

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 29, 2011. Mayor Dehen called the meeting to order at 6:00 p.m. The following were present for the meeting: Mayor Dehen, Council Members Norland, Steiner, Schindle and Freyberg, Administrator Sande, Finance Director Mork and City Clerk Gehrke.

**Introduction of Proposed 2012 Budget**

The purpose of the Council Workshop was to review the proposed 2012 General, Auxiliary and Enterprise Fund Budgets and the Five-Year Capital Improvement Plan, 2012-2016.

Administrator Sande gave an overview of the Introductory Section of the Proposed 2012 Budget which includes a levy-back of 100 percent of the 2012 LGA loss of \$497,323. He reported that since the Legislature has permanently reduced the Local Government Aid pool and deferred significant liabilities to the next biennium the City must find more local revenues to support future budgets. The proposed General Fund expenditure budget for 2012 is \$5,720,240 which is an increase of 1.67% over 2011. The tax levy to support the budget as proposed is \$5,400,223, an increase of 12.17 percent over the current year's levy. Of the 12.17 percent, 9.77 percent is related to the levy-back and 2.40 percent to increased costs in the proposed budget.

The General Fund, as presented, provides for all currently authorized departmental positions and operations including the Swim Facility and Mass Transit. The budget continues the pay freeze that has been in effect for 2010 and 2011. Administrator Sande reported that in 2010 staffing was reduced by two full-time personnel and the City of North Mankato continues to have one of the lowest staffing ratios of any comparable community. As of August 1, 2011, the City has 60 full-time employees and 6 part-time employees. He reported the Police Chief has requested an additional officer but this position was not included in the proposed 2012 budget. Supporting documentation compares North Mankato's police staffing and budget to a number of cities of similar size. Administrator Sande reported some of the primary drivers of increased costs in the proposed budget include fuel prices and the increased cost of insurance coverages.

Administrator Sande reported that beginning with the unallotment at the end of 2009, the City has absorbed \$1.94 million of lost Local Government Aid (LGA) and Market Value Homestead Credit (MVHC) through the end of this fiscal year. A combination of reserves, staff reductions and expenditure reductions were utilized to account for that loss.

Administrator Sande reviewed the proposed debt service levy schedule reporting the goal has been to maintain the debt service tax levy at approximately \$1.5 million per year on a continuing basis. He also is recommending that efforts be redoubled to have the State of Minnesota withdraw any and all unfunded mandates and to impose no new unfunded mandates in the future.

Administrator Sande referenced the chart comparing the City's current operating expenditures per capital with a group of 20 comparable cities. In 2009, the City of North Mankato expended \$481 per capita while the average for the 20 comparable cities was \$706 placing the City of North Mankato 32 percent below the average of the comparables. He

reported this has been accomplished by operating with a very lean staff and having a group of employees who are capable and willing to perform whatever tasks are needed. Council Member Freyberg stated North Mankato's expenditure per capita should be marketed.

Finance Director Mork reviewed the 2012 Budget Calendar reporting the next Council Budget Workshop is scheduled for 6:00 p.m. on September 6, 2011 and the preliminary 2012 Budget will be formally submitted to the Council at their Council meeting of September 6, 2011. The deadline for certification of the proposed levy is September 15, 2011. If necessary, a special Council meeting could be set for September 12, 2011.

Finance Director Mork reported the 2012 Certified Local Government Aid is \$1,358,107 and there are no levy limits in effect for 2012. Finance Director Mork reviewed the department head requests and the items which have been included in the 2012 Budget. He reported because of the changes made at the State level regarding Market Value Homestead Credit (MVHC) the county will not have the tax capacity information until they reprogram their computers.

Discussion was held about proposed Equipment Certificate issues. Finance Director Mork reported the SCBA units for the Fire Department (\$103,000) and CD sirens (\$20,000) are mandated upgrades. Discussion was held about the possible joint purchase of a chip spreader with Nicollet County and the possible purchase of a truck-mounted street sweeper with the City of Mankato.

Finance Director Mork reviewed the General Fund Revenue and Expenditure Funds, Auxiliary Revenue and Expenditure Funds and the Enterprise Revenue and Expenditure Funds. In response to a question regarding the increase of funding for the library, he reported the size of the library doubled resulting in increased staffing and materials. He presented 2012 water, sewer, storm water and refuse calculations reporting he projects a 7% increase each year for 2012, 2013 and 2014 in water rates resulting from the depreciation expense from the new water tower and new Well #9 and a 7% increase each year for 2012, 2013 and 2014 resulting from increased treatment costs.

### **Other Business**

Administrator Sande presented the Five-Year Capital Improvement Plan for the period 2012 through 2016. He reported four projects are proposed for the Park Department with two commencing in 2012. Caswell Park Fields 7/8 is projected to cost \$730,000 over a period of 2012-2015 and the Mankato Areas Softball Association has committed \$50,000 to this project with the balance funded from the Sales Tax Fund. The Caswell Park North Soccer Complex is to be constructed on the site of the future elementary school at the corner of Carlson and LorRay at an estimated cost of \$919,000 over a four-year period. The Mankato United Soccer Club has committed \$150,000 to the project at inception with the balance funded from Sales Tax Fund. The Benson Park improvements as envisioned in the Benson Park Plan have been submitted as a request to the Legacy Fund for a grant. The Legacy Fund is not awarding grants in 2011; however, the local match for Legacy Fund grants in 2012 will be 10 percent. The Plan also includes an allowance in 2013 of \$250,000 for the possible acquisition of five acres at the west side of Caswell Park. The purchase of this parcel would provide space for a possible year-round facility that could include one or more ice sheets. Neil Kaus appeared before the Council and

voiced his support for Caswell Park Fields 7/8 and the year-round multi-use facility. In response to a question about interest in softball, Mr. Kaus reported that the adult Slowpitch and Fastpitch softball has declined, however, interest in youth Fastpitch softball has dramatically increased. Council Member Schindle reported he would like to see the Fun Days Softball Tournament return to Caswell Park.

Administrator Sande reviewed the Five-Year Capital Improvement Plan 2012-2016 for the balance of the departments. He reported that with the exception of the improvements to be undertaken in the Park Department, proposed expenditures in the 2012 Budget we minimized to conserve resources. Council Member Schindle asked staff to review the need for 4WD pickups and consider moving vehicles and purchasing 2WD pickups for those positions not in need of 4WD pickups. Council Member Freyberg reported the City should consider buying used vehicles in an effort to cut the proposed \$345,000 Equipment Certificate in half.

There being no other business, the Council workshop adjourned at 8:50 p.m.

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Mayor

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City Clerk