

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, MAY 11, 2015 - 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The City Council of Inver Grove Heights met in regular session on Monday, May 11, 2015, in the City Council Chambers. Mayor Tourville called the meeting to order at 7:00 p.m. Present were Council members Bartholomew, Hark, Mueller and Piekarski Krech; City Administrator Lynch, City Attorney Kuntz, Community Development Director Link, City Engineer Kaldunski, Finance Director Smith, and Chief Thill

3. PRESENTATIONS: None.

4. CONSENT AGENDA:

Councilmember Piekarski Krech removed Item 4A(ii) from the Consent Agenda.

- A. i) Minutes of April 6, 2015 City Council Work Session
iii) Minutes of March 27, 2015 Strategic Planning Meeting
iv) Minutes of March 28, 2015 Strategic Planning Meeting
- B. **Resolution No. 15-76** Approving Disbursements for Period Ending May 5, 2015
- C. Approve Hiring Engineer and Architect for Potential Golf Course Capital Improvements Project
- D. **Resolution No. 15-77** Approving Re-descriptions of Stormwater Easements and Drainage Easements and Approving Development Documents related to the Plat of Lighthouse Holdings Addition
- E. Approve Proposal from EOR, Inc. for NWA Hydrologic and Hydraulic Model Update
- F. Approve Proposal for Professional Services for Feasibility Study for City Project No. 2015-03, 65th Street between Trunk Highway 3 and Argenta Trail
- G. **Resolution No. 15-78** Receiving Bids and Awarding Contract for the 2015 Pavement Management Program, City Project No. 2015-09A - Crackseal
- H. **Resolution No. 15-79** Receiving Bids and Awarding Contract for the 2015 Pavement Management Program, City Project No. 2015-09B - Sealcoat
- I. **Resolution No. 15-80** Approving Estimated Costs for the Project, the Joint Powers Agreement with Dakota County Transportation Department for Milling, Bituminous Overlay, and City Utility Repairs and Ordering City Project No. 2015-06, 70th Street Mill and Overlay (TH 3 to Cahill Avenue)
- J. **Resolution No. 15-81** Approving a Permanent Utility and Drainage Easement and Temporary Construction Easement on property identified as PID No. 20-00700-28-015 owned by Mr. and Mrs. Death Relating to City Project No. 2015-11, NWA 70th Street Lift Station, Argenta District
- K. Approve Collective Bargaining Agreement between the City of Inver Grove Heights and International Union of Operating Engineers (IUOE) for the years 2015 - 2016
- L. Schedule Special Meeting
- M. Schedule Public Hearing
- N. Personnel Actions

Motion by Bartholomew, second by Hark, to approve the Consent Agenda.

Ayes: 5

Nays: 0 Motion carried.

A. ii) Minutes – April 27, 2015 Regular City Council Meeting

Councilmember Piekarski Krech stated the vote under Item 4D should be corrected to reflect that Mayor Tourville abstained.

Motion by Piekarski Krech, second by Mueller, to approve the minutes of the April 27, 2015 Regular City Council Meeting with the change as noted

Ayes: 5

Nays: 0 Motion carried.

5. PUBLIC COMMENT: None.

6. PUBLIC HEARINGS:

A. CITY OF INVER GROVE HEIGHTS: Consider Application for On-Sale/Sunday Intoxicating Liquor License for Overboard Bar & Grill for Premises Located at 4455 64th St. E.

Mr. Lynch stated an application was submitted by Overboard Bar & Grill for an On-Sale/Sunday Intoxicating Liquor License for the premises located at 4455 64th St. E. The Police department completed the requisite background investigation and found no basis for denial of the request.

Motion by Piekarski Krech, second by Bartholomew, to close the public hearing.

Ayes: 5

Nays: 0 Motion carried.

Motion by Piekarski Krech, second by Hark, to approve the application of Overboard Bar & Grill for an On-Sale Intoxicating/Sunday Liquor License for premises located at 4455 64th St. E.

Ayes: 5

Nays: 0 Motion carried.

B. CITY OF INVER GROVE HEIGHTS: Assessment Hearing for 2015 Pavement Management Program, City Project No. 2015-09E, 47th Street Area Reconstruction

Steve Dodge, Assistant City Engineer, presented the proposed assessments for the project. He reviewed the project area and the proposed scope of work. The total cost of the project was \$3,138,638. The total amount proposed to be assessed was \$778,461. The City’s portion of the project, 75% of the total cost, was proposed to be paid from the Pavement Management Fund, grant funds, and South St. Paul funds. The benefit appraisal analysis recommended an assessment of \$6,000 for single-family parcels, a drainage-only assessment of \$3,000 per parcel, and an assessment of \$55,000 for the Church property. Staff recommended a 10-year assessment term at an interest rate of 4.1%. He noted Bethesda Lutheran Church did submit a request for the City to consider a reduction to the proposed assessment.

Councilmember Hark questioned how the interest rate was selected.

Mr. Kuntz explained State statute allowed the City to set the interest rate.

Ms. Smith explained if bonds are issued for the project the City was supposed to set an interest rate equivalent to that of the bonds and was also allowed to add 2% to the rate for the special assessments.

Vernon Levine, 2940 46th Ct. E., questioned why a mill and overlay was considered an improvement project rather than routine maintenance. He also questioned why a mill and overlay would be assessed at the same rate as a full reconstruction.

Mr. Dodge stated a mill and overlay was considered to be a structural improvement to the road. He reiterated the proposed assessments were based on the benefit analysis performed by an independent appraiser. The appraiser also opined that mill and overlay work was considered to be a special benefit to the property.

Mr. Levine stated the road was already in good condition and the improvement was not needed at this time.

Representatives from Bethesda Lutheran Church explained their objection to the proposed assessment for the Church property. They opined the proposed assessment should be adjusted based on certain stormwater mitigation features on the property. They noted the size of the Church’s congregation could

not support the cost of the proposed assessment.

Mr. Dodge stated staff was aware that the Church was working with Dakota County Soil and Water on parcel 100 to install their own private bio-retention basin to treat the stormwater on the property. He explained staff worked with the Church to obtain grant funds to install stormwater mitigation features in addition to the private work being done in conjunction with the County.

Mayor Tourville stated in past projects the City had given consideration to Church properties by extending the assessment term.

Patrick Lundy, 2621 Bower Ct., stated he was impressed that the City was moving forward with the project. He opined the proposed interest rate seemed slightly high given the current state of the economy. He asked the Council to consider reducing the interest rate to alleviate some of the burden on the property owners. He questioned how the City benefitted from the interest rate charged.

Mr. Lynch stated the City financed the total cost of the project and was then paid back, partially, through the special assessments levied for the project over the course of the assessment term.

Motion by Piekarski Krech, second by Bartholomew, to receive the letters of objection from Bethesda Lutheran Church and Mike and Brenda Verway

Ayes: 5

Nays: 0 Motion carried.

Councilmember Piekarski Krech questioned why the Verway parcel was being assessed if they already paid a street assessment for a past project.

Mr. Kaldunski explained the proposed assessment for the Verway parcel was for drainage improvements.

Motion by Bartholomew, second by Piekarski Krech, to close the public hearing on all parcels except that of Bethesda Lutheran Church

Ayes: 5

Nays: 0 Motion carried.

Motion by Bartholomew, second by Piekarski Krech, to approve Resolution No. 15-82 adopting the assessment roll for City Project No. 2015-09E, with the exception of the Bethesda Lutheran Church parcel, and to direct that the interest on the assessments shall begin to accrue on January 1, 2016

Ayes: 5

Nays: 0 Motion carried.

Motion by Piekarski Krech, second by Mueller, to table the assessment hearing for the Bethesda Lutheran Church parcel to May 26, 2015

Ayes: 5

Nays: 0 Motion carried.

7. REGULAR AGENDA:

FINANCE:

A. CITY OF INVER GROVE HEIGHTS: Consider Accepting and Approving the Comprehensive Annual Financial Report for the Year Ended December 31, 2014, Management Letter, and other required report

Ms. Smith explained the annual financial report and management letter were previously discussed by the Council at the May 4th work session.

Matt Vos, Abdo, Eick, & Meyers, reviewed the management letter. He explained his firm's job was to provide an unmodified opinion on the City's financial statements. He stated after auditing the financial statements a clean opinion was offered. One internal control deficiency was noted that related to material

audit adjustments. It was recommended that the City review current procedures and make the necessary modifications to ensure that future corrections would not be needed. No issues were found with respect to compliance with statutory regulations. He explained that the City's ending balance in the General Fund for the year was at 50.1%. The City previously amended the fund balance policy to identify a minimum unassigned fund balance of 40-45% of the next year's budgeted expenditures. He noted the largest increase in revenue balance was in licenses and permits. He discussed the City's debt service funds. The City had approximately \$23 million outstanding in governmental bonds, however given the City's considerable assets the indicated management levy stayed relatively consistent across the five year projections. He provided an overview of the cash flow and cash balances in the City's internal service funds and enterprise funds. He stated in 2014 the Golf Course Fund cash balance exceeded operating expenses. He explained the changes that were implemented in the reporting requirements for PERA contributions.

Ms. Smith stated the annual financial report would be posted on the website once approved.

Allan Cederberg, 1162 82nd St. E., questioned the purpose of the investment fund.

Ms. Smith stated the amount referenced in the annual report represented the City's cash across all funds.

Mr. Cederberg opined the fund was controlled by an investment group that received a commission on each transaction and the amount the City paid for the service was outrageous. He suggested that the City hire someone to manage investments internally to save money.

Mr. Vos stated some of the costs referenced were brokered fees that were inherent parts of the transactions. He added the City would have to pay those fees regardless of who managed the investments.

Ms. Smith noted the premiums paid for bonds were also part of the fees inherent to the transactions and it was not necessarily a fee paid to the brokers.

Mr. Lynch stated the Finance Director oversaw the City's investments and provided direction to the brokers to manage the fund.

Motion by Bartholomew, second by Hark, to accept and approve the Comprehensive Annual Financial Report for the Year Ending December 31, 2014, Management Letter, and other required report

Ayes: 5

Nays: 0 Motion carried.

FIRE:

B. CITY OF INVER GROVE HEIGHTS: Consider Authorizing the Inver Grove Heights Fire Department to Order a Fast Attack Fire Truck and Pre-Pay Full Price at the Time Ordered

Chief Thill stated the Fire Department would like the Council to consider the purchase of a fast attack truck. She noted this was a more compact fire engine than what the City had purchased in the past. The truck was designed to fit into tight spaces such as narrow driveways and other areas where access may be restricted. She added the truck would still have a fire pump, water tank, hose, and other equipment typically found on larger engines. The total cost of the truck was \$325,500 and the City would save an additional \$8,750 if the total cost was pre-paid at the time of purchase. The funds to purchase the truck would come out of the Fire Department's Central Equipment budget.

Mayor Tourville questioned when the truck would be delivered.

Chief Thill stated the City would receive the truck in November or December of 2015.

Councilmember Hark questioned which station would receive the new engine.

Chief Thill stated the new truck would be housed at Fire Station #1.

Motion by Piekarski Krech, second by Mueller, to authorize the Inver Grove Heights Fire Department to Order a Fast Attack Fire Truck and to pre-pay in full at the time of purchase

Ayes: 5

Nays: 0 Motion carried.

PUBLIC WORKS:

C. CITY OF INVER GROVE HEIGHTS: Consider Resolution Levying Assessments for 2015 Improvement Program, City Project No. 2015-14, 47th Street Area Water and Sanitary Sewer Improvements and Rehabilitation

Mr. Kaldunski stated the item related to levying assessments against two parcels located off of 49th Street. The improvements included the extension of utilities to the vacant parcels to make them developable. He noted the property owners executed waiver of assessment agreements.

Councilmember Bartholomew questioned if the property owners would still have the opportunity to pay off the assessments within 30 days of the levy to avoid paying interest.

Mr. Kaldunski replied in the affirmative.

Motion by Piekarski Krech, second by Bartholomew, to adopt Resolution No. 15-83 Levying Assessments for 2015 Improvement Program, City Project No. 2015-14, 47th Street Area Water and Sanitary Sewer Improvements and Rehabilitation

Ayes: 5

Nays: 0 Motion carried.

D. CITY OF INVER GROVE HEIGHTS: Consider Resolution Awarding Contract for the 2015 Pavement Management Program, City Project No. 2015-09E, 47th Street Area Reconstruction and the 2015 Improvement Program, City Project No. 2015-14, 47th Street Area Water and Sewer Improvements and Rehabilitation, and Approving a Joint Powers Agreement with South St. Paul

E. CITY OF INVER GROVE HEIGHTS: Consider Resolution Approving Two Cost Share Contracts with Dakota County Soil and Water Conservation District for Community Conservation Partnership Funding Program and Acceptance of a Permanent Drainage, Utility, and Storm Water Ponding Easement for City Project No. 2015-09E, 47th Street Area Reconstruction

F. CITY OF INVER GROVE HEIGHTS: Resolution Accepting Proposal from American Engineering Testing, Inc. (AET) for Construction Phase Geotechnical Services for City Project No. 2015-09E, 47th Street Area

G. CITY OF INVER GROVE HEIGHTS: Approve Agreement with Xcel Energy for Topsoil and Seeding on City Project No. 2015-09E, 47th Street Area Reconstruction

Mr. Dodge stated City Project No. 2015-09E and City Project No. 2015-14 were combined into one contract. He explained there were two bid alternates. The first alternate was for a bio-retention basin at the corner of Boyd Avenue and 47th Street. The second alternate was to add curbside rain gardens to the project. He noted items 7D, 7E, 7F, and 7G all related to the same project and could be acted upon by the Council at the same time.

Mr. Dodge explained the joint powers agreement with the City of South St. Paul was proposed to ensure that South St. Paul paid for their share of a portion of the reconstruction area on 47th Street and the full price of a mill and overlay on 49th Street. The cost share contracts with Dakota County Soil and Water related to the acceptance of grant funding for the bio-retention basin on Boyd Avenue and 47th Street and the corresponding easement agreement with Bethesda Lutheran Church. The agreement with Xcel Energy related to topsoil and seeding to ensure that all properties were similarly restored after utility work was completed.

Councilmember Piekarski Krech stated she had never heard of the contractors that bid on the project.

Mr. Kaldunski stated he had worked with two of the contractors on previous projects.

Motion by Bartholomew, second by Piekarski Krech, to adopt Resolution No. 15-84 Awarding Contract for the 2015 Pavement Management Program, City Project No. 2015-09E, 47th Street Area Reconstruction and the 2015 Improvement Program, City Project No. 2015-14, 47th Street Area Water and Sewer Improvements and Rehabilitation, Approving a Joint Powers Agreement with the City of South St. Paul, Resolution No. 15-85 Approving Two Cost Share Contracts with Dakota County Soil and Water Conservation District for Community Conservation Partnership Funding Program and Acceptance of a Permanent Drainage, Utility, and Storm Water Ponding Easement for City Project No. 2015-09E, 47th Street Area Reconstruction, Resolution No. 15-86 Accepting Proposal from American Engineering Testing, Inc. (AET) for Construction Phase Geotechnical Services for City Project No. 2015-09E, 47th Street Area, and Resolution No. 15-87 Approving an Agreement with Xcel Energy for Topsoil and Seeding on City Project No. 2015-09E, 47th Street Area Reconstruction

Ayes: 5

Nays: 0 Motion carried.

H. MATTHEW GENS: Consider the Second Reading of an Ordinance Amendment to Title 10 of the City Code (Zoning Ordinance) to Amend the Definition of Single Family Dwelling, and to Add the Use of Supervised Student Housing as an Interim Use in Single Family Residential Zoning Districts

Mr. Link explained the proposed ordinance would amend the definition of a single family dwelling in the zoning code and would add supervised student housing as an interim use in single family residential zoning districts. The applicant was a non-profit that established a program to offer students from Mongolia the opportunity to further their education at Inver Hills. The program coordinators provide room, board, and transportation for the students. If the proposed ordinance was approved the applicant would be required to obtain approval of an interim use permit from the City. He explained language was added that would require the organization to hold a 501(c)(3) non-profit tax status. He noted the organization's tax exempt status would have to be determined by Dakota County. He explained the State Building Code did not include regulations related to the number of students that would be allowed to stay in the home. Several options were proposed by staff. The first option was to limit the number of students living in the single family home to a maximum of eight (8). The second option was to review the maximum number at the time application for the interim use permit was made. He noted this would allow the City the opportunity to evaluate the request based on the size of the home and property and the impact on the neighborhood. He reviewed regulations contained in the international property maintenance code that Council could further consider to establish standards for the space required for each person living in the home.

Mayor Tourville questioned what role the City would have in considering the tax exempt status.

Mr. Link stated the City would have no role in that process and the final determination would be made by Dakota County.

Mr. Kuntz stated the City could express an opinion to the County related to an application for tax exempt status.

Matthew Gens, 16856 Whitewood Avenue, Prior Lake, stated he felt that his organization would meet the statutory requirements to obtain a tax exempt status. He opined that the other standards and regulations built into the proposed ordinance would preclude similar uses from occurring with any regularity.

The Council discussed their concerns regarding setting a precedent for single-family property owners applying for tax exempt status.

Mr. Gens stated many of the concerns being discussed could be addressed through the interim use application process.

Councilmember Hark stated he liked the way the proposed ordinance was drafted and agreed with the limit of eight (8) students. He added he wasn't as concerned about the tax exempt status given that the ordinance limited the use to 501(c)(3) organizations.

Councilmember Bartholomew questioned who would own the home.

Mr. Gens stated the 501(c)(3) organization would own the property.

Councilmember Piekarski Krech questioned if the International Property Maintenance Code included a definition of a bedroom.

Mayor Tourville questioned if the City would be able to inspect the property.

Mr. Link stated the City could perform inspections to ensure compliance with the conditions of the interim use permit.

Mr. Lynch reviewed the definition of a bedroom contained in the International Property Maintenance Code.

Councilmember Bartholomew suggested following the per occupant space requirements contained in the International Property Maintenance Code.

Motion by Bartholomew, second by Mueller, to adopt the second reading of an Ordinance Amendment to Title 10 of the City Code (Zoning Ordinance) to Amend the Definition of Single Family Dwelling, and to Add the Use of Supervised Student Housing as an Interim Use in Single Family Residential Zoning Districts with the suggested additions

Ayes: 5

Nays: 0 Motion carried.

ADMINISTRATION:

I. CITY OF INVER GROVE HEIGHTS: Consider the Second Reading of the Draft Massage Therapist and Massage Business Licensing Ordinance

Mr. Kuntz stated no changes were made since the first reading of the ordinance.

Councilmember Mueller questioned if there were any home massage businesses in the City.

Mr. Link stated the City had eight (8) or (9) licensed establishments and they were all located in commercial zoning districts with the exception of one (1).

Motion by Piekarski Krech, second by Hark, to adopt the second reading of the draft Massage Therapist and Massage Business Licensing Ordinance

Ayes: 5

Nays: 0 Motion carried.

J. CITY OF INVER GROVE HEIGHTS: Consider Approval of a City Clerk Job Description and Compensation, Revisions to the City Administrator's Job Description, and Authorization to Post the City Clerk Position

Mr. Lynch reviewed the proposed job description for the position of City Clerk and the proposed changes to the City Administrator's job description.

Motion by Bartholomew, second by Piekarski Krech, to approve the City Clerk job description and compensation, revisions to the City Administrator's Job description, and authorizing staff to post the City Clerk position

Ayes: 5

Nays: 0 Motion carried.

8. MAYOR & COUNCIL COMMENTS:

9. ADJOURN: Motion by Mueller, second by Hark, to adjourn. The meeting was adjourned by a unanimous vote at 9:34 pm