

**City of West St. Paul
Open Council Work Session
April 11, 2016**

1. Roll Call

Mayor David Meisinger called the work session to order at 5:00 p.m.

Present: Mayor David Meisinger and Councilmembers Armon, Halverson, Bellows, Iago, Napier and Vitelli.

Others: City Manager Matt Fulton, Assistant City Manager and HR Director Sherrie Le, Community Development Director Jim Hartshorn, Police Chief Manila Shaver, Fire Chief Mike Pott, Finance Director Joan Carlson, Public Works and Park Director Ross Beckwith, Attorney Korine Land, City Clerk Chantal Doriott and Attorney Peter Mikhail

2. Approve Agenda

No changes to the work session agenda.

3. Review the Regular Meeting Consent Agenda

Council approved the consent agenda items as presented. Clpn. Iago may add an item to the regular agenda during the meeting.

4. Agenda Item(s)

4.A. Closed Session To Discuss Robert Street Property Easement Acquisitions

Motion was made by Clpn. Napier and seconded by Clpn. Bellows to close the meeting pursuant to Minn. State Stat. 13D.05 sub. 3(b) due to attorney-client privileged communication. All members present voted aye. Motion carried.

Attorney Peter Mikhail gave an overview of ongoing litigation related to acquiring Robert Street business accesses.

Motion was made by Clpn. Vitelli and seconded by Clpn. Armon to open the meeting at 5:22 p.m. All members present voted aye. Motion carried.

Engineer Darin Rezac entered the meeting.

4.B. Discussion of modifications to I/I program.

City Manager Matt Fulton gave an overview and thanked Clpn. Iago for suggesting city staff meet with the Met Council. Met Council staff has recognized the challenges that West St. Paul is currently experiencing in attempting to correct I/I issues over a relative short timeframe of

several years. Met Council would like to work with the City to get the issues rectified and to avoid future surcharges. The age of much of the community's housing stock and the historical building methods used in handling clear water has resulted in a very challenging, and cumbersome project. In addition, many corrective measures required excavation into the community's already aging street infrastructure, creating, in many cases, an even worse driving surface. And of course, dealing with I/I is a new topic for most households, which can make it a very confusing and challenging problem to deal with, especially when the financial costs for any repair work is added into the equation.

Because of the cumulative nature of the issues confronted during the past year, staff is recommending, and has Met Council staff support, to modify the program as follows:

- Change the I/I program to be something that is required to be dealt with at the time of selling the property. An I/I compliance inspection would need to occur prior to the sale of the property. This inspection would continue to be provided at no expense, provided an access point is made available and service line roots do not impede the ability to inspect the line. If areas of non-compliance are identified, the owner/buyer can negotiate who pays for it and, if it is the buyer, ensure that an acceptable financing plan is in place for bringing the property into compliance within 12 months of closing on the property.
- During the City's annual street repair program, inspections would be completed on properties adjacent to the construction work so that any problems at the sanitary sewer main can be identified and planned for. Impacted property owners will be encouraged, but not required, to address I/I issues during the street improvement project and to work collaboratively as a neighborhood, to take advantage of the road being opened which possibly could save property owners money.
- Bringing rental properties into compliance would become a requirement for receiving a rental license to operate in the City. Rental properties would be required to bring the licensed facility into compliance within 24 months of receiving their next annual rental license. Rental properties would be responsible for identifying and correcting all internal I/I issues. The City would only inspect the service line(s) connecting to the sanitary main.
- Commercial properties and Homeowner Associations would be required to become compliant within 24 months of the ordinance being approved. The City would only inspect the service line(s) connecting to the sanitary main.
- Street excavation for correcting I/I non-compliance issues would be prohibited, except under unique circumstances as approved by the City Engineer. Any required I/I repairs within the right of way area would need to be done from outside of the right of way and not come any closer than two feet from the Sanitary Sewer main.
- The City would address any needed sanitary service line connection repairs at the time of undertaking sanitary sewermain improvements. Any repairs to the service line connection during such a project would be paid for by the City.
- Current penalties for not correcting I/I non-compliance areas within the allowed timeframes would be implemented and enforced.
- Staff would recommend the I/I program be brought in house and managed through the City's Public Works Department. The City Council has already approved the hiring of an I/I liaison, which would now also be the person undertaking the inspections as well. This approach will save the City significant resources and help ensure accountability, customer friendliness, and quality of the program, including helping residents and businesses get through the process. Inspections would be scheduled through the City.

- The City would continue its current process of reimbursing 15% of all I/I repair costs for an individual property up to \$5,000 as well as provide the opportunity to have remaining I/I repair costs special assessed to the property and paid for over a ten year period at a very low interest rate. Given the “point of sale” nature of the program, the number of special assessments used for correcting I/I should be fewer as property equity is used to cover repair costs. Deferred assessments for income qualifying seniors would also continue to be provided.
- Staff would also propose a significant community educational campaign to help property owners understand the changes to the program and importance of correcting I/I issues.

The program, as proposed, would result in around 400 to 500 annual inspections. The Met Council is aware, and is comfortable with a longer time frame for eliminating I/I, provided the City continues to make concerted progress. Should the City Council endorse this suggested approach, the following steps would be immediately taken:

- The first reading of the revised ordinance would be scheduled for the City Council’s April 25th regular meeting with public hearing and final passage taking place on May 9.
- A letter would be sent out immediately notifying all property owners currently in the process of dealing with I/I compliance repairs of the City Council’s intent to modify the program as described above. Property owners will be told it will be their option whether to proceed at this time or hold off until the sale of their property to address the I/I compliance issue.
- Staff will work with the Met Council staff to develop a Memorandum of Understanding ensuring the acceptability of this approach without worry of subsequent surcharges until the City is substantively completed with I/I repairs.
- Staff will arrange opportunities, including the upcoming City Open House, West St Paul Days, and ROMA meetings, and utilize social media for informing and educating the community about the program changes and I/I generally.
- A communication strategy will be developed for informing the real estate community about this additional requirement as well as the County so that this new requirement is included with property transactions.
- Staff will work out a transition plan with SEH, allowing for current inspections to be completed and work transitioned to the City, as the new I/I Liaison joins the City organization and gets comfortable in his/her new role.
- Staff would proceed in acquiring the capital equipment necessary for undertaking the inspections. The most significant component of this will be the purchase of two cameras, which cost approximately \$10,000 each.
- Staff would continue in its recruitment efforts for a qualified individual for performing the inspection, liaison, and administrative activities involved with the program.

Fiscal impacts include: a fee paid to SEH in the amount of \$211,467 in 2015 for its work on conducting I/I inspections. The expected cost for an in-house inspection program would be approximately \$68,800 including salary/benefits and initial office setup expenses. Capital expenses relating to the purchase of two cameras would be approximately \$20,000. The first year annual savings could be approximately \$123,000.

Comments:

- Manager Fulton explained that in 2015 there were 750 inspections completed and 119 were found to be compliant; 505 were remaining to become compliant. We should review 400 to 500 properties each year until the project is complete. Total inspections to date are 1,300 properties. It is the plan that we would complete the project in 8 years.
- Clpn. Bellows offered further comment. This appears to be an inflow issue – connections or drainage – sump issues. If we do this as part of a sale requirement – any repairs or negotiations could be problematic, due to the timeline. We don't provide any assurance to our citizens that the person doing the work is reputable. Manager Fulton said due to the way the city was constructed, we will not review the sump pump and we will have to deal with drainage in a different way. We have an inflow issue. If you are selling your house there will be an additional burden, potentially, for the seller. Currently there are 46 parcels for sale.
- When people call here for an inspection, the mayor wants the city to get back to the homeowner in a timely manner (comment made in reference to a person wanting to list their home for sale). Is there any assurance to the citizens that the people doing the work are professionals? Mayor Meisinger would like the city to continue to do the inspections like we are doing; we should have two branches of this project. Manager Fulton said doing a sump inspection doesn't mean a person is compliant.
- Darrin Rezac is working with Dan on marketing pieces for easy public dialogue and disbursement of information; community education will explain what we are doing and why.
- Clpn. Napier wonders how this issue will affect home sales. There is an unknown now in West St. Paul. He is concerned about this and he wants to stay ahead of the internal inspections. A payment negotiation may have to be made in case of a sale. We will need to work with local realtors on these processes. Manager Fulton suggested getting volunteers to assist in working with realtor education.
- Clpn. Halverson is concerned about the public not wanting someone to go into their home. Discussion regarding how many people we need to hire. It is proposed that we are hiring a liaison and we have SEH. Mayor Meisinger suggested getting a proposal so council can review numbers. Manager Fulton said right now in 2015 we paid SEH \$215,000. The person we hire will be around \$70,000 and will do about 300 inspections. Every year we save over \$100,000. Clpn. Halverson believes we are doubling costs.
- Clpn. Iago shared a story about his neighbor and added we need to be proactive in how we deal with the public and realtors. Nothing presented is measurable. There is nothing in here that says we are improving or reducing anything. How do we know if we are gaining on this? Manager Fulton said over time meter readings should show the elimination problem is being corrected. Clpn. Iago asked have there been any readings from the work completed. Darin Rezac was not sure. Clpn. Iago is looking for something measurable – are we making any gains at all. Manager Fulton said we will need to make sure we are addressing this question.
- Clpn. Bellows agrees with Clpn. Iago. If we have a year-round person – do they need to work year round or part time due to most home sales happening part of the year? First of April to end of September. Manager Fulton said the person we hire will be busy year-round – in the spring with home sales and in the fall and winter with our reconstruction areas. We will encourage people in the area to get work done, not requiring, but rather encouraging.

- Mayor Meisinger we could get an intern for the initial inspection – sumps aren't hard to discern. Manager Fulton thinks the liaison we hire will be busy all year long. One thing that needs to change is the ordinance. We need to be able to enter the property for inspection. If the person makes an appointment and doesn't show up or is habitually negligent in notifications to staff, we should provide for a penalty. If someone fails to be home for a scheduled inspection they should be financially penalized.
- At what point did we get away from releasing SEH and bringing in a staff person and continuing this project in a different way. Manager Fulton said the Met Council supports the notion of stretching the correction process out over time. Also, it makes sense from a financial standpoint and customer service and inspection standpoint when doing this through a point of sale. A liaison makes good sense for our community. Discussion regarding the person working year-round continued. St. Paul has a similar program as we are considering.
- Since 40% of our housing is rental we would try to tie this into the licensing rules. The next license applied for would have 2 years to comply with our I/I ordinance and that would be a requirement of the license approval. It would be a financial responsibility of the business to fix this within 2 years. Same thing is true for commercial properties. Clpn. Bellows thinks 40% might be a little misleading and made comments about rental units versus apartment buildings.
- Discussion regarding the Golden Valley program and how ours would be similar. Council and staff continued discussion. Manager Fulton reviewed staff's proposal for the I/I program. We're not inspecting commercial properties with this proposal (most of Robert St. has been completed) they would do their own work and provide us information that it had been completed. Manager Fulton continued with excavation rule discussion. Contractors could go to the right-of-way and work from that point to the house and from that point to the street. From the curb line and to the main would be fixed by the homeowner. What possible cause would there be to the homeowner if the sewer line is damaged. This should be a city responsibility. Manager Fulton thinks it could go either way; there could be root issues and it takes damage issues off the street. We are recommending that the connection point would be assumed by the city. From the curb to the main we would do the work and assess it back to the property owner. We need to make sure people aren't excavating in the street.
- We would do a good communication campaign – more user friendly and take advantage of the city open house, ROMA meetings, any opportunity that presents itself.
- We may get pushback from residents who have completed costs repairs, especially street repairs. We may consider a reimbursement at a future date.
- Mayor Meisinger gave staff an RFP to review, that would go to the property owner if a need to fix was in order. He wants the residents to have an easy time and an “apple to apple” bid on work. The property owner would have an easier time hiring a contractor. Staff will inspect the work to make sure it's completed correctly. Manager Fulton said a follow-up inspection will be done by the liaison. SEH is currently doing the final inspection. From efficiency standpoint and cost standpoint, having the plumber inspect, would be sufficient. Manager Fulton said the plumber could give you a video and we would sign off that it's complete. Council not sure about this; discussion continued. There needs to be a requirement and this is a process item for staff to figure out, said Mayor Meisinger. Manager Fulton added comment about liners and dealing with roots and the inflow issues. Further discussion ensued. If a boulevard tree root causes an issue,

which has been fixed previously, this needs to be addressed. Clpn. Vitelli asked about mineral deposits in pipes. Manager Fulton said staff has seen this and is having property owners deal with the issues. We will review SEH's reports and direct staff to recommend "fixes" to the property owner. This is not a "one size fits all" solution because there are variables – could be variables.

- If there are boulevard trees causing issues in the pipe and an owner can't fix the issue because of city reconstruction or another city-related issue ... the new ordinance needs to offer a solution.
- These questions need to be answered with the new ordinance. A first reading of an ordinance could be done April 25. Manager Fulton will get Council questioned answer prior to this meeting.

Last week the U of M discovered we had 3 boulevard trees in the Butler Ave. area that are infected with Emerald Ash Borer. We have \$30,000 budgeted that will be used immediately to assist with the efforts in fixing this problem. The treatment is about \$100 per tree.

5. Adjourn

The work session adjourned at 6:21 p.m.



David Meisinger
Mayor
City of West St. Paul