

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 April 19, 2010. The meeting was called to order at 6 p.m. The following were present for the meeting: Mayor Zellmer, Council Members Norland, DeWitte, Schindle and Steiner, City Administrator Sande, Finance Director Mork and City Clerk Gehrke.

2010 Budget Adjustments

Administrator Sande presented background information on the 2010 Budget reporting on November 16, 2009, the Council approved a 2010 Budget incorporating reductions and adjustments in the total amount of \$220,000 from the original budget proposal. These included reductions in public safety and public works expenditures as well as a number of other adjustments. He noted those budget changes were necessitated by a \$496,000 reduction in Local Government Aid to the City.

Administrator Sande reported the 2010 Legislature passed and the Governor has signed a bill that results in additional reductions in Local Government Aid and Market Value Credits. The additional reduction to North Mankato for 2010 is in the amount of \$228,659. He reported the bill also established the level of aids and credits for 2011 which for North Mankato is \$107,622 less than provided in current law.

Based on the budget changes that have already taken place for 2010, Administrator Sande presented a worksheet outlining the recommended approach to address the supplemental reduction as follows:

Library Endowment – Utilize \$50,000 from the Library Endowment Fund balance to support current library operations with a plan to restore the endowment when budget conditions permit.

General Fund – Utilize 50% of the final 2009 surplus which amounts to \$70,000.

Bookmobile Fund – Utilize 50% of the available fund balance which amounts to \$17,000 keeping the Bookmobile Fund at its current level.

Labor-Reimbursement Sales Tax Projects – The sales tax supported projects being undertaken in Spring Lake (Thompson Fishing Pier) and on the Marigold site will involve the use of City labor and equipment. These are eligible expenditures under the sales tax projects and reimbursements to the General Fund in the amount of \$38,000 for labor and \$17,000 for equipment usage are anticipated.

Staff Reductions – Reduction of two full-time equivalent staff effective June 30, 2010. Since the City is a direct reimbursing employer for unemployment compensation purposes, the savings to the 2010 Budget would be approximately \$18,000. The full impact of the change will be in 2011 and result in a savings of \$92,000. The Personnel Committee will meet to review the specific reductions prior to implementation.

Miscellaneous Expenditure Reductions – Balance of the reductions will be spread through various expenditure categories in the General Fund in consultation with the Department Heads.

Administrator Sande reported if the Council concurs with these recommended budget adjustments, the balance of the 2010 operations would go forward as planned including operation of

the Spring Lake Swim Facility and appropriations to the Summit Center and the Twin River Center for the Arts.

During discussion of the proposed 2010 Budget reductions, Council Member Schindle asked the dollar amount of copying done at the library and whether the cost of copies could be increased from \$.10. Finance Director Mork checked what Blue Earth County charges for copies and they are currently charging \$.25 per copy. Administrator Sande reported that all City fees and charges will be reviewed during the 2011 Budget process and that a comparison of what other cities are charging is nearly complete.

In response to questions regarding the recommended staff reduction, Administrator Sande reported staff has reviewed the employee population in terms of offering early retirement, but employees do not fall into that category. Research of furloughs show this approach is problematic because of PERA and insurance benefits and in any event would require a high level of participation to reduce the budget in a meaningful way.

Administrator Sande reported employee evaluations have been completed and will be reviewed in specific terms with the Personnel Committee.

Council Member Norland requested staff prepare an analysis of the original proposed 5.00% tax level versus the 3.00% tax levy that was adopted.

In response to the hourly cost to operate the swim facility, Finance Director Mork reported the cost is \$125.00 per hour and the pool is open from 1 p.m. to 7 p.m. seven days a week, weather permitting. He stated that during a normal year, the pool is open 70 days.

Some discussion was held about the 2011 reduction in Appraised Market Value (AMV) for homes and if that affects the amount of taxes collected by the City. The Finance Director explained the tax levy is set in a dollar amount and a reduction in AMV results in an increase in the tax capacity rate. The changes does not affect property tax collections.

Administrator Sande reported the Legislature is continuing to meet and additional tax cuts may be necessary. Mayor Zellmer noted the proposed State budget is contingent on receiving \$400,000 in federal dollars for health and human services.

The Mayor requested that a notice that the City is accepting contributions for the Swim Facility be placed on the City web site. Swim pass scholarships will be available again this year.

Council Member Norland reported the Connect Nicollet County group would like to see residents of North Mankato join. Administrator Sande reported staff would initiate a Public Service Announcement to get the word to North Mankato residents.

There being no further business, the Council Workshop was adjourned at 6:42 p.m.

Mayor

City Clerk