

**INVER GROVE HEIGHTS CITY COUNCIL WORK SESSION  
MONDAY, OCTOBER 4, 2021. 6:45 PM - 8150 BARBARA AVENUE**

**A. CALL TO ORDER:** The City Council of Inver Grove Heights met in person for a Work Session on Monday, October 4, 2021. Mayor Bartholomew called the meeting to order at 6:47 p.m. (The meeting was delayed due to a Special Session Meeting held prior). The Pledge of Allegiance was recited.

**Roll Call:** Mayor Bartholomew; Council Members; Piekarski Krech, Dietrich, Gliva, and Murphy (off camera); City Administrator Kris Wilson, City Clerk Rebecca Kiernan, City Attorney Bridget McCauley Nason, Finance Director Amy Hove, Community Development Director Heather Rand, Golf Course Clubhouse Superintendent Matt Moynihan, City Planner Allan Hunting, and Interim Public Works Director Klay Eckles.

Others Present: Katy Sen, Messerli Kramer; Eric Satre, Director, Visit Inver Grove Heights/Convention and Visitor's Bureau.

**1. 2022 Legislative Priorities**

City Administrator Kris Wilson mentioned to the Council that this is the time of year to start thinking about the next Legislative Session. Historically, the focus of the even year Legislative session has been bonding bills. She said Katy Sen, from Messerli Kramer, has been the city's Contract Lobbyist since 2018. She has represented the city at the Legislature, helping coordinate when Staff or Elected Officials might be helpful to the process, or when issues come up that are of interest to the city.

Katy Sen, Messerli Kramer, stated the Legislative Session for 2022 starts January 31<sup>st</sup>. It is a bonding year/non-budget year, meaning in a budget year they have to pass a budget otherwise the State Government shuts down. There is nothing like that this Session. Bonding bills are passed in even numbered years. She stated there is a significant surplus as well as Federal money. Monthly revenue reports have been coming in higher than anticipated. There is a lot of expectation there could be a budget bill or tax cut bill that could pass given that revenue. The House and Senate have to come to agreement, the House Majority is Democrat, the Senate Majority is Republican, Governor Walz is a Democrat. It has been noticed in recent years that it is difficult to get a deal. She stated the Governor has to propose his Bonding Bill by January 15<sup>th</sup>. His process starts sooner than the House and Senate which puts their bills out later in session, around March or April. A Super Majority is needed in order to pass bills, meaning both the House and Senate need Bipartisan support to pass their bills. She stated what has also happened in recent bonding years is rather than each body passing a bill and going to conference, they negotiate all the way until the end and then a bill comes out because it needs bipartisan agreement just to pass off either floor.

Some priorities city groups are focused on:

- Housing issues:
  - Some bills have been proposed that would restrict cities abilities to use PUD's and have aesthetic requirements on PUD's.
  - Bills related to charging permitting based on square footage rather than other items.
  - Has been controversial with the Legislature.
  - There are a lot of discussions between cities and builders to see if a compromise can be worked out.
- Transportation Funding:

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- Has been a perennial issue.
- With cash funding available through appropriations, there is an opportunity for some transportation funding. Especially for specific projects such as 117<sup>th</sup> Street.
- Both sides really want to fund transportation. This could be an opportunity.
- Local Control:
  - Always something city groups are focused on.
  - Ensuring there are not levy limits.
  - MLC is focused on Fiscal Disparities and how that impacts different cities.

Bills put forward last year:

- The primary bill they worked on last year was for 117<sup>th</sup> Street. A bill was put forward for a \$2 million dollar request. There wasn't a bonding bill but did get a hearing in the House on that bill. The Senate didn't really have hearings on bonding bills since it wasn't a bonding year, but there were discussions taking place behind the scenes.
- Another bill was brought forward for Heritage Park for \$2 million dollars.
- There was a bill to do a study about the Amateur Sports and Training Facility in Dakota County. Eagan and Inver Grove Heights Legislators put that bill forward.

Both 117<sup>th</sup> Street and Heritage Park bills were authored by Representative Richardson in the House and Senator Kline in the Senate.

She said once it's decided that those are the two priorities the Council wishes to have, the next step is to work closely with Legislators and make sure they understand the projects. Then try to get other Legislators out for meetings and tours. She said the Mayor and Heather did a lot of that last session along with herself to get city priorities out to the State Capitol. These priorities will not be new to them, which is very helpful.

Mayor Bartholomew stated there will be additional discussion at the October 11<sup>th</sup> City Council meeting.

City Administrator Wilson suggested having further discussion, so they are able to bring something forward that is close to what the Council is looking for. The Governor puts together a bonding package and then the House and Senate. To be considered for the Governor's bill, jurisdictions need to submit a Resolution passed by the governing body by October 15<sup>th</sup>. That means the Resolution would need to be passed at the October 11<sup>th</sup> City Council meeting. She said they ask jurisdictions that are submitting multiple bonding requests to prioritize the requests. If going with two, it would be helpful to make clear what the first and second choices are. She asked if the Council was supportive of both requests that were pursued last year, if the Council wishes to pursue them again, and if priority order would be assigned.

Mayor Bartholomew stated last year they had three options. City Administrator Wilson mentioned that the potential Amateur Sports Facility study would not be a bonding request. Bonding dollars can only go toward bricks and mortar, have to build something physical. She said they would pursue funding for that study through cash the State has on hand, not through the bonding bill process. If in the future they seek State support to actually construct that facility, that would be a bonding request.

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Mayor Bartholomew said 117<sup>th</sup> Street was most important to him, not only for businesses here, but for a regional need.

Councilmember Piekarski Krech commented that 117<sup>th</sup> Street could even be a state issue. The reason it's in the shape it is in, is the garbage trucks going down it all of the time, coming from the entire metro area. She suggested they push hard on this request. With 117<sup>th</sup> Street, they get an economic benefit. She said for Heritage Park, getting the money to build it doesn't help pay for the continued upkeep and replacement. She believes it should be a regional amenity. She said she wasn't willing to push that unless there is buy-in from the County and others. She said a couple of places she was aware of had parks that were built on volunteers and donations.

Mayor Bartholomew stated to clarify, Councilmember Piekarski Krech was interested in 117<sup>th</sup> Street. He asked if she was interested in having Heritage Village Park as a priority or a second option. Councilmember Piekarski Krech responded she did not think so because they would have to look at the other budget ramifications that go with it.

Councilmember Piekarski Krech said she felt they need to concentrate on getting 117<sup>th</sup> Street done. Even if they get the money now, it would be several years out. It won't be completed next year. She said that was an economic impact to the city. She believed there were other things around that area that would happen if the street were improved. She said the railroad was another issue the city would have to deal with.

Mayor Bartholomew said he would like to see both stay in place and prioritize them only if keeping Heritage Village Park improvement on the horizon. He agreed 117<sup>th</sup> Street is the priority. He said it might put them in an awkward position and he would be cautious about it if 117<sup>th</sup> Street doesn't get approved, then they have Option #2. He said it may be wise to stick with 117<sup>th</sup> Street.

City Administrator Wilson stated in a year like this when they are getting signals about the number of resources the State has, it's wise to have more than one request. It can be clearly emphasized what the city's #1 priority is. She said they want to work in partnership with Dakota County and Legislators, not just looking at it from a city standpoint. They need to ask the Legislator's what they think will gain support and what they are excited about, so it comes across as a partnership. She said the railroad could be another possibility for the city to continue to develop. While they submit the highest priorities for consideration in the Governor's Bonding Bill, it doesn't mean they can't try to introduce other things after October 15<sup>th</sup> through Legislators and other mechanisms. Improvements for rail crossings for safety and noise could enhance the ability to do some redevelopment in areas that the railroad travels through in the city. She stated she wanted to make sure that Katy Sen, herself, and others, have given the Council enough information so they don't get to the end of the Legislative Session with questions about other cities and how much those may have received.

Councilmember Piekarski Krech questioned if it seems there are enough resources if they shouldn't ask for more for 117<sup>th</sup> Street. She said she believes they have a case where that street serves far more than

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local purposes. She commented that maybe they can get Republic to help with this because it also helps them and the other businesses along the area.

City Administrator Wilson stated there is preliminary design work currently going on for 117<sup>th</sup> Street. The Staff Engineer working on it is hosting a community meeting taking place in Council Chambers on Thursday at 11:30. Property owners along 117<sup>th</sup> Street have been invited. She said they would make sure before bringing the Resolution forward next week, that there is an accurate and strong number. If the cost has gone up above \$2 million dollars this would be a good chance to update the dollar estimate. She said her understanding was that the \$2 million dollars would have covered the full city contribution. She said they could partner with Dakota County if they are seeking State Funds for their share of the project but was unsure of their Legislative priorities at this time.

Mayor Bartholomew commented if deciding to go with two priorities and listing them as #1 and #2, and #2 is pushed ahead of #1, that puts them in a position they would have to determine whether or not to take the funds. He asked if there were two priorities if they would listen to the priority of #1 being preferred with #2 being whatever they can help with. City Administrator Wilson responded the risk of putting both into the Governor's bonding request is relatively low. This starts the process. They would take signals from where the city puts their energy and efforts during the Legislative Session. Ms. Sen agreed with the risk being low. She said with two listed, they would make clear what their priorities are, especially to local Legislators. Those are who the Bonding Chairs look to, to decide which to put forward. If there was a Transportation Bill with some of the cash, potentially they could get 117<sup>th</sup> Street funded there and get Heritage Park on a bonding bill. She said it's hard to predict how Legislative Sessions will go.

Councilmember Dietrich stated on Page 6 of the Council Packets, in the last paragraph it says, "the city plans to construct a historically significant themed inclusive playground". She said this was thrown in when they did their priorities last year. She said some were not aware it was going to be on it, they chose 117<sup>th</sup> and this one was slipped in. She said she hasn't seen any plans on the Inclusive Playground, there has been for Heritage Village Park. She said when bids were done and proposals were received for the curbing there now, they pulled out any infrastructure that would be provided for an inclusive playground. She said she doesn't see these two matching up, it doesn't make sense to her. She requested exploring other initiatives that could be presented. She said this one became part of the narrative, there may be other bigger things out there that need to be discussed. She said a good point was brought up on what others may think the city could get traction on. She said while the inclusive playground is significant, it should be a county initiative.

City Administrator Wilson stated Staff will continue to talk with partners about other things, such as the railroad. Local impact to a regional asset for the railroad can be proved. She asked if there were other projects or initiatives. She reminded the Council that bonding is for bricks and mortar/steel and concrete. The State typically looks at the city to make a regional impact argument for bonding bills.

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Councilmember Dietrich replied that was what she was wondering. If conversations have been had, or if it has just been these two things. She said she felt like they needed to back up because she was couldn't come up with ideas this evening.

Mayor Bartholomew stated 117<sup>th</sup> Street is solidly in place.

The Council agreed on 117<sup>th</sup> Street.

Mayor Bartholomew asked the Council if they were comfortable going with one priority, if something comes up, they can try to work it in. He said he wanted to be certain to get full acknowledgement on 117<sup>th</sup> Street. He also wanted to have the opportunity if something comes up. He said another idea could be railroad crossings/quiet zones, but he was unsure if that had a regional impact. City Administrator Wilson responded she thought they could make an argument that the rail traveling through the community leaves a uniquely local impact for something that is a regional benefit. She said she would have to do some checking to see if other communities have been successful in getting money for quiet zones or other rail improvement projects. They tend to be very expensive for the size. She said research can be done on the city needs as well as the strategy and success/failures of other jurisdictions on this issue.

Councilmember Piekarski Krech referenced the 494-interchange stating there needs to be planning. This involves Eagan and Dakota County. She said she felt this needs to be looked at because it is supposedly extremely complicated. City Administrator Wilson responded she was aware of the plans but doesn't have more detail. She said Staff could update on what year it is currently planned for and what the next step would be. She said as noted by Ms. Sen, there may be a transportation bill, they may be able to take steps to move that interchange closer. She said she didn't believe it was planned out enough to receive money to build it at this point but may be successful in working with Dakota County and Eagan in moving it up in the process. Councilmember Piekarski Krech said one of the discussion points was to have shovel ready projects. She commented that everyone keeps talking about this, it may come to the point where they are putting infrastructure up to the area, and there is no interchange and would have a mess.

Mayor Bartholomew stated there were two more ideas with the quiet zone and the interchange. He said for Monday they could definitely bring in 117<sup>th</sup> Street.

### **2. 2022 IGH Convention and Visitor's Bureau (CVB) Budget**

Eric Satre, Director with Visit Inver Grove Heights/Convention and Visitor's Bureau, 5782 Blackshire Path, gave the following presentation:

Convention & Visitor's Bureau (Fund 201)

Mission: To market and promote Inver Grove Heights to visitors; to maintain and stimulate the community's economic vitality.

CVB Board of Directors:

- Kim Koenig (Chair), Microtel Hotel
- Katrina Nooner, Holiday Inn Express
- Joe Harms (Treasurer), Mississippi Pub/River Heights Marina

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- Jodie Miller (Secretary), Town Square Television
- Delan Kalur, AmericInn Hotel
- Amy Looze, City of Inver Grove Heights
- Samantha Sommers, Mall of America

The CVB is also called Visit Inver Grove Heights.

- They are the tourism marketing organization for the city.
- There are tourism offices across the Twin Cities and the State of Minnesota.
- Explore Minnesota Tourism is the Statewide Agency.
- The purpose of the CVB is to tell the story of this community.
  - To promote the city for tourism
  - Inspire visitors to stay in our hotels
  - Shop in our stores
  - Eat in our restaurants
  - Promote recreational activities

When visitors spend money, it drives economic impact to the city and businesses. The CVB partners with the River Heights Chamber of Commerce and the City of Inver Grove Heights to support small businesses, promote quality of life, and local events.

How is the CVB funded:

- Funded by a 2% hotel lodging tax paid by guests when they stay at hotels in Inver Grove Heights.
- Governed by a Board of Directors represented by various local industries including hotels, restaurants, attractions, businesses, and a city representative.

The work of the CVB is carried out by recommendation of the Board, who then approves the 2022 Draft Budget on September 23, 2021.

Convention & Visitor's Bureau Highlights:

- 2019 was the best year ever from a hotel standpoint. For Inver Grove Heights, across the Twin Cities, and beyond.
- When the Pandemic hit it really dropped in March and April 2020.
- Since then, have slowly been gaining ground.
- Currently not back to pre-Pandemic levels but are optimistic going into 2022.
- Relies on hotels to partner with him to provide information and input.

Tell the community story through the website VisitIGH.com, social media channels, newsletter, Visitor's Guide, tourism map, digital marketing, and blog articles.

He does about 90% of this. Analytics are used to measure:

- Website
- Social Media
- Draw awareness to this as a place they want to live, visit, and have a business.
- In 2021 they did a digital marketing campaign called "Plan on IGH this summer", this launched in the spring to get people thinking about visiting. Done in partnership with Town Square Television who helped produce the video spot. The video received more than 26,000 views on YouTube.

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- Worked with Hometown Sweets. Did a case study when they opened in early 2021? One photo posted on google maps received 4,000 views during a period of 3 months. He did a self-produced video and business profile article that got about 200 views each. He sees this as a success and something their office can provide as a service to the local community.
- The most viewed photo he has taken was taken of Inver Wood Golf Course. The photo has generated 1.6 million views.
- The Inver Grove Heights Visitor's Guide is brand new and would be delivered this Friday. It has more interviews of local business owners, things to do, hotels, restaurants, and events. This would be available at local businesses.
  - Approximately 100 per month are mailed out.
  - Partner with Explore Minnesota Tourism to help spread the word. Partnerships are key.
  - Looking forward to next year; thinking about regional partnerships.
    - The Mississippi River Regional Trail is something he is really excited about for next year. It would be open from St. Paul to Hastings.

### Strategic Planning Session.

- The Board just wrapped up a strategic planning session from 2021 to 2024. From the plan they are marketing new strategies that support an increase for the current 2% lodging tax to the standard 3% lodging tax.

### Budgeted Revenues for 2022:

- Lodging tax: \$125,000
- Explore Minnesota Tourism (EMT) Grant: \$13,900
- Total Revenues: \$138,900
  - Up slightly from last year.
  - This year actual revenues would be a little short of budgeted revenues in 2021.
  - With the help of the CVB Board they are forecasting a 20% increase in budgeting revenues over 2021 actual revenues.

Mayor Bartholomew referenced a slide that was shown and asked if this doesn't contemplate an increase in the Lodging Tax. Mr. Satre responded that is correct, they are just focusing on the 2% Lodging Tax for this year.

### Expenditures with the 2% Lodging Tax:

There are three categories:

1. Administrative: Includes salary and benefits. Also includes office rental, office phone, equipment, email, postage, travel and conferences, and a city service fee.
  - a. The city collects the Lodging Tax from hotels, holds the funds, and does the reporting.
2. Professional Memberships: Any involvement with other industry related groups.
3. Marketing/Advertising: Next year focusing on the website, redesigning the tourism map, printing new.

He said in talking with hotel owners, they have said they want more digital marketing. Bringing people in throughout the Midwest who have an interest in traveling to our city.

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Councilmember Piekarski Krech questioned with the decrease in marketing and advertising, what they be losing. Mr. Satre responded he met with the Board about a month ago, with decreased revenues they had to take a hard look at some things they have done in the past, like the Vikings Training Camp. They have done an advertisement with them for their Training Camp Guide. He said knowing costs would be down, with this being a cost they didn't feel would deliver. Councilmember Piekarski Krech responded that makes sense. Things would continue to be done that get the most for their money. Mr. Satre commented it was the direction of the Board as well.

He stated he has Kim Koenig the General Manager with Microtel Hotel and Suites, with him this evening, he is also the Board Chair. He said he mentioned this because they would be discussing Administrative and a 9% increase.

He said the CVB Staff salary was flat in 2021, the Board approved a 4% increase for 2022. Any questions related to that, as Staff, he would look to the Board for information. He said for next year a 20% increase is based on new computer equipment, laptop, and to resume in-person conferences and trade shows. This looks at next year when he starts taking part and exhibiting, which cost money.

Mr. Satre thanked Kim Koenig and the rest of the Board, Heather Rand for her support from the City, Colleen Roth with the River Heights Chamber of Commerce for her guidance, and the Mayor and City Council.

### **3. 2022 Budget - Debt Service, Host Community, Economic Development Authority (EDA) and Golf Course**

Finance Director Amy Hove presented the following information related to the 2022 Budget:

Debt Service Funds: Funds 365, 367, 369, 392, 393, and 394. The Governmental Funds that are supported by the tax levy:

- G.O. Bonds 2015A - Streets
- G.O. Bonds 2016A - Streets
- G.O. Bonds 2017B - Streets
- G.O. Bonds 2018A - Fire Station #2
- G.O. Bonds 2019A - Fire Station #2
- G.O. Bonds 2020A - Streets

Bonded three years in a row for Streets, two years to construct the Fire Station, and the 2020A Bonds were a refinance.

-Debt Maturities range from the years 2027 to 2039

-Water & Sewer debt is carried within Water & Sewer Funds (2012A, 2014B, 2015B, 2017A) those will be shown when discussing the Utility Budget next month.

Debt Service Funds:

Revenues:

Property Tax Levy - \$2,696,566

Special Assessments

Investment Interest

Expenditures:

Principal Payments - \$2,015,000

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Interest Payments - \$869,375

Administrative Fees:

Paying Agent Fees, Arbitrage Reporting, and Financial Consultants

Revenues do not match up with expenditures because in the debt and levying world, these funds are collected.

- The property tax levy would be approved by the Council in December.
- It would be collected in 2022.
- It is actually to make the principal payments in 2023.
- Government's levy and collect ahead of when the payment is due to make sure there are enough funds on hand.
- That is also why they levy 105% of what the payment is scheduled to be in those years.

Host Community (Fund 451):

2022 Annual Costs & Initiatives:

- Music in the Park (\$1,000)
- Inver Grove Heights Fireworks (\$5,000)
- Volunteer Coordinator Position (\$16,000)
- Lobbyist Costs (\$41,000)
- Permitting Assistance - Barr Engineering (\$60,000)

These are costs and initiatives they would see year over year over year.

2022 Projects: These would most likely be seen when doing the Capital Improvement Plan. When looking at long range planning for the Host Community Fund, is what they would use those dollars for.

- Continuation of Fiber/Broadband Projects
- Railroad Quiet Zone Project
- Transfers to the VMCC for Capital/Operations
- Funding for the Pavement Management Program (started with the 2021 Budget)
- Funding for the Public Works Facility (2021 was the first year to put money aside)
- Cover any shortfalls in the Recycling Grant (on an annual basis, very minimal. For example, possibly \$5,000 to cover the difference in the Grant)
- Provide funding for EDA acquisitions/remediation

Host Community Revenues:

- Host Community Agreements
  - 2021 Adopted Budget \$2,300,000.
  - Increase in 2022 Proposed Budget to \$2,700,000.

Currently in the middle of analyzing Host Agreements with Pine Bend Landfill because they have/or are receiving their Certificate of Need. With their anticipated tonnage for next year feel that \$2.7 is a reasonable estimate for revenues for next year. On track to easily exceed that number in 2021. Staff feels comfortable with the 2022 proposed Budget:

- 2022 Proposed Budget - \$2,795,000

Other revenue (Interest):

- 2022 Proposed Budget Interest: \$95,000

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Councilmember Gliva asked for an explanation on how Host Community Funds get there. Finance Director Hove stated there are Landfills in the city that pay a fee to be able to operate in city limits. The Agreement outlines how much the fee is and is based on the tonnage they bring through. Fees are received every month. She said the latest Host Community Agreement with Pine Bend has a slightly different fee structure to it, rates are going to go down, but there are some incentive payments that are scheduled out each year.

Councilmember Gliva asked how often those Agreements are negotiated. Councilmember Piekarski Krech responded they change every time there is a change to something at the Landfill or a new thing that comes along. She said it could be about 5-10 years. Currently they want to change how much they have there which changes the focus. She said years ago it was a "tipping fee" that Landfills paid to the county and city.

City Attorney Bridget McCauley Nason stated they have been working on this at a Staff level. These don't come up every year, they are long term agreements. They are sometimes modified based on situation. She stated there is an amended Host Community Agreement that is set to kick in, it was previously negotiated several years ago contingent upon the issuance of the Certificate of Need. That will change the fee structure once issued. There could be future modifications to some of the Host Community Agreements in the future depending on change(s) in circumstances within the Landfill itself. Finance Director Hove stated she believed the Certificate of Need runs through 2030.

Finance Director Hove discussed Host Community Expenditures & Transfers Out:

	2022 Proposed Budget	2021 Adopted Budget
Personnel (Environmental Specialist)	\$89,300	\$85,100
Professional/Technical Services	\$334,100	\$169,100
Other Purchased Services/Supplies (Railroad Quiet Zone, Barr Engineering, Lobbyist, Volunteer Coordinator). (Supplies and other services for example: Music in the Park)	\$12,000	\$7,000
Capital Outlay (Fiber)	\$100,000	\$0
Transfer Out - VMCC Operating	\$766,700	\$1,235,650
Transfer Out - VMCC Capital	\$1,310,200	\$192,000
Transfer Out - Public Works Facility Funding	\$1,000,000	\$1,000,000
Transfer Out - Pavement Management	\$500,000	\$500,000
Transfer Out - Recycling Grant	\$5,000	\$5,000
Transfer Out - EDA Land Acquisitions	\$25,000	\$25,000
Total Expenditures & Transfers Out:	\$4,142,300	\$3,218,850

Funding and expense does not stay in this Fund, it goes out to another Fund. The first two would be:

- VMCC Operating and VMCC Capital.
  - With Covid, adopted and changed some of the original plans.
  - In 2021 all of the capital was cut out of the budget because they knew the operating needs would be greater in 2021 based on 2020 activities.

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- For VMCC Operating in the 2022 Proposed Budget, the idea was that their membership and participation has been increasing. The need to rely on operating dollars and transfers has decreased.
- Capital Needs have come to light.

She said normally they would be presenting the Community Center Budget this evening along with the budget being discussed. Staff was not quite ready with the Community Center Budget. That will be presented to the Council at their November Work Session. Anything that Council approves within that Budget for Capital and Operating Needs would be updated within this budget.

Mayor Bartholomew asked if the capital would be itemized. Finance Director Hove responded yes that information will be provided. She said the Parks and Recreation Staff has been working on longer range plans to be able to see what is on the horizon. For example: what the long terms needs in the facility are.

Councilmember Dietrich asked for the VMCC operating historical data pre-Covid and if that information could be brought forward when coming back in November. Finance Director Hove responded she would provide that information.

Finance Director Hove stated the following four are part of the CIP the Council approved. It is a fluid document; changes can be made. This is the opportunity to provide feedback if wanting changes, still agree with the assumptions, or want something different/other.

Transfer Out - Public Works Facility Funding

Transfer Out - Pavement Management

Transfer Out - Recycling Grant

Transfer Out - EDA Land Acquisitions

Councilmember Gliva referenced pavement management and how they were going to change and look at more Mill and Overlay. She asked if that was applied to number of \$500,000 because the process is changing. Finance Director Hove responded they would be coming back with more information on pavement management in November. She was unsure if Public Works and the Task Force would be ready to do a complete roll out of what the next five years may look like. This puts away a bit more money in order to do more projects. She said this was something that could be put on the budget or put on hold for further review on the plan and whether they would still want to contribute \$500,000 out of the Host Community Fund.

City Administrator Wilson stated the \$500,000 transfer is a small revenue source for pavement management. They show a levy directly for pavement management of about 5x that amount, roughly \$2.5. There are Franchise Fee revenues coming in which are in excess of \$1 million dollars. There are multiple sources of funding going into the pavement management plan, this is one of the smaller ones.

Mayor Bartholomew stated the historical thought was to take money out of Host Community so everyone in the community has some benefit of Host Community Funds. He stated he was in favor of leaving it, it sends the right signal that all can benefit from the Host Community Fund.

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Councilmember Dietrich asked if any other departments, besides Parks and Recreation, actually get Operating Funds from Host Community. Finance Director Hove responded no, there are not any other operating funds. She said she is speculating but thought the VMCC doesn't actually receive any tax levy dollars, the other General Fund Departments receive tax levy dollars to support their operations. Awhile back, the Council made the decision to use Host Community Fund dollars rather than include it in the tax levy need to residents.

Mayor Bartholomew stated they have always held the VMCC accountable to a certain percentage of revenue. The city would balance out the difference. The Host Community Fund was used because it benefits the entire community. Councilmember Piekarski Krech stated the shocking part was when the Community Center was built it was built on the premise that it was going to pay for itself. It did not. It is a community asset that provides to the community. Rather than shut it down, the Host Community Fund was selected to cover operating with the thought that the onus was on Community Center Staff to bring it to an 85% level. She said from what she knew historically, there were no community centers that pay their own way.

Finance Director Hove mentioned that having recently been at the Minnesota GFOA, a number of her colleagues are jealous of the city because not only does the city have a golf course that is making money, there is also an alternate funding source for a community center when a lot of them are levying dollars to support both operations.

Councilmember Dietrich stated her concern as the landfill changes is if this would be sustainable. She said as they discussed the SAFER Grant and how that would be monitored, she questioned who would monitor the said percentage Councilmember Piekarski Krech mentioned. She asked if any of that was in writing. Finance Director Hove responded she has viewed the report, former Parks and Recreation Director Eric Carlson referenced the 80-85% range. She said it was worth looking at. She said that Director Carlson used to bring that before the Council periodically or annually, possibly as a part of the budget presentation. That has not been looked at in the last year or two because they are having a hard time getting people back and are just resuming levels. She believed this was something that can be looked at and analyzed over a longer period of time.

Mayor Bartholomew said he thought there was a footnote in their consolidated financials that breaks out the expense from the VMCC, revenue, and sites what percentage. Finance Director Hove responded she would look for that information.

Councilmember Dietrich stated some of that may be a bit archaic to the newer Councilmembers, she requested having a discussion on this item in the future.

Finance Director Hove stated when passing the Community Center Budget, the transfer figure would be updated for balance.

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Community Development Director Heather Rand presented the EDA Budget. She said the EDA Membership is comprised of City Counselors that meet four times a year, or more if there is special business for consideration.

- Involves acquisition of property to support the growth of high value businesses and/or new housing.
- The goal is to support high value development opportunities city wide.
  - The EDA is charged per the city's most recent strategic plan adopted by Council and the Strategic and Comprehensive Land Use Plan to support a wide variety of housing types such as lifestyle housing, for example: apartments, smaller homes, and larger homes.
- The EDA, through a variety of means, has been working toward that goal over the last couple of years.
- It also provides entrepreneurial support.
  - Direct business counseling services.
  - Some think of starting out, and for some, succession planning.
  - The EDA funds a Counselor to work directly with those small businesses.
  - Partner with the county and other cities to provide that service.
  - Free/no charge.
  - More information about this service is available on the city website.
- Engages in effective marketing.
  - Over the last year with Covid they have not been out marketing the community, nor have the support organizations.

She stated bringing in Commercial Real Estate Brokers for tours of existing opportunities or attending conferences hasn't seemed wise with the Pandemic. Hopeful that 2022 will be a very different year.

EDA 2022 Highlights:

- Revenues:
  - Remove \$15,000 Grant Revenue

She mentioned since she has been here, they have never had the opportunity to apply for Grants. She said she is aware that the CDA (Dakota County Community Development Agency) has Planning Grants. She said they will apply for some funds in the next year but are uncertain if awarded them. She suggests removing that figure from the Revenue category. There may be some Grants from the Metropolitan Council that may be appropriate but doesn't believe it wise to list as solidly stated revenue.

- Small Fund Balance. Suggesting to use \$21,100 in funds currently in the fund. This is because they have not been marketing this current year. There are revenues to do that, and this would allow them to not have to increase the levy any more than necessary this year.
- Expenditures:
  - Increase in Professional Services \$7,500.

Community Development Director Rand explained they would be removing the Grant dollars that have been in the budget in the past. If there is actually a Grant opportunity, they would still make application.

- The Operating Transfer from the General Fund is proposed to be \$65,800 in 2022. Using budget reserves allows for them to not have to increase it this year.
- Total revenues for the 2022 Proposed Budget would be \$65,800.
- Personnel expenses would stay about the same at \$19,300 for the 2022 Proposed Budget.

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- Professional/Technical Services: The 2022 Proposed Budget would go up \$7,500 for a total of \$52,100.
  - The EDA funds the business counseling service (entrepreneurial support) at \$7,000 a year for the city contribution with the County CDA and other counties in Dakota County contributing the rest.
  - This provides a full-time person to do that type of work.
  - Funds about \$5,000 in legal services used for acquisitions and sales agreements.
  - Funds some of the work with Financial Consultant, Ehlers. Approximately \$5,000 a year.
  - Included in the budget is up to \$5,000 for a retail/market study and/or hiring Consultants that can advise our community on what a Special Service District is.
    - Staff has begun marketing the commercial corridors, so they have an identity.
    - Working with the Chamber.
    - Would like to continue that work, there are Consultants that can advise.
    - Could use some of the funds to hire an Organization and their Consultant (called ULI) to come in and look at the Target/McGough site and how that could be better utilized.
  - Budgeted \$25,000 for Concord Boulevard/Riverfront Redevelopment Planning Services.
    - This could be where Staff could make application for additional funding from the Dakota County CDA.
    - This was an item Staff hoped to pursue in 2021.
    - Suggests having a Task Force that supports the work and hire a Planning Consultant. The Task Force would include one City Council Member, 1-2 Planning Commission members, a member of the Parks and Recreation Advisory Commission, business owners, and other landowners along the riverfront. She was hopeful that 2022 is the year they can do this with the assistance of a Professional Consultant.
- Set aside \$5,000 to help with land acquisition services that are required.
  - Before putting properties on the market that the city acquires that may be blighted and/or need redevelopment. Appraisals need to be done, Phase 1 Environmentals complete, land surveys, and/or Title work and Closing fees.
- Funds are set aside for Marketing.

She stated Staff considers the River Heights Chamber of Commerce, Dakota County CDA, and other Dakota County cities as all being partners when it comes to marketing this area. There is a quarterly EDA Meeting on Monday, November 1<sup>st</sup>. They will be discussing the 2022 Work Plan and what has been accomplished so far this year.

Golf Course Clubhouse Superintendent Matt Moynihan stated this year and last year have been very good for the golf course during the Pandemic. He wanted to give credit to his partner at the golf course, Joel Metz, Golf Course Superintendent, who gets to the golf course every morning between 4:00 a. and 4:30 a.m. If the Council has questions about the golf course, or the maintenance side of things, email or call Joel. The following update was given related to the Golf Course (Fund 503):  
2022 Priorities and Goals:

- Provide a quality golf course product, well-conditioned, and value priced.

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- Provide fair and equitable tee time access to the general public.
  - Online or via phone.
- Contribute to the overall recreational options maintained by the community.
- Protect green space area in an environmentally responsible manner.

### 2022 Highlights:

- Anticipate product manufacturer delays to continue into 2022.
  - A lot of delays this year.
- Pricing increases as product expenses continue to grow.
  - As products increase in price, have to charge golfers more to cover costs.
- Look at the purchasing/replacement of equipment in the fall.
  - This fall will be in good shape with the golf course.
  - There will be pieces of equipment that he and Golf Course Superintendent Joel Metz will sit down and prioritize a list.
  - There are items that will have to be brought before the Council in November.
  - The same process would be repeated next year.
- Continue with general maintenance and improvements to the golf course, driving range, putting surfaces, and bunkers.
  - The Golf Course Superintendent maintains all.
  - In 2016 there was a major remodel. They did an entire new irrigation system throughout the whole property, redid bunkers, extended the driving range back into the parking lot.

He mentioned there were problems with rodents digging down to the pea gravel in the bunkers. As a result, it was dug out and the pea gravel was replaced with a new type of drain tile sleeve.

### Golf Course Revenues & Projected Profit:

- Green Fees: Slight increase to the 2022 Proposed Budget: \$753,600. 2021 was \$724,000.
- Anniversary Memberships (annually):
  - Entitles people to get a three-year membership
  - Green fees are covered within a three-day window at certain times within playing periods.
  - With the Anniversary Membership money, it is the amount that is kicked in. The money is allocated in, in year 2021, 2022, and 2023.
  - Proposed Budget for 2022 is \$489,600. In 2021 it was \$482,000.
- Golf Car Rentals: 2022 Proposed Budget is \$525,000. In 2021 it was \$457,000.
  - Hilly terrain.
- Food/Beverage: 2022 Proposed Budget is \$210,400. In 2021 it was \$215,600.
  - The change is due to things likely reverting back to normal in terms of golf courses and players.
- Practice Center:
  - Abnormally early season. Started April 1<sup>st</sup>. Average start date since 1992 has been April 12<sup>th</sup>.
  - Early in the season the driving range gets the most use.
  - 2022 Proposed Budget is \$163,200. In 2021 it was \$145,500.
- Other Revenues:

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- Includes: Memberships, Handicaps, shop sales for merchandise; golf shirts, golf bags.
- 2022 Proposed Budget is \$125,000. In 2021 it was \$123,900.
- Total Revenues: 2022 Proposed Budget \$2,266,800.  
2021 Adopted Budget was \$2,148,000.
- Total Expenditures: 2022 Proposed Budget \$2,137,800.  
2021 Adopted Budget was \$2,023,950
  - Includes depreciation expense of \$250,000.
- Projected Profit (after depreciation):  
2022 Proposed Budget is \$129,000.  
2021 Adopted Budget was \$124,050.

Golf Course Expenditures by Department:

	2022 Proposed Budget	2021 Adopted Budget
Operations:	\$367,600	\$344,700
Due to cost of products going up.		
Practice Center:	\$9,350	\$8,650
Number stays low. Includes: buckets, range balls.		
Golf Shop:	\$58,550	\$56,900
Shirts, hats, gloves.		
Food/Beverage:	\$205,500	\$205,100
Cost of Personnel, cost of buying product to put out and sell. Beer, alcohol.		
Outside Services:	\$59,600	\$55,400
-Personnel/Positions are cross-trained. Handle cart washing, parking carts, picking range balls, divots, tees, garbage.		
Common/Shared:	\$570,500	\$504,200
Includes: Golf Course Clubhouse Superintendent, allocations such as insurance, liquor, permits, advertising, postage, deliveries, heat, electric.		
Grounds:	\$784,700	\$767,000
Taking care of the course: fertilizer, rakes, sand in bunkers, top dressing, mowers, gas, fuels.		
Debt-Internal Loan Pymt:	\$82,000	\$82,000
This goes back to the project from 2016. Pay \$82,000 back a year. If there are extra funds after this payment is made, other purchases are sometimes made.		
Total:	\$2,137,800	\$2,023,950

Golf Course Expenditures by Category:

	2022 Proposed Budget	2021 Adopted Budget
Personnel:	\$1,163,100	\$1,090,300
Golf Course Clubhouse Superintendent Matt Moynihan and Golf Operations Coordinator Leon Otness are the only two that are year-round at the golf course. This also includes: Golf Course Superintendent Joel Metz, Mechanic, Assistant Superintendent.		
Professional/Technical:	\$500	\$500
Purchased Services/Property/Equip:	\$162,500	\$130,750
Things needing to be replaced annually. Sometimes the money gets used, sometimes it doesn't.		

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Other Purchased Services:	\$68,300	\$57,650
Supplies:	\$201,500	\$206,500
Items that are put out to sell, food/beverage, golf shop.		
Other Expenses/Expenditures:	\$294,700	\$292,550
Includes things that need repairs, parts, or replacement.		
Cost of Sales:	\$165,200	\$163,700
Debt Service-Internal Loan Pymt:	\$82,000	\$82,000
Total:	\$2,137,800	\$2,023,950

He stated 2007 was the last time anything was done inside the building. He is getting bids for inside painting, light fixtures, and carpeting.

Mayor Bartholomew appreciated the work Golf Course Clubhouse Superintendent Moynihan has done along with Leon over the years. He said the golf course operates like an enterprise, conscientiously, revenue driven, with adherence to expense and keeping it low is very appreciated. He commended his enthusiasm and for his Staff. Golf Course Clubhouse Superintendent Moynihan responded he would pass that information along to Staff.

Councilmember Piekarski Krech stated things are going well and appreciates what he, Leon, and Joel have done. She said she has noticed a lot more coyotes this year.

Councilmember Dietrich addressed Golf Course Clubhouse Superintendent Moynihan and said a good amount of the golf course success is due to his passion and good customer service that is provided. Golf Course Clubhouse Superintendent Moynihan thanked Councilmember Dietrich for the kind words and said he tells those behind the counter at the golf course that anytime they may want to lose their patience with someone, put themselves on the other side of the golf shop counter. He said you can't make everybody happy, but you can do your best.

Finance Director Hove stated there is a full slate of budgets being prepared for November 1<sup>st</sup>. She would get materials out as soon as they can. She said the Council will see Recreation and the Community Center, Pavement Management, Utility Funds, and the Internal Service Funds which also includes the central equipment replacement schedule recommendations.

### **4. Mississippi River Corridor Critical Area (MRCCA) Ordinance Update**

City Planner Allan Hunting stated he would provide a high-level general update because the city needs to update its Overlay District Ordinance. The process to update has just started.

Mississippi River Corridor Critical Area (MRCCA) Ordinance Update:

The MRCCA is a corridor of land along each side of the Mississippi River in the metro area covering 54,000 acres along a 72-mile stretch of the river.

- The corridor is back about 1,000 feet from the River.
- It has different districts that would have slightly different regulations:
  - Open space preserve areas
  - Housing separated from the river with different regulations
  - Some housing along the river in residential

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- Parks area and the Concord area has a new category, mixed use, that recognizes more commercial uses than it did in the past
- Rules it covers:
  - Structure height
  - Setbacks from the river and bluffs
  - Vegetation management to control removal and land alterations
  - Purpose is to control and preserve the views of the Mississippi River from the river and each side of the river

### Adopting a New Set of Rules:

- The current set of rules were based off an Executive Order from 1979.
- Legislature felt it was time to update, directed the DNR to start the process.
- During 2013-2014, the DNR held a complete public review hearing process, meetings, and comment periods.
  - Notices were sent to every property owner within the boundary
  - That input was collected
  - In 2017 the official rules were adopted
  - The DNR created a model Ordinance
  - That is what each city has to adopt based on model rules

### Adopting New Set of Rules:

- There was lag time from when they were adopted to the time, they are looking at now.
- This was right at the time of Comprehensive Plan Amendments.
- Cities along the corridor need to have a chapter in their Comprehensive Plan on the critical area.
- Waited until all of those were updated and adopted.
- The DNR sets a calendar stating when cities would need to update their Ordinance. (Within a year).
- DNR would have to approve.
- Ordinance would need to be based off of the adopted rules in the model Ordinance. All of the standards have already been set.
- The city will work with Hoisington Kogler (HKGi) to prepare background information that includes:
  - Doing a summary of the current rules compared to the new rules
  - Prepare a Draft Ordinance
  - Staff would run that through the public hearing process with the Planning Commission and the City Council for adoption.
- Anticipates this take place late winter.

He stated this was an update on the mandated Ordinance process. The current one the city is using is from 1991. The city is required to update and use the model Ordinance. Staff reviewed it and didn't see any issues. The rules are more favorable now compared to the current set of rules.

Mayor Bartholomew commented it could be a challenge working with the outside Agency. He was unsure how to balance the new Ordinance proposals with development along the river. Variances and setbacks could be a challenge. City Planner Hunting agreed it is a challenge. The city receives very few

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Permits and Variance requests along the river. They don't see that it would be an impact on residents. It should not hinder any future plans for the Concord or Heritage Village Park area. He said it establishes a better subsection of the Ordinance that addresses more of the urban commercial development than the current Code has.

Councilmember Piekarski Krech asked if the map shown was from the DNR Website. She said a legend was given, but it didn't give her much clarification. City Planner Hunting responded the DNR page has a critical area page that gives those definitions. Additional information will be provided as the process continues.

### **5. Budgeting for Stormwater Challenges**

Interim Public Works Director Klay Eckles updated the Council on the Stormwater System:

Inver Grove Heights Stormwater Challenge: Fully Fund ALL city infrastructure... new and old.

He said the stormwater system is not like the water and sewer system where it's checked every day.

With stormwater, you find out what isn't working when there is a big storm. The city has a very complicated stormwater system. He is still learning about it. He said since he has been here, what keeps coming to him repeatedly is that stormwater utility is underfunded.

The storm system has two primary goals:

- Protect the community from flooding
- Protect water quality and the environment

Flood Protection:

- Protect the infrastructure; the city and residents of the community from flooding.
- Use the "100-year event" as a measure of readiness or vulnerability.
- Unique challenge to this community with landlocked basins.
- Inver Grove Heights cannot manage groundwater directly. Can manage the surface.
- Landlocked basins will always be a challenge.
- The city has been active with its stormwater efforts.
  - Challenges are bigger than the average city
  - The world of stormwater has been changing with the Minnesota Pollution Control Agency adding new permitting requirements for water quality.

Water Quality/Environmental Protection:

- Stormwater runoff generates nutrients which goes to lakes and waterbodies leading to impairment and pollution in the water bodies.
- It has become highly regulated through the State and Government. Now required to have a Permit.
- MPCA Permit makes the city accountable for:
  - Enforcing design standards on development.
  - Operate system to minimize pollution on the environment.
  - Retrofitting areas that don't meet today's standards. (As they go through older neighborhoods and re-do roads, there is an expectation that the city looks at ways to improve water quality coming out of the neighborhood).

IGH Storm Sewer has many components:

- 110 miles of pipes and appurtenances.

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- 200 constructed ponds (ponds that act as a buffer from storms, hold the water back so the pipes can get it to the downstream water body).
- Infiltration systems and rain gardens around the community to help treat the water before it gets to lakes and ponds.
- Ditches and ravines.
- Natural basins, lakes, and wetlands.
- Other water treatment systems.

More funding is needed for Stormwater:

- In the last 30 years it has been more complex.
- Accelerated in the last 15 years with the permit process. Infrastructure rehabilitation need is growing.
- More costs are associated with managing the system.
- Examples of retrofit projects:
  - M&I Homes
  - Good Samaritan
  - 64<sup>th</sup> Street Trunk Storm Sewer
  - Dawn Way Emergency Repairs

He stated Stormwater Utility would be a classic place to fund. In this case they are using pavement management dollars.

The city has significant deferred maintenance:

In 2016/2017 Staff did a major study of the stormwater system and found there was \$17 million dollars' worth of deferred maintenance.

Permit requirements are growing:

- There is more deferred maintenance piling up.
- Aside from the General Fund and having to use money out of Pavement Management relating to roadway projects.
- Stormwater Utility is a form of raising funds from the community that hasn't caught up with the need.
- A challenge to the community. At that time, bringing this forward was a difficult issue. The thought was that they wouldn't bring the stormwater utility up to try to fund everything right away but try to get it in place.
- Incremental increases have been made every year.

Permit requirements create more costs:

- There is an active need now. Not only requiring this be built, the MPCA wants the city to provide annual reports. They want the city to verify that private systems are being operated and maintained correctly along with documenting and reporting. This is called the MS4 Permit.

Most Cities use a Stormwater Utility Fund:

- A fee is charged to every property. The fee raises money to manage and repair stormwater facilities.
- Collected with utility bills.
- Based on the amount of stormwater generated.

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- The bigger the parcel, more blacktop/hard surface they have, the more runoff, the more impact they have, the higher the rate.
- Small parcels and open space have the lowest rate.
- Simplified down so every single-family lot has the same rate.

Stormwater Utility is already in place:

- As the northwest area developed, research was done:
  - Noticed it was going to have new systems and treatment facilities.
  - Set a higher rate for the northwest rate. Currently has a separate, higher stormwater utility rate.
  - Bringing in \$500,000 a year.
  - Inver Grove Heights Utility has a much lower quarterly fee compared to most other cities.

Stormwater Utility Comparison for Inver Grove Heights:

- Quarterly bill is about \$6.00 a quarter for a residential household.
- \$24.24 a year.
- The average for area cities is just under \$80.00 a year.
  - Eagan is active in water issues. \$76.44
  - Woodbury had several basins in the area that had water quality issues. \$82.00

He believes these cities are using their Stormwater Utility to fund those activities. Comparing it to where Inver Grove Heights is, the city isn't funding all stormwater activities with the Stormwater Utility Fund.

This:

1. Increases the deferred maintenance.
2. Tries to gather money together from other sources like the Pavement Management Program.

Comparison of Municipality and the Annual Bill for a single-family home:

- Inver Grove Heights = \$24.24
- Inver Grove Heights Northwest Area = \$73.32
  - Overall Area Average = \$78.50

He said this was a pretty significant difference. Accounting for the MS4 Permit requirements are directly impacting what is being built in the northwest area. He stated the question would be if now is the best time to make adjustments.

He stated he brought this before the Council because there would be discussion about a stormwater utility rate increase or changes at the next meeting.

- There has not been a detailed in-depth financial analysis.
- Stormwater utility is not supporting all of the work that needs to be done.
  - Some of this work is not getting done.
  - Some of it is getting paid for with other sources, which effects other infrastructure.
- Suggests having an analysis in 2022.
- Suggests taking this in parts to get where needed. May want to try to do something this year.

Strategy for Consideration:

- Looking for feedback.
- Additional information would be brought forward next month.
  - In 2022 refine and define financial needs.
    - What the deferred items are

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- What has been taken off the list
- What has been added to the list
- Develop a detailed multi-year plan to make adjustments.
- Determine and understand how they would be moving into the MS4 Permit issue.
- Educate the community on the needs and what is involved.
- Consider making adjustments over time to get closer with where the northwest area is.
  - The northwest area has a lot of stormwater treatment systems. All brand new.
  - Older parts of town do not have some of those systems and may need to build them as rehabilitation/other projects take place in neighborhoods.

He said the question for Council would be if the process should begin with the 2022 Budget (Jan. 1).

For 2022 Budget Consideration - 1<sup>st</sup> Step:

- Increase non-northwest area rates by 25%.
- Raise the quarterly rate by \$1.50 per household. Currently at \$6.06. Would go to \$7.58.
- Recommends a nominal northwest area 5% rate be added to keep the current system healthy. Currently at \$18.33. Would go to \$19.25.

He stated this is not based off of an accountant's analysis of costs. This is based on observing what is ahead with MS4 Permitting and the deferred maintenance. He said as they start doing much larger areas as a result of pavement management efforts, they would be uncovering stormwater problems. They could find stormwater pipes that are cracked, manholes needing replacement, catch basins with broken rings. A funding source is needed. If there isn't funding in the stormwater utility, it would likely come out of the Pavement Management Program. He said the city does not currently assess anything for stormwater improvements. Some cities do, some don't. This was something that could be discussed.

Councilmember Dietrich referenced the Inver Grove rate of \$24.24 asking how the northwest area rate came about. Interim Public Works Director Eckles responded the northwest area pays \$18.33 a quarter. If living in the older part of town, paying \$6.06 a quarter. Different rates per household.

Councilmember Dietrich asked what the northwest area was paying. Interim Public Works Director Eckles responded the yearly amount for the northwest area is \$73.32. Inver Grove Heights older neighborhoods pay \$24.24.

Councilmember Dietrich asked if the MS4 Permit process was something that would be done in house if staffing allows. Interim Public Works Director Eckles responded the city he just came from prior to working here had 1.5 Staff that exclusively did the paperwork, planning, financing, and budgeting. He said there are inspection records and verifying properties are doing what they are supposed to do. Inver Grove Heights doesn't have that yet, but it is going to come. He said the PCA is auditing cities. Cities that are not meeting regulations are being fined. He said the first five years of the process was easing into it, the next five years would be stricter. They are currently 2 years into the second 5-year period. The next one would be a lot more difficult.

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Councilmember Dietrich thanked Interim Public Works Director Eckles stating part of solving any problem, half of it lies in just presenting; identifying the problem and the solution. She said she appreciated him bringing forward this information, a lot of it was new to her.

Interim Public Works Director Eckles stated people read their Utility Bills and notice increases. It's not a popular thing.

City Administrator Wilson stated in a community like Inver Grove Heights where there is a substantial number of properties not on city water and sewer, this is a bill that is applied to all property owners. If on city water and sewer, it is merged into the regular utility bill. If not on city water and sewer, a bill will be sent just for this dollar amount. It's a small amount, it will stand out.

Councilmember Dietrich stated she receives calls about this.

Councilmember Piekarski Krech commented that people not on water and sewer have larger property, it can be a significant amount. They definitely hear about it. She said it was an extremely contentious thing. People show up because it's a tax. She said the only reason it passed the Council after at least 3-4 years of discussion was that it was the only way to get every property in the city to pay for stormwater. Any property that didn't pay real estate taxes was not paying for stormwater. That was the only reason the stormwater utility passed was because money could be collected from non-profits. Churches and Schools are the ones with the most impervious surface.

Interim Public Works Director Eckles stated \$1.50 seemed like something they could handle. Larger sites, such as Target for example, will notice a higher number.

Councilmember Dietrich mentioned when Target did the parking lot, they did pervious asphalt in a few sections. Interim Public Works Director Eckles responded that was the type of thing they would keep seeing over and over. A number of cities are doing stormwater re-use, using it to water new developments. There are new innovative strategies to deal with new regulations.

Interim Public Works Director Eckles stated cities that have more money than Inver Grove Heights are struggling with this. He said with where things are at now, as issues come, it would be difficult if there wasn't a better revenue source. He said this could be done all at once or over a period of six years with a 25% adjustment every year. Eventually this would be up to the amount the northwest area has.

Councilmember Piekarski Krech stated the northwest area would increase too because they have infrastructure that costs more to keep up. That's why fees there are higher. Interim Public Works Director Eckles agreed stating the area has newer systems that are more expensive to operate. The northwest area has pipes that are going to last 70 years where the older part of the city has pipes that are falling apart and need replacement or are not built to standards. He said something that could be looked at as a part of an analysis would be if there should be different tiers in parts of the city or not.

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Councilmember Piekarski Krech commented that they keep giving permits for people to add on and/or add impervious surface, but still meet impervious for their area. She asked if they shouldn't be charging more if adding impervious surface. She said there were a lot of properties that have blacktop driveways and several sheds who contribute more than the place next door that doesn't have all that, doesn't have a bigger footprint. Interim Public Works Director Eckles responded that was an excellent topic. One of the things Council has his him working on is the agreements that have come before the Council regarding stormwater agreements. Some of those are related to people that went over the impervious threshold and now need to build a raingarden and enter into an agreement. He said that is a bureaucratic process. If they could adjust their stormwater utility from here on to cover it and use the money to do something to the system to help. He said it was a great idea but had not heard about it being applied to stormwater utility.

Councilmember Piekarski Krech said to her it made sense. If there is one house on five acres, and there's another with a house, pool, and sheds, they produce more stormwater runoff then the one home property is. She questioned why they pay the same when they produce more runoff. Interim Public Works Director Eckles responded that is exactly what the idea is, to pay proportional. He said it becomes a nightmare and needs to be simplified.

Mayor Bartholomew asked if what is being suggested would be a 25% increase this year, and then define and refine for all areas; the northwest area, older areas of town, and the unsewered area. He asked if this update would be in 2022. Interim Public Works Director Eckles responded it was one idea, he was open to others. He wanted to make sure the Council is aware there is an issue.

Mayor Bartholomew asked if the 25% would be brought before the Council for discussion at a Work Session. Interim Public Works Director Eckles responded the next budget meeting had stormwater utility on it. He said stormwater utility is probably the fairest way to deal with stormwater.

Mayor Bartholomew said the process of easing into it is the right way to go. He wanted all to understand 25% is being contemplated this year.

Councilmember Gliva asked if there were projects, they would immediately start on and if there was a priority of high/medium as far as long-term maintenance. Interim Public Works Director Eckles responded they have a long list. He said Dawn Way is a good example. They are starting to work in the neighborhood and discovered there was a pipe that washed out going down a hill, but the neighborhood system is somewhat substandard. He said they are trying to get a half million-dollar Grant for the neighborhood to do retrofitting to meet MS4 requirements. Currently there is Grant money available to do these types of things, in five years there may not be. He said now is a good time to try to do something in the Dawn Way neighborhood such as rain gardens and fix pipes. That is type of thing that could be done if having a stronger program.

Councilmember Gliva asked if anything would be replaced during some type of street reconstruction. Interim Public Works Director Eckles responded the stormwater system in urban areas is right under the street. The curb is like an urban ditch, a stormwater system to some extent. When going in to do a

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street rehabilitation project they would look at all of the infrastructure. If there is anything in bad condition, they would discuss what needs to be done. If it's a minimal project, anything dire, hazardous, or won't last until the next project, it would need to be taken care of. He said they look at water mains and hydrants. If they are tearing the street up, that is the time to do it.

Mayor Bartholomew noted that South St. Paul was not on the list. He asked what they did for stormwater. Interim Public Works Director Eckles responded those listed were on the internet. There were some staffing shortages last week, so he had to do some of the research himself. He said he did talk to Staff who believed that West St. Paul had something, but it wasn't easily located. He said he was unsure about South St. Paul.

Councilmember Piekarski Krech commented she didn't believe South St. Paul had stormwater utility. She thought maybe they assessed for it. Interim Public Works Director Eckles stated assessments for stormwater have become more difficult in the courts to justify. Stormwater utility seems to be the solution or more taxes. Mayor Bartholomew mentioned that it would then become an item for General Levy.

Interim Public Works Director Eckles stated the number proposed tonight is a good place to start, especially looking at where things are, and where it needs to be. It's not a big step. He said education would be really important, they would have to work with the Communications Department, work on the January newsletter, and keep discussing the needs. He said the MS4 is important, the public wants their water to be clean.

### **B. Adjourn:**

**Motion by Gliva second by Dietrich to adjourn the meeting at 9:00 p.m.**

**Ayes: 5**

**Nays: 0      Motion carried.**

Minutes prepared by Recording Clerk Sheri Yourczek.