

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, FEBRUARY 22, 2016 - 8150 BARBARA AVENUE**

1. CALL TO ORDER and 2. ROLL CALL

The City Council of Inver Grove Heights met in regular session on Monday, February 22, 2016, 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 Clerk Tesser, Parks and Recreation Director Carlson, Finance Director Smith, Public Works Director Thureen, City Engineer Kaldunski, Assistant City Engineer Dodge and Liet. Josh Otis.

3. PRESENTATIONS: None.

4. CONSENT AGENDA:

- A. i. Minutes of January 25, 2016 City Council Meeting Minutes
- ii. Minutes February 1, 2016 Work Session Meeting Minutes
- B. Resolution **16-30** Approving Disbursements for Period Ending February 16, 2016
- C. Consider Approval of Massage Therapy Business License for Essential Therapeutic Bodywork, 5778 Blackshire Path, Suite 200 and Individual Therapeutic Massage Business License for Monica Ann Bemus
- D. Consider Approval of Temporary Liquor License- Inver Hills Community College Foundation
- E. Consider Approval of 2016-17 VMCC Ice Rates
- F. Consider Approval of Rich Valley Potable Water Well
- G. Consider Approval of Portable Toilet Contract
- H. Resolution **16-31 16-32** Calling for Hearing on Proposed Assessments and Declaring Costs to be Assessed and Ordering Preparation of Proposed Assessments for Nuisance Abatement 2015
- I. Consider Approval of Record Meeting Minutes Contract **16-33**
- J. Consider Approval of the Proposal from Landmark Environmental Inc to Conduct a Phase II Environmental Site Assessment for the Properties Owned by Bill and Kathy McPhillips
- K. Accept Donation of SAFL Baffle from Upstream Technologies
- L. Approve Custom Grading Agreement (CGA) for 1784 86th Court
- M. Approval of a Storm Water Facilities Maintenance Agreement (SWFMA) for Lot 7, MacGregor Acres (2 High Road)
- N. Consider Trunk Utility Reimbursements for Blackstone Vista
- O. Consider to Authorize Inver Grove Heights Police Department to Enter into an In-Squad Computer Grant with the State of Minnesota, the Minnesota Department of Public Safety (DPS), Acting through its Office of Traffic Safety (OTS) **16-34**
- P. Personnel Actions

Motion by Bartholomew, second by Piekarski Krech, to approve the Consent Agenda 4.A- 4P. Councilmember Piekarski Krech pulled item 4F.

Parks and Recreation Director, Mr. Carlson discussed the issues with the current well. He discussed the ongoing issue outlining the need for a new well and the last five years of water issues at the park. Mr. Carlson stated that there is no water in the bathroom, faucet and concession. He discussed mineral build up and clogged up filters. He stated the only solution at this point is to dig a deeper well. Councilmember Piekarski Krech asked about the length of the well currently and depth of the dig and whether this will tap into a new aquifer. Mr. Carlson stated that the well will tap into a new aquifer. He stated he did not know the distance of the well or potential well. Councilmember Mueller asked how the well will be used and whether it will be used for something else. Mr. Carlson stated it will be used to fill the irrigation pond. Councilmember Mueller asked why can't you use the current well and drill farther to 450 feet. Mr. Carlson stated he didn't know the new depth of the well and that it's the advice from the well experts to find another aquifer. The council discussed the importance of conserving water and providing water in the park. Mr. Carlson stated other options were explored by well experts, utility staff and parks staff and that

the recommendation is to dig a new well. The Council discussed the option of postponing the decision. Mr. Carlson discussed the difficulty of getting the project completed if there is postponement. Mayor Tourville stated that he supports the water well but wanted more information on the well placement and depth. Councilmember Mueller asked about other costs. Mr. Carlson stated the costs presented are inclusive.

Motion by Tourville, second by Hark, to approve item 4F along with the direction for Mr. Carlson to follow-up with the answers to the questions posed by the Council including increase/decrease volume, well depth and irrigation pond plan.

Ayes: 3 (Tourville, Bartholomew, Hark)

Nays: 2 (PK and Mueller)

Motion carried.

5. PUBLIC COMMENT:

6. PUBLIC HEARINGS:

A. Continuation of Public Hearing and Consider Resolution Ordering Project, Approving Final Plans and Specifications, and Authorizing Advertisement for Bids for the 2016 Pavement Management Program, City Project No. 2016-09D- 60th Street Area Reconstruction and the 2016 Improvement program, City Project No. 2015-10 – 60th Street Area Utility Improvements. (16-35)

Steve Dodge, Assistant City Engineer presented on the item. The public hearing was a continuation from January 25, 2016. Mr. Dodge gave a brief overview of the project and upgrades. The reconstruction portion of the project is recommended to be a full reconstruction along with storm water and storm sewer improvements. There are 51 parcels that will be assessed. Mr. Dodge indicated the area on the map presented. He stated property #1 will not be assessed, it's an empty lot. Staff is recommending \$9,000 per single family property assessment based on the appraisers special benefit recommendation. It equals 23.3% of the total project costs. A \$7,500 per single family property assessment would meet Chapter 429 requirement of 20% minimum total project costs. Staff recommends addressing the final assessment amount at the time of the assessment hearing after the bid opening when cost are more defined.

Mayor Tourville stated that the amount of the assessment could be as high as a \$9,000 assessment. Right now with the estimate the benefit would be at 23.3% but the 20% minimum cost could be reduced by \$7,500 per Chapter 429 statute.

Assistant City Engineer, Mr. Dodge stated in the affirmative. Mr. Dodge commented on the Asher Ave Cul-de-sac. He discussed that the 60 feet width does not meet the standards for City emergency vehicles and maintenance operations. Originally staff recommended a 96 foot cul-de-sac. After resident and council feedback, staff recommends a 70 foot width which fits into the right-of-way. Staff has continued to discuss the impacts with residents.

Mr. Dodge discussed the utility improvements of the 60th Street Area and the street reconstruction. Mr. Dodge discussed briefly the difference of the full vs. partial reconstruction. He stated that staff does not recommend a mill and overlay. She recommends a full reconstruction based on the pavement life and city standard.

Mr. Dodge discussed the curbs and gutter recommendation of a full reconstruction. The entire curb was inspected again. The result was 35-60% need curb replacement. Once you reach those thresholds its best to replace based on cost and construction. He stated three feet is irrelevant when you have to dig three feet. The curb being constructed would have a better barrier between the roadway and the boulevard. The new curb would better handle the storm water and prevent snow plowing damage. He

stated new curb is cost effective and also helps with the driveway entrances which is smoother and more accessible transition.

Mr. Dodge discussed a similar project of 47th street reconstruction with a mill and overlay example, and explained the different of a partial curb and why it can't be applied to these projects. The 59th Court resident concerns were outlined by Mr. Dodge. He stated staff recommends a full reconstruction. The subgrade soils are highly frost susceptible. The curb needs 42% replacement. Staff recommends a barrier curb. He stated pavement is not a candidate of the mill and overlay and there is severe stripping of the asphalt between the aggregate and asphalt. Councilmember Mueller asked about draining on 59th Court. Mr. Dodge responded that drains were being added to keep the water in the gutter. Water was getting in the pavement which will deteriorate the pavement prematurely.

Mr. Dodge summarized the Pavement Maintenance and the Schedule powerpoint slide. He reiterated that the recommendation is to order the projects 2016-09D and 2016-10.

Mayor Tourville stated that we have to do a 429 project or we don't do anything. The piece is the cul-de-sac and looking to see if there's a more neighborhood friendly way and also to look at the curb.

Kelly Kayser, 1953 59th Court Street. Ms. Kayser stated that she is the spokesperson for her street. Ms. Kayser discussed that the common goal is to have a great built streets in a cost effective project. She asked for a fair and equitable project. She presented calculations that indicated cost savings with more street projects being included. She asked that the increase reflect a thorough review of the costs.

Mary Brau, 1800 60th Street E. Ms. Brau is the spokesperson for her street. She compared the current cost benefit analysis reports to 65th, 47th and College Trail. She discussed comparisons, discrepancies and contradictions. 60th and 47th comps were identical to the appraisers and comps were identical. She discussed the discrepancies of the appraiser's reports including the proposed benefit. She stated that the appraisal was completed before the projects were split and corrected after that time.

Kelly Kayser, 1953 59th Court Street. She discussed the detriment of \$9,000 to the sale property.

Mayor Tourville stated that the LMC online tool assessment states that the appraisals used are an up to number. Further, he stated that staff can meet with the two spokespersons of the project to talk with the appraisers. The objective is to look at the projects and make them as cost effective as possible. Mayor Tourville summarized that from Ms. Kayser and Ms. Brau's testimony that the neighborhood wants the project but doesn't want to pay \$9,000.

Councilmember Piekarski Krech stated that she is worried about the bid process. The longer we delay the cost of the project will increase. She questioned whether we are better off putting this project on the roll for next year. Mr. Thureen stated staff recommends that the bids go through. He stated we can discuss and answer the questions with the neighborhood representatives at the same time. Mr. Thureen stated we don't want to delay anymore.

Mayor Tourville stated that the spokespersons didn't say they don't want the project. Staff will look at working together to lower the threshold to get the amount down.

Terry Nelson, 1948 59th Court. Discussed the stormwater runoff issues, he is in support of the project going forward.

Motion by Bartholomew second Hark to close the public hearing. Public hearing closed at 8:00pm.

Ayes: 5

Nays: 0 Motion carried.

Mayor Tourville asked if the resolution is accurate. Mr. Thureen stated that these are no proposed changes to the resolution. Mr. Thureen stated that going forward with the assessment hearing before awarding the contract addresses everyone's concerns.

Councilmember Hark asked if there is an expectation that the cost of jobs will go down with the lower cost of fuel. Mr. Thureen stated in the negative. Assistant City Engineer, Steven Dodge discussed the process of oil refining in creating pavement.

Motion by Mueller second Bartholomew to approve moving forward with the bid process.

Ayes: 5

Nays: 0 Motion carried.

7. REGULAR AGENDA:

I. PARKS AND RECREATION:

A. CITY OF INVER GROVE HEIGHTS; Consider Awarding a Contract to Duininck Golf for the 2016 Inver Wood Golf Course Improvement Project.

Parks and Recreation Director, Mr. Carlson stated that due to council members' questions he asks that the council table the item to the March 14th council meeting. Mayor Tourville stated that staff is having one on one meetings with council members and are looking at alternatives.

Councilmember Bartholomew asked for staff to look at separating the golf course projects in different years to see if that changes the financing options.

City Administrator, Joe Lynch stated that Eric Carlson, Kristi Smith and himself met and assembled detailed information together. He extended to the Council the option to meet with staff one on one again on this item before the March 14, 2016 meeting. Staff will make an alternative proposal both looking at separation of the project and alternative financing.

Mayor Tourville stated that in the Friday memo they would like a deadline to deal with the bids.

City Attorney, Tim Kuntz stated to the Council, that it will be okay to determine a decision by March 14, 2016.

Mayor Tourville asked if they have 60 days until time to bid. He stated he didn't want to table it and then get too far in the season to bid.

City Attorney, Mr. Kuntz and City Administrator Lynch stated that March 14, 2016 is the last day to take action on the bidding process. Mr. Lynch stated he will put the date in the Friday memo as requested.

Mr. Kuntz discussed the separation of financing and whether the bid allows you to do that. Mr. Carlson stated that there is an option for alternatives. He stated that they is some degree that allows you to do that.

Councilmember Bartholomew discussed that we may want the option to finance in different years.

Motion by Bartholomew second Piekarski Krech to received to table the item until March 14, 2016.

Ayes: 5

Nays: 0 Motion carried.

B. CITY OF INVER GROVE HEIGHTS; Consider First Reading of Ordinance Amendment Related to Restaurant Definition / Inver Wood Golf Course.

Mr. Carlson gave a brief description of the item. He stated that if ordinance changes are approved then this will allow the golf course to serve intoxicating liquor sales on Sundays. He stated currently the Golf Course doesn't meet the city's restaurant definition.

Councilmember Piekarski Krech asked if this will affect any other restaurants in town with the words "convection". She asked whether you still have to have an oven.

City Attorney, Mr. Kuntz stated in the affirmative. This ordinance applies to everyone who is a restaurant and applies for an on-sale Sunday liquor license. This is not specific to the golf course.

Mr. Lynch stated we do have a liquor license holder who could benefit from this amendment.

City Administrator, Mr. Lynch asked the Council if they would consider passing this item in one reading or if they would consider approving it in the second reading. He discussed that the license has to be approved by the state and approving the liquor license will help speed up the process.

Councilmember Hark stated that he doesn't want to suspend the rules and suggested that we pass the first reading and pass the ordinance in the second reading waiving the third reading. Councilmember Piekarski Krech concurred.

Mayor Tourville asked staff to let liquor license holders know about the ordinance change.

Motion by Piekarski Krech second Bartholomew to approve the first reading of the Ordinance Amending the Restaurant Definition.

Ayes: 5

Nays: 0 Motion carried.

II. ADMINISTRATION:

C. CITY OF INVER GROVE HEIGHTS; Consider Ordinance Amending Inver Grove Heights City Code, Title 1, Chapter 6, Article A, Section 5(J) Related To Criminal History Background Check

Mr. Lynch introduced the matter. He discussed that currently the police department is conducting the background checks. Currently, there are 400 personnel background checks and other license background checks. From a staff perspective, City Clerk and HR Manager would like to add the flexibility of going through a company that provides background checks. He discussed the BCA is not discretionary. Full-time employees will go through the BCA but there are other circumstance which doesn't need a BCA check. The ordinance amendment allows the City Administrator the discretion to make the decision on whether something needs a BCA check or can go through a third party vendor.

City Clerk Tesser summarized areas that this ordinance amendment would benefit her duties.

Mayor Tourville asked that staff look into other vendors that provide this type of service for cost benefit.

Councilmember Piekarski Krech asked how this would affect the budget. Mr. Lynch stated that this is a cost either way. He stated the applicants pay through the fees of the process. She asked about the criminal background checks of employees. He stated that there is a cost of the background fees. Mr. Lynch discussed the Mayor's point of looking at other vendors. He stated that there is a small segment of businesses that provide this service. Mr. Lynch discussed the past experience with the vendor and that they are cost effective and timely. But staff can look at other businesses that provide the service and seek their opinion on ability and costs.

Councilmember Piekarski Krech asked what are the perimeters on who gets a BCA check and who doesn't. City Clerk Tesser responded and stated that question is best answered by the HR Manager when it comes to employment. She elaborated on the licensing process and how the business VCI can search all 50 states. The timeline would be two days instead of what is currently done which is going to each state, such as New York, and takes up to two weeks. So this change would benefit those businesses seeking a license. Mr. Lynch stated that staff will go forward with looking at other businesses that provide this service.

Councilmember Hark asked what tools will be used when conducting a background check. He asked if it's a monthly service that you run a background check on nationwide. He asked what will be the tools that you will be using if you do it in-house. Ms. Tesser stated that mainly this will be benefiting new liquor license holders. She discussed a current example of a new liquor license process and the lengthy timeline. She stated that this change will quicken the process. Mr. Lynch stated that the Council has seen the frustration from businesses on the length of time it takes to get through the investigation process. Our only resource right now is the Police Department. Councilmember Hark discussed that there are public record services out there that you can pay for or subscribe to that can run the 50 state check fast. Mayor Tourville and Councilmember Hark discussed the type of services you can get online.

Mayor Tourville asked for the information of why we are doing this and what we are looking at such as if it's on a per request basis or a monthly service. Councilmember Hark stated he is asking the questions because he wants this process done as efficient as possible.

Mr. Lynch stated that we will have the HR Manager here at the next meeting to respond to the questions asked today such as when is the BCA needed, when is the BCA not needed, the questions regarding the subscription service. We will come back with those answers in writing and have the HR Manager present at the next council meeting.

Motion by Piekarski Krech second Bartholomew to approve the first reading of the Ordinance amending criminal background checks.

Ayes: 5

Nays: 0 Motion carried.

D. CITY OF INVER GROVE HEIGHTS; Consider Acceptance of Community Solar Garden (CSG) Subscriptions with SolarStone Partners

Parks and Recreation Director Mr. Carlson, presented the Solar Garden Subscriptions. He went over the PowerPoint presentation. Metro Council RFP received 10 total tickets from SolarStone Partners 200 (kW) garden per ticket.

He discussed the potential risks with the council. He stated that the term is 25 years and the new technology developed PUC credits change could change our bill credits which could affect our rates. He stated that the tax credit has been extended to 2020. Mr. Carlson stated that the cost of land for future CSG's may be more expensive. An increase needs to happen of 1.7%.

Councilmember Bartholomew asked about the contract and how you could get out of the contract. Mr. Carlson stated it is very expensive to get out of the contract.

Councilmember Mueller asked if we pay a percentage upfront. Mr. Carlson stated no we pay 1.2 Kwh of hours. We pay 10 cents but we would pay 12 cents. But the solar power goes up 1% the energy will go up greater by 1% a year. The rate could do greater than the cost of electricity. Councilmember Hark stated that we are betting on that the electricity is going up. Xcel is the risk because we don't know the cost of the electricity. Mr. Carlson stated we recommend buying 10 cents. Attorney Kuntz stated that he is clarifying to the Council that you are not betting on electricity but the solar rate for Xcel to buy the credit. The consumption is the same. The bill will be the consumption, plus the rate, minus the solar rate. It's a mathematical calculation. We received a solar credit but we bought it from the producer.

City Attorney Mr. Kuntz, stated that the words are not the same. The company's solarstone subscribers should have the same number and that each of the sites is the same. Other communities in their lottery tickets had to compare the companies. The model put forth is a model that says you lock in at 12 and get 1 cent a year. It's a locked in amount. We the company will charge you the city 1cent less per kwh then you receive in credit on your bill. If the credit on your bill is 13 cents then we charge we 12 cents.

Mayor Tourville stated he doesn't want to pay more than another city or county. Mr. Kuntz stated there is a risk of that depending on the company. We have the same lottery ticket from one company so there is no other choice.

Councilmember Bartholomew asked what if the solar company doesn't perform. Do the credits go away? What is the liability? Mr. Kuntz stated that in the early years the city will have a loss. In year six, if the company goes belly up in the later years then there's a liability associated with it. It depends on the forecast of the year. Mr. Carlson showed the amount of the solar credit. The other risk is you are required to buy. If the operator is a poor operator then we will produce 80% then our estimate only improves. The cost savings will be less over time. Essentially, this is the future of solar credits. Is that going up or down, that's what you're getting from Xcel solar credits it's equally dollars.

Councilmember Bartholomew stated that there are no guarantees. Mr. Carlson stated no there is not. He further discussed that if you sign the agreement tonight they may not be able to complete the contract of the interconnect agreement with Xcel. Mayor Tourville stated that you want Xcel to use it. Minnesota has more solar and energy than other states. They are trying to get the contracts to see what they are going to do. Without Xcel or the Government there is no program. Mayor Tourville stated he has never seen the price of electricity go down. Furthermore, a lot of cities have interest in receiving a ticket. Councilmember Piekarski Krech asked about the number of tickets. Mr. Carlson discussed other cities ticket. Mr. Carlson stated if they received zero power than we don't write them a check.

City Attorney, Mr. Kuntz stated if the city isn't making an upfront investment, it would be pay as you go. He stated where the upswing is for the company to raise that capital is if they agree to only a 1 % inflation starting out. He said the answer is the federal tax credits that are afforded to the company that credits 50% in the first year and a rapid acceleration. Mr. Kuntz stated it's tax credit driving economic model. Most speculate the people that are around now will sell their business and tax credits in the future. The incentive is the tax credits so the owners of the company could change. The risk is output contract you're producing more and paying more than you need as a credit. You're only buying 40% of your consumer need today. He stated the second risk is what if they change the regulatory undertaking of the tax credits. He stated that could happen. The third risk is you don't produce then you don't pay. The fourth risk if the solar credit doesn't rise to the levels of Xcel. Mr. Kuntz stated than you won't get the savings.

Mayor Tourville stated we could get another offer from a different company. The other issue is the price of land. I want to say Solar Stone Partners has ten employees.

Councilmember Hark stated all our tickets are for Solar Stone Partners. The biggest risk is federal tax credits and what they do with the tax code. He stated he is willing to take a risk.

Councilmember Bartholomew stated 5% is what he is willing to do.

Councilmember Hark stated that he wants the percentage to be 10.

Mr. Carlson stated nothing happens until we see the contract.

Councilmember Piekarski Krech stated that we could look at it again.

Motion by Hark second Piekarski Krech to proceed further with a 10 % Subscription with SolarStone Partners.

Ayes: 5

Nays: 0 Motion carried.

III. COMMUNITY DEVELOPMENT:

E. MOTORS MANAGEMENT CORP.; Consider the following requests for property located at 1470 50th Street:

a) A Resolution 16-36 relating to a Conditional Use Permit Amendment and related agreements to allow for a building and parking lot expansion to the existing automobile dealership.

b) A Resolution 16-37 relating to a Conditional Use Permit to exceed the maximum impervious surface allowed in the Shoreland Overlay District.

Mr. Link, Community Development Director introduced the item. The applicant is requesting a conditional use permit amendment to add a 5,615 square foot building addition and to expand the parking/outdoor storage area by about 25,000 square feet. The applicant is requesting a conditional use permit to exceed the impervious surface in the shoreland district. The shoreland is Schmidt Lake across from 494. The CUP needs a 4/5th vote from the council. Mr. Link discussed the expansion of the building on the east side and the parking lot increase by 25,000 feet. He stated that DNR is not concerned with the location of the shoreland because of the volume of water going off the lot does not change. He stated that staff and Planning Commission have approved the request.

Mayor Tourville stated that the impervious surface potential is going up roughly 6%.

Steven Sobaski, Landform Professional Services, 105 South Fifth Ave, Minneapolis, MN advised that he represents Motors Management. Mr. Sobaski stated that the impervious surface is increasing by 6%. They have implemented storm water management to handle the excess volume and actually infiltrate that on site. The site is already in excess of 25% in its excess condition. This will slightly increase it to 33% of the existing impervious surface. However, there is no net increase to the total volume to the run off so they are making positive strives to limit the excess to meet with DNR’s requirements.

Mayor Tourville discussed with Mr. Sobaski the parking issues at the sight. He asked that the expanded parking lot be used for business and employee parking.

Mr. Sobaski stated they are well aware of the parking issues and that the additional parking will be used for employee parking as well. The additional parking will not just accommodate the extra inventory.

Mayor Tourville stated that you have to provide for the extra employee parking on site. He discussed the residents have emailed them regarding the parking issues on the public road. Mayor Tourville stated that the city busses and school buses have a hard time going down the road.

Mayor Tourville asked if the applicants are okay with the conditions listed. The applicant nodded in affirmative.

Motion by Piekarski Krech second Bartholomew to approve the A. and B. of the Conditional Use Permit Resolutions.

Ayes: 5

Nays: 0 Motion carried.

8. MAYOR & COUNCIL COMMENTS

The council discussed that Mr. Lynch's performance evaluation will be changed to 6:00pm on March 14, 2016.

Motion by Piekarski Krech second Hark to approve the change to the date of the performance evaluation to March 14, 2016.

Ayes: 5

Nays: 0 Motion carried.

9. EXECUTIVE SESSION

Executive Session Pursuant to Minn. Stat. § 13D.05, Subd. 3
Discussion of Property Acquisition

City Administrator Joseph Lynch's performance evaluation was continued until March 14, 2016.

Motion by Mueller second Piekarski Krech to go into the executive session.

Ayes: 5

Nays: 0 Motion carried.

10. ADJOURN: Motion by Hark, second by Mueller to adjourn. The meeting was adjourned by a unanimous vote at 9:40 p.m.