

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 August 30, 2010. Mayor Zellmer called the meeting to order at 6:00 p.m. The following were present for the meeting: Mayor Zellmer, Council Members Norland, Steiner, Schindle and DeWitte, Administrator Sande, Finance Director Mork and City Clerk Gehrke.

Introduction of Proposed 2011 Budget

The purpose of the Council Workshop was to review the proposed 2011 General and Auxiliary Fund Budgets.

Administrator Sande gave an overview of the Introductory Section of the Proposed 2011 Budget and reviewed the tax capacity and the proposed tax levy. The proposed General Fund expenditure budget for 2011 is \$5,576,565, an increase of \$263,915 over the original 2010 Budget. This is an increase of 4.97%. The tax levy proposed for 2011 is \$4,978,464, an increase of 3.41% over the current year. He reported the 2011 tax capacity is increasing slightly with the decrease in residential properties offset by new construction and properties coming off Tax Increment Financing.

The General Fund, as presented, includes for the first time Caswell Park concessions in the amount of \$80,025 and is more than offset by the anticipated revenues. Without this item, the remaining increases amount to \$183,890 or an increase of 3.46% over the current year.

Administrator Sande reported the budget has been drafted based on a pay freeze which is a continuation of the freeze already in place for 2010. The Police union contract is due for negotiation and a zero percent increase is proposed for 2011. He reported full-time equivalent employment was reduced by two persons in May 2010. No staff reductions are proposed for 2011 at this time pending the outcome of the 2011 Legislative Session. Mayor Zellmer requested a summary of what other area governmental units are proposing for 2011 salary increases.

The Administrator reviewed the 2011 Budget Calendar reporting the next Council Budget Workshop is scheduled for 5:15 p.m. on September 7, 2010 and the preliminary 2011 Budget will be formally submitted to the Council at their Council meeting of September 7, 2010. The deadline for certification of the proposed levy is September 15, 2010.

Finance Director Mork reported the 2011 Certified Local Government Aid was \$1,855,430. The payable 2011 final overall levy limit totaled \$3,106,159, PERA levy is \$61,216 and Police and Fire Levy is \$663,277 for a 2011 allowable non-debt levy of \$3,830,652. After reduction for levies for bookmobile, community development abatement, parkland, flood control, contingency, Port Authority, Fire Relief and Library the allowable levy for the General Fund totals \$3,218,081. The Proposed 2011 General Fund levy totals \$2,840,050 leaving unused levy of \$378,031. He reported the State reduced the Market Value Credit by \$228,659 so this amount will be included in the total levy.

Finance Director Mork reported because of underfunding of the Firemen's Relief Fund due to the market conditions, it is proposed to use gambling proceeds in the approximate amount

of \$15,000 to balance this fund. The Council requested a report detailing the charitable gambling fund and the Fire Relief Fund requirements.

Discussion was held about proposed refunding of bonds to revise cash flow requirements for the next 4-5 years. Finance Director Mork reported he is working with Paul Donna of Northland Securities, Inc., to restructure the cash flow of the bonded debt. He reported the City will be bonding for the 14/41 Project in 2010. The majority of this project is assessable however the property surrounding this project is outside the City limits at this time.

Mayor Zellmer reported a positive meeting was held with the MnDOT Deputy Commissioner, Representative Morrow, Representative Brynaert and Senator Sheran in an effort to move forward the T.H. 14 four-lane project between North Mankato and Nicollet. Bids taken for recent projects in the State have come in under bid and some of these excess funds could be used for the first phase of the T.H. 14 Project. Administrator Sande reported desirability for the industrial parcels along this area will increase when the project is completed.

Mayor Zellmer gave United States Senator Franken a tour of T.H. 14 between North Mankato and New Ulm and asked him to assist us in encouraging MnDOT to move forward with the T.H. 14 Project. He also asked Senator Franken to work to move the Surface Transportation Bill forward in the Congress.

Finance Director Mork reviewed the department head requests and the items which have been included in the 2011 Budget.

The Council requested the following items: 1) Print out of daily sanitary sewer flows for June, July and August; 2) Survey of what cities are charging for copies 3) Preferred purchase list of library items with cost breakdown; 4) Crosswalks painted prior to start of school 5) Outline of plan for Nicollet Park; 6) Survey of what other local governmental units are proposing for 2011 salary increases, 7) Report of the charitable gambling fund and the fireman relief fund requirement; and 8) Discussion of Caswell Park fencing ads added to future Council Workshop.

Other Business

Administrator Sande reported a sign listing the local suppliers and subcontractors working on the Marigold Project will be placed on the site.

There being no other business, the Council workshop adjourned at 7:35 p.m.

Mayor

City Clerk