

MINUTES

COTTAGE GROVE CITY COUNCIL

September 6, 2023

**COUNCIL CHAMBER
12800 RAVINE PARKWAY SOUTH**

REGULAR MEETING - 7:00 P.M COUNCIL CHAMBER

1. CALL TO ORDER

The City Council of the City of Cottage Grove, Washington County, Minnesota, held a regular meeting on September 6, 2023, at Cottage Grove City Hall, 12800 Ravine Parkway. Mayor Bailey called the meeting to order at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE

The audience, staff, and City Council Members stood and recited the Pledge of Allegiance.

3. ROLL CALL

City Clerk Tammy Anderson called the roll: Mayor Bailey - Here; Council Member Dennis - Here; Council Member Khambata - Here; Council Member Olsen - Here; Council Member Thiede - Here.

Also present: Jennifer Levitt, City Administrator; Amanda Johnson, Assistant City Attorney-LeVander, Gillen & Miller, PA; Tammy Anderson, City Clerk; Ryan Burfeind, Public Works Director; Gretchen Larison, Economic Development Director/Acting Communications Director; Zac Dockter, Parks and Rec Director; Pete Koerner, Public Safety Director; Brenda Malinowski, Finance Director; Amanda Meyer, City Engineer; Dan Schoen, Community Engagement Officer; Emily Schmitz, Community Development Director.

4. OPEN FORUM

Mayor Bailey opened the Open Forum. As no one wished to address the Council, Mayor Bailey closed the Open Forum.

5. ADOPTION OF AGENDA

Council Member Dennis made a motion to approve the agenda, with the exception of Item O, as that's pending additional information from the applicant; second by Council Member Olsen.

Mayor Bailey explained Item O that's being pulled is the Kwik Trip Development, Escrow Agreement. There were some final details they needed to work out, and it will be back before us at the next Council Meeting.

Motion carried: 5-0.

6. PRESENTATIONS

A. Eagle Scout Presentation

Staff Recommendation: Present Ryley Symicek from Troop 9005 with the Eagle Scout Award.

Mayor Bailey asked the Council Members to join him in front of the dais to present Ryley Symicek, of Boy Scout Troop 9005 in Woodbury, with the Eagle Scout Award. Ryley lives in Cottage Grove and attends Park High School, so we're very excited to celebrate this achievement with him tonight. Mayor Bailey stated we hold Girl Scout Gold Awards and Boy Scout Eagle Scout Awards in high regard, so the names of those recipients are displayed on a wall in City Hall.

Mayor Bailey read aloud the plaque given to Ryley, presented it to him, and congratulated him on behalf of the Council, City staff, and citizens, and everyone applauded Ryley.

Ryley explained his Eagle Scout project: He made 60 backpacks, and put contents inside, including things that normally aren't donated to people in need. The backpacks were brought to Listening House, the homeless daytime shelter in St. Paul; they were passed out to residents and patrons there, just to give them a smile and let them see that there was some help on the way. Everyone applauded Ryley.

Photos were taken of Ryley, his family, and the City Council.

B. Public Safety Board Donation and Presentation

Staff Recommendation: Accept and approve the donation in the amount of \$15,000 for fitness equipment and K9 equipment in the amount of \$1,405.56.

Dan Schoen, Community Engagement Officer, stated there were two donations by the Public Safety Board:

- The first was K9 equipment, including a collar and transmitter for one of our K9s, and two TacMed K9 handler trauma kits.
- Officer Schoen asked the Public Safety Board Members to step in front of the dais for their second, big donation, which was for fitness equipment at the Central Fire Station. Last year, we partook on a search for fitness equipment for our firefighters, as they operate out of the Central Fire Station and need to stay there in between calls. We all know the health benefits of increased fitness, which he detailed. Last year, Whole Health Chiropractic, Dr. Beth Catlin, and her

crew started us off on this journey of fundraising for equipment at the Central Fire Station, in the form of health and wellness, with a Patient Appreciation Day; they selected Cottage Grove Public Safety as their recipient. In that, they raised nearly \$1,000 from their patients for health and wellness for Public Safety. We really needed to update the fitness equipment at the Central Fire Station, so we thank the Public Safety Board who has gone above and beyond to help us replace some aging equipment there, which all City employees can use. Our recommendation is that Council accept the donation from the Public Safety Board. Officer Schoen thanked them for their sizeable donation.

Mayor Bailey thanked the Public Safety Board for all the fundraising they do for the Public Safety Department, which includes police, firefighters, and EMS personnel.

Julie Rice, Public Safety Board, stated it's not just us raising the money, it's the community that comes out and supports our fundraising efforts. A lot of this money comes from our annual golf tournament, so we hope you'll plan to attend that next summer to help support us. On Sunday, September 17, there will be a Bunco tournament at the Park Place Bar and Restaurant in St. Paul Park; it's on a Sunday when the Vikings aren't playing. We raise a lot of money with our events, which goes right into our fund to help purchase equipment for police, fire, EMS, and our new K9 friends.

Mayor Bailey asked everyone to give them a round of applause and thanked the Public Safety Board again for their generous donations. Photographs were taken.

Motion by Council Member Khambata to accept and approve the donation in the amount of \$15,000 for fitness equipment and K9 equipment in the amount of \$1,405.56; second by Council Member Thiede. Motion carried: 5-0.

7. CONSENT AGENDA

- A. Approve the July 26, 2023 City Council Special Meeting Minutes.
- B. Approve the August 2, 2023 City Council Regular Meeting Minutes.
- C. Authorize issuance of a Massage Therapist license to Ms. Stephanie Jarret for use at Whole Health Massage.
- D. Authorize issuance of a Massage Business License to Summer Spa, LLC, located at 8471 East Point Douglas Road South.
- E. Authorize issuance of a Massage Therapist license to Xiaomei Li for work at Summer Spa, LLC, located at 8471 East Point Douglas Road South.
- F. Approve the issuance of rental licenses to the properties in the attached table.
- G. Appoint Pradeep Bhat to fill an unexpired term on the Planning Commission ending on February 28, 2025.
- H. Authorize executing the agreement for professional services with LE-AST Services.

- I. Authorize Public Safety to order two 2024 Dodge Durangos now, and four 2024 Ford Explorers in 2023 during the state contract pricing vehicle ordering windows.
- J. Adopt Resolution 2023-116 terminating the participation in the Statewide Volunteer Firefighter Plan effective December 31, 2023 and affirming the administrative dissolution of the Cottage Grove Fire Relief Association.
- K. Authorize service agreement with Solar Connection for the installation of a rooftop solar array at the Cottage Grove Ice Arena.
- L. Authorize service agreement with Musco Sports Lighting, LLC, for the installation of a sports lighting system at Pine Tree Valley Park for the amount of \$55,561.
- M. Approve agreement with Oertel Architects for building, planning, and concept design services for the Kingston Park Pavilion Project.
- N. Approve Trail Easement with Renewal by Andersen, LLC.
- O. Approve the Escrow Agreement between the City and Kwik Trip, Inc. for the preparation of the Public Improvement Plans necessary for development of Lot 1, Block 2 of the Lake Flora 2nd Addition plat with minor modifications by the City Attorney.
- P. Authorize staff to apply for the Releaf Community Forestry Grants program in the amount of \$210,000.
- Q. Adopt Resolution 2023-115 authorizing the City's application for \$12,500,000 in Capital Budget Bonding Funds for the County Road 19A/100th Street Realignment Project.
- R. Adopt Resolution 2023-114 approving a one-year extension of the Site Plan Review and Planned Unit Development for Thai Garden until September 2, 2024.
- S. 1) Adopt Resolution 2023-112 approving the preliminary plat to be called Lake Flora Second Addition. 2) Adopt Resolution 2023-113 approving the termination of the Pond Purchase Agreement between the City and WAG Farms, Inc., and approving the new Purchase Agreement between WAG Farms, Inc. and the City for Outlot C, Lake Flora Second Addition. 3) Approve the Dirt Agreement between EDA and the City.

None of the Council Members wished to pull any items on the Consent Agenda for further comment and/or discussion.

Motion by Council Member Olsen to approve the Consent Agenda; second by Council Member Khambata. Mayor Bailey noted again that Item O has been removed from tonight's Consent Agenda. Motion carried: 5-0.

8. APPROVE DISBURSEMENTS

- A. Approve payments for the period of 7-27-2023 through 8-30-2023 in the amount of \$3,953,916.74.

Motion by Council Member Dennis to approve disbursements; second by Council Member Olsen. Motion carried: 5-0.

9. PUBLIC HEARINGS - None.

10. BID AWARDS - None.

11. REGULAR AGENDA

A. Certifying Preliminary Property Tax Levy

Staff Recommendation: Adopt Resolution 2023-111 adopting the Proposed Preliminary 2023 Property Tax Levy, collectible in 2024.

Brenda Malinowski, Finance Director, displayed the 2024 Budget Calendar, which shows we've been working diligently on that for some time. She thanked the City Council for their dedication in this budget process, which is never easy. It takes a lot of City staff members' time before we get to you with this budget.

Tonight, Council is considering a preliminary levy; once it is adopted, we will certify it to the County, and they will use that levy to prepare proposed property tax statements for our taxpayers for 2024. The County will mail those statements to our taxpayers. It will let them know, based on this levy, what their property taxes will be for 2024. If they wish, taxpayers may attend our Budget Comment Meeting, which will be on December 6 at 7:00 p.m. At that meeting, Council will Adopt the Final Levy, and we will certify that to the County, which they will use to prepare the 2024 Property Tax Statements.

Actions Tonight

- Adopt the Preliminary Levy - Director Malinowski reminded Council that the Levy that they set tonight is the Maximum Levy.
- When we come before you in December, you can have a Levy that is less than the amount that you adopt tonight, but it cannot be more; so, this is your Maximum Levy.

2024 Budget Accomplishments

- Provide the same level of quality City services, including but not limited to police, fire, street, snowplowing, parks, and recreation services.
- Demonstrate stewardship of capital assets by including the replacement of capital equipment and City infrastructure that have been identified in the Financial Management Plan (FMP).
- Maintain the distinction to be an employer of choice by maintaining the commitments outlined in the various bargaining contracts.
- Provide managed growth in staffing positions needed for a growing community by including new positions for the 2024 budget.
- Meet the debt service requirements for all existing debt by funding these requirements with the property tax levy.
- Increase funds for economic development and redevelopment with an increase to the EDA levy. The last time we had an increase to that levy was in 2017.

Our City Tax Rate is based on two components:

- 1) City Property Tax Levy for 2024, increasing to 11.99%, or about \$23.1 million.
- 2) City Total Tax Capacity, which for 2024 is increasing by 19.3%, and 5% of that is due to new construction. That's a very high increase, and because the Tax Capacity is increasing by a higher percentage than our Tax Levy, our City Tax Rate will continue to fall. Based on the proposed Levy in front of you, it will fall to 32.745%.

Levy Details

- An increase of 11.99%
- Other increases are:

Equipment Levy, which is a separate Levy this year; previously, that was included in our General Fund. In 2024, we are breaking that into a new line item for more transparency on our equipment replacement.

Pavement Management is increasing for 2023 Pavement Management, new debt that is going on. We also had a bond reissuance in 2021, refinancing to have interest savings; the first two years had a lower Levy and then an increased Levy for 2024. That was planned and that is part of this 2024 Levy.

Glacial Valley Park Building is being included as a new Levy in our Property Tax Levy.

We are starting to bond for, in our Levy, the East Point Douglas Roadway Project.

2024 General Fund

This is our chief Operating Budget in the City; our General Fund is considered a balanced budget for 2024, meaning that we have equal revenue and expenditures. It funds things like our police services, fire services, parks, recreation, snowplowing, and street services. Those services are provided to our residents, and we don't necessarily charge for them, like snowplowing, police, and fire, so we have to generate the revenue to provide those services, which we do through property taxes. For 2024, in the Revenue pie chart, 74% is from property tax funding.

On the Expenditure side, we're in the people business, so we provide snowplowing, fire services, and police services through our personnel, so 69% of our General Fund is personnel services.

2024 General Fund Revenues:

- Revenue increase 8.96%
- Property Tax increase for the General Fund is only 5.82%
- One-time Public Safety Aid \$1,733,080:
 - 2024-\$716,350 (2 Police Officers, 3 Firefighter-Paramedics, PT Firefighter, IT)
 - 2025-\$801,700 (Items above plus SCBAs or Deputy Fire Chief)
 - 2026-Remaining funds
- Local Government Aid \$54,060
- Licenses and Permits down 4.48%
 - Offset by keeping 1 Building Inspector position vacant

2024 General Fund Expenditures:

- Expenditures increase 8.96%
- Contracts are settled through 2024 at 3%

- New Positions:
 - 2 Police Officers (1 funded by One-Time Public Safety Aid)
 - 3 Firefighter-Paramedics (2 funded by One-Time Public Safety Aid)
 - Management Analyst (60% funded by Utility Funds)
 - IT Technician (Funded by IT Internal Service Fund)
 - Recreation Coordinator (Revenue neutral)
 - Utility Accounting Technician (Funded by Utility Funds)
 - Public Service Worker (Revenue neutral)
- Internal Service Funds
- Weather Warning Siren - 9500 Block of Military Road
- Contingency - This was included in the 10-Year FMP and accomplishes two things: 1) If something unexpected happens, e.g., a storm that we need to take care of; 2) It helps us fund our Fund Balance Policy, which states at the end of each year we should have 45-to-55% of the next year's budget in our Fund Balance. So, this contingency is helping fund that.

2024 General Fund Expenditures by Department: Are no different than previous years: Public Safety-47%; Public Works-19%; General Government-13%; Parks & Rec-12%; Community Development-8%; Contingency-1%

City Property Tax Calculation on a Median Home

Property Value (Determined by County Assessor, 9.2% Increase)	\$359,700.00
Less: Homestead Market Value Exclusion	- 4,867.00
Equals Taxable Market Value	\$354,833.00
Multiply by State Class Rate, 1%, Equals Tax Capacity	3,548.00
Multiply by Property Tax Rate, 32.745%	x 32.745
City Property Tax	\$ 1,161.79
Annual Increase of \$71, or .19 per day	

Tax Impacts on Other Select City Properties

We also follow four sample properties, which she displayed on the screen. The average Tax Impact Change on those, including the Median Home, is \$97 or .26 per day.

In our FMP prepared earlier this year, we had identified Sample Property 1 would need an increase of about \$100 per year to fund the street projects, the pavement management, the capital outlay, and the operating budgets in the City. However, for 2024, that property would need to increase about \$10; this was a \$113 increase on that property, the Median Home is \$97, so that Average Tax Impact for those five properties is \$97.

What Property Taxes Pay for on a 2024 Median Value Home \$359,700

Annual City Taxes, \$1,161.79/Monthly Cost of \$96.82/Daily Cost \$3.18:
Public Safety \$40.87; Public Works \$13.22; General Government \$12.61; Parks & Rec \$10.30; Community Development \$0.10; Debt Service, \$16.42; Capital Equipment, \$1.34; EDA, \$1.15; Contingency \$0.81.

Director Malinowski stated she'd take any questions from the Council.

Council Member Olsen thanked Director Malinowski for the presentation; obviously, it was a very thorough and time-consuming project as it is each year with the budget process. This was very well prepared with a lot of good information for us, which is very much appreciated. He gave Director Malinowski, her team, and the City staff recognition for their work on the budget, but stated there's more to it. This year the City achieved a AAA bond rating, the first time in our history, and when a change is made in our bond rating, we're given a number of reasons why that occurred. There's no doubt that the FMP that Director Malinowski and her team worked so hard on, along with our partners at Ehlers, which was included in our submission to Standard & Poor's, was a key component to achieving that AAA bond rating. He knew that took a lot of work, and Ehlers also spent time talking to the Council about the importance of having an FMP, so he thanked Director Malinowski very much for that. In addition, every year our team gets an award from the Government Finance Officers Association (GFOA) for excellence in financial reporting, and that's occurred for well over 20 years. That is a direct result of the hard work that every member of the staff puts in each and every day to manage our public finances as well as possible and to be as careful as they can with the public trust, while still providing just an unbelievable level of service. He particularly liked the slide where it showed that we continue to provide an unbelievable value to our residents for services received for the taxes that we pay.

Council Member Olsen asked Director Malinowski, looking forward, how does she perceive our position with respect to having a good solid understanding of a growing community. We're going to continue to need to provide a high level of service, even though we have more houses, more roads, more infrastructure; so, are we on track with that FMP in place.

Director Malinowski replied the FMP process that we undertook this year took a lot of staff time, Council time, but it was great. The department heads, the leadership team of the City, administration, City Council all gave feedback on that plan, all had input on that plan. It leads us in a great direction, and it manages expectations. We all can't get everything in one year; so, the department directors were able to work together, the City Council was able to come together on how we manage this, so, that is managing those expectations.

Council Member Olsen stated part of Director Malinowski's answer was what he was hoping she might say. The team that we have at the department head level works so well together and understands that not everybody can get everything every year. That's a very different approach than when he first became a Council Member here, where it seemed like people were competing for limited resources, and there was some animosity and hard feelings. He really appreciated how well everybody worked together, along with the Council, to put a budget together that would provide our residents with ongoing high levels of service at a very reasonable price. Lowering our tax rate again is just a function of the great team and the culture that we have here in the City. He thanked Director Malinowski once again for all of her hard work.

Council Member Khambata stated Council Member Olsen alluded to this, but while we were going through the extensive process of doing this budget, one thing we kept asking was how do we stack up against other communities our size, facing similar goals

and challenges with growth and logistics, in terms of new roads and plumbing, all of that, old roads and old plumbing. He asked where did we end up falling in that range.

Director Malinowski replied we will know that once everybody adopts their preliminary levy. It's September 6, and cities do it anywhere in September. Last year, in Washington County, based on a median home, we were the second lowest in City property taxes. St. Paul Park was lower than we were, but they get a significant portion of LGA. We also compared ourselves to growing communities over 40,000 in the metro area last year. There were two communities, based on our median home, that were less than we were; everybody else was higher.

Based on the levy percentages that we are seeing from other communities, although we're early in the process, she would suspect that we stay in that lower quadrant for both growing communities and for Washington County. As soon as we start to get that data, we'll compile it for you. Based on this levy in front of you, with our large tax capacity increase here for 2024, she would suspect that we will continue on that trend.

Council Member Dennis commended both Council Member Olsen and Council Member Khambata for statements made. The FMP and what that has achieved for us as a community, the AAA bond rating alone, will save this community over time untold millions of dollars in terms of what we're going to be able to finance projects for and even refinance some of the notes that we currently have out there. He would encourage us to look at what we can do in that area as well.

Having lived in other communities during the course of his lifetime, he knew the level of services that we provide here on behalf of the funding of our community members, channeled through a very capable staff, is amazing. It includes the condition of our roads and the services that people have come to expect. If there's an intruder in your home in the middle of the night, we're going to get somebody there to you as quickly as possible, the best people with the right training and the proper equipment, in order to make a difference and keep our promise for the money that we accept on behalf of running the peoples' business. So, this is exceptional. When this whole idea for a FMP was brought forward, he asked City Administrator Levitt point blank, where exactly did this come from. In response, she said one name, Director Malinowski, she said it was her impetus. So, he and everybody sitting up here at the Council dais greatly appreciates that because this has made an incredible difference, so, thank you.

Mayor Bailey stated everybody gave their kudos, so he added his as well. What he thought was interesting was when you take a look at the highest cost to a household, it's Public Safety, which is understandable. The second highest was our Debt Service. So, when Council Member Dennis and Council Member Olsen mentioned our bond rating, one of the things he hears from our citizens, and he knows the other Council Members do, too, is they want more projects done; they want more road projects done. So, we have to manage and measure this number, but the good news is because our staff has done such a good job with the budgets and the fact that our FMP is in place, we can get debt, if you will, to do more projects in our community with "less money." In other words, because staff and Council have done such a good job on the bond rating, we get low interest rates. So, that Debt Service pays for all the roads and all the

infrastructure, etc. that we're doing. He just wanted to let the public know that because we try to manage it, and part of the FMP is to be stable: The goal is to not have one year where the taxes go way up, then the next year they drop, and then go way up again. He thinks it's easier for all of us to manage a budget that is stable. So, kudos to staff for doing such a great job.

Motion by Council Member Dennis to Adopt Resolution 2023-111, Adopting the Proposed Preliminary 2023 Property Tax Levy Collectible in 2024, in the amount of \$23,125,600; second by Council Member Olsen. Motion carried: 5-0.

12. COUNCIL COMMENTS AND REQUESTS

Council Member Khambata stated his five-year-old just started his first day of kindergarten, and it was a big day for him. So, for all our staff and members of community who got their kids back to school, he knows they're having a tough week because he sure is.

Council Member Thiede stated in his 13 years of being on the Council and working with the City, there are significant changes in just the attitudes and how much people work together now. He thinks it's provided we stick with the FMP; with some of his background in finance, he thinks it's showing a plan. As long as we can stick to it, it'll give some definite stability with management of that plan. He thinks that went a long way in getting us that AAA bond rating; he agrees with Council Member Dennis that that should make quite a bit of difference when we need to go out and get money, that we'll be paying a better price for it. So, good job.

Council Member Olsen thanked John Yang and the members of the One Family Nonprofit Group, who once again had just an outstanding event at Kingston Park on Labor Day weekend. The One Family event is kind of a sporting competition, along with different elements like food trucks, vendors, etc., focused on the Hmong community. They have been running their event at Kingston Park for several years, and typically run it twice a year, Memorial Day weekend and Labor Day weekend. He had the opportunity to go out and visit again on Labor Day weekend, and the park was packed. They had a ton of people out there, participating in family-friendly events. He did not get the opportunity to taste the wares of the food truck, but John and his team did a phenomenal job. He thanked all of the City folks who helped support that event. They brought a really good number of potential future residents to our community. He and Gretchen Larson, Economic Development Director, had a conversation with a family, looking to bring an Asian food market and/or restaurant to the City. They're working feverishly to make that deal come together.

Council Member Olsen stated the reason he didn't partake much of the aforementioned food trucks was because he was saving his appetite for our first annual *Discover Cottage Grove* Food Truck Festival, which will be taking place on Saturday, September 16, at Kingston Park. This is a new thing for the City, but we got a tremendous response

from the various vendors who were invited to come here and participate. We're also going to have a beer garden hosted by the Cottage Grove Lions, and SoWashCo CARES and their group will be out there volunteering their time to help make this festival a success. He asked Director Larson if she could say a few words about this event.

Director Larson stated it will be from 11:00 a.m. to 6:00 p.m. When residents receive their September *Cottage Grove Reports*, there will be complete details about the event in that, and that should be in the mail any day now.

Council Member Olsen asked about any entertainment. Director Larson replied two different bands will be playing, one during the day, and one towards the end of the evening.

Council Member Olsen asked how many vendors will be there. Director Larson replied, as of the last report, 21 vendors have confirmed their attendance.

Council Member Olsen stated that sounds like a lot of fun. He's going to come hungry, and he's going to be expecting a perfect day. He'd appreciate it if she could make that happen. Director Larson stated the Chamber of Commerce has got it covered.

Mayor Bailey stated Council Member Olsen just mentioned the Food Truck Festival, on Saturday, September 16, which will be fantastic.

Mayor Bailey stated on Thursday, September 21, from 3:00 to 7:00 p.m., is the Public Works and Parks open house at the Public Works facility off of West Point Douglas Road. That is always a fun event; if you haven't been there, check it out. Adults and kids both love it, and there are a lot of things for the kids to do.

Mayor Bailey stated he brought that up because at the second Council Meeting in September, on Wednesday, September 20, he and our Public Works Director, Ryan Burfeind, are going to be in Washington, D.C. We'll be advocating for some transportation funding for the City of Cottage Grove at the Transportation Alliance Meeting. We'll be meeting with various elected officials there to see if we can work toward some of these projects that everybody wants in Cottage Grove and bring home some additional dollars. Previously, we've been successful with that, which is fantastic.

While we're out there, in my absence, Mayor Pro Tem Council Member Dennis will be officiating for me at the next Council Meeting.

Mayor Bailey stated we have two workshop sessions this evening, both of which are open to the public, in the Training Room. The first is THC Beverages at Off-Sale Liquor Establishments; our City Attorney will discuss recommendations and provide some direction at the Council's request. The second is the Street Reconstruction Plan, and Director Malinowski will take us through that. So, we'll be adjourning from the Training Room. He told everyone to have a great evening.

13. WORKSHOPS - OPEN TO PUBLIC - TRAINING ROOM

A. THC Beverages at Off-Sale Liquor Establishments
Staff Recommendation: Discuss and provide direction.

Kori Land, City Attorney, stated this discussion started because the attorney from Top Ten called and said we have this product on the shelf and we're not taking it off because the law allows it. Technically, that is true, the law allows the sale of THC beverages at liquor stores now, where previously it did not. However, we still have an ordinance, and our ordinance says CBD-0.3% THC products, which is what they are selling, are not allowed at liquor stores. So, the collective wisdom of the League and all of the other City Attorneys is that if we have an ordinance, we can enforce our ordinance until such time the Office of Cannabis Management (OCM) tells us that we can't, which may be 2025.

So, currently, we don't allow them in liquor stores. We have four licensed off sale exclusive liquor stores, we're not talking about gas stations or anybody else, it's only the exclusive liquor stores. Two of them are in the correct Zoning District if we wanted to allow them, and two of them are not. So, the question for you is obviously by 2025, the OCM will probably say you have to allow them, unless we put something in our Zoning regulations that say time, place, and manner, we don't think it's appropriate to sell at liquor stores. She's asking Council what do you think, do you want them to be allowed at liquor stores; if so, do you want to zone them in a particular zone? We can do that, we can say, only some liquor stores in these zones because you already decided which Zoning Districts were appropriate for CBD products. So, you can say only in what we have already decided, the B3, the PB, and the MU. Or we can carve out an exception for liquor stores and say you get to sell these CBD product, just these few beverages, not the edibles, not anything else. I don't know if they're allowed to do that anyway, but only the beverages, and then have a special license for them because our current license is for a CBD head shop; basically, that's what they sell is the CBD product only. So, we could carve out an exception with different language; liquor stores have a license that they have to pay the City, so, if you want to have an add on to sell the THC-infused beverages, that's an extra fee. That's what some cities are doing. So, it's like on sale or the breweries can have on sale, they can have off sale, they can sell their products if they brew it, all those different things are packaged as one. An off sale license could have off sale and the THC-infused beverage as a separate add on.

Council Member Khambata asked if the THC shops could start selling alcohol. Attorney Land replied she believed they can sell these as CBD products, she didn't know why not. Council Member Khambata stated no, he's saying would it be fair for marijuana shops to start selling and competing with liquor stores. Attorney Land replied only if they purchased, that's the thing, she believes they can; all of this is sort of uncharted territory. Council Member Khambata stated he would be pretty upset if he had a liquor store and the THC shops started selling my product. So, he thinks if he was one or two locations that was going to be selling THC products, he would be pretty offended if all the liquor stores in town now became my competition. He doesn't think a carve out for liquor stores is appropriate; however, if they want to, if they're zoned properly under our

current ordinance and they want to pay for the license to sell 0.3% THC products, then he thinks they should be allowed to.

Council Member Thiede stated the CBD, that still had alcohol in it.

Attorney Land stated no, it doesn't have alcohol, it's a seltzer; it's a THC infused into seltzer. So, it's not alcohol, that would actually be illegal. You can't infuse THC into alcohol, into beer, or anything.

Council Member Thiede asked when they say they brew these products at the brewery, it doesn't actually have alcohol in it; Attorney Land replied no, it does not.

Mayor Bailey stated it's separate; Attorney Land stated it's a THC-infused seltzer. Mayor Bailey stated but they're kind of treating it like an alcoholic beverage. Attorney Land stated that's right, it's an intoxicating beverage, absolutely, you can't pretend like it's not.

Council Member Khambata asked if Top Ten is zoned where they could; Attorney Land replied that they are, but there are a lot of other restrictions that we have in our CBD Ordinance. First of all, the license fee is \$10,000; so, if they wanted to sell THC-infused products, they would have to get the CBD license and pay a \$10,000 fee. One city that she knows of that did this is charging \$500, so that is a significant adjustment. Because this is the only product that they can sell, as opposed to High North, which can sell the whole gamut of CBD products. Secondly, we have a distance requirement between the stores. We have a distance requirement between the buffer zone or daycares and things like that. So, because Top Ten, although zoned correctly, is too close to High North, they could not get a license. So, if you think liquor stores are okay in this Zoning District, we might have to adjust our ordinance accordingly if you think it's appropriate that Top Ten be able to sell those.

Council Member Khambata stated he thinks there's already too many big factors that would exclude Top Ten from selling it under any other circumstance; too close to another place that's already selling it, and they haven't paid for the license.

Attorney Land stated they haven't applied.

Council Member Khambata stated his third question would be are they selling at a high enough volume that it's worth them paying their attorney to fight it any further than they already have. He thought the first two things exclude them from selling that product; they haven't applied for the license to sell it, and even if they wanted to, there's already another establishment that's selling that product within too close of an area.

Council Member Dennis stated it would be wholly unfair to state that just based on zoning of the location that you're going to allow this guy to sell it and this guy over here can't. Okay, again, government should not be choosing between who is successful at something and an opportunity for someone who is not; that just shouldn't happen. The other thing is you can't charge, what did you call it, a head shop, or? Attorney Land said, yeah, a CBD store. Council Member Dennis stated how do you charge that guy \$10,000, and you're telling him \$500 over here? No! No, you either have to treat everybody consistently or you don't treat it at all. Now, we've said we're doing a moratorium, right, to figure out what was going on with all these different things, and this

Council doesn't get pushed around by an attorney walking in the door. We had someone who tried to do that recently to us, and we don't bend that way. We're going to be measured, take time, seek to understand, do fact finding, and make an informed choice that's right for the betterment of the community now and into the future. So, he doesn't even really like the fact that we're going down this path, to be honest with you, he just doesn't. But you can't tell even two kids, you can't tell one kid you're going to get dessert and the other one's not. You can't do that; it's not right, it's not fair. Either both get one or nobody gets it. And we're being pushed into a corner here by this attorney, by a company that has taken certain liberties in the past with different things, and we don't roll that way. He could fully weigh in on this because he's completely divested out of that former life. So, he just wants to do what's right, and he thinks what we're doing is we're putting ourselves into a precarious position. Because we're now not just dealing with the one side, with the alcohol, but now we've got these other investors that are working with this product exclusively. And he's right, you can't treat the two differently, you just can't do it.

Attorney Land stated first of all, this is a complete policy-level decision, which is why she brought it to you. Liquor stores are now allowed to sell it; a year ago, when she came to you, she could say with a straight face they're not, it's prohibited in the law, which is why we put it in our Code. The legislature has made an intentional decision to say to AG, no, we meant it, they get to sell it. So, she's asking Council do you want liquor stores to be able to sell it; if you tell her no, fine. If you say we don't know yet, that's fine. Yes, this attorney brought it to my attention because Top Ten was selling it. She'll say they were kind enough to put the product in the back room for now until we could have this discussion. But she's bringing it to you because it's your decision, you as a group. And she would argue one more thing, but there is a distinctive difference between our CBD license, which allows them to sell the whole scope of CBD products, from topical things to edibles to the infused beverages vs. a liquor store, which can sell this one product. So, she thinks there's justification for charging different fees if you wanted to do it, but she'll totally leave it up to you.

Council Member Dennis stated he doesn't agree that there's a justification for doing it; for his 20%, he says we need to treat everybody consistently and fair. If you're not going to do that, then you let it go. You've got to be equal and fair. You can't say we're going to do this for one and this for another, and create an inconsistency and then unfairness and bias based upon that outcome, and that's exactly what that would be. Let's say I've got two attorneys, and I'm going to pay this one here \$10 an hour, this one gets \$350 an hour; it doesn't work. It doesn't work, it doesn't work in business, and it doesn't work in anything.

Council Member Thiede asked if there was still a 3.2 beer that can be sold in any grocery store; Attorney Land stated they need a license for it, but yes.

Council Member Thiede confirmed they do need a special license, and Attorney Land replied yes. He stated that's obviously different than a liquor license.

Attorney Land replied it is, it's an off sale 3.2 license; so, it's not an exclusive liquor store license like we're talking about, just the store.

Council Member Thiede asked so does the CBD with the 0.3% THC, is that kind of similar to like 3.2 beer.

Attorney Land replied they're calling it marijuana-like; that kind of was the joke last year when they came out with it, it's the only State in the country that adopted marijuana-like. The 0.3% THC means it's not as intoxicating as the legal adult-use marijuana, which is over 0.3% THC.

Council Member Thiede asked if it would be logical to say that could be a similar situation in terms of we've got a different license to be able to sell that low potency, but just specifically that, like grocery stores with the 3.2 beer license; they can't sell stronger stuff, they can't sell other stuff. So, maybe this kind of falls into that type of category.

Attorney Land replied she knows you can get intoxicated on anything if you have enough of it.

Mayor Bailey stated here's his two cents on the whole thing. Because of all of this, everything that deals with this, marijuana, all of that kind of got dumped in the cities' laps without clear direction from the legislators, which was totally inadequate. Until they figure out what the heck they're doing, he thinks we leave everything well alone. That's his opinion because here's what he thinks is going to happen, just based on the rumblings; he doesn't think we're that far away, maybe next year, from where there won't be any more 3.2 beer sales. It'll be normal alcohol in convenience stores, Walgreens, grocery stores because there isn't going to be 3.2 anymore, from what he understands. We're like the only State or one of the only states that still has it.

Council Member Dennis stated he thinks we are the last state; Mayor Bailey stated because everybody else went away from it.

Council Member Thiede stated that's why he wasn't sure whether they still made it.

Mayor Bailey stated they're going to stop making it, so, the options aren't going to be there. As you know, the industries are going to go up in arms, up at the legislature, which is kind of what happened with marijuana, to be quite frank with you, and THC and all this stuff. Personally speaking, he thinks we should wait. He thinks we continue with our moratorium, we let the legislature figure out the next steps; in 2025, they're even saying they're going to make some adjustments. He thinks we should just leave it alone.

Mayor Bailey wanted to say that the interesting thing about Top Ten Liquors, if we were to kind of throw out there these options of all this other stuff, then he would almost say okay. Then if Cub Foods wants to have a liquor store across the street from Top Ten because we know they do, and we've said no, then we almost have to take all the restrictions off.

Council Member Dennis stated that would just open it up.

Mayor Bailey stated he knows that's being a little extreme, but his point of saying this is it seems like Cub Foods could put direct competition on them, but the City has said no, you can't, because we have a rule that says you can only be so many feet between liquor stores and in certain zones.

Council Member Khambata stated Top Ten is getting protection through that same standard that we have not wavered on.

Mayor Bailey stated you're telling us that the same situation can be applied to this other CBD store, as well as to Top Ten. So, he's thinking that's why we just need to leave this alone.

Council Member Khambata stated he thinks they're probably not strong enough to wage a full-fledged class action lawsuit against us on it. He would say if the least direction is that we can enforce our ordinance until 2025, he would agree with Mayor Bailey that we just leave things the way they are until we can no longer force it. Then, if we have to make exceptions and choose winners and losers, then it's the State Legislature saying it and not us.

Mayor Bailey stated if we tweak it today, chances are within a number of months or definitely within a year, we're probably going to have to tweak it again. Because if the legislature comes back next year and tweaks things again, that's why he's saying until things kind of settle down, and we can kind of see where everything is going, he gets concerned. There's been a couple other situations, with chickens and ducks, where we've tried different things, and then it's well, this isn't enough, now we need this. We keep changing, and he can see why citizens would be confused, let alone businesses. So, personally speaking, he thinks we leave it alone for the time being.

Council Member Olsen stated it's been a good conversation, but he wants to make sure that he's clear on what he's hearing. He asked Attorney Land what is the current state of affairs; is Top Ten in violation of our ordinance at the moment if they choose to sell that.

Attorney Land replied if they choose to sell it, yes, but they have temporarily taken it off the shelf.

Council Member Olsen said but if they choose to sell it, they're in violation of our moratorium; he asked is that accurate.

Attorney Land replied they're in violation of our ordinance, our specific ordinance.

Council Member Olsen stated our ordinance stipulates that the retailers that do have this product have this product as a result of access to a much wider menu of products, based on the license that they've acquired, right?

Attorney Land replied yes.

Council Member Olsen stated so then the debate becomes do we want to allow liquor stores to spend \$10,000 for that same license in order to sell this infused product. Or, do we just want to say sorry, you're in violation of the ordinance, we're in a pause right now. There will be more clarity to come in the future, but as it stands today, the City Council feels as though the current situation is adequate. He asked if that's why he's hearing.

Attorney Land replied that's what she's hearing.

Council Member Olsen stated he wanted to make sure that there wasn't some sort of loophole that Top Ten, or anybody else for that matter, could jump through. He thought what he heard his colleague say was we can't do something for one that we then do a carve out for another person; because that creates an uneven playing field from a licensure perspective to give them an add-on license of some sort, it's in effect doing

that same thing. So, the best option is let's leave well enough alone, let's continue business as usual. He asked if he was hearing that correctly.

Council Member Dennis replied yes.

Council Member Olsen stated okay, he's on board with that.

Council Member Thiede asked, out of curiosity, how many Top Ten liquor stores are there.

Council Member Dennis replied between 13 and 16; they're a big chain.

Council Member Thiede stated yes, it would be interesting because we did basically the same thing as Woodbury. So, there's a Top Ten in Woodbury, are they going to be allowing their Top Ten to do this.

Attorney Land replied she didn't know; a lot of cities are removing that restriction.

Council Member Olsen asked but to our knowledge, we don't have any other violators of the ordinance.

Attorney Land replied no, in fact, we sent the officers in to go and check the shelves, and nobody else is violating it, but there are tobacco stores that are violating.

Council Member Olsen asked Pete Koerner, Public Safety Director, if he had an opinion from the Public Safety perspective; of course, your folks are responsible for doing all the checks.

Director Koerner stated he doesn't have many opinions about it; last year, he supported the distance from schools, etc., and he would just like to stay consistent with what we've been doing and not changing every three-to-six months, as that actually makes it harder for our officers.

Council Member Olsen stated that's his position as well, that we just leave it the way it is.

Mayor Bailey asked as we're looking forward here, let's say we reach out to them and say Council has no appetite to change anything and they're not going to change it. So, if the message is we're not going to change it, then the question is if they say, well, we're going to keep selling it and they're in violation, then do we take their license to sell liquor.

Attorney Land replied well, certainly, that would be one of your options. It's a violation of our City Code, so that's a misdemeanor, and you can cite them for selling an illegal product. And you can take action on their license; obviously, they're risking that. Their argument is that the State has preempted this by adding it to the list; she doesn't necessarily agree that that's true.

Mayor Bailey stated if he recalls, though, whether it's this or anything else, if the State says yes and we say no; Attorney Land stated we can be more restrictive.

Mayor Bailey stated he was more interested if somebody were to say screw you, City, I'm not paying attention, the repercussions of that is we could yank their liquor license.

Attorney Land stated yes, we could.

Mayor Bailey stated he doesn't expect that to happen, but he was just curious if that could be tied to their license because they'd be in violation of our City Ordinance. Administrator Levitt stated we just need to touch base on drug paraphernalia and get clarification so that way we're very clear on drug paraphernalia, since we're talking about all things drug related.

Attorney Land stated we're just going to add cannabis to every agenda from now on because it seems like there's always a loophole. As you know, last time we talked about the public use, but there's no penalty for it. Anyone under 21 can't use it, but there's no penalty for it in the law. So, here's another one: You can now possess paraphernalia; so, we have an ordinance that says you can't, so, we'll have to adjust that, that's fine. But you can't legally sell paraphernalia until the OCM licenses you to do so. So, people can possess it, but no one can sell it. And what we're getting is questions from of course the tobacco stores, saying can I sell it now? She stated the answer is no, but she wants to make sure Council is okay with that because again, when the legislature gets their act together, the answer will be yes. But for today, our ordinance says no.

Mayor Bailey stated he got a call from one of our big tobacco shops asking, and as he shared with Attorney Land and Administrator Levitt, they were alluding to other cities having it and allowing sales of it. That's what's happening right now with all of this stuff; some cities are following up on issues, some are not caring, and it's just really confusing.

Attorney Land stated they know it's coming down the pipeline by 2025, so why enforce it now if it's going to be legal later. But it is our ordinance today that you cannot sell it, it's in the State law they can't sell it until they have a license; nobody can have a license yet to sell it. If somebody's on the street and they're smoking, because we don't have any ordinance on public use prohibition yet. So, they could be out in public places smoking it; it's not legal for them to do so, but we don't, we can't enforce a penalty on them. So, they can legally do it, and they can legally possess paraphernalia, and there's nothing we can do about that. But ask them where they got it, because they can't buy it anywhere because it's not legal to sell either of those two things. So, she's asked the cops to get a little sneaky and find out where those people are buying their stuff.

Council Member Khambata stated he would say, leading up to 2025 and the legislators giving more clarity, can that just be our answer; until the legislature gives clear direction, our ordinance says this.

Council Member Olsen stated he would suspect that will part of the legislative agenda. Mayor Bailey stated he was just going to bring that up.

Council Member Khambata stated because otherwise, every time we're going to have to come back and say well, what does the ordinance say and what does the legislature say. So, if we just say, here's our moratorium, here's what our ordinance says, we're not going to deviate from that until the legislature gives us clear direction otherwise.

Attorney Land stated they're supposed to be preparing model ordinances that we can at least look at and tweak, but give us some kind of a template to work from. So, that's really what she's waiting for, and that's going to be a year.

Council Member Olsen stated anytime there's a change, think about body cameras; how long did that take before there was actual clarity around several different elements of body cameras. This is going to be a year or two project, which is what they gave themselves. He thinks we need to be very clear with our legislators in our letter.

Council Member Khambata asked if they can see if they can put some of the dollars of the surplus in that bill to reimburse us for all of our billable hours on this topic.

Council Member Olsen stated we can always ask; the worst that can happen is they say no.

Mayor Bailey asked Attorney Land if she got what she needed; she replied she did, and we're talking to the Public Safety Commission and the Parks Commission on Monday about whether they want to allow it in open spaces, or give a recommendation to the Council.

Mayor Bailey stated it was his understanding that Woodbury said no, that they can't; Attorney Land stated they did a prohibition on public spaces.

Council Member Dennis stated what Council Member Khambata said was a perfect blanket statement. He asked Mayor Bailey can we formally, as a team here, adopt that tonight to make it easier for the staff just knowing our stance on this, now and moving forward.

Mayor Bailey stated he thought we'd given it to staff, but he would say if somebody comes in and says I want to try to apply for it, he thinks staff has the feeling of the Council here that until there's more clarity on this whole thing, we don't want to keep going back and going back. So, that's the direction that you need from us, he thinks they just got it.

Attorney Land stated perfect, that's what she needed to know.

Council Member Olsen stated if there's information you want to provide us in the updates, with just what's sort of going on, we'd appreciate that.

Mayor Bailey stated especially when it gets to the point where they're going to start coming out with model ordinances; I'm sure we'll have to have a workshop on that kind of stuff, but he'll be interested to see what, because right now, it's all over the place.

Attorney Land stated it is, and every city is doing something different.

Council Member Olsen stated he didn't even know there was such a thing as THC-infused beverages.

Attorney Land stated a year ago, we were not thinking about beverages; we were thinking edibles, from topicals to edibles. And then, all of a sudden, the beverages came out, that was sort of out of at least her world, but she doesn't know. So, she appreciates that direction, and we'll enforce as we need to. We will be sending letters to the violating tobacco stores, she'll work with Clerk Anderson on putting the letter together saying you're in violation, you're have like two days to remove these products from your shelves, or you will face license revocations. That we would be bringing to you, so, we'll be giving people notice, a chance to care. If they fail to do that, we might be recommending taking action on their tobacco license.

Council Member Olsen asked Administrator Levitt if that was clear for Code Enforcement and Public Safety; is that going to provide them with what they need.

Administrator Levitt replied this provides the absolute clarity that we need, with definitive boundaries, and she expects patience with our Code Enforcement.

Mayor Bailey thanked Attorney Land.

B. Street Reconstruction Plan

Staff Recommendation: Review, discuss, and provide input regarding the Street Reconstruction and Overlay Plan.

Director Malinowski stated she'll take us through this, it includes an in-process plan here in the City. She wants to review this with Council, to make sure that you're still comfortable. We talked about it in our FMP process, but this is the latest on the Street Reconstruction Projects in the future that we've identified in the FMP and in the CIP. The State gives us authority to approve a Five-Year Street Reconstruction and Overlay Plan (SROP) 2024-2028 at the City; we hold a public hearing on that once, and it is subject to reverse referendum 30 days after that public hearing. So, she just wants to get some feedback on that.

As mentioned, in Minnesota State Statute 475.58, it states that we can adopt that Plan; once it's adopted, some of the reasons we'll do it now that we have our CIP, FMP, and narrow lining, we can identify those five-year plans for those street reconstructions. Examples are Jamaica Avenue, 80th Street, some of those bigger collector roads that we may not have 20% assessment for; so, we need another way that we can bond for those projects, and this Plan would allow us to issue those bonds.

Director Malinowski reviewed our bond types:

- General Obligation Permit Bond (through the 429 process): We do that for pavement management.
- General Obligation Utility Revenue Bonds: Sometimes for our utility projects.
- Capital Improvement Bonds: We are required to hold a public hearing; that was done for our Central Fire Station.
- General Obligation Street Reconstruction Bond: This is something we can do, and that's part of the five-year plan that is in front of you, in draft form. One we hold that public hearing, the 30-day petition could start so we could do those projects.
- General Obligation Abatement Bonds: We did that last fall with the Glacial Valley Park building.

The Process: Identify the project, which is in the draft plan in front of you; those projects were pulled from the CIP and they align with the FMP. We'll hold a public hearing, we'll need a 2/3 majority approval from the City Council. It is subject to reverse referendum within 30 days. Just a reminder that just because that debt is in the Plan, we still are subject to Debt Limits; so, by including debt in that Plan doesn't mean that we can go above our Debt Limits.

Once we approve that SROP, there are some things that we can change within the Plan without adopting a new Plan. We can move amounts from one project to another project; so, if one project is over budget and another project in the Plan is under budget, we can move those funds between those projects, we're allowed to do that. We can change years in the project, so we might identify that we're going to do something in 2026 and we're not going to do it until 2027, so, we're allowed to do that within that Plan.

Things for which we would have to adopt a new Plan include:

- We can't add any new projects, so, we can't decide that we're going to do West Point Douglas Road.
- We can't exceed the amount of Debt Bond Issuance in total; we've identified about \$25.5M, and we can't exceed that amount.
- In three years, if there are projects that come up and we need to change the Plan, we can adopt a new Plan at any point; so, we're not locked in for five years, we would just go through the process again.

Projects that we've identified are listed on the screen, those are the ones that we had anticipated when we did the FMP, and then there's some other projects that have come up since. In total, we've got about \$25.5M in bonds, those are high projects as you know, but there are some Federal and County funds out there that we're utilizing for these projects. So, while the City would be bonding for \$25.5M, our project total is much higher because we are partners on many of those projects.

Council Member Thiede asked why do we still have Harkness on there, two things: 1) We don't want people necessarily using that road, we want them to use Hardwood; 2) His guess is that the people who live on that road would rather not be assessed for having any work done on that road, they'd probably just as soon have it gravel. If we go ask them and everybody says yes, I'd love to have this road redone, then he'd change his tune, but unless he's told differently, it's almost a waste of \$2M.

Administrator Levitt replied our intent is that we wouldn't do Harkness unless there is development; so, we looked at our crystal ball and thought maybe the market in 2027 is when you're going to see the market surge with potential development and acquisition in that area. As Director Malinowski said, we never have to do Harkness; if Harkness is 0, we can always put the \$2M to any other project. That is going to be fully development driven; we're not going to reconstruct that road until development.

Council Member Olsen stated so, we're just holding a place in the pot; Administrator Levitt stated that's exactly correct. So, if it never happens in five years, we just reallocate the \$2M to a different project.

Council Member Thiede asked if there was something special about this being \$25.5M instead of \$23.5M.

Administrator Levitt replied the number can be whatever you want it to be, this was our best Engineer's Estimate, looking at it. For example, the County is putting the roundabout in at 80th and Keats, so, we're aligning that plan because we're responsible for 50%, it's by leg. So, we know that we're trying to match up with their CIP.

Council Member Thiede asked, so, if it's development driven on Harkness, would that all be paid by the developers?

Amanda Meyer, City Engineer, replied on that project we've got \$768K covered by developers; so, this would be in addition to that, would be the bonding amount. That is a high number just because it is out in 2027; we are anticipating that we would bond for about \$1M, but because it's out in 2027, we escalated those costs for 2027.

Administrator Levitt stated, for example, on Jamaica, we already have a \$3M commitment to Washington County for that section of roadway. We're anticipating, depending on how Pioneer Road connects and what happens to the abandonment of Military, there's some additional funds there. Based upon what Woodbury is doing we're slowing their growth and not seeing any developments restart south of Dale Road, beyond 2026. We think the 2028 timeframe, for example, may be when Washington County would be coming for our \$3M; not knowing how we're going to connect with Woodbury, there's some additional numbers in there for that.

Council Member Thiede stated all of the others seem logical to him, it's just the Harkness just is not in his logic meter.

Mayor Bailey stated last week we went out and met with one of the apartment owners along Hardwood, and just remember that the two that are built there are the only two that have done that to Hardwood. Any others still have to go to Harkness. We even heard while we were there that some of the other houses down the road there have even approached, and they want to sell. And, so, he thinks staff is smart to put it out there a little ways because we don't know what's going to happen in the future, but he thinks it makes sense; if it happens, it happens, if it doesn't, it doesn't. If this money moves to 80th Street or somewhere else, that's fine. He noted that they put the inflation factor in there, which is good. Maybe 80th Street won't be as much if we get that additional Federal or State bonding money, which we're going to try for; it could even be less. But, again, the idea is that you can't go over, but you can go under. To Council Member Thiede's comment, if you go under or don't spend it all, then it's done and you just start your new process, which Director Malinowski confirmed.

Director Malinowski stated for Harkness, just to let you know, new curb and gutter cannot be funded with these street reconstruction bonds; so, when we need to do that project, if we do that project, we will need to break out that cost and find another funding mechanism for that, which could be those development buckets.

Mayor Bailey asked about sewers, would that be part of this?

Director Burfeind stated it can't be for new utilities that don't exist, as there's no water, sewer, or stormwater; so, that would another developer cost. Even something like Harkness, even if a project does come through, it could be different and a developer could have to pay for a lot more; we could end up designing two dead-end cul-de-sacs to force the traffic on Hardwood, and the developer pays for most of it. What's important is to have the opportunity to be able to pay for this project if it's a City cost.

Administrator Levitt stated just remember how we typically do it is we have 20% that is being assessed; so, we can issue a G.O. Bond. The problem is none of these have any assessable properties, so, we'll never meet that threshold. So, we need it, and she

thinks that's why the legislature made this opportunity to be so flexible for cities, as this is how you get your larger collector arterial roadways paid for.

Council Member Khambata asked so, if the remaining properties on that road in terms of redevelopment can't spill out onto Harkness, wouldn't it be more reasonable to plan for something along the lines of what Director Burfeind said, where we end up maybe doing a partial swap and kind of terminating Harkness as a throughway. We'd combine all those plots into one larger multiunit development, and then redirect traffic back out onto Hardwood. Although it's highest and best use, what else are you going to get there if you can't have multifamily that directs out onto Harkness, it kind of leaves you with combining all those parcels into one large enough parcel for multifamily development, but then it needs to empty out onto Hardwood.

Mayor Bailey stated he knew there was, at some point, discussion that Harkness may not be a through street, where it could cul-de-sac on the north end. Council Member Olsen stated but you still have to be able to get those people in and out. Mayor Bailey stated they would have to drive south. To your point, the only other thing, though, is we can't require landowners to say you two have to go together and four have to go together in order to build whatever you're going to build. He asked staff isn't the west side of Harkness and the east side of Harkness more like townhomes or twin-homes.

Administrator Levitt replied there was a transition there.

Mayor Bailey stated he remembered we did not go with all apartments along that side; Council Member Olsen stated no, we did not. Council Member Thiede stated it looks much more like a resort than the deal on the sides there. Council Member Olsen stated we wanted it to be walkable, with grass. Mayor Bailey stated we also wanted it to be gradual, so, high to medium to single.

Council Member Thiede asked what financial benefit does this hold for us?

Director Malinowski replied it allows us to hold that public hearing once for all these projects that we've identified, and to be able to bond for them. So, right now, we don't have the ability to bond with what we've done in the past; so, we've attached it to Pavement Management Bonds. So, for Hinton Avenue, we bonded for part of that project, and we attached it to a Pavement Management project to get that 20% requirement. So, this is another mechanism for issuing debt for these street reconstruction projects.

Council Member Thiede confirmed with Director Malinowski that we identify it, we can have a public hearing, and we can bond for it, but we don't actually incur financial cost of it until we actually do get the bonds for any portion of it.

Director Malinowski stated yes, and so at that point in time, if we move forward for the 80th Street roundabout at Keats in 2026, we would come to the City Council with a feasibility report, that cost share agreement with the County on that because that will be a County-led project. Council, at that point, would approve it, and we would have to issue bonds at that point.

Council Member Olsen stated since we already had the public hearing and all the rest of it, it's a much smoother, easier, transparent process.

Administrator Levitt stated so, the schedule is to call for the public hearing on September 20, and then you'd hold the public hearing on October 18, and then after your one hearing, you're done, and then you're approving it then with that debt.

Mayor Bailey stated that's whether we do it or not.

Council Member Olsen stated but then those placeholders are then firmly slotted where we currently have them mapped out here.

Administrator Levitt stated we just didn't want this to be a surprise when we called for that public hearing on September 19 and then held that public hearing in October. So, we just wanted to run through the process one more time.

Director Malinowski stated in the Draft Plan, with the project descriptions, you'll see with anything that is a County-led project or part of our local share of County-led projects, we're noting that. Because we've agreed to flexibility in the SORP, and we've got that noted.

She showed how this aligns with our FMP: The SORP is about \$25.5M, in the FMP we identified about \$23.8M in street projects, that's outside the Pavement Management. So, we're within \$1.6M, and as we know, a lot of things can change, especially as we get into years three, four, and five. She's comfortable with that. As you know, for our 2024 Pavement Management and our discussion on Jamaica Avenue, we are bringing Jamaica Avenue forth quicker. So, we know when we get that feasibility report for the 2024 Pavement Management, we may need to delay a portion in 2024 Pavement Management in order to fund Jamaica Avenue. We know what our parameters are that we need to work within that FMP, and so, we will continue to do that with this SORP.

Mayor Bailey said he remembered when we were talking about that during the CIP, one of the things we discussed was pulling off East Point Douglas.

Director Burfeind stated yes, it was East Point Douglas and part of Hillside, that's kind of outside the neighborhood.

Council Member Thiede stated looking at this, though, and we're doing a little bit worse than the FMP, we should take that \$2M out and we'd do a little bit better than the FMP.

Council Member Olsen stated this doesn't include any third-party funding options for many of these projects, which we've been pretty successful getting. He assumes that that's one of the reasons that you're feeling as confident as you are.

Director Malinowski stated this \$25.5M is allowing us to fund \$91M in street projects. We're getting \$5M for 80th Street, we're getting \$61M with the County Road 19 and Highway 61 project, so, there's a lot of different funding sources that we are tapping for those projects.

Council Member Olsen stated yes, and when you articulate those in your plan, you have a plan that you can present when Mayor Bailey and Director Burfeind go to D.C., you can see here's where we're at, this is what we'd like your help with. You have hard documents; it's just like going to ICSC with a development plan as opposed to well, we're kind of thinking this. You actually have a document for developers to look at. He asked if Director Malinowski had any time to sync up County CIP on these.

Administrator Levitt replied well, the County obviously hasn't issued it yet, but our understanding is we believe we have the flexibility in the plan. Council Member Olsen stated he knows they haven't voted on it yet.

Director Burfeind stated the County projects should match up, the two in 2026 and then Jamaica in 2028.

Council Member Olsen stated it's his understanding they've had a little bit of back and forth with at least one of the commissioners about the CIP, but he thinks the majority are going to move forward with what their game plan is. He wants to be sure we're locked in with that.

Council Member Thiede stated just so his point doesn't get missed, the fact is that we always seem to be a little bit more, not much, but a little bit more than a little bit less. So, it's just that mentality of all these little things.

Council Member Khambata asked if the FMP takes into account conservative rates of inflation.

Director Malinowski stated it's conservative rates of inflation and conservative rates for growth in the next ten years. So, both of those are worked into the FMP, and this would give us a little bit more flexibility if development picks up a little bit greater than we've identified at the 2% in the FMP, and we could fund those projects.

Director Malinowski stated as we went through this process, we had thought that we would be able to include the Shoppes at Cottage View. Because of their new street, we cannot include them in the Plan, but if we issued assessments, 20%, we could do bonding that way, or we could do tax abatement bonds. So, we've got other options; she just wanted Council to know that it won't fit into the definition of the SORP.

Council Member Olsen stated those bonds are eligible for use even though we're getting some additional third-party funding for that, correct? He stated sometimes with that third-party funding, there are limitations on matching funds and how you acquire those funds. He thanked her for that information, as long as they've looked at that.

Administrator Levitt stated the other thing is if we have a developer, and they agree to an assessment waiver, then you're back to yourself. Council Member Olsen stated then we're good.

Director Malinowski asked if there were any other questions or feedback on this. Council Member Olsen stated he likes the planning, it looks good.

14. WORKSHOPS - CLOSED TO PUBLIC - None.

15. ADJOURNMENT

Motion by Council Member Olsen, second by Council Member Dennis, to adjourn the meeting at 8:40 p.m. Motion carried: 5-0.

Minutes prepared by Judy Graf and reviewed by Tamara Anderson, City Clerk.