

CITY OF FALCON HEIGHTS
City Council Workshop
City Hall
2077 West Larpenteur Avenue

MINUTES
September 7, 2022
6:30 P.M.

- A. CALL TO ORDER: 6:36 pm
- B. ROLL CALL: ANDREWS_X_ GUSTAFSON_X_ LEEHY_X_
MEYER__ WEHYEE_X_
- STAFF PRESENT: LINEHAN_X_ SORENSEN_X_ OLSON_X_
- C. PRESENTATIONS:
- D. POLICY ITEMS:
1. Proposed 2023 Levy and Budget*

Jack Linehan, the City Administrator, provides an overview of updates to general fund, discuss proposed preliminary levy and revenues, and discuss proposed utility user fees.

Linehan states that staff will present the preliminary proposed 2023 budget as part of this second budget workshop. We will discuss updates to the general fund since our first workshop based on council feedback, at the first workshop, the projected revenues and proposed preliminary levy amount, and a discussion on utility use fees.

1. General Fund Expenditure Updates

Since the previous workshop, the following changes were made to the proposed 2023 general fund budget:

- Expenditure Account 112 - Administrative Expenses
 - 89000 - Miscellaneous
 - Increased from \$5,000 to \$15,000 for Sister Cities request
 - 97000 - Transfers to Capital / Special Revenue
 - Reduced from \$100,000 to \$86,000 to balance increases
- Expenditure Account 116 - Communications
 - 83010 - Special Events
 - Increased from \$3,000 to \$7,000 for an expanded Ice Cream Social

2. General Fund Revenue / Proposed Levy

Staff will review the projected revenue in the general fund, including the proposed tax levy for 2023 and seek guidance from the City Council. As these numbers are still being calculated, the revenue worksheets will be handed out in-person at the workshop.

3. Utility Use Fees

As discussed at the previous workshop, staff will review the proposed user fees for the following utilities:

- Sanitary Sewer
- Storm Drainage
- Recycling

- a. General Fund Updates
- b. Preliminary Levy and Revenue

Linehan states residents will be paying more because their home prices are going up dramatically even though the tax rate is decreasing.

Council Member Wehyee states, does the county assume residents make more money?

Linehan states it is a formula based on sales within the county. They are trying to capture the rapid growth in house sales.

Council Member Leehy states I do not believe we should spend that much money on a sister city when we have other priorities here in Falcon Heights.

Council Member Wehyee states the money for the sister city does not make cuts to any of the current items in the budget.

Mayor Gustafson states we have the additional \$14,000 from transfers. If we do not use those dollars this year, we could put that money in the transfer pool at the end of the year. We don't know if the sister city will be a recurring cost or even how much we should budget for.

Council Member Wehyee asks whether we still have the community inclusion item in the budget.

Linehan states yes, the community inclusion item will be in the 2023 budget.

Council Member Wehyee states I do like the inclusion budget the way it is and the sister city idea I am proposing is an extension of our community's inclusion efforts.

Mayor Gustafson states I believe that we need to keep transfers in the budget.

- c. Utility Fees

Council Member Wehyee asks why the rate is going up.

Linehan states that our current rate of 3.50 is significantly lower compared to other cities near us. So, Tennis is trying to catch up to the market rate.

Mayor Gustafson states if we increase the rate, residents will understand. It is a service that is greatly needed.

Linehan states .75 cents makes sense, and there is a good justification for that.

Linehan states As of January 15th, 2016, the City and the Contractor executed a three-year City-Wide residential recycling collection contract. Tennis Sanitation, LLC and the City agreed to two (2) two (2) year extensions of the existing service ending December 31st, 2022. Tennis Sanitation, LLC would like to provide service to the City for a two (2) year extension with the option for an additional two (2) year extension.

Suppose the City of Falcon Heights and Tennis Sanitation, LLC agrees to extend contracted services. In that case, it will begin immediately upon the expiration of the current contract period, which ends on December 31st, 2022. The current contract price is \$3.50 per unit per month.

The parties desire to amend the contract to include pricing for 2023 and 2024, with 2025 & 2026 to be negotiated in 2024. Accordingly, the cost of the contract shall be \$4.25 per unit per month from January 1st, 2023, to December 31st, 2023, and \$4.75 per unit per month from January 1st, 2024 to December 31st, 2024.

This extension binds and benefits both parties and any successors. This document, including the original contract, is the entire agreement between the City of Falcon Heights and Tennis Sanitation, LLC.

On May 9th of, 2022, the Environment Commission reviewed the proposed contract and the analysis from Foth. The Commission approved the contract and requested staff to ask Tennis to reduce the 2023 increase from \$4.50 per unit per month. Staff requested this of Tennis, and they agreed to a reduced rate in 2023 of \$4.25.

As noted in the attached analysis by Foth, a contractor of Ramsey County, Falcon Heights residents currently enjoy the lowest-cost recycling in the region—even with the proposed contract increase.

2. 2023 Recycling Contract Renewal

The discussions in c. Utility Fees should be noted that is related to the Recycling Contract portion and likely relates to item 2. 2023 Recycling Contract Renewal

3. Police Consultant RFP Review*

Linehan states Staff released an RFP for Police Contract Analysis and Consulting Services on July 15, 2022. The RFP closed on August 15, 2022. The RFP was marketed widely online, and Staff reached out to local and national firms specializing in this service.

The city received interest from three qualified bidders. One bidder declined to submit, citing workload/staffing constraints as they were starting their firm. In total, the city received two proposals from consultants: one from an international consulting firm led by local retired law enforcement executive and one from a national police consulting firm.

The City Council will review the proposals from the two firms and determine the next steps for moving forward.

Linehan states the national firm is \$75,000 and would rely on Staff to get a feeling for the community, whereas Matt's firm is \$35,000 and knows the community.

4. Commercial Real Estate Broker RFP Review*

Linehan states The City of Falcon Heights leases the Community Park land from the University of Minnesota, and the current lease agreement is set to expire at the end of 2024. Both parties have expressed interest in the City purchasing the land from the University, and both have completed a commercial appraisal of the property. Due to the scale of this land acquisition, the Council has determined it's within the City's best interest to obtain commercial real estate brokerage services.

Staff issued a Request for Proposal (RFP) on August 17th for a commercial real estate broker. It was advertised widely online and directly sent to over a dozen firms in the Twin Cities area. The bid closes at noon on September 2nd—the short time frame reflecting the basic submittal requirements for the RFP. As of September 1st, the City has received one response from a qualified broker.

Staff will review the received proposals with the City Council and discuss the next steps in the process.

5. Discussion on THC/CBD

Linehan states a new law was enacted at the end of the 2022 legislative session that allows certain edible and beverage products infused with tetrahydrocannabinol (THC) to be sold. The changes took effect on July 1.

The new law amends the scope of sale of any product that contains cannabinoids extracted from hemp and is an edible cannabinoid product or is intended for human or animal consumption.

Previous law authorized a product containing nonintoxicating cannabinoids to be sold, but the authority to sell edible CBD products was unclear. The new law expands the authority to include nonintoxicating cannabinoids, including edible cannabinoid products, provided they do not contain more than 0.3% THC. In addition, an edible cannabinoid product cannot exceed more than five milligrams of any THC in a single serving or more than 50 milligrams of any THC per package.

The new law does not limit where edible cannabinoid products may be sold. However, by their nature, certain businesses may be limited in their ability to sell the products, including establishments that primarily sell liquor. Nothing in the new law limits a city's zoning authority related to CBD and THC products. Falcon Heights' city code does not address THC or CBD sales. Most retail establishments could sell THC/CBD products within the state threshold. The most common THC/CBD sales locations are gas stations, tobacco stores, and specialty CBD retailers. The city has no tobacco stores but has two gas stations that currently are licensed to sell tobacco products.

City staff has been approached by a CBD establishment interested in potentially opening a CBD/THC store in Falcon Heights. This establishment has stores in White Bear Lake, St. Paul, Forest Lake, and other Twin Cities and Florida locations.

The City has two primary options relating to CBD/THC sales: 1) allow State law to be the prevailing guidance for sales, which would allow sales in Falcon Heights, or 2) approve a moratorium on sales for up to one year to study the issue further and consider zoning regulations.

A moratorium is a tool cities use to pause specific uses so that the city may study the issue in anticipation of future regulations. A moratorium is limited to a period of one year. For example, a few cities, such as Roseville, Arden Hills, Shoreview, and Lauderdale, have recently enacted a moratorium on CBD and THC products.

Council Member Leehy states we should adopt the moratorium like the other communities in our area have.

Mayor Gustafson states the moratorium would be good so we could study it.

Linehan: talk about a zoning moratorium

Linehan states another thought on why cities are adopting a moratorium is because there is a thought the legislature will tighten restrictions.

E. INFORMATION/ANNOUNCEMENTS:

Mayor Gustafson asks if anyone is open to having a town hall meeting about the state fair.

Linehan state also creates a survey monkey link for people who can't make it.

Mayor Gustafson states 225 tickets were given out during the state fair.

Council Member Leehy states that we could create rain gardens when the construction projects are done on those boulevards.

Linehan states Wednesday, October 5th at 5:30 would be a PMP pre-meeting, then about a month later, on November 9th, the preliminary assessment hearing will take

place. Wednesday, October 26th, talking about the PMP 2025. Also, I would like to set up a meeting with Amber Union and Hollywood Court.

F. ADJOURNMENT: 9:25pm

DISCLAIMER: City Council Workshops are held monthly as an opportunity for Council Members to discuss policy topics in greater detail prior to a formal meeting where a public hearing may be held and/or action may be taken. Members of the public that would like to make a comment or ask questions about an item on the agenda for an upcoming workshop should send them to mail@falconheights.org prior to the meeting. Alternatively, time is regularly allotted for public comment during Regular City Council Meetings (typically 2nd and 4th Wednesdays) during the Community Forum.

**Materials will be available at the meeting.*

Dated this 28th day of September, 2022



Jack Linehan, City Administrator



Randall C. Gustafson, Mayor