

**INVER GROVE HEIGHTS CITY COUNCIL MEETING
MONDAY, MAY 13, 2019 - 8150 BARBARA AVENUE**

1. CALL TO ORDER 2. ROLL CALL:

The City Council of Inver Grove Heights met in regular session on Monday, May 13, 2019, in the City Council Chambers. Mayor Tourville called the meeting to order at 7:00 p.m.

Present were: Council Members Piekarski Krech, Bartholomew, Perry, and Dietrich; City Administrator Lynch, City Attorney Kuntz, Police Chief Chiodo, Interim Police Chief Folmar, Patrol Officer Sharratt, City Engineer Kaldunski, City Planner Hunting, Associate City Planner Botten, and Public Works Director Thureen.

3. PRESENTATIONS:

A. Oath of Office/Swearing In of New Police Chief, Melissa Chiodo and New Patrol Officer, Andrew Sharratt.

Mayor Tourville began the Oath of Office/Swearing In for new Police Chief, Melissa Chiodo. Melissa's husband Richard had the honor of pinning on the Badge.

Newly appointed Police Chief Melissa Chiodo thanked the Mayor and the City Council for their confidence in giving her this position. She stated that she looks forward to working with everyone in the department and the city. In attendance this evening she thanked her parents, family members from both sides of her family, her husband Richard, her son and daughter, close friends, and mentors, for being present. Photos were taken of the Police Chief and the City Council.

Interim Police Chief Sean Folmar introduced the newest member of the Inver Grove Heights Police Department, Officer Andrew Sharratt, for the Administration of the Law Enforcement Oath of Honor. He stated that Andrew grew up in Farmington where he attended and graduated from high school. He attended Metro State University graduating with an Associates Degree. He stated that Andrew served in both the Crystal and Wayzata Police Departments. He commented that since submitting the initial application, Andrew has been subjected to extensive testing, interviews, and a lengthy background investigation. After the background investigation an initial offer resulted in a psychological examination, medical evaluation, and pre-appointment drug testing. Passing all requirements established by the City of Inver Grove Heights, the Police Department, and the State of Minnesota, Andrew began his service as the newest Police Officer on February 27th, completed field training on May 8th, and is now working alone. He stated that the Oath of Honor is a public commitment to serve this community through the faithful discharge of their respective duties. He presented the newest member of the Inver Grove Heights Police Department for the Administration of the Law Enforcement Oath of Honor.

Mayor Tourville performed the Law Enforcement Oath of Honor to the newest member of the Inver Grove Heights Police Department, Officer Andrew Sharratt.

Photos were taken of Officer Andrew Sharratt with the City Council.

Interim Police Chief Folmar stated that Officer Andrew Sharratt's fiancée Paige would do the pinning of the Badge.

Mayor Tourville congratulated both Police Chief Chiodo and Patrol Officer Sharratt. He stated that their service and dedication to Inver Grove Heights is appreciated.

4. CONSENT AGENDA:

- A.
 - i. Minutes of April 22, 2019 City Council Meeting Minutes.
 - ii. Minutes of April 29, 2019 City Council Special Meeting Minutes.

- B. Resolution 19-71** Approving Disbursements for Period Ending May 3, 2019.
- C.** Approval of Rental Housing License.
- D.** Consider a **Resolution 19-72** relating to a Major Site Plan Review to allow a parking deck over an existing parking lot for property located at 5500 Cenex Drive.
- E.** Consider a **Resolution 19-73** relating to a Comprehensive Plan Amendment to change the land use plan from RC, Regional Commercial to P/I, Public Institutional for property located at the corner of Concord Boulevard and Courthouse Boulevard.
- F.** Consider a **Resolution 19-74** relating to a Variance from front yard setbacks for a home addition and a **Resolution 19-82** relating to a Conditional Use Permit to exceed maximum impervious surface for property located at 7540 River Road.
- G.** Request approval of the Pay Application #6 for \$777,765.00 to Jorgenson Construction for Project 2014-10 Fire Station #2 New Construction.
- H.** Consider Approval of Compensating Change Order for West Rink Project (City Project 2018-1722).
- I.** Consider **Resolution 19-75** Establishing an Emerald Ash Borer Control Zone.
- J.** Accept Professional Services Proposal from Bolton and Menk, Inc. for Windsor Ridge.
- K.** Consider **Resolution 19-76** Receiving Proposals and Awarding Contract for Blaine Avenue/Seidl's Lake Park Pedestrian Crossing Study – City Project No. 2019-03.
- L.** Consider **Resolution 19-77** Appointing Interim Deputy Clerk.
- M.** Consider Approval for the Stipulation and Assent to Registration and Assent to Registration – Marylin L. Murphy Application to Register Title to Certain Lands.
- N.** Consider **Resolution 19-78** Authorizing Submittal of a Host Community Grant Program Application to the Minnesota Department of Employment & Economic Development (DEED)
- O.** Consider Approval of the Full-Time Fire Inspector Job Descriptions.
- P.** Personnel Actions.

Councilmember Dietrich requested pulling Agenda Item 4J.

Councilmember Perry requested pulling Agenda Item 4L.

Mayor Tourville requested a brief overview of what is taking place with Agenda Item 4D.

Motion by Bartholomew second by Dietrich to approve the Consent Agenda with the exception of Agenda Items 4D, J, and L.

Ayes: 5

Nays: 0 Motion carried.

Councilmember Dietrich stated that she had questions about Agenda Item 4J, Accept Professional Services Proposal from Bolton and Menk, Inc. for Windsor Ridge. She asked why the developer is not paying the fees.

City Engineer Tom Kaldunski responded that they have a written agreement in the form of the email from the developer stating that he would be paying all of those costs. He stated that they would do this as a pass through. The city has to approve the proposal, but the developer will pay for the costs.

Councilmember Dietrich asked why the Commission tabled this item and that it came before the City Council before the Commission has had a chance to weigh in.

City Engineer Kaldunski responded that it is before the City Council due to a set timeframe for engineering reviews. Those applications came in April. He stated that he was unavailable at that time and was unable to get it on the Agenda. He commented that the engineering review has been done and the Planning Commission has read the engineering comments as they were a part of the discussion when it was chosen to table the item at their last meeting. He stated that they are working on bringing that item back to the next Planning Commission meeting.

Councilmember Dietrich asked why there was not a 100-year flood study done, which is customary.

City Engineer Kaldunski responded that Windsor Ridge is a development in the northwest area. There is a stormwater model of the entire area that establishes the 100-year flood plain elevations. He stated that this did not need an additional study done as there was a model done in August 2018. He stated that this project has three consultants, EOR, Barr, and Wenk, that have done stormwater reviews in the northwest area. He stated that in this case the developer chose Barr Engineering to do the work. The city did not need to have as much review because the developer hired them directly. He stated that more information will be addressed at the next Planning Commission meeting.

Councilmember Dietrich asked if it was customary for residential development if there has already been a study done and to not have to pay for a 100-year study themselves.

City Engineer Kaldunski responded the city does that on almost every development project in the northwest area where there are large developments. This ensures that if the developer has their own engineer to do the study, they may not be as familiar with the standards in the area. He stated that they have traditionally used one of the three consultants mentioned earlier to make sure they are following the city's standards.

Councilmember Dietrich asked why the city's own engineering does not do that study and goes to a third party.

City Engineer Kaldunski responded that it is a detailed computer model. The three consultants have the expertise and the city program has a different modeling system. He stated that this is a busy year for the engineering division with a lot of projects going on with two people out due to medical issues.

Motion by Piekarski Krech second by Perry to approve Agenda Item 4J to Accept Professional Services Proposal from Bolton and Menk, Inc. for Windsor Ridge.

Ayes: 5

Nays: 0 Motion carried.

Councilmember Perry discussed Agenda Item 4L to Consider Resolution Appointing Interim Deputy Clerk and asked City Administrator Lynch, as he has a number of direct reports and would be taking on this full position himself, or if there was someone else they could appoint to the position of Deputy Clerk.

City Administrator Lynch responded that he could designate individuals. Legally they have to have someone for signature purposes. He stated that it needs to be a designated City Clerk or Deputy Clerk, and is the reason he was designated for signature purposes.

Motion by Bartholomew second by Piekarski Krech to approve Agenda Item 4L to Consider Resolution Appointing Interim Deputy Clerk.

Ayes: 5

Nays: 0 Motion carried.

City Planner Allan Hunting discussed Agenda Item 4D to Consider a Resolution relating to a Major Site Plan Review to allow a parking deck over an existing parking lot for property located at 5500 Cenex Drive. He stated that CHS Headquarters has had an issue with shortage of parking. CHS is proposing to do a one level parking deck over half of the main parking lot in front of the building. Illustrations were shown of the proposed parking deck. He stated that they were hoping to begin soon and are working on getting interim off-site parking areas for employees while the work is being done. They hope to finish up in December or spring of 2020.

He stated that the second email came from Lennar stating they are agreeing to pay for the assessments for all of the lots in the two subdivisions including those that were sold and have new owners. Lennar would prefer that come to resolution sooner rather than later. There are 123 lots. He stated that they have a contract, which would be discussed later in the Agenda, and if moving forward with the assessments, the bids were good compared to the estimates. He stated his concern was that there were still overhead/soft costs. He stated there is a 10% contingency for construction and 28% of the original estimate for soft costs, such as engineering design and field work. He stated that there are right of way and easement costs they are unaware of. There is eminent domain with one of the property owners and they have begun the process for the group that Mr. Foster is a member of, the property that they control. This leaves uncertainty of the actual costs of the right of way for the project and could take months to over a year to settle. He stated that the city is carrying those costs in the interim and there is a developer who is willing to take care of the assessments and do it sooner rather than later. He stated that if the costs come in it could mean that instead of being 35% it moves up to 37% or 38%. He commented that it is still a very good deal for the properties adjacent to the project.

He stated that when the project began it was intended to be one project on Highway 3 to reach safety standards to get the 65th Street connection. The cost of the work on Trunk Highway 3 turned out large so they split the road project into two parts. Trunk Highway 3 is currently finishing up. Sixty fifth Street is what they are considering the assessment hearing for. He stated that this allows other funding sources to be opened up. He stated that the trunk watermain from the northwest area was brought into the project and that they would be able to move the grading costs to the northwest area water fund.

He stated that with 65th Street, he worked with the City Attorney about the collector street assessment policy and how to spread the costs to adjacent properties for this project. He stated there are five different groupings of parcels. He stated they came up with an equivalent single-family lot basis for all of them. Blackstone Ridge has 79 lots in that plat, Windwood 2nd Addition has 44 lots, one large lot belonging to the Dalsin's has unique conditions. The lots to the north are owned by the group known as Ace in the Hole Real Estate LLC, and four parcels are controlled by Sourceland Capital, those are in the Windsor Ridge Subdivision plat. He stated that they looked at all of the developments that occurred for single family residential in the northwest area to date to come up with the average number of single family lots per gross area, which was 2.12 lots per acre. Applied over an area came up to 57 lots, the larger parcel came up with 50 lots, if another portion was subdivided it gives a total of 231 single family residential lots. Divided into \$946,000 comes up with a per lot assessment of \$4,164.26.

He stated that the original land owner included a partial payment toward future assessments. The amount has been held and applied to the 79 lots, reducing the assessment down to \$2,270.78 per lot. The lots in the Windwood 2nd Addition are subject to a waiver assessment appeal agreement up to an amount of \$5,273. This means they would not be able to appeal an assessment less than that amount. He stated these are moot points now due to the email that they have just received.

Councilmember Bartholomew asked to see where the Lennar lots were located.

Public Works Director Thureen displayed the map with the location and responded that the 79 lots are a part of Blackstone Ridge. There are 44 lots in the Windwood 2nd Addition.

Public Works Director Thureen stated they had a neighborhood information meeting on May 2nd. Four individuals representing three of the properties attended. The meeting discussed project description, explanation of assessment amounts, the process of assessments with the ability to object and appeal, and the payment options for special assessments. He stated the amounts are based on the spread for the parcels and would recommend a 10-year term and an interest rate of 5.15%. The interest rate was determined by what the last bond issue was at the time with 2% added to it. He stated this provides a provision for those lots that were sold to new homeowners to defer accrual of interest until January 1, 2020.

He stated that there is one unique property owned by a member of the ownership group Ace in the Hole, located in Green Acres. Assessments wouldn't be collected until it was sold. He stated they could have a discussion about potential options for deferral of assessments. He stated he would have discussions with the owners of Green Acres.

Mayor Tourville summarized stating it would be best for the Council to look at the resolution and get started so they can let Lennar know what is going on. He stated they should also let those from Ace in the Hole know that there are things that needed to be worked out.

Public Works Director Thureen agreed. He stated that if they were to wait, he wasn't sure if they would have the total construction costs as they do not know how the eminent domain process would go due to the right of way.

Motion by Piekarski Krech second by Perry to close the Public Hearing at 7:44PM.

Ayes: 5

Nays: 0 Motion carried.

Motion by Bartholomew second by Dietrich to approve the Resolution for Assessment Hearing for City Project No. 2015-03 (65th Street Roadway and Drainage Improvements).

Ayes: 5

Nays: 0 Motion carried.

Mayor Tourville asked Public Works Director Thureen to summarize the meeting for Mr. Foster and get him the information.

7. REGULAR AGENDA:

ADMINISTRATION:

A. Accept and approve Comprehensive Annual Financial Report (CAFR), Management Letter and Other Required Report for the year ending on December 31, 2018.

City Administrator Lynch stated that Brad Falteysek from Abdo, Eick, and Meyers, is present this evening to give the final version of the Comprehensive Annual Financial Report (CAFR).

Brad Falteysek, Abdo, Eick, and Meyers stated that he presented last week at the City Council's Work Session and has a shortened version of the presentation. He discussed the following points:

- The Auditor's Opinion. They are issuing an unmodified or clean opinion on the financial statement. The State Auditor requires that they go through a series of checklists to make sure Statutes are followed as a part of the financial statement audit. He stated that they did not find any instances of non-compliance around the State Statutes. This gets a clean opinion.
- General Fund – Fund Balances. A chart with General Fund results was displayed. He stated that the top line represents the budgeted expenditures. The blue line represents the fund balance at the end of the depicted years. The grey line represents the fund balance policy. He stated that the fund balance policy has a minimum reserve of 40% based on the following years budgeted expenditures. This has been maintained over the last five years and is being managed according to the policy.
- General Fund Budget to Actual. Revenues were \$700,000 more than what was budgeted for the year. This was due to development and building activity. This line item is still being budgeted conservatively based on the past number of years. This was about \$400,000 over what was

budgeted. Compared to 2017, it was \$150,000 more than what was received. He stated that building activity is increasing, which is a good sign.

- General Fund Revenues by Type. This is where the revenue fund operates the general operating activities. Taxes make up the majority of the revenues to support the general fund operations at about 85%, which is a common percentage. Inver Grove Heights does not receive local Government Aid. Most of the general fund revenue comes from tax levies.
- General Fund Expenditures by Type. With a \$20 million-dollar budget, Public Safety (Police and Fire) make up half of the total budget for the general fund. This is followed by public works, general government, and other funds to support projects.
- Special Revenue Fund Balances. There are five. These funds have a restricted or committed revenue source. If it is restricted by an outside party it has to be spent on a specific purpose. He stated that the Community Center fund has a deficit of \$1.8 million. \$550,000 of that is receivable from the City of Rosemount. Future funding sources need to be looked into to make up the rest of that deficit. He stated that new this year is the Franchise Fee, an electric and gas franchise that was added in 2018. \$1.02 million dollars is in that fund. He stated that this supports pavement management going forward.

Councilmember Bartholomew asked if there was a comment in the CAFR that is designated to pavement management as a policy.

Mr. Falteysek responded that it is committed.

Mr. Falteysek continued the presentation as follows:

- Debt Service Funds. This includes the improvement bonds funds, the cash balance, total assets, and total bonds outstanding. This does not include any bonds associated with water and sewer funds. Total assets in the improvement bonds are at about \$5 billion dollars with \$32 million dollars outstanding due to levying annually. He stated there is \$2.5 million dollars in debt service requirements for the next five years. He stated the city will be generating enough revenue sources to support the debt service requirements.
- Capital Projects Fund Balances. These are the ongoing projects in the city. There are restricted revenue sources which could be if bonds were issued to support a specific project and you haven't spent all those bond proceeds yet. Those would be restricted funds or for State Aid dollars for projects. Other funds include funds assigned for projects.
- Internal Service Funds. These are funds that charge other departments within the city for central costs. For example, central equipment cash, risk management, and compensated absences fund. All these funds are charging other departments to collect funds to support centralized functions. He stated that this fund has stayed steady. In 2018, \$1.3 million dollars in capital were spent.
- Water Fund. These include operating receipts, and if the city is generating enough operating receipts to meet 100% of the debt service requirements plus six months of the operating disbursements for the following year. He stated the operating receipts are meeting the criteria put in place. He stated the cash balance has been declining for the last four years, ending this year at \$7.7 million dollars. He stated the target balance is the red line depicted on the chart and shows what they wouldn't want to see the operating cash go below. Anything above that red line is reserves for capital type needs.

Councilmember Bartholomew asked when looking at the reserves, and knowing the minimum target, if they test the difference for reasonability. He commented they went from \$11 million dollars down to \$7 million dollars and asked if it was a concern. He stated he would look at the decline in cash and if it was reasonable to have that much cash, or if they were missing the target somewhere.

Mr. Falteysek responded they do not test it. He stated if discussions were had it would have to be around budget time. He stated the only item he looks at is if it's trending down, or if it would level off at some point.

Mr. Falteysek discussed the following:

- Sewer Fund. Operating receipts haven't met the operating disbursements plus the debt service requirements. He stated around budget time the city could discuss whether this is a concern or not. The cash has been declining and is closer to the red line than the water fund was. He stated it would be good to discuss where this fund would be going in the future.
- Golf Course Fund. There was a spike in 2018 with the three-year promotion period. The receipts jumped up in 2018 as well as the cash at the end of the year. He stated of the cash, there is \$400,000 related to revenue for the next two years.
- Cash and Investments Balances by Fund Type. This is total cash within the city. In 2016 there was \$72 million dollars in cash, in 2018 there is about \$79 million dollars in cash. The cash reserves have been steadily increasing. He stated with additional projects; the steady increase is a good thing going forward.

Mr. Falteysek thanked the City Administrator and the Interim Finance Director for all of their help during the audit process.

Motion by Piekarski Krech second by Bartholomew to Accept and approve Comprehensive Annual Financial Report (CAFR), Management Letter and Other Require Report for the year ending on December 31, 2018.

Ayes: 5

Nays: 0 Motion carried.

B. Consider application for a chicken license on property located at 3321 68th Street E.

City Administrator Lynch stated this application is from Megan Quigley to keep five chickens at 3321 68th Street East. He commented that if there are no complaints received, these are typically Consent Agenda items, but there was a complaint about the application. He stated there was no written correspondence from the complainant, just that they objected.

Megan Quigley, 3321 68th Street East, stated she is the owner of the property and the applicant. She stated she spoke to the neighbor briefly before she knew that he had objected. She asked what the neighbors' thoughts were and his response was that he just didn't care for chickens. Nothing more specific was given. She stated the neighbor was not aware of where they would be placing the chickens before they applied. She commented that they would not be in direct view of his deck. She stated that she has not had any further discussions with him.

Councilmember Piekarski Krech asked if Ms. Cook (Rental and Code Compliance) had reached out to the neighbor to find out what the objection was.

City Administrator Lynch responded yes. He stated that no correspondence has been received.

Ms. Quigley stated if anything were to arise, she was willing to compromise and make changes.

Mayor Tourville stated under the Ordinance, if there are issues, Ms. Quigley would have to come back before the City Council. He stated the possibility of having the chickens could be lost.

Motion by Piekarski Krech second by Dietrich to approve to Consider application for a chicken license on property located at 3321 68th Street East.

Mayor Tourville suggested Ms. Quigley have a discussion with the neighbor and address his concerns and questions as soon as possible before she begins.

Councilmember Piekarski Krech commented that it has to be five hens, no roosters.

Ms. Quigley agreed that it would be hens.

Ayes: 5

Nays: 0 Motion carried.

PUBLIC WORKS:

C. Consider Resolution Awarding Contract to Danner, Inc. for the 2019 Improvement Program, City Project No. 2015-03 – 65th Street Roadway and Drainage Improvements and City Project No.2018-03 – NWA Trunk Watermain Improvements – 65th Street Loop (Phase IV of 2015-12) from Agate Trail to Alverno Lane. Resolution 19-79.

City Engineer Kaldunski stated that Agenda Item is about awarding a contract for the project that would build 65th Street from Highway 3 to the future Argenta Trail on the west side of Blackstone Ridge. There were 11 competitive bids. He stated the bid came in for \$1.74 million dollars when \$2.6 million dollars was what was estimated. He stated the recommendation is to award a contract to Danner Construction for their base bid to build 65th Street from Highway 3 west and to complete the loop of the water main on 65th Street from Agate Trail to the western side of Blackstone Ridge. He stated funding comes from various sources. There are State Aid dollars, water fund dollars, and other items identified in the memo. He recommended that the Council award the contract.

Motion by Bartholomew second by Perry to approve to Consider Resolution 19-79 Awarding Contract to Danner, Inc. for the 2019 Improvement Program, City Project No. 2015-03 – 65th Street Roadway and Drainage Improvements and City Project No.2018-03 – NWA Trunk Watermain Improvements – 65th Street Loop (Phase IV of 2015-12) from Agate Trail to Alverno Lane.

Ayes: 5

Nays: 0 Motion carried.

D. Consider Resolution Accepting Proposal for Professional Engineering Services for City Project No. 2018-03 – NWA Trunk Watermain Improvements (65th Street Loop) Agate Trail to Blackstone Ridge and City Project No. 2015-03 – 65th Street Roadway and Drainage Improvements. Resolution 19-80.

City Engineer Kaldunski stated this item is for the acceptance of a proposal from WSB to do construction services, some of the inspections, material testing, and to make sure that all State Aid requirements are met on the project. The proposal is just under \$240,000. Work will be supplemented by a city staff inspector. He stated they are looking to get the project into construction in the upcoming weeks and recommends that WSB, who is familiar with the area and other projects in the area, and the proposal for construction services be accepted and approved by the City Council.

Motion by Piekarski Krech second by Perry to approve to Consider Resolution 19-80 Accepting Proposal for Professional Engineering Services for City Project No. 2018-03 – NWA Trunk Watermain Improvements (65th Street Loop) Agate Trail to Blackstone Ridge and City Project No. 2015-03 – 65th Street Roadway and Drainage Improvements.

Ayes: 5

Nays: 0 Motion carried.

8. EXECUTIVE SESSION:

Pursuant to Minn. Stat. § 13D.05, Subd. 2(b) an Executive and closed-door session for preliminary consideration of allegations against City Clerk Michelle Tesser.

City Attorney Tim Kuntz stated that Minn. Stat. § 13D.05, Subd. 2(b), allows the City Council to meet in an executive and closed-door session for preliminary consideration of allegations against an employee subject to the Council's authority. He stated that in this case the allegation was against City Clerk Michelle Tesser. He stated that he is asking that the Council make a Motion to go into an executive closed-door session for preliminary consideration of those allegations pursuant to the Statute cited.

9. MAYOR & COUNCIL COMMENTS:

City Administrator Lynch stated that Commission appointments take place on Monday. The schedule will be given out as soon as it is arranged. He stated that there are a smaller number of applicants and reappointments. At the conclusion of the interviews, there will be a public meeting to make those appointments.

10. ADJOURN:

Motion by Piekarski Krech second by Perry to adjourn the meeting and go into an executive and closed-door session at 8:12 p.m.

Mayor Tourville stated that this item will be the only item discussed during the Executive Session.

Ayes: 5

Nays: 0 Motion carried.

Minutes prepared by Recording Clerk Sheri Yourczek.