

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, DECEMBER 9, 2013 - 8150 BARBARA AVENUE**

CALL TO ORDER/ROLL CALL The City Council of Inver Grove Heights met in regular session on Monday, December 9, 2013, in the City Council Chambers. Mayor Tourville called the meeting to order at 7:00 p.m. Present were Council members Bartholomew, Madden, Mueller, and Piekarski Krech; City Administrator Lynch, Assistant City Administrator Teppen, City Attorney Kuntz, Public Works Director Thureen, Community Development Director Link, Finance Director Smith, Parks and Recreation Director Carlson, Chief Stanger, Chief Thill, and Deputy Clerk Kennedy

3. PRESENTATIONS:

Bill Klein promoted Holiday on Main Street, scheduled for December 14th from 2-5 pm at the VMCC. He stated this would be the 17th year of the event and invited all Inver Grove Heights residents to attend. He explained the event was designed to serve children in pre-school through 5th grade. He thanked the local businesses for their support and sponsorship of the event.

Chuck Armstrong, Boys and Girls Club Board of Directors, recognized the Mayor for his participation in a fundraising effort for the organization. He stated his challenge was to walk to work from his home in Woodbury to Burnsville, a 25 mile trek. The Mayor met Mr. Armstrong at the Inver Grove Heights border and continued on with him all the way to his destination in Burnsville. He noted approximately \$10,000 was raised for the Boys and Girls Club that day. He thanked the Mayor for his participation in the fundraiser and his support of the organization.

Diana Admundson, Boys and Girls Club, thanked the Mayor for his efforts and support.

Mayor Tourville stated the best part of the day was meeting some of the children from the Boys and Girls Club.

4. CONSENT AGENDA:

Citizen Dian Piekarski requested Items 4K and 4L be removed from the Consent Agenda.

Councilmember Piekarski Krech removed Items 4M and 4Q from the Consent Agenda.

Councilmember Mueller removed Item 4N from the Consent Agenda.

- A.** Receive Quotes and Award Contract for Water Treatment Facility Filter Rehabilitation
- B. Resolution No. 13-178** Approving Disbursements for Period Ending December 4, 2013
- C. Resolution No. 13-179** Adopting the 2014-2018 Capital Improvement Plan
- D.** Change Order No. 33 for City Project No. 2008-18, Public Safety Addition/City Hall Renovation
- E.** Pay Voucher No. 2 for City Project No. 2012-07, Bohrer Pond NW Pre-Treatment Basing
- F.** Pay Voucher No. 10 for City Project No. 2012-09D, Urban Street Reconstruction 65th Street Neighborhood and Cahill Court
- G.** Approve Plan of Dissolution and Distribution of Assets of the Gun Club Lake Watershed Management Organization
- H. Resolution No. 13-180** Approving New Joint Powers Agreement between Inver Grove Heights and Eagan that Establishes the Eagan-Inver Grove Heights Watershed Management Organization
- I. Resolution No. 13-181** and **Resolution No. 13-182** Receiving Feasibility Report, Scheduling a Public Hearing and Authorizing Preparation of Plans and Specifications for the 2014 Pavement Management Program, City Project No. 2014-09D College Trail Reconstruction and Barbara Avenue Partial Reconstruction
- J. Resolution No. 13-183** Accepting Engineering Services from Kimley-Horn and Associates, Inc. for City Project No. 2014-06, Blaine Avenue Retaining Wall Replacement

- O. Accept Donation to the Inver Grove Heights Fire Department from the Inver Grove Heights Fire Department Auxiliary
- P. Approve Request of Inver Grove Heights Fire Department Relief Association to Raise the Retirement Benefit Level

Motion by Madden, second by Piekarski Krech, to approve the Consent Agenda

Ayes: 5

Nays: 0 Motion carried.

- K. Approve Whistletree Woods Settlement Agreement

Dian Piekarski, 7609 Babcock Trail, questioned if any similar situations were occurring with other developments and if the City had implemented procedures to make sure nothing like this happened again. She also questioned if the costs were being split accordingly.

Mayor Tourville noted if associations are formed without filing the appropriate paperwork the City is not responsible.

Mr. Lynch stated the City was not aware of any similar situations. He explained the current process by which plats are recorded is different than the procedure that was in place at the time the plat in question was filed. The City is now responsible for recording all plats rather than allowing the developer the option to do so. In this particular case it was believed that the developer recorded a plat that was different than what was approved by the City.

Mr. Kuntz stated he was not aware of any other situations of this type. He explained there was no admission of liability by anyone on behalf of the City. With respect to the money involved in the settlement, that was transferred from the developer's fund to the City's fund because of the failure of the developer to file the necessary documents. The work of the association to try to correct its documents was verified and the money was subsequently being turned over to the association to help defray some of those costs. He explained there were no other expenses awarded as part of the settlement.

Motion by Madden, second by Bartholomew, to approve the Whistletree Woods Settlement Agreement

Ayes: 5

Nays: 0 Motion carried.

- L. Resolution Approving Community Development Block Grant Application for Fiscal Year 2014

Dian Piekarski, 7609 Babcock Trail, questioned who would receive the \$47,500 and why it did not go to the EDA.

Mr. Lynch explained the federal money was distributed to the County and then passed on to the City. An allocation of \$47,500 was recommended to be put towards the Housing Rehabilitation Program. The other half of the funds was recommended to be used for the Doffing Avenue Acquisition Program. That allocation of funds would be placed directly into the General Fund in order to be eligible to receive matching funds from the DNR.

Ms. Piekarski asked how many of the 61 homeowners who received assistance from the Housing Rehabilitation Program were from Inver Grove Heights.

Mr. Link stated all 61 homeowners who received assistance were from Inver Grove Heights.

Motion by Madden, second by Mueller, to adopt Resolution No. 13-184 Approving Community Development Block Grant Application for Fiscal Year 2014

Ayes: 5

Nays: 0 Motion carried.

M. Approve Joint Powers Agreement with Dakota County CDA for Open to Business Program

Councilmember Piekarski Krech stated the Joint Powers Agreement was with the EDA, not the City Council. She questioned if the agreement required separate approval from the EDA.

Mr. Link stated it could be approved by either the Council or the EDA. He noted in the past it had been approved by the City Council. He explained if Council wanted to send the agreement to the EDA for approval a special EDA meeting would need to be scheduled following the regular City Council meeting on January 13th.

Councilmember Piekarski Krech stated she was in favor of the agreement and wanted to make sure everything was in order from a legal standpoint.

Mr. Kuntz suggested that the agreement be sent to the EDA.

No action was taken on this item.**N. Approve Proposal from Peer Engineering to Conduct a Phase II Environmental Site Assessment**

Councilmember Mueller stated he was concerned about the cost and wanted to make sure that staff would come back to the Council if any issues were encountered that would result in additional costs being incurred.

Mr. Link stated any negotiated purchase price would consider any environmental contamination that is on the site. If contamination is found, the property would be worth less. The engineering firm recognized that the bedrock was not very deep on the site and reflected that in their cost proposal. The 25 soil borings would not be taken from the bedrock. Any additional work beyond the 25 soil borings would need to come back to Council for approval.

Motion by Madden, second by Bartholomew, to approve proposal from Peer Engineering to Conduct a Phase II Environment Site Assessment

Ayes: 5

Nays: 0 Motion carried.

Q. Personnel Actions

Councilmember Piekarski Krech clarified that the personnel actions did not include the customer service specialist position.

Ms. Kennedy stated that was correct. The Parks and Recreation Director removed that position from the item late in the afternoon for further review.

Motion by Piekarski Krech, second by Bartholomew, to approve Personnel Actions

Ayes: 5

Nays: 0 Motion carried.

5. PUBLIC COMMENT:

Allan Cederberg, 1162 82nd St. E., stated he saw in the paper that Mr. Grannis received approval for his plans to develop his property. He expressed concern that there was nothing mentioned about stormwater control measures. He opined that all stormwater should be contained on the property.

Councilmember Piekarski Krech stated no final plan had been presented for development and no specifics were known at this point. The approval was simply acknowledging that at some point in the future a plan could be submitted for approval.

Mayor Tourville stated specific plans would need to go through the approval process with both the Planning Commission and the City Council. Stormwater issues would be addressed at that time.

Heidi Crissey, 5840 Cahill Ave., stated she submitted a letter to the Council requesting the installation of deer crossing signs on Upper 55th Street between Blaine Avenue and Cahill Avenue. She explained she

lived in the country in Lake Elmo for many years and never saw as many dead deer on the road as she has seen recently along this specific stretch of road. She stated she has routinely had to stop her car in and attempt to herd the deer off of the road. She expressed concerns regarding the safety of the motorists traveling along the roadway and the safety of the deer. She opined that the signs would make people more aware of the issue and could prevent accidents in the future.

Mayor Tourville stated the City had received many requests for deer crossing signs at multiple locations across the City. He explained the City had tried to develop several solutions for population control. He noted staff would further research the issue and try to come up with potential solutions.

6. PUBLIC HEARINGS:

A. CITY OF INVER GROVE HEIGHTS; Consider Modification to TIF District No. 2-1

Steve Apfelbacher, Ehlers and Associates, explained the district was ready to expire at the end of the year. From 2001-2003 the legislature changed the tax capacity ratios which effected the increment that was generated within those districts. The revenues the City was receiving at that time were sufficient to handle the debt service that was outstanding. Since that period of time the revenues dropped and the City experienced a shortfall. The shortfall was covered by revenues from District 4-1, however because District 2-1 is set to terminate the City can no longer pool revenues from District 4-1. In 2003 the legislature did provide the option to extend the district for an additional four (4) years. It was recommended that the Council conduct the public hearing to consider whether or not to extend the life of District 2-1. A project plan amendment was prepared and would extend the district for the additional four (4) years. He noted it would not increase expenditures but would allow the City to pay the outstanding debt service.

Councilmember Piekarski Krech clarified if the district was extended four (4) more years the City would be able to pay the remaining debt service without taking money from another source.

Mr. Apfelbacher replied in the affirmative.

Mayor Tourville confirmed that staff recommended this course of action.

Ms. Smith stated without extending the district the City would not be able to use funds from District 4-1 after the end of the year and would need to come up with an alternative solution to fund the outstanding debt service obligations.

Mr. Lynch noted other alternatives were explored but not advised by the City's bond counsel. Staff felt this was the appropriate course of action to allow the City to meet the district's existing debt obligations.

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

Ayes: 5

Nays: 0 Motion carried.

Motion by Bartholomew, second by Piekarski Krech, to approve Resolution No. 13-185 adopting a Modification to the Development Program for Development District No. 2 and Adopting a Modification to the Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 Therein

Ayes: 5

Nays: 0 Motion carried.

B. Consider Application of Pawn America, LLC dba Pawn America for Renewal of Pawnbroker's License for premises located at 5300 South Robert Trail

Ms. Kennedy stated Pawn America submitted an application for renewal of their pawnbroker's license. The application was accompanied by the requisite license fee and corporate surety bond. A background investigation was completed by the Police department and no basis for denial of the renewal application was found.

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

Ayes: 5

Nays: 0 Motion carried.

Motion by Madden, second by Bartholomew, to approve application of Pawn America, LLC dba Pawn America for renewal of pawnbroker's license for premises located at 5300 South Robert Trail

Ayes: 5

Nays: 0 Motion carried.

C. CITY OF INVER GROVE HEIGHTS; Consider Approval of Liquor License Renewals for 2014 Calendar Year

Ms. Kennedy stated 29 applications for renewal were received. Each application included the appropriate license and background investigation fees, requisite insurance documentation, and information related to compliance with Alcohol Server Training requirements. Background investigations were completed by the Police department and no basis for denial of any of the applications was found. She noted renewal applications were not received from Eddy's Bar & Grill, LLC or Aldi, Inc. She explained in addition to renewal of its liquor license, Old World Pizza also sought Council approval for the transfer of their license to a new location effective January 15, 2014.

Motion by Madden, second by Bartholomew, to close the public hearing.

Ayes: 5

Nays: 0 Motion carried.

Motion by Madden, second by Mueller, to approve liquor license renewals for the 2014 calendar year with the exception of Eddy's Bar & Grill, LLC and Aldi, Inc. and to approve address change for Old World Pizza effective January 15, 2014.

Ayes: 5

Nays: 0 Motion carried.

7. REGULAR AGENDA:

FINANCE:

A. CITY OF INVER GROVE HEIGHTS; Consider Approval of Final 2014 Tax Levies and 2014 Budgets

Ms. Smith stated on September 9th Council approved the preliminary levies and budgets. The information was certified to the County and included in the Proposed Property Tax notice that was mailed to all property owners on November 15th. She noted the final tax levies and budgets must be certified to the County by December 30th. She stated four (4) inquiries were received, all related to property valuation or classification. She explained as per Council direction the golf course budget materials were revised in order to be reported as an enterprise fund. The 2014 budgets included the General Fund, three (3) Special Revenue Funds (Recreation, Community Center, EDA), two (2) Capital Project Funds (Stormwater and ADA), three (3) Enterprise Funds (Water, Sewer, Golf Course), and five (5) internal service funds (Risk Management, Central Equipment, Central Stores, City Facilities, Technology). Sales tax savings were incorporated and reflected in the budget totals. The impact to the General Fund was a savings of \$107,200 and also included a reduction in the property tax levy. The proposed General Operating Fund was \$13,518,400, reflecting a reduction of \$185,000 from the preliminary levy. The debt service total remained at \$1,382,322 and included a subsidy of \$330,000 from the Closed Bond Fund. There were two (2) remaining Watershed Management District Tax levies, each tied directly to the bond payments for each district. The overall City tax rate was a slight reduction from 2013 at 46.267%. She provided a comparison of the net tax capacity and the net tax levy. After four (4) years of decreases in the net tax capacity there was a slight increase projected for 2014. She noted although the net tax levy showed a slight increase it was still a reduction of approximately \$600,000 from 2010. Total General Fund revenues were \$16,698,300, the biggest portion of which was attributed to property taxes (81%). General Fund Expenditures also totaled \$16,698,300, the biggest portions of which were attributed to Public Safety

(48%) and Public Works (22%). She recommended approval of the three (3) resolutions as presented in the Council packet.

Mr. Cederberg referenced the proposed resolution adopting the final budgets. He opined that the City had a number of investment funds that were never totaled on one line item. He questioned how much interest was generated by the investments.

Ms. Smith stated the condition of the markets has caused the rate of return to fall well below 1%. She explained the City allocates investment income across all funds based on cash balances. Each of the funds that have a positive cash balance do show investment income within each fund's respective budget. She stated each fund with a positive cash balance has a line item specifically for investment income.

Mr. Cederberg questioned what was happening with the proposed rental housing program and why no money was allocated for the program within the 2014 budget.

Mayor Tourville stated more information regarding a potential rental housing inspection program would be brought back to the Council for discussion in 2014.

Mr. Cederberg questioned why the pooled investment fund was not reported as part of the overall budget.

Ms. Smith explained the City pooled cash in investments. All deposits across all funds are maintained in one bank account. The interest earned is allocated across all funds based on cash balances. She noted investment earnings were reported as separate line items within each of the specific budgets. She stated approximately \$45,000 in investment earnings was budgeted for 2014 across all budgets.

Councilmember Piekarski Krech clarified the investment earnings were not reported as one lump sum.

Dian Piekarski, 7609 Babcock Trail, stated she attends Council meetings because she cares about the City. She expressed appreciation for the Council's fiscally responsible approach and for staff's work in preparing and presenting the budget and taking the time to answer citizens' questions. She explained she did some research to better understand what the statutory role of the City Council was in the overall management of the City. She opined that the Council should have a major role in determining the hiring practices and overall organizational structure of the City because each issue had direct budget implications. She also opined that the EDA was developed without a clearly defined purpose, mission, goals, or priorities and that those issues should be addressed in 2014.

Cheryl O'Donnell, 2445 78th Street East, stated she wanted to acknowledge the work Jenelle Teppen does for the City. She explained as a citizen she was proud to have Ms. Teppen as a representative of Inver Grove Heights because she is thoughtful in her work, has integrity, and works with excellence. She stated she understood the Council had to deal with difficult budget decisions and opined that the budget issues should not be taken out one position. She suggested other solutions could be found to address any budget problems that exist. She stated she also worked with Ms. Teppen as a vendor on the exterior and interior signage project and commented she was fiscally responsible and took a tremendous amount of pride in her work.

Mr. Lynch stated Council previously directed staff to prepare two (2) budget alternatives for consideration. The first involved potentially eliminating approximately \$114,500 from Administration. He explained he sent the City Council several pieces of information related to the duties and responsibilities of the Assistant City Administrator position along with a cost analysis for those tasks that would still need to be completed by another source if the position was eliminated. He noted staff tried to provide cost information reflecting the lowest salary, including benefits, as they currently exist to demonstrate the cost implications associated with the potential elimination of the position. He explained based on previous Council discussion there was a desire to use the budget reduction in Administration to reduce the amount of the proposed transfer from the Host Community Fund. He noted that action would have no direct impact on the proposed tax levy. The second alternative involved reducing the Golf Course budget by eliminating \$60,000 in wages and benefits.

Mr. Carlson presented the proposed reorganization of the Parks and Recreation Department in response to the Council's directive to try to save \$60,000 in salary and benefits within the Golf Course budget. He reviewed the current organizational structure of the department. He explained since 2006 the City had

reduced the size of the overall Parks and Recreation department by a little over 22 FTEs across the Parks, Recreation, Community Center, and Golf Course divisions. The cumulative operating budget for the four divisions was proposed to be approximately \$7 million dollars in 2014. The programs and services provided by the Parks and Recreation department generate approximately \$4 million dollars in revenue, equivalent to 57% of the operating expenses. He noted from 2000 to 2013 the operating budget for Inver Wood Golf Course had grown by 0.3%. He explained staff realized it would be extremely difficult to achieve Council's directive to save \$60,000 in the salary and benefits line item within the Golf Course budget alone, and proceeded to examine the department as a whole to determine how to achieve the directive while maintaining a functional department that could still operate the facilities they are charged to manage and maintain while offering the services the community has come to expect. He reviewed the benefitted positions at Inver Wood and their various responsibilities. He outlined the reorganization goals that were established for the department to achieve Council's direction including the development of cross-functional work teams, reduction of administrative overhead, and the combination of maintenance functions. Staff proposed the elimination of the Golf Course Manager position and increasing the Clubhouse Operations Coordinator from a 0.75 FTE to a 1.00 FTE. This would result in the reduction of 0.75 FTEs within the Golf Course budget, a savings of a little more than \$60,000. A new proposed departmental structure for the Parks and Recreation department was presented that would result in fewer managers and supervisors. He noted the proposal would also provide for future opportunities to evaluate the structure as retirements occur within the department.

Mr. Lynch noted the details of the proposed reorganization of the Parks and Recreation department still needed to be worked out from a staff perspective. The three (3) month implementation period would be utilized to further communicate with department staff and to determine what positions would be in the new structure and their respective compensation levels.

Mayor Tourville clarified this was done under the premise of saving money and reorganizing to maintain service levels.

Mr. Carlson replied in the affirmative. He noted staff developed the proposal in response to the direction from the Council to find a way to save \$60,000. He explained the department still had to be able to function to provide customer service, recreational programs, and maintain the existing facilities and amenities within the City.

Councilmember Bartholomew opined the proposal was very good and he liked the way it was laid out. He stated the costs at the golf course needed to be controlled because there had been a negative cash balance since 2002, and it has had a net operating loss since 2005. The City put in \$2,944,000 to eliminate the debt and it was likely that the course would post a net operating loss for 2013. He opined it was fair and reasonable to request that the golf course budget be reduced by \$60,000. He stated he would support the proposed reorganization as presented by Mr. Carlson.

Councilmember Madden questioned what was meant by the statement "as retirements occur".

Mr. Lynch stated there were several individuals who were eligible for retirement based on their years of service. He explained there had been ongoing discussion with one individual who had not yet made a decision regarding retirement. He noted if those eligible individuals elect not to retire there would need to be additional discussion amongst staff with respect to the impact on remaining positions. He stated staff initially tried to come up with a reorganization plan that would not result in people losing their jobs. If retirements do not occur either the number of positions would have to be reduced in the overall reorganization of the department or the compensation and classification of those positions may need to be changed.

Councilmember Madden stated he was not in favor of pressuring employees to retire.

Councilmember Mueller questioned if staff was encouraging employees to retire.

Mr. Lynch reiterated there had been recent conversations with an individual who had previously indicated they would like to consider retirement. He stated such discussions were important in terms of developing potential reorganization and succession plans for departments. He explained the Utilities division was

heavy in terms of the number of individuals that would be eligible to retire in a fairly short period of time which could result in a lot of turnover within the division. He noted it was incumbent upon staff from an administrative standpoint to consider and investigate those scenarios and how they might be handled.

Councilmember Piekarski Krech opined she was not comfortable basing decisions on future retirements because individuals make those choices based on varying factors. She stated the golf course was an enterprise fund and Parks and Recreation was a special revenue fund and there was a desire to maintain that separation. She expressed concern that the proposed reorganization plan rolled everything together and the distinction between the two was lost. She stated the parameters may need to be changed going forward if the golf course, parks, recreation, and community center were all going to be considered as one entity.

Mr. Lynch pointed out each of the four divisions were considered to be parks and recreation services and they were all under the direction of the Parks and Recreation Director.

Councilmember Piekarski Krech stated they have always been separate and distinct budgets.

Mr. Lynch stated with respect to the City's overall budget there are many individuals whose salary and benefits are cost allocated against many different funds.

Councilmember Piekarski Krech stated the City has always tried to keep the golf course as a separate entity and now it is being presented as money being saved in Parks and Recreation by eliminating a position at the golf course. She opined the action being taken was not transparent.

Mayor Tourville stated at the work session the Council discussed cross training of staff that would allow people to perform multiple functions. He applauded staff's attempt to look at a reorganization that would save the targeted amount of \$60,000 in salary and benefits.

Councilmember Piekarski Krech stated if the intent was to put everything under the label of parks and recreation and to reorganize so people within the department could serve multiple functions she wanted to make sure it was done transparently.

Mr. Carlson stated the intent was to create cross-functional teams that could serve in multiple capacities across the divisions within parks and recreation. He noted there would still be separate budgets for each division, but the goal was to work together across the entire department to ensure that operations were as efficient and effective as possible.

Councilmember Bartholomew stated he disagreed with some of the cost assumptions that were provided in the memo from the City Administrator regarding the proposed reduction in the Administration budget. He opined more information and discussion was needed regarding the issue and suggested that discussions continue after the first of the year. He proposed that the alternative related to the Administration budget not be considered at this time provided that there will be an opportunity for further discussion in 2014.

Councilmember Madden agreed that the issue should be further discussed after the first of the year. He opined it was too big of a decision to make in one night without serious discussion.

Councilmember Mueller stated he wanted to make sure the City Administrator received clear direction from the Council going forward.

Mayor Tourville stated he would not have supported the elimination of the Assistant City Administrator position at this time. He explained without a reorganization discussion he would not remove an employee. He stated in his tenure as a Council member the City had never removed an employee without reorganization, without looking at job performances, and without looking at certain parameters related to organized and unorganized employee groups. He noted the City had one at-will employee, the City Administrator. He stated he felt strongly in the parameters that were in place to protect and respect the City's employees. He acknowledged the City had let people go in the past due to issues with job performance or layoffs for budgetary reasons. He stated he was glad to see that the Council was willing to have further discussion regarding the issue in 2014.

Mr. Lynch stated the proposed resolution that would approve the 2014 budget would not change because the proposed amendment to Administration would not have made a net change to the tax dollars. Previous direction from the Council was that the proposed change should be applied to the Host Community Fund. If the proposed alternative related to a reduction in Administration was not going to be approved he requested that the Council specify the impact to the Host Community Fund by motion. He noted there was an alternate resolution prepared to reflect the proposed reduction in the Golf Course fund. Councilmember Bartholomew stated he wanted to be certain that the discussions would take place starting right away in January at the first work session.

Ms. Piekarski questioned if the discussions were going to be about the organization as a whole.

Mayor Tourville responded in the affirmative.

Motion by Bartholomew, second by Piekarski Krech, to accept the proposal set forth by the Parks and Recreation Director to reduce the Golf Course budget by \$60,000 and to offset the savings by reducing the transfer from the Host Community Fund

Ms. Smith explained the alternative related to the Golf Course budget was not related to the Host Community Fund. She noted the proposal set forth by Mr. Carlson would also impact the Parks budget within the General Fund, the Recreation budget, and the Risk Management Fund. She reviewed the revised budget resolution that would incorporate the changes as proposed.

Councilmember Bartholomew questioned the increase in the Parks fund shown on the revised resolution.

Ms. Smith stated the increase in the Parks fund was offset by a reduction in the transfer from the Recreation fund.

Motion withdrawn by Council members Bartholomew and Piekarski Krech.

Motion by Mueller, second by Bartholomew, to approve Resolution No. 13-186 adopting the Final Tax Levies for 2014, Resolution No. 13-187 adopting the revised Final 2014 Budgets with the recommended reduction of \$60,000 in the Golf Course Fund as proposed by the Parks and Recreation Director, and Resolution No. 13-188 adopting the Final Watershed Management Taxing Districts' Tax Levies for 2014

Ayes: 5

Nays: 0 Motion carried.

ADMINISTRATION:

B. CITY OF INVER GROVE HEIGHTS; Consider First Reading of an Ordinance Amending Inver Grove Heights City Code Title 4, Chapter 1, Articles A, B, C, and D related to Alcoholic Beverages

Bridget McCauley Nason from LeVander, Gillen, & Miller provided an overview of the proposed ordinance amendment. She explained the process that was completed involved a complete review and overhaul of the City's liquor license code provisions. The purpose of the exercise was to revise the City Code to modernize the language and the content of the provisions related to alcoholic beverages to ensure compliance with state statutes and make the relevant provisions easily accessible and understandable for licensees, staff, and the public. The process involved a thorough review of the provisions contained within City Code Title 4, Chapter 1, related to alcoholic beverages, an analysis of relevant Minnesota statutes and rules, a review of the League of Minnesota Cities guidance and best practices related to liquor licensing, a comparison with alcoholic beverage regulations in other cities, and discussions with key staff members who deal with the regulations contained within the specified section of the City Code. The proposed ordinance amendment would essentially repeal the current version of Title 4, Chapter 1 and replace it with the new version that is proposed. Significant proposed revisions included updated terminology, reorganization of the chapter and the elimination of redundancies, expansion of the potential licenses that could be issued by the City, modifications to public hearing requirements, temporary expansion of premises for alcoholic beverage sales, additional provisions related to the issuance of licenses and the application process, a decrease in the on-sale intoxicating liquor license fee for new licensees, the expansion of Sunday on-sale sales hours to 2 am, and the modification of language related

to liquor sales at the National Guard Training and Community Center.

Mr. Kuntz referenced Minnesota Statute 340A.404, subd. 4. The statute enables a City to authorize the sale of alcoholic beverages at certain events within the City. He stated the authorization provided by the referenced statutes was not included in the proposed ordinance revisions and staff sought direction from the Council as to whether the authority granted by the statute should be implemented into the City Code. He explained the statute afforded the City the opportunity to authorize the holder of an intoxicating liquor license to sell liquor at a convention, banquet, conference, meeting, or social affair conducted on the premises of a sports, convention, or cultural facility owned by the City. He noted in terms of the statute's application to current City practices, the only place where the service of hard liquor is allowed is at the National Guard Training Facility incident to the service of food with a valid caterer's license. He clarified that the City did not own the National Guard Armory, the City leased the space. The proposed ordinance amendment did not change the current practice and it did not include language that would enable the City to take advantage of the authority granted by statute.

Councilmember Piekarski Krech clarified the Council needed to discuss whether or not to allow intoxicating liquor license holders to sell hard liquor in conjunction with events that may be held on property owned by the City, such as the golf course.

Mr. Kuntz stated that was correct.

Councilmember Piekarski Krech stated it may be advantageous for the City to look at such opportunities and she would be in favor of including the options afforded by the statute in the code provisions.

Mr. Kuntz explained the other option provided by the statute was allowing the City to authorize the holder of an intoxicating liquor license (issued by the City) to dispense hard liquor at a community festival within the City at a location designated by the Council, but off-site of the licensed premises.

Councilmember Piekarski Krech questioned how community festival would be defined.

Mr. Kuntz provided examples including Inver Grove Heights Days and Holiday on Main Street. He noted this was different than the first example discussed because the designated location did not have to be controlled or owned by the City. He stated that fact may restrict the City's ability to deny an application for such a permit. He stated more discussion was needed with staff and the Council before any provisions were introduced in the proposed ordinance amendment.

Mayor Tourville stated he did not have a problem with looking into including the provisions and how they would be managed from an implementation and enforcement perspective.

Ms. Kennedy stated from a staff perspective one of the major concerns would be defining the liability related to the selling and serving of alcohol.

Councilmember Piekarski Krech opined it may also increase the opportunities for rental of park or community center facilities. She questioned if the parks and recreation staff would be in favor of implementing the changes.

Mr. Carlson stated at this point staff was comfortable with the provisions that were currently contained within the City Code for the service of alcohol. He explained there are more things to manage and consider if the opportunities for the sale of hard liquor were to be expanded.

Councilmember Piekarski Krech questioned what would need to be changed or what other regulations would need to be included in the code if the authority granted by statute was included in the ordinance amendment. She questioned if including the provisions would give the City more opportunities to rent space for events or if it would make the City's facilities such as the golf course and the community center more marketable.

Mr. Carlson stated he would like to discuss it further with his staff.

Mayor Tourville suggested that the issue should also be discussed with the Parks and Recreation Advisory Commission to obtain their input.

Mr. Kuntz reiterated the authority would only apply to the instances defined in statute.

Motion by Piekarski Krech, second by Mueller, to adopt First Reading of an Ordinance Amending Inver Grove Heights City Code Title 4, Chapter 1, Articles A, B, C, and D related to Alcoholic Beverages

Ayes: 5

Nays: 0 Motion carried.

C. CITY OF INVER GROVE HEIGHTS; Consider Second Reading of an Ordinance Amending City Code Title 3, Chapter 4, Sections 3-4-2-2 and 3-4-2-3 and 10-3-8 Adjusting Development Fees

Ms. Teppen stated no changes were directed since the first reading of the ordinance. She noted the third reading would take place at a public hearing held at the first regular meeting in January.

Mayor Tourville questioned if the information had been sent to the Chamber of Commerce and Progress Plus for review and comment.

Ms. Teppen explained that was traditionally done after the second reading. Any comments received would be presented at the third reading.

Councilmember Mueller opined that the fees seemed very high.

Councilmember Piekarski Krech stated the costs were a part of the pro forma for the Northwest Area. She explained the fees had to be increased according to the pro forma that was prepared specifically for the Northwest Area to ensure that the City was able to meet its obligations with respect to payment for the infrastructure that was installed.

Motion by Madden, second by Piekarski Krech, to adopt Second Reading of an Ordinance Amending City Code Title 3, Chapter 4, Sections 3-4-2-2 and 3-4-2-3 and 10-3-8 Adjusting Development Fees

Ayes: 5

Nays: 0 Motion carried.

8. MAYOR & COUNCIL COMMENTS:

9. ADJOURN: Motion by Piekarski Krech, second by Bartholomew, to adjourn. The meeting was adjourned by a unanimous vote at 9:20 p.m.