



DRAFT

Approved: August 14, 2023

**CITY OF ARDEN HILLS, MINNESOTA
CITY COUNCIL WORK SESSION
JULY 17, 2023
5:00 P.M. - ARDEN HILLS CITY COUNCIL CHAMBERS**

CALL TO ORDER/ROLL CALL

Pursuant to due call and notice thereof, Mayor Grant called to order the City Council Work Session at 5:00 p.m.

Present: Mayor David Grant, Councilmembers Brenda Holden, Emily Rousseau, and Tom Fabel

Absent: Councilmember Tena Monson (excused)

Also present: City Administrator Dave Perrault, Finance Director Gayle Bauman, Public Works Director/City Engineer David Swearingen, Community Development Director Jessica Jagoe, Senior Communications Coordinator Luke Cardona, Public Works Superintendent Jeff Frid, Deputy City Clerk Jolene Trauba, and PTRC Member Mark Kelliher

1. PUBLIC INQUIRIES/INFORMATIONAL

Steve Erler, 1704 Chatham Avenue, expressed his support for managing buckthorn in Chatham trails and the proposal the Council would be hearing from PTRC Member Kelliher.

Gregg Larson, 3377 N Snelling Avenue, echoed Mr. Erler's comment. He discussed his preference to have the State of the City meeting in January. He felt having a meeting in September made no sense; the first year for the new Council hasn't been completed yet so they can't talk about what they have accomplished. In December of 2022 they approved a levy for residents and a new financial budget and the report was just sent to residents. He felt the didn't need to spend any time on that in a State of the City meeting in 2022. He thought it would make more sense to have the State of the City presentation after the first of the year, after the audit reports are done for 2023.

2. RESPONSE TO PUBLIC INQUIRIES

None

3. AGENDA ITEMS

A. Buckthorn Removal Presentation

PTRC Member Kelliher stated that over the course of the last three years, he and two others have been harvesting mature buckthorn in the Chatham trails area and have made tremendous progress. Minnesota Legacy grant fund monies won't be available until 2025. The PTRC unanimously recommended hiring a goat herd to graze the area which would cost \$4,500 each of the next two years. They will be applying for the grant in 2024.

Councilmember Fabel said he appreciated the work they have done. He asked how they keep the goats from wandering into people's yards.

PTRC Member Kelliher said they can use a double fence system with an electric inner fence, or shock collars without fencing, which the company they'd like to hire wouldn't be using.

Councilmember Fabel inquired about liability insurance and damage done from the goats.

PTRC Member Kelliher said they interviewed seven goat herders and none of them have had any problems. They have \$1,000,000 liability coverage and confirmation of the policy would be included in the contract.

Councilmember Rousseau thought this would be a great step in the buckthorn management program. She asked how many members of the PTRC were involved?

PTRC Member Kelliher replied that is was rotational, not every member interviewed every goat herder. But all but three members interacted with at least one goat herders.

Councilmember Holden thought it was a great plan but was concerned with the expense. She wondered if this would be within the scope of the Arden Hills Foundation.

Mayor Grant said probably not, they haven't branched out into ecology and things like that. The Foundation will be funding a new senior exercise program.

Mayor Grant felt they needed to get experience with goats before they get into Great River Greening and it would be a shame to lose the momentum with buckthorn that the group has made. He thought it was a reasonable dollar amount.

PTRC Member Kelliher said this would be a great opportunity to educate the public by announcing it in the newsletter and for people to go watch the goats. He added that the goats won't eat oak.

Councilmember Holden wondered if it was best to use the goats and not spend money on grass seed now.

PTRC Member Kelliher said they could do grass seed this time or next year. Goats won't eat the grass.

Mayor Grant directed staff to go ahead with scheduling the goats for both phases.

PTRC Member Kelliher added it would cost \$7,000 for the goats and \$1,000 for grass seed over 2 years. They could put the grass seed down next spring in tandem with the goats so they can trample it in.

B. State of the City Update

Senior Communications Coordinator Cardona said at the last meeting the Council decided to have the State of the City on a Thursday in September. NineNorth and the Tavern Grill were available on September 14, 21 or 28. The Tavern Grill was willing to honor the \$5 per person pricing from 2018. He asked Council to settle on which date they'd like before going on to the other items to discuss.

Councilmember Holden felt this year would be the wrong year to change to January. There will be significant increases to city taxes based on just the fire department alone, and with the PMP projects coming up in the next couple of years people will need to save. After talking with her neighbors, she felt there was no perfect time to have the meeting; in the morning people had to get kids off to school, and in the evening they have to feed them and take them to sports. Seniors don't like to drive in the dark especially in the winter, and there are snowbirds that wouldn't be able to attend in January. She thought they should have the meeting in September or October.

Councilmember Fabel stated he agreed 100% with the comments made by Mr. Larson to have the State of the City in January for all of the reasons he stated. He would also like to have the meeting on a Saturday at a civilized hour like 10:00 a.m. at City Hall.

Councilmember Rousseau liked moving it to January but the timing of morning or evening was difficult.

Mayor Grant agreed with Councilmember Holden. He said this is about the City, not about the new Councilmembers, it's an annual thing and he thought getting out there as they are setting their preliminary levy was important. He thought a Saturday morning might actually work and if they did it at City Hall it would be less expensive. He suggested a Saturday in early September.

Senior Communications Coordinator Cardona asked if he should talk to the vendors and NineNorth to see they availability for a Saturday in the fall?

Councilmember Fabel said with only four of them there they should bring this to a Council meeting to vote on the date.

After further discussion, Mayor Grant directed staff to bring the item to the next Council meeting for a vote on the State of the City being held in the fall or after the first of the year.

Senior Communications Coordinator Cardona said then whenever it is held they could promote it in the newsletter, send a postcard and do digital promotions on the website and social media. There was a save the date in the last newsletter and once a decision is made on the date

they will have to have an update to that. Presentation topics will possibly need to be moved on quickly.

Councilmember Rousseau said she would like to add the potential trail bonding, decisions made around Arden Manor and the hardcourt, the committees and what they've been up to, Northeast Youth and Family Services, and youth positions as topics.

Mayor Grant said that historically they've come up with a list of topics and each councilmember is assigned topics based on their various committees. He asked Councilmember Fabel if he knows what day of the week the TCAAP engagement would be.

Councilmember Fabel responded that he anticipated it would be on the day of the normal JDA meetings, which would be a Monday night. But a specific date hadn't been discussed.

Mayor Grant suggested each councilmember send an email to Senior Communications Coordinator Cardona with the topics they'd like to have considered or want to cover.

Discussion continued regarding potential topics.

City Administrator Perrault explained the planning process. He noted the topics on the memo are the core topics normally discussed at the State of the City.

Councilmember Holden felt they should include the 2024 property taxes, not just 2023, as there will be an increase and residents should be told why.

City Administrator Perrault said the last time postcards were sent was 2018 to businesses and wondered if they would like them sent this year.

Senior Communications Coordinator Cardona asked if they would like to have an open Q&A or have people submit questions ahead of time.

Councilmember Holden suggested they do questions both ways.

City Administrator Perrault noted that last year they had a mingling session after the presentation. They can bring that it back for more discussion.

C. THC and Adult Use Cannabis Discussion

Community Development Director Jagoe stated staff was directed to bring back draft ordinance language to regulate the sales of lower-potency hemp edibles. Staff worked with the City Attorney's office to prepare a draft for discussion. The proposed ordinance would introduce a new land use classification specific to lower-potency hemp sales that would establish this as a conditional accessory use only to businesses with a principal Retail Sales and Service land use. That means that a business other than a Retail Sales and Service wouldn't be eligible to apply for this as a conditional use. Also, there could not be a standalone shop, and the language limits it to the B-3 Zoning District.

Community Development Director Jagoe said she distributed maps of properties that fall within the B-2, B-3 and B-4 Zoning Districts because Retail Sales and Service is a permitted use in all three of those districts. Also, by specifying it to the commercial zoning districts it would preclude a residential property from being allowed to apply as a Home Occupation. Lastly, the draft language includes a separation of 500 feet of lower-potency hemp edible sales to such uses as schools, day cares, residential treatments facilities, and public parks, which were shown on the maps. They could also add language for a separation between establishments.

Councilmember Fabel confirmed that the B-3 Zoning District was on Lexington from 694 to just north of County Road E. He noted the Cub Foods store would be within 500 feet of the daycare at the YMCA.

Community Development Director Jagoe explained with the language as drafted it would preclude Cub from being eligible. Retail Sales and Service is a permitted use in the B-3 District so it's not to say that businesses couldn't turn over.

Councilmember Fabel wondered why not include County Road E that has similar businesses?

Community Development Director Jagoe said they could discuss that area, but there would be proximity to residential properties.

Councilmember Rousseau wondered if people could purchase edibles online and have them mailed to their house.

Community Development Director Jagoe didn't know how online sales work.

City Administrator Perrault said he assumed not, because it would be similar to not being able to buy cigarettes online.

Councilmember Rousseau felt there could be economic opportunities by putting low dosage into B-2 and B-3. She thought it was a matter of reminding people to treat the products like prescription medications to keep them away from children.

Mayor Grant was OK with the B-3 zone.

Discussion ensued regarding what land uses were allowed in the B-2 and B-3 Zoning Districts.

Community Development Director Jagoe reviewed the Land Use chart with the Council.

Councilmember Rousseau supported allowing sales in the B-2 and B-3 districts.

Councilmember Holden preferred only the B-3 district at least until the law is more clear.

Councilmember Fabel noted the product is going to be around but he wasn't sure why they would say it's OK in Arden Hills but in a spot where no-one is currently able to sell it.

Community Development Director Jagoe stated based on the draft language, there might not be an existing retail business in the B-3 District because of the proximity to the daycare at the YMCA, but there are parcels in the B-3 District outside of the 500 feet which allows a retail land use where tenants could change. The draft ordinance would apply to existing as well as any new retail businesses located in the B-3 zoning district.

Councilmember Fabel mentioned they are missing one of the councilmembers who might have some strong feelings about this.

Mayor Grant said anything they decide would have to go back to the full council for approval.

Community Development Director Jagoe explained that any direction given tonight would be their recommendations on the draft language, but it would have to go the Planning Commission for review. If it was on the August 9 Planning Commission agenda the Council would review it and their second regular meeting in August. Staff could make the Planning Commission aware that there was Council discussion about including the B-2 District and get their recommendation.

City Administrator Perrault suggested they could strike the word “retail” but it could still be permitted as an accessory use.

Councilmember Rousseau said her preference was still B-2, B-3 with the current language.

Councilmember Fabel abstained from the decision.

Councilmember Holden preferred B-3, as did Mayor Grant.

Mayor Grant directed staff to send it to the Planning Commission as written with the B-3 district.

City Administrator Perrault stated the Office of Cannabis Management (OCM) would be overseeing the sales of full strength cannabis. They won't be issuing licenses until January 1, 2025. Some cities are passing moratoriums in advance of that. State law does allow for moratoriums until January 1, 2025 regardless of what the OCM does. Hypothetically, they could be able to issue licenses earlier. If that happened someone could come into Arden Hills, apply to be a full strength vendor and sell THC products. If they want to pass a moratorium it was his recommendation they do so within the next couple of months.

Councilmember Rousseau felt the moratorium was appropriate while OCM was still getting up and going. She wondered if there were concerns about what would happen with enforcement if OCM wasn't running by January 2025.

City Administrator Perrault thought it was pretty clear that it wouldn't fall on cities, and he anticipated that if they aren't ready by 2025 there would be no licenses issued because the State is required to issue the licenses.

Councilmember Holden wondered if they would be able to issue another moratorium if the OCM wasn't running in January 2025.

City Administrator Perrault said State statute says they can't have a moratorium past that date.

Councilmember Fabel was in favor of a moratorium for as long as the law allows.

Councilmember Holden wondered if they could limit the zone where high potency marijuana is sold also, and if they had to follow the same areas as low potency.

Community Development Director Jagoe said she didn't think they would have to limit it in the same zoning districts.

City Administrator Perrault said they would have to pass those ordinances when it gets closer to the January date.

Mayor Grant thought they should pass a moratorium through January 1, 2025.

Councilmember Rousseau agreed because the Office of Cannabis Management was not up and running.

Mayor Grant directed staff to put it on the next available City Council meeting.

Deputy City Clerk Trauba clarified that the statute states Arden Hills has to allow at least one high potency seller, but they can allow more if they choose to, or limit it to just one.

D. 2023 2nd Quarter Financials

Finance Director Bauman reviewed the memo and attachments regarding the second quarter financial reports.

Councilmember Fabel asked how long Wells Fargo has been the City's bank.

Finance Director Bauman explained US Bank is the City's main bank, but there are a few investments with Wells Fargo. The City has been investing with them for many years, but most investments are with RBC and PMA.

Councilmember Fabel asked what money was being spent on TCAAP.

Finance Director Bauman said it was mostly for legal fees and portions of some staff salaries.

E. 2024 – 2028 Capital Improvement Plan (CIP) Discussion

Finance Director Bauman stated a five-year Capital Improvement Plan (CIP) was prepared annually. The 2023-2027 CIP was a \$17.4 million plan, the proposed 2024-2028 CIP is listed for \$27.5 million in expenditures. She reviewed the 2024 project expenses and changes from the prior year. She explained that the City Hall Maintenance project was an ongoing placeholder for maintenance and repairs in case anything significant come up. Part of the Hard Court Rehabilitation costs are anticipated to be covered by a grant that will be applied for in 2024. The

LJFD Capital Items are the City's share of the fire department budget. Lift Stations #5 and #2 costs will come out of the Sewer Fund.

Discussion ensued regarding past and future lift station repairs and Sewer Fund expenses.

Finance Director Bauman continued with the Sewer Lining/Rehab project that was moved to 2024 because that is when I&I will be available again to help cover part of the cost of that project. The 2024 PMP will be covered by PIR Fund, Utilities and assessments. The south water tower maintenance is covered by the Water Fund.

Councilmember Holden asked about water tower security.

Public Works Director/City Engineer Swearingen said he was anticipating bringing that forward to a future meeting.

Finance Director Bauman said Water Meter Replacement is being proposed over two years, 2024 and 2025. That project can be re-evaluated as it gets closer. Trunk Water Main Improvements to upgrade the Roseville water main to support future TCAAP development will hopefully be paid back through WAC charges from the TCAAP site. MN-51 Water and Sewer Crossings project will be over two years, 2024 and 2026 and money will come from the Water and Sewer Funds.

Public Works Director/City Engineer Swearingen explained the first year would be a feasibility study to see the actual needs and the amount in the budget is assuming all of the crossings would need to be replaced or rehabilitated.

Mayor Grant asked if the WAC charges from the Thumb parcel at TCAAP would be able to cover the expense of upgrading the Roseville water main.

City Administrator Perrault said WAC is estimated for the whole TCAAP property but he can check on how many they can expect for that area.

Finance Director Bauman said they could take questions on the 2024 Equipment purchases list.

Councilmember Holden asked why the Ford Escape needed to be replaced.

Public Works Superintendent Frid said there was some corrosion but if the Building Department was OK with it he had no problem waiting to replace it. He explained the equipment replacement guidelines and cycles.

Mayor Grant said they have essentially doubled the CIP budget for equipment. He asked what they would do on the Equipment Replacement list if they were told to maintain the previous budget amount from 2023-2027.

Public Works Director/City Engineer Swearingen said the biggest difference between the years is they have a Fleet Management Lead so there is someone dedicated to looking at every piece of equipment and organizing it on a spreadsheet, so they have something they didn't have last year.

They've not had the resources to capture everything in the past so this year is a higher level of quality than last year.

Councilmember Holden questioned the Toro Z Mower replacements.

Public Works Director/City Engineer Swearingen said the value comes in trading them in while they are still under warranty.

Councilmember Rousseau asked how much the increase has been on items like a plow wing truck.

Public Works Superintendent Frid estimated it was \$30,000 - \$40,000 over the last couple of years. He explained the reasoning to replace the 2012 F-450 Dump Body/Plow Truck #441.

Mayor Grant asked why they were replacing the emergency generator.

Public Works Superintendent Frid said they have four generators, 3 of them are for back up power for the sanitary lift stations. The fourth is permanently mounted at the booster station to supply water to the north water tower. All of the generators are around 20 or more years old and have reached the end of their life cycle. Kodiak Power Systems did an assessment of the generators and recommended scheduled replacement. They would assess the whole system to see if permanent natural gas units would be a good replacement but they wouldn't go completely away from towable units.

City Administrator Perrault interjected that the WAC charges on the Thumb parcel would cover about half of the trunk water main improvements.

City Administrator Perrault felt Public Works Director/City Engineer Swearingen and Public Works Superintendent Frid had done a great job updating the list but if Council wants to reduce the amount spent staff can show them the impact. If they bring the generator forward next year they will justify the reason for replacement.

Councilmember Holden would like to take the Ford Escape off the list as it is still in good shape.

After discussion it was agreed to move the Ford Escape replacement to 2026.

Councilmember Rousseau commented that staff did a great job again this year with snowplowing and she supported any equipment that had to do with snowplowing.

Discussion continued regarding trucks and plow trucks.

Councilmember Holden felt if they get a new generator they should keep the old generator, and they should separate purchasing new generators by a year.

Finance Director Bauman asked if the only change she would be making on the Equipment list was to move the 2013 Ford Escape to 2026.

Mayor Grant said that was the general consensus.

Councilmember Fabel said he was willing to trust the judgement of staff who use the equipment on a daily basis.

Finance Director Bauman reviewed the Estimated Ending Fund Balance by Year chart. She noted the CIP Fund includes the Old Highway 10 trail and Lake Johanna trail, and the Public Safety Fund includes a new fire station starting in 2026.

Discussion ensued regarding state funding and grants.

Councilmember Fabel asked if they had figured out what a local sales tax might yield in Arden Hills. He wondered if a dedicated local sales tax could pay for large trail expenses.

Finance Director Bauman said based on 2019 taxable sales, a quarter percent tax would generate about \$300,000 a year, a half percent tax would generate about \$600,000 a year.

Councilmember Holden said that's why she brought up local sales tax and franchise fees at the last meeting to help pay for fire department expenses also.

Finance Director Bauman said franchise fees have been talked about as an additional funding mechanism. Council could direct staff to explore that or local sales tax.

Councilmember Holden felt franchise fees could be dedicated to trails and might be more successful than a local sales tax.

City Administrator Perrault cautioned Council about tying franchise fees to a specific project, some cities franchise fees go to support capital improvement road projects. He discussed other options for revenue sources and uses.

Finance Director Bauman stated the Equipment Building Replacement Fund has an immediate need for a tax levy increase, as does the Public Safety Capital Fund which includes the new fire station. The MSA fund summary with all projects listed will not be positive again until 2042. If they don't do the two trail projects it will be positive in 2034.

Finance Director Bauman posed the following questions: What increases, if any, should staff assume? Does Council have a preference on how to allocate the General Fund transfer? Should the new LGA Aid be included in the PIR Fund? How does the Council want to allocate the Public Safety Aid? Explore additional funding mechanisms?

Mayor Grant suggested using the General Fund transfer for one-time items, and putting the Public Safety Aid against the fire department.

Discussion ensued regarding franchise fee proceeds.

Councilmember Fabel supported using bonds for trails to get them completed, then using franchise fees or local sales tax to repay the bonds.

Councilmember Holden was concerned about putting money into the fire department because they are considering a Fire District.

Mayor Grant said they could put it in the Public Safety Fund.

City Administrator Perrault discussed possible uses for the Public Safety Aid money.

Finance Director Bauman said she would juggle the money going in to the capital funds to be OK for the next couple of years, they will skip any increases in the Capital funds for now, and work on the General Fund levy while exploring franchise fees.

Point of Order – Council agreed to forgo the remainder of the agenda items due to time.

F. Assisted Hearing Technology

Not discussed.

G. TCAAP Public Engagement

Not discussed.

H. Council Tracker

Not discussed.

4. COUNCIL/STAFF COMMENTS

Councilmember Rousseau said she was looking forward to the Commissions and Committees picnic, and that she would not be at the next Council meeting.

City Administrator Perrault said he will be resending an email for direction on dates for working with LMCIT, along with a Council retreat date. There will be a meeting scheduled with the Gathering Place and members of staff, the City attorney and Council to discuss the parking lot.

Councilmembers Fabel and Holden agreed to meet with the Gathering Place representatives.

ADJOURN

Mayor Grant adjourned the City Council Work Session at 8:08 p.m.

Julie Hanson
City Clerk

David Grant
Mayor