to carry the message to those residents. His concern was changing the message in mid-stream. They may lose momentum with projects that are in the worst condition. He said nothing was discussed about Dawn Way other than the possibility of getting a Grant. He said there should be a contingency if the Grant isn't received. He felt the project needed to be kept in the mix and not say it would be held off until 2023. It is in the CIP and need to recognize it's there. Some residents have waited such a long time.

Interim Public Works Director Eckles shared technical thoughts on Dawn Way stating it has an interesting technical issue. Soil Engineers would suggest replacing it all, maintenance would say to do a simple mill and overlay and not touch anything else. One option is \$12 million dollars and the other is \$2 million dollars.

Mayor Bartholomew asked why Dawn Way can't be done in 2022. Interim Public Works Director Eckles responded they could change course with Dawn but is a project that has a lot of complex elements to it. The thought was that it was a good area to spend more time on and receive feedback from the Citizens Task Force. He said that isn't the only answer, it may not be the right answer. He said he was unsure what the chances were to receive the Grant. Given the chances, and knowing there are so many other needs there, Staff determined with mill and overlay there would be a lot less engineering to the point where some Staff could actually do the plans. He said it was an open question, they can't do it all.

Mayor Bartholomew stated Dawn Way isn't the only one in the CIP for the coming year that isn't in this proposal. Interim Public Works Director Eckles responded Carleda was one they kept in. The Dawn area is an older neighborhood, the roads are in tough shape. A lot of them have 5-6 inches of blacktop on them which is more than most newer roads; usually they are at 4. Having more blacktop can give more stability, those are probably not going to deteriorate as quickly as some of the other ones discussed this evening.

Mayor Bartholomew asked if that message can be relayed to the neighborhood. That the neighborhood is on the CIP, but this is a better course, better economically, a better finished project. He said it is key to get buy-in from a neighborhood that is already queued up. It's not just Dawn, it's any neighborhood that has been patiently waiting. Interim Public Works Director Eckles responded he was out in the neighborhood during one of the visits and ran into a resident and discussed the different options. The resident's comment was that they just want new blacktop. Interim Public Works Eckles stated his impression was that the resident would prefer the \$4 million dollar project that has half the assessment to the \$12 million dollar project.

Assistant City Engineer Dodge said he would say the original feasibility and approval was more for a reconstruction project. While they are retooling, it was designated at a 2022 and 2023 project. If this goes through the Citizens Task Force, they believe it could all be done in 2023. The schedule really isn't changing on the end, its changing in the beginning in order to run it past the Task Force. Dawn Way is such a big neighborhood, they want to work with Council and the neighborhood and get it right the first time. They are sticking with the schedule. Mayor Bartholomew stated that would be the message they have to convey.

Assistant City Engineer Dodge stated they are looking for direction/approval from the Council that says they would stay with 2023 for all of Dawn Avenue, based on the Citizens Task Force review and recommendation. The schedule really doesn't change for the whole neighborhood.

Mayor Bartholomew asked if Staff has looked down the road to see what the CIP looks like in 2023 and 2024. He asked if there were any people that lose, any that gain. He asked if some would have to wait for 2025 or 2026. He asked if this has been looked into or if it would be with the Citizens Task Force. Assistant City Engineer Dodge

responded he has definitely been looking into it and working it out with Staff, the Interim Public Works Director, and the Streets Superintendent. He said the discussion could be had on a different day, but they have been looking and would provide those numbers later. If wanting to get something done in 2022, they need to focus on what they should and can do. They would work between now and the winter to get the rest of the Pavement Management Program 5-year Plan intact. There are neighborhoods out there that are also looking for improvements, they have not been forgotten. Those would be a part of the 5-10-year plan put together with Council.

Mayor Bartholomew stated this requires a lot of education. They need to carry that message.

Assistant City Engineer Dodge stated with approval from the Council, Staff would get an update to the whole Dawn Way neighborhood. Literature would be given to the neighborhood stating they would be looking at a 2023 project. They would still be on the 2023 schedule.

Councilmember Murphy asked if it would be a 2023 completion. Assistant City Engineer Dodge responded it would be a 2023 completed project as originally proposed.

Councilmember Gliva asked if they are baselining and saying that mill and overlay is all it probably needs. Assistant City Engineer Dodge responded that Staff, Interim Public Works Director Eckles, Streets Superintendent, and the consultants on the Dawn Way project have been looking at scenarios. He said he could respond with some level of confidence that they could do without a reconstruction. They need to go back to the Citizen Task Force and say if they are not going to do a reconstruction, they could do a less intrusive/less expensive method. They would work together on what that method would be and come to an agreement.

Interim Public Works Director Eckles stated the Citizen Task Force not only helps with solidifying a long-term policy/long term vision to develop the plan, they are working on a newsletter article for September that discusses the Citizens Task Force. He said they were waiting to see what would happen tonight before notifying people on a given street about what's taking place. He would help educate city wide and also target those neighborhoods and keep them in the loop.

Mayor Bartholomew asked for further clarification on what is being requested of Council. Interim Public Works Director Eckles responded they are asking the City Council if the goal is to get as much of the roads back in shape as possible, next year. That is what Staff believes they can get done, maximum. The question is if the Council agrees with it.

Mayor Bartholomew asked the City Attorney if the Council can make a decision that isn't on the agenda. For example, putting certain projects in certain order based on input from Staff. City Attorney Bridget McCauley Nason responded the Council is not taking any formal action this evening. Council would be providing direction to Staff. If the Council wants something more formal, they could provide Staff with direction to come back with a Resolution, or something on the Consent Agenda formalizing that this is what the Council is supporting as far as what projects would look like for the upcoming year.

Interim Public Works Director Eckles stated if the Council is uncomfortable with this, Staff would have to go another direction. If there is a positive feeling, Staff would begin making things happen. There would be a number of formal steps coming before the Council. Staff just needs to know whether or not this is something the Council is comfortable with.

Councilmember Murphy asked if the Council could get a copy of the slide presentation. He said he felt this makes a lot of sense, makes more residents happy faster, and allows the city to reset and not spend more money

but save money. He said having been in the city talking to people, at least two streets brought up to him many times are on the list. He said he felt this was a great plan and would like to move forward. He asked if anyone would be delayed longer than expected. Interim Public Works Director Eckles responded they have 50 miles of people. There are a lot of road candidates, it was difficult trying to decide what not to put on the list. He said those not on the list, are projects that are too far gone for simpler things. There are projects that could go longer. Staff believes the ones on the list are good candidates to catch earlier in the process.

Councilmember Murphy asked when they would hear back about the Grants. Assistant City Engineer Dodge responded the Grant process for both would be known in February/March. That would be at the same time the Citizens Task Force would be finishing their review of the Pavement Management Program. The Grants are not necessary for the projects to happen but would help Pavement Management funding by freeing up \$400,000.

Councilmember Piekarski Krech stated she has no problem with what has been presented. She suggested Dawn be done as soon as possible. She said it was likely 20 years ago that 70th was redone, the area was supposed to be a process but ended up being stalled somewhere. She stressed the fact that Dawn has to be done. 2023 needs to be the date, it should have been 2022.

Interim Public Works Director Eckles stated looking at Dawn Way with the lens of needing to rebuild roads and get them to last as long as they can is a \$12 million dollar project. Looking at what still has life there; the curb and gutter is in pretty good shape even though it's 40+ years old. If the curb has 30 more years of life, he questioned why touch it. If you don't touch the curb, you don't touch yards and driveways, you don't have to replace water services. Councilmember Piekarski Krech stated she didn't care how it was done; those streets need to be fixed. Interim Public Works Director Eckles responded the \$4 million dollar project is to get in and out of there. Total reconstruction takes 2 years. He said 1 year was no problem, they can get it done in 2023. Councilmember Piekarski Krech stated it has to get done, it's been pushed off every year it has come up. She said it was supposed to be done as a part of the South Grove section, but for whatever reason, it didn't get done. It has been pushed off for too long and needs to get done.

Interim Public Works Director Eckles responded in the longer-term picture, the Citizens Task Force is going to give the tools as to what the 10-year plan is, once they get to that mark, they have hit their goal. Under the old plan they were \$140 million dollars short but hit the plan. Working with the Citizens Task Force they could get there and not be \$140 million dollars short. He said he believes when looking at the City Funding and Assessment Policy, the city has the tools needed to meet the goal, or get close, using a different lens. The Citizens Task Force would help fine tune that lens and make sure it is in line and headed in the right direction.

Mayor Bartholomew stated he liked the plan. There are a couple of priority dire projects that cannot be forsaken. He said he was willing to go along with the plan as long as the caveat is they pay strict attention to the streets they have been pushing away a long time such as Dawn, and others. Interim Public Works Director Eckles responded there are a lot of those out there.

Interim Public Works Director shared another item for the Citizens Task Force called Broad Area Patching. This consists of city crews that can't patch anymore because they are patching patches on patches. Simple overlays (thin layers of blacktop) have been done. He said they could ask the Task Force to possibly expand that program. City crews are very efficient and could do rural roads with a bigger portion than what they normally do. This gives more value to residents. They may be able to assess for that.

Councilmember Dietrich stated the Pavement Management System that was in place was something she has been keeping an eye on for over a decade. She felt it was a bit archaic because things were not getting done. 1/3 of the streets are in huge need of repair. She thanked Interim Public Works Director Eckles for his leadership

in the short time he has been here and with getting Staff on board. She said she feels like they are working to their full potential and are excited about this. She said she has heard from residents that are excited to be on the Task Force. Those are individuals that have wisdom on this topic and are willing to volunteer their time. She thanked him for the work done pivoting into this system, being wise, thoughtful, and brave.

Mayor Bartholomew asked if the Council was fine with the direction presented by the Interim Public Works Director and the Assistant City Engineer to move forward, or if something in writing is preferred that comes in a Consent Agenda. He asked if the Council could say yes, they like where things are at and can bring forward progress in the future, incrementally.

Councilmember Murphy referenced the slides shown by the Assistant City Engineer of areas potentially in the plan and asked how difficult it may be to delete an area, if Council comes to that, or adding another area based on resident feedback. Interim Public Works Director Eckles responded the deletion is easy, which is why he called them candidates. Adding something two or three months from now would be difficult. Maybe in rural areas where it could be broad area patching which is quick. He said every resident added is another contact, another interaction. There is going to be a lot of that. Adding additional projects may be tricky, but Staff could look at it depending on how complicated. Mayor Bartholomew stated it would be difficult for 2022 but could be possible for 2023. Interim Public Works Director Eckles agreed. He said once they have the Task Force up and running, maybe 7-8 months from now they would have clear direction. There is already a list of candidates and projects lined up for 2023.

Councilmember Murphy stated he has no issues with moving forward. Councilmember Piekarski Krech agreed and said Staff needs to get started. Interim Public Works Director Eckles stated Staff knows there are a lot of neighborhoods that want to see some action. Things could be moved through quickly to know whether a project is in or out.

Assistant City Engineer Dodge stated it would be helpful if there are any neighborhoods the Council has heard of that are not on next years list. Everything shown this evening was potential all next year. He has a whole list of projects going out five years. He already has Dawn Way taking up most of the budget in 2023. When getting to winter discussions and working with the Citizen Task Force, discussion would be had about where the money would come from, how many dollars per year they would put into this, and how much they could handle in the next four to ten years. If there were projects not on the 2022 list, please get them to the Interim Public Works Director and they can retool and bring items to the Council in the future for approval to move forward with feasibility reports.

Mayor Bartholomew wanted to be sure Staff looks at the 2023 and 2024 CIP and make sure those are being accounted for and not lost in the shuffle.

3. 2022 Budget

Finance Director Amy Hove brought forth an update on the General Fund and Levy. It would be a follow up from the August Work Session.

Timeline to date:

- May/June 2021 – General Fund Departments submitted budget requests. Finance Staff prepared salary and benefit estimates.
- July 7 – 13, 2021 – The Interim City Administrator and Finance Director met with Departments to review requests, requested additional information, and refined some of those numbers.
- July 20, 2021 – Department Head Meeting to review impact of requests on General Fund Budget and Levy.
- August 2, 2021 – Council Meeting to discuss the preliminary budget and levy impact.

- August 2021 - Ongoing review.
- September 7, 2021 - City Council Work Session discussion.

Updates since the August 2 Work Session:

- Received confirmation of the Police DUI Grant Award - additional \$43,750 in revenue.
- Reduced Workers Compensation allocations - expenditure reduction of \$54,500.
- Adjusted some salary grades and departmental allocations - expenditure reduction of \$32,500.
- Received updated Tax Capacity and Fiscal Disparity estimates from Dakota County (August 25, 2021) which has a direct impact on tax rates. All changes have been updated for the new figures being presented tonight in terms of tax impact.

Mayor Bartholomew asked if the fiscal disparity was still just an estimate from the County. Finance Director Amy Hove responded that would be refined through the fall and into spring. They don't actually finalize like market values; the tax capacity won't be finalized until spring. It is based on an August 2021 estimate. Mayor Bartholomew asked what estimate was being used. Finance Director Hove responded July.

Outstanding Items: (Items they do not have final information or decisions on):

- Heath Insurance Renewal - know there is potential for slight savings in estimates.
 - Preliminary hints that it could be lower than the 9% estimated.
- Potential DCC financing reform - topic throughout the year with Dakota County.
 - If Dakota County picks up more of the overhead cost the city share would be reduced and the city would see savings.
 - Unsure if this would be in 2022 or 2023.
- Police State Aid revenue - Aid received from the State to help with PERA costs and Police salary wage costs.
 - Budgeting at a 4.5% increase over 2020 actual (\$388,500).
 - Once 2021 is received at the end of September, may be able to increase this assumption for 2022.

She stated the city also receives Fire State Aid as well. 100% of that aid goes to relief pension.

- SAFER Grant - if received would help reduce the levy to cover the Fire positions currently included in the 2022 Budget (\$359,400).
 - Hope to know by the end of September.
- Additional Revenue Reviews.

Mayor Bartholomew stated they are increasing revenue by 4.7%. He said he was concerned about that number and suggested looking at it closely and get good justification. His concern was with inflation and the slowdown of the economy, it would have an adverse effect on any kind of revenue number picked. Whatever is underestimated for revenue would turn into a tax increase. He wanted to make sure they are cautious. Finance Director Hove responded her presentation includes a revenue graph comparing 2019 actual to 2020, and 2021 through June to see what the main categories look like.

Levy Summary. 2022 Proposed versus 2021 Adopted:

- 2022 Proposed: General Fund Expenditures: \$27,915,100
- 2021 Adopted: \$25,296,800
- Increase of: \$2,618,300
- 2022 Proposed: General Fund Revenues: \$4,493,790
- 2021 Adopted: 4,290,600
- Percentage of Change: 4.7%
- General Fund Levy: \$23,421,310
- Percentage of Change: 11.5%

- Pavement Management Levy: \$2,550,000
- Increase of: \$300,000
- Percentage of Change: 13.3%
- Debt Levy: 2022 Proposed: \$2,696,566
- City Wide Percentage of Change: 9.7%

Levy Impact:

Comparing what it looked like in August, and what it looks like today.

- August 2, 2021: Tax Levy: \$28,798,853
- September 7, 2021: Tax levy: \$28,667,876
- Decreased approximately \$130,000 in the last month
- Were at 10.2%, down to 9.7%
- Change in city tax rate: Was at 4.53%, now at 3.98%
- Median Property in August 2021: \$148.21
- Median Property in September 2021: \$140.90

Councilmember Piekarski Krech asked what the median property was. Finance Director Hove believed it was at \$278,000.

Councilmember Piekarski Krech asked how many median properties there actually were. Finance Director Hove responded she would have to check. She did know they increased the median value with the same inflationary figure that Dakota County sent in terms of what the overall increase was. Inflated property values as to how they appreciate.

Councilmember Piekarski Krech asked if the County was not going to have an increase this year. Finance Director Hove responded that is what she has heard. Councilmember Piekarski Krech said they don't know what the School Districts are doing. Councilmember Gliva responded there would be an inflationary bump. This is from the referendum from District 199. She did not believe anything was passed for Districts 196 or 197.

Councilmember Murphy stated the median home price was \$278,000 as of 2019.

Breakdown of Tax Levy Increase:

- 2021 Total Tax Levy (General Fund, Pavement Management Program and Debt) figured in:
 - COLA, Step Adjustments, Health Insurance: \$744,200 or 2.9%
 - Increase to Pavement Management: \$300,000 or 1.1%
 - 2022 New Staffing Requests: \$1,390,400
 - Other (Net) Changes: \$109,918
- 2022 Proposed Tax Levy: \$28,667,876

What that means for a median property on a monthly basis:

- Increase would be \$11.70 per month
- Most of that would be for new Staffing: \$6.40
- COLA: \$3.40
- Pavement Management Increase: \$1.40 per month
- Other (Net) Changes: .50 per month

Tax Rates - Dakota County

- Goal is to stay in the middle to lower of the pack when it comes to tax rates
- In August was at 52.8
- Currently down to 52.6

- As the tax rates goes there was a peak in 2019 when the TIF District and value came online for the city so there was a decrease in 2020 to a tax rate of 51. They were at 50.590 in 2021. Forecasted to go up to 52.6 which is still lower than the 2019 rate.

Councilmember Murphy asked why Apple Valley, Burnsville, and Eagan were excluded. Finance Director Hove responded they were larger, they determined they are not comparable cities to Inver Grove Heights. Those closer to the city range and scope are used. She said she could get the Council those cities tax rates if desired. Councilmember Murphy responded he would like to see them. He asked if it was possible to have population overlaid on this. He was curious since there were 50 cities the same size as Inver Grove Heights. Finance Director Hove responded she could provide that information.

General Fund Revenues:

Given that 2020 was an unusual year they looked back to 2019 as the last “normal” year of activity.

- Licenses and Permits:
 - 2019 was a banner year for Building Permits.
 - 2020 activity dipped quite a bit below the 2019 activity.
 - Year to date is about half of where they are projecting for the 2022 Budget. They expect to rebound from 2020 but stay more conservative versus 2019.
- Intergovernmental:
 - Slowly ticks up over the years.
 - The reason it is so low for 2021 is due to State Aid that doesn't come in until September.
- Charges for Services:
 - 2019 was over \$1 million dollars.
 - 2020 was a good year. Resident Engineering pulled in a significant amount of revenue.
 - 2021 has fallen behind.
 - Still working on obtaining refined estimates for what to expect in 2022.
- The remaining three categories are very small areas such as: Fines and Permits, Miscellaneous Revenues, and Other Sources.
- Other Sources:
 - To note: The CARES transfer was transferred in to reimburse the General Fund for costs and for the Public Safety payroll that was covered with CARES dollars last year.

Councilmember Gliva requested an example of Charges for Services. Finance Director Hove responded Resident Engineering charges fees for working on projects. It's a fairly significant charge.

Councilmember Gliva asked where the CARES money was for 2022. She asked if there would be more CARES money included. Finance Director Hove responded they received their first CARES payment. They don't house it in the General Fund, it is put into a Special Revenue Fund until Council dedicates what it would be used for.

General Fund Expenditures:

Comparing 2021 Original to 2022 Proposed in terms of Expenditures:

- A majority of the increase is to Personnel Services
- Professional Services, Purchased Services/Equipment, Supplies, and Other/Transfers are pretty stable. Not a lot of change in those areas

What type of function of Government; what is being funded:

- 51% of the Budget funds Public Safety
- 17% is Public Works

New FTEs in the 2022 Proposed Budget:

- Positions that are currently proposed in the 2022 Proposed Budget.

- Looking for Council feedback/comfort level with these positions.
- This is about one of the only things, without impacting services, that there is an opportunity to change for next year's budget.
- Only other area is Pavement Management Funding, which is not required, but an important and valuable plan.

Mayor Bartholomew stated a comment was made that the first half of taxes were received in July. He asked if there was an idea of what the delinquency rates were, if it was up, down, or static. Finance Director Hove responded they have not looked into that yet for this year. Last year during Covid, it didn't impact the city. The County offered considerable delayed payments, there were 5 different payments. They did not find that it had an impact on rates. She stated she would look into information for this year and get it to the Council.

Councilmember Murphy commented in what he has read from the Met Council, it shows a net gain for fiscal disparities. He asked if that was the case. It shows \$1.3 million in 2021. Finance Director Hove responded they haven't been Net Winner from 2006 or 2010. She would have to look at that information. She said the gap was closing, narrowed, they are not coming ahead on that program.

Councilmember Murphy stated in the materials he has it states the city put in 4.2 but got 5.5 in benefit for a net of 1.3.

Councilmember Murphy asked how the city is impacted, financially, by Dakota County. Finance Director Hove responded that Dakota County charges the city for certain things. Every County makes a choice as to what cost sharing relationships are. She wasn't sure of the full scope of everything they cost share on. She said she could provide a list of different areas that they cost share on. Councilmember Murphy responded it would be easier to answer questions from residents when knowing they are a net winner or loser in that situation.

Councilmember Piekarski Krech stated she was very hesitant about the 9.7%. Looking at median value homes, for some it's only \$11.00 a month. For people on a fixed income, that is \$11.00 a month they don't already have. She said when looking at this, it needs to be really judicious. She said her guess is that those in median valued homes are those that are not going to be getting a 9.7% increase in their incomes. She was concerned if getting Grants and having a Grant taken out, at some point those would no longer be there, then there is a huge bump in the tax rate because they'd have to pay for those extra people, they have been getting a Grant for all along. She said she felt there needed to be some kind of graduated level, so they don't go from 0-100 in one year. Finance Director Hove responded another thing they are watching and monitoring closely is the increase in property values. She said they know every time they approve a development, have new construction, or issue new permits, they are adding value. It is great when adding new value to the community versus having houses appreciate in value. The new value coming into the community can help share in the property tax burden. She said their goal would be to focus in on the tax rate, so the rate is applicable regardless of the amount in the expenditure budget/tax levy because there are more people to share it. They are anxious to see what these projects would do to the tax base. It is the hopes in future years, as they layer on increases, it will keep the tax rate stable if not lower.

Mayor Bartholomew stated the bottom line is what the rate is, what the individual is paying. The tax rate is at 3.98, although it's high, it could be lowered. He stated 3.98 is not a bad tax rate increase given the size of the city and the demands on infrastructure and services. He said the troubling part is that the press would report a levy increase of 9.7 when the reality is it's a rate increase of 3.98.

Councilmember Murphy stated from the looks of what the potential increase is getting them, they are addressing staffing issues that have existed for years.

Councilmember Dietrich referenced FTE's and asked how the new positions would look in an organizational chart. She stated Public Safety had needs there, but other ones like Communications, the city just got a Communications Manager two years ago. She said she has no idea what is being asked for with Independent Contractors, or what their job duties entail. She said she would like to see how everything lays out with exception to Public Safety. For example: How tasks are divvied up compared to what they are now. Finance Director Hove responded she could provide more information about what that may look like.

Next Steps:

- Preliminary Levy approval at the September 13th City Council Meeting.
 - The plan is to bring this proposal to the meeting taking place on Monday for Council approval.

Mayor Bartholomew stated it is preliminary, they can always go down, but not up. Finance Director Hove responded preliminary sets it high. They will continue to try to work it down through December when the public meeting is held. Mayor Bartholomew responded that gives Council time to get any questions answered and understood before getting to the final levy. Finance Director Hove stated there is a new City Administrator, it would give her the opportunity to work with them on any initiatives or feedback.

- October/November Work Sessions – Other Fund Budgets are reviewed and discussed.
 - This includes: Capital Project Budgets, Debt Budgets, Pavement Management.
 - Will also include any General Fund Levy and Budget updates.
- Between November 11 - 24, Dakota County mails proposed property tax notices to residents (based on the city's preliminary levy).
- December 13 - Public Meeting to discuss budget and levy.

Finance Director Hove asked if the Council was comfortable with this being presented at the next City Council meeting taking place on Monday, September 13, 2021. Mayor Bartholomew responded he was fine with bringing it forward on September 13th with full knowledge there is time and still a ways to go.

Finance Director Hove stated she took note of the questions and information requested by Council and will be working on it throughout the following week.

Councilmember Murphy stated knowing they can only go down from where they are, he asked if anything is missing, or if anything was given up. Finance Director Hove responded that early on the management team decided to focus on Staff. They felt staffing needed to be addressed as they have had staffing issues for a number of years. Next year it would be more focused on programs, projects, and potential other areas, whether its equipment or contracted services. She said they didn't really receive a lot of requests for anything outside of staffing. Department Heads knew this wasn't the year to ask for both. Staff was prioritized above other areas.

City Administrator Kris Wilson stated it has been very helpful for her to be able to listen to questions and comments in regards to the presentation. She said it has been a great four days so far. She is looking forward to meeting with all over the remainder of the week.

B. Adjourn:

Motion by Murphy to adjourn the meeting at 7:49 p.m.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Recording Clerk Sheri Yourczek.