

WATERVILLE CITY COUNCIL
PUBLIC HEARING
October 1, 2015, 6:00 P.M.

There was a public hearing of the Waterville City Council held in the former Senior Citizen's hall at 6:00 p.m. on October 1, 2015 regarding the rental inspection ordinance.

Present: Vail, McIntyre and Mayor Mihalik;

Absent: Schmidtke and Wollin

Also Present: Administrator/Clerk Teresa Hill and Jason Moran City Attorney and Planning and Zoning Commissioners: James Hennan and Donald Jacobson

Also Absent: Jason Femrite City Engineer

1. Call to Order/Pledge of Allegiance. Mayor Mihalik called the public hearing to order noting that all Council was present except Schmidtke and Wollin. Also present was Teresa Hill, Administrator/Clerk, Jason Moran City Attorney. Pledge of Allegiance was recited.

2. 3rd Public Hearing – Residential Rental Property Registration and Licensing Ordinance. Mayor Mihalik said tonight's public hearing is regarding Ordinance No. 116 Establishing a Rental Inspection Ordinance. Mayor Mihalik said this is our 3rd public hearing for the same ordinance. Darrell Knish of Oak Hollow resort addressed Council. Mr. Knish said the ordinance states that Nursing homes and Assisted Living Facilities are exempt because they are inspected through the State. Mr. Knish said our resorts are also licensed and inspected through the state and he believes they should be exempted also. Mr. Knish said that he believes that any facility that is licensed and inspected by the state shall be exempt. Mr. Knish went through the inspection sheet and discussed a number of items. Mr. Knish suggested the list should list the general safety items first and then for multi-unit buildings. Katie Hayes owner of two properties in town. Ms. Hayes questioned what the inspection fees will be. Mayor Mihalik advised that the fees have not been established yet. Ms. Hayes asked if there will be grandfathering some things over. Ms. Hayes will provide a list of some items that could be grandfathered in. Mr. Moran said the ordinance as it is written is enforcing the very basic state fire code, the very minimum requirements. We are asking that the rental properties follow the very basic minimum that is required by the fire code. He does not believe that they are allowing any grandfathering in. Mayor Mihalik said there will be a grace period of time for a property to be compliant with the code. Pat Schollegendes of Sakatah Bay Resort said that she is already inspected on an annual basis and they pay a fee according to the number of units. They are inspected by the County as well as the Fire Marshall so why would they need to be inspected again. Mr. Moran said if you are already inspected by the State Fire Marshall he does not see any reason why you would need to be inspected again. Mr. Moran said we can put in the ordinance that if there is any facility that is inspected by the State Fire Marshall we simply won't inspect. Mr. Knish said they are inspected by the State Health Department. Mr. Gleason said Community Health out of Le Sueur County. Mr. Moran will do some research on what the Community Health inspects compared to the State Fire Code. Jeff Skluzacek said that they also get checked by the insurance company. Mr. Skluzacek said their building is old and questioned if they would have to put in a sprinkler system. Mr. Skluzacek said the cost would be phenomenal. Mr. Skluzacek said he does not see a need for all of the items in the ordinance. Mr. Skluzacek said there is not a need for the rental property inspections. Mayor Mihalik said this has been brought up by the Fire Chief and the Police Chief. Tex Anderson said there has only been one death about 40 years ago from a fire and the City never thought we needed this. Mr. Anderson said 99% of what is in the Ordinance is already regulated by the State of

Minnesota. Mr. Anderson said the insurance companies will charge a higher premium if you don't have what is required by the State. Mr. Anderson objects to the rental ordinance. Chip Beadell, 216 Main Street said when the State Fire Marshall was here and he said that the sprinklers were for new construction and we are exempt from a lot of this. Discussion regarding grandfathered items. Mayor Mihalik said the City could possibly break the ordinance up into different categories so that owners will know what will apply to them. Mr. Beadell said he believes that they would have to police their rental units more often. Mr. Beadell said most landlords have the same problem, how do we have the renters keep the property up to code. Dan Minske, 238 E Main Street. Mr. Minske said they have an apartment above their business and he has a commercial property that is insured and they inspect it every year. Mr. Minske believes there should be some exemptions to certain properties. Mr. Minske said with all the fees it might not be worth it to rent the apartment out. Katie Hayes asked if there has been any numbers mentioned at all regarding the licensing fee. Mayor Mihalik said there has been discussion on what licensing fees typically are which is \$75 to \$200 every couple of years per unit. Ms. Hayes said she has two family rental units. Their families go to the school district and also bring their business to Waterville as well. Ms. Hayes said you have a mortgage on these homes and you have rent for what you can get in Waterville which is a lesser amount than Mankato, Owatonna and Faribault. Each month you are barely making the mortgage payment and whatever is extra goes into repairs. Throwing in the inspection fee on that as well as the water/sewer bills going up too it is going to make Waterville have a difficult rental market and you are going to lose those families to rent those places. Bruce Steinhaus, 10569 430th Avenue addressed the Council he said all it will do is raise the rent. Mr. Steinhaus said he knows exactly what is going on at his rental places and his tenants have been there for 10 and 20 years. They have not had any problems. He believes the City is sticking their nose in things that they naught not to be in. Mr. Steinhaus said that his insurance company checks this out so why do they have to have it checked twice. Mr. Skluzacek said he does have property in Montgomery and does have it inspected every year and the cost is \$25.00. They check smoke detectors, carbon monoxide detectors, and fire extinguishers. They will also check the water heater and furnace. Mayor Mihalik said the purpose of this is not for the City to make money, the purpose is addressing the safety of the rentals. Jennifer Grobe, 409 Harmon Street, said two of her family members are tenants and any increase in their rent could cause them a big hardship right now because with all the other bills going up their incomes do not go up. They couldn't afford any type of increase and anything that the landlords are going to have to do, they would have to make up that money somewhere, and that would be in increased rent. They couldn't afford something like that. She is sure there are other families that are in the same boat. Mayor Mihalik said he is hearing that the properties are in good shape and this isn't necessary. What the hope is that this isn't necessary and after inspections repairs are not needed. That is the goal that repairs are not needed and there is no increased cost. If there is an increased cost because the property doesn't have a fire detector or carbon monoxide detectors or those safety issues then that is something that should be there for safety purposes. Mr. Anderson said if you are going to give an exemption to some of these businesses that have their insurance companies do the inspection then the residential rentals should be the same thing. If we can prove that our insurance inspector looked it over then we should be exempt. Mr. Anderson said he thinks the City is having more control when we don't really need it. Mayor Mihalik said to Mr. Moran when he looks at exemptions also take a look at some type of verbiage that if it is inspected in accordance to the Minnesota State Fire Code and we can get an affidavit from the inspecting party. Mr. Moran said he will have to look into that, he would need to know if they are really looking into fire code issues and what is their standard. Jeff Thomas, 302 Herbert asked if they had an affidavit sworn to by the insurance company that they inspected on an official form. Mr. Moran said if the insurance company would do it that would be another option that we can consider.

Ms. Grobe said the main purpose of adopting an ordinance is so that you have the enforcement basis so you can collect fines from the landlords if they are not in compliance. Mayor Mihalik said the basis of any ordinance is so that people do things correctly, not to purposely find somebody doing something wrong so we can fine them. Mr. Moran said the way the ordinance is written if there is a violation that will be documented, sent to the land owner and then the land owner will be given a certain amount of time to correct it. It is not going to be like a speeding ticket or an instant fine. Sufficient time will be allowed for a fix to be made. After the notice of the landowner doesn't fix it during that period of time then there may be a fine, it doesn't say that there will be. Katie Hayes, asked if item #23 is for a single family unit or a multiple unit. Mayor Mihalik said he doesn't have an answer to that but he believes all combustible/flammable liquids should be stored in a safe place. Mr. Jeff Skluzacek said why stop here why not just do every resident. Mrs. James Skluzacek said what about a unit that isn't rented or vacant. Mr. Moran said it is still a rental unit even though it is not occupied. Mr. Moran said if that is a concern we can put in the ordinance only rental units that are occupied. Mr. James Skluzacek said it better be because there will be five apartments right there that will be closed he will guarantee that at Waterville Auto. Mr. Moran said that is not the thrust of what the Council is trying to do at all. Mr. Skluzacek said we have enough empty buildings in this town already, you don't want any more do you. Mr. Knish asked if the City would inspect property that he would consider buying as a rental property. Mayor Mihalik said he could hire the City's inspector if we were to adopt this and have them take a look at it. The City would not do a pre-inspection. Ron Haslip, 224 W. Main said he has had ten rental properties for a long time. He is selling quite a few of them. Mr. Haslip said the two above his hardware store have been issues for years and he does not think he has made a profit renting out them with the low income renters that he has had. He has been trying to maintain, collect, evict. He is to the point where he is agreeing with some of the comments that if it gets too costly he will just have to shut them down. Mr. Haslip said just work with us as landlords, work with us as homeowners and try to understand our side of things. Yes we need some inspection. You have talked about some lee ways to consider us on, please consider them seriously. Kim Rahn, 405 Summit, said she is not a rental owner but her mother is. What is going to protect her from the renters in this town if they get mad at her and decide they don't want to pay the rent for the month to call the City and complain about something or purposely wreck it, what will protect her from all these fees that are going to be handed down every time you guys have got to come out. Mr. Moran said if you have a tenant who is willfully, maliciously destroying your property you should call the police and have them charged. Ms. Rahn asked if the renter is calling the City and complaining and you have to come out and inspect it will the landlord be called for those inspections. Mr. Moran said the way the ordinance is written §116.19 Tenant Requested Inspection. "A tenant may at any time request an inspection of the rental property in which they currently reside. A fee for such inspection shall be imposed on the tenant only if the Council finds, by a preponderance of the evidence that the request was made in bad faith. Mayor Mihalik said as part of the Minnesota State Fire Code is all part of that Tenant Bill of Rights that they already have. This is not something new for them. Marlene Janda, 405 1st Street North said it seems to her that the City Council is more interested in pleasing themselves than the City of Waterville. We have had this hearing how many months ago and the majority of the people were against the rental code and also the building code. It just keeps getting brought up and the building code will be brought up again too. Obviously the people do not want it. They don't want the extra expense. Ms. Janda said the majority of the people in Waterville are retired and on a fixed income, everything is going up, up, up. The City garage, rain gardens and wastewater treatment plant which is necessary, the school which is necessary. We can only handle so much. We don't need more expenses. Council thanked everyone for coming and sharing their thoughts.

3. Adjourn. Motion by Mihalik, seconded by Vail to adjourn. Unanimous vote. Motion carried. Meeting adjourned 6:55 p.m.

Stephen Mihalik, Mayor

Teresa Hill, Administrator/Clerk