

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 September 4, 2007. Mayor Zellmer called the meeting to order at 5:40 p.m. The following were present for the meeting: Mayor Zellmer, Council Members Steiner, Norland, DeWitte and Schindle, Administrator Sande, Finance Director Mork and City Clerk Gehrke.

Introduction of Proposed 2008 Budget

The purpose of the Council Workshop was to review the proposed 2008 General, Auxiliary and Enterprise Fund Budgets.

Administrator Sande gave an overview of the Introductory Section of the Proposed 2008 Budget and reviewed the tax capacity and the proposed tax levy. The proposed General Fund expenditure budget for 2008 is presented in two alternative plans to account for possible changes in the amount of Local Government Aid to be received by the City if the Legislature meets in Special Session to address the Tax Bill and other unresolved issues from the regular Legislative session. Plan A calls for a General Fund Budget in the amount of \$5,440,995, an increase of \$427,995 or 8.52% over the prior year. To support this budget and its related activities a tax levy in the amount of \$4,603,569 is proposed, an increase of \$384,819 or 9.12% over the prior year. Plan A includes the addition of one full-time Mechanic position in the Public Works Department and accounts for the increased cost of personnel, health insurance, supplies, fuel and utilities. The Council requested additional information outlining the potential dollars that could be saved from reduced outsourcing if an additional Mechanic is hired for the Public Works Department.

Plan B is based on the assumption that additional Local Government Aid in the amount of \$211,635 would be received. The proposed General Fund Budget would be amended to \$5,542,005, an increase of \$528,160 or 10.53% over the prior year. A tax levy in the amount of \$4,492,944 is proposed to support the Plan B budget, an increase of \$274,184 or 6.5% over the prior year. The reduced levy is the result of applying approximately \$110,000 of additional LGA to levy reduction allowing approximately \$101,000 to be allocated to additional budgetary expenditures. Plan B includes one additional full-time Police Officer, certain police equipment and park improvements. The estimated increase in the tax capacity from construction in the prior year amounts to \$265,000 or 2.7%. Inflation from July 2006 to July 2007 based on the CPI/UW is 2.26% and our estimated population growth for the year is 166 persons or approximately 1.3%. Administrator Sande reported the 2008 Equipment Certificates have been delayed to 2009 to hold down the levy increase.

The budget includes proposed revenue increases in the Water Fund and the Storm Water Fund. The increases are necessary to support capital improvements planned and under construction in the water distribution system and to fund a variety of storm water projects. In particular, the replacement of Water Tower No. 1 and the storm sewer to Mary Lane from James Drive is scheduled for improvement. The Council asked if there were any problems with the water mains in this area.

Administrator Sande reported the State Demographic Center has adjusted the estimated North Mankato's population for April 2006 from 12,608 persons and 5,297 households to 12,817 persons and 5,396 households. Staff believes the actual population was between 13,000 and

13,200. The City Planner will continue to work with the Demographic Center to bring the City of North Mankato's population estimates up to actual levels. Since Local Government Aid (LGA) is allocated in part on population, it is important the annual estimates are accurate.

Administrator Sande reported the building permit numbers are in line with the previous year's numbers with 45 new housing unit permits as of the end of August 2007.

Staff is currently finalizing the Five-Year Capital Improvement Plan which will be presented to the Council in October.

There being no other business, the Council workshop was adjourned at 6:52 p.m.

Mayor

City Clerk