

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Council Chambers of the Municipal Building on March 5, 2007. Mayor Zellmer called the meeting to order at 5:15 p.m. The following were present for the meeting: Mayor Zellmer, Council Members Steiner, Schindle and DeWitte, Administrator Sande, Finance Director Mork and City Clerk Gehrke. Absent: Council Member Norland.

**Email Communications**

Mayor Zellmer asked the Council Members to check their emails and respond to them on a regular basis.

**Allocation of 2006 General Fund Surplus**

Administrator Sande reported in January that it was anticipated the General Fund Budget would have approximately a \$139,000 surplus for Fiscal Year 2006. He submitted the following proposal for the Council's consideration:

1. Transfer \$25,000 from the General Fund surplus to the Contingency Fund to restore a portion of the dollars used to fund the operation of the swim facility in 2005.
2. Transfer \$63,000 to a new Special Revenue Fund to provide down payment assistance to first-time homebuyers constructing new homes in North Mankato.
3. Retain \$51,000 in the General Fund to increase the General Fund balance from 34 percent of annual General Fund expenditures to 35 percent of annual General Fund expenditures.

The Special Revenue Fund would stimulate the construction of new homes and some return to the City would be seen in the form of increased building permit fees. The first-time homebuyer down payment program would utilize income limits and other qualifications of the MHFA Mortgage Program and the Community Activity Set-Aside Program. As a result of an article in the *Free Press*, staff received an email from the Greater Minnesota Housing Fund outlining a program which provides 1:1 match of down payment assistance funds of up to \$2,500 per homebuyer with the same income limits of 80% of the median income that MHFA uses.

Some discussion was held on the number of foreclosures recently listed in the *Free Press*. Although Council Member Norland was unable to attend the Council Workshop, she had corresponded with staff asking if some of those funds could be allocated to homebuyers of existing property.

If the Council approved the transfer of a portion of the surplus funds to the Special Revenue Fund to be used to provide down payment assistance to first-time homebuyers, guidelines would be prepared and brought before the Council at their March 19, 2007 Council meeting.

**Written Assessment Policy**

Administrator Sande recapped how special assessments have been handled in developing areas of the community since 1981. For lot improvements, special assessments to each benefiting lot in a new subdivision have been levied in equal amounts so that corner lots or cul de sac lots would not receive either too great or too small an assessment based on their frontages abutting the improved streets. For oversizing of utilities, wherever the size of sanitary sewer, storm sewer or water main is greater than what would otherwise be required for the lots in the subdivision, the oversizing cost is borne by the Water, Sewer or Storm Sewer Utility Fund. Interceptor sewers have been assessed on a per acre basis. Assessments have been deferred for homestead property owners in order to obtain their

cooperation to ensure the City moves forward in a manner serving the larger planning purposes of the community as a whole. The assessment policy for infrastructure rehabilitation projects has been reviewed and revised in an attempt to lessen the impact on existing property owners while meeting the minimum requirements of Chapter 429 improvement bond financings. Wherever possible, the City applies state and federal funds to improvement projects. Under the Municipal State Aid system, 15 percent of the street mileage in the community is eligible for MSA status. The City currently receives approximately \$440,000 a year in MSA funds which are allocated on a project-by-project basis to the eligible projects, which reduces the special assessments to the properties on the MSA routes throughout the community. Discussion was held on the designation of MSA streets and the best use of MSA dollars. Council Member Schindle stated he was not in favor of annexing roads into the City that cause a leapfrog effect.

**Development Negotiations**

Council Member Schindle asked for a review of the current process for negotiations with developers asking for clarification earlier in the process of proposed deferred assessments. Administrator Sande reported negotiations with developers are handled on a case-by-case basis granting concessions for deferred assessments when it serves the larger planning purposes of the City as a whole or when specific requests are made of the property owner.

**Concept Plans for Parks**

Mayor Zellmer reported he has established a Park Committee and is waiting to hear if the person he selected has agreed to be Chair of the Committee. The Park Committee will study the size and location of neighborhood parks and also recommend amenities for the parks.

There being no further business, the Council Workshop was adjourned at 6:55 p.m.

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Mayor

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City Clerk