

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 7, 2010. 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.

Bond Restructuring – Paul Donna, Northland Securities, Inc.

Administrator Sande reported the City is working with Paul Donna, Northland Securities, Inc. in an effort to restructure the bond schedule due to the housing slowdown. Paul Donna, Northland Securities, Inc. appeared before the Council and presented the proposed bond restructuring. The target is for the debt service levy to remain the same so as not to have an impact on property taxes. Mr. Donna presented a summary spreadsheet showing the proposed estimated debt service reductions or increases for the proposed refundings. He reported with the current low interest rates, it is a good time to restructure debt to better match revenue streams. In response to a question, he reported with the new issues there is shorter call features without a penalty. Mr. Donna noted that many communities are experiencing the same downturn in residential construction; however, most do not have the commercial/industrial construction that North Mankato is experiencing.

Administrator Sande reported that Mr. Donna would be appearing before the Council at a future Council meeting with the recommendation for the proposed bond sale for 2010.

**Report Back on Information Requests from Prior Workshop
Water and Sewer Flows**

Administrator Sande presented the pumping totals for June, July and August 2010 showing the difference between raw water pumping and sewage pumping and listing the larger precipitation amounts during these months. He reported I & I following rainfall events is not large. Council Member Schindle asked if it can be determined where I & I violations are taking place. An article covering this subject will appear in the spring *City News & Views*.

Charges for Copies

Finance Director Mork presented a list of the charges for copies in other area governmental offices along with a copy of the Minnesota Statute which addresses requests for public data. He reported Minnesota Statute limits the amount a governmental unit may charge the public for a copy to no more than 25 cents. The Council requested the Library Director submit a breakdown of what type of copies are made at the library, i.e., job resumes. Administrator Sande reported this item will be included in the fee recommendations that will be presented to the Council for 2011.

Library Materials

Administrator Sande presented the estimated average price of library materials and a summary of the number of each type of material purchased in 2009. The Council requested the Library Director compile a list of items the Library would accept as donations and put this information on the Library website.

Crosswalk Painting

Administrator Sande reported all crosswalk painting was completed at the end of last week in preparation for the start of the school year.

Salary Increase Survey

Finance Director Mork presented a League of Minnesota Cities survey outlining the amount of salary increases received in 2010 and projected for 2011 for employees of cities with populations between 10,000 and 20,000. In 2009, the salary increases ranged from 0.0% to 4.00% with some cities also having step increases. Proposed salary increases for 2011 range from 0.00% to 4.00% with some cities also having step increases. Several cities are proposing no increase for 2011 and some cities are trying to renegotiate union contracts that have not yet expired. Some cities with proposed increases will have layoffs and/or furloughs.

Administrator Sande reported the City of North Mankato revised 2010 Budget is a 7.00% reduction in expenditures from the 2008 Budget. The Finance Director will report the final 2010 Budget adjustments as soon as they are determined.

Fire Relief Funding

Finance Director Mork presented the 3% and 10% Gambling Report for 2010 reporting a projected balance in the 10% contributions as of December 31, 2010 of \$32,784.07. Because of the decrease in value of funds in the Fire Relief, a projected contribution in the amount of \$14,046 is necessary for 2010 and a projected contribution in the amount of \$19,680 is projected for 2011. Administrator Sande reported that State 2% Fire Aid has been reduced by about \$25,000 per year. The Council requested the Finance Director contact the State Auditor for clarification of the reason for the reduction in Fire State Aid.

**Continuation of 2011 Budget Discussion
2010 Budget Update**

Finance Director Mork presented a General Fund preliminary budget update as of August 31, 2010. The General Fund Budget amount through August 31, 2010 is \$3,449,475 or 67 percent of the total 2010 General Fund Budget. Actual General Fund expenditures through August 31, 2010 total \$3,297,648 or 62 percent of actual budgeted amount. The Finance Director reported he expects a surplus of approximately \$50,000 at the end of 2010.

Administrator Sande reported building permit revenues are at 90 percent for the year, partly because of the recent storms. Revenues in the Sales Tax Fund are holding steady.

Recap of Proposed 2011 Budget

Finance Director Mork reviewed the proposed revenues and expenditures for 2011. One of the large increases in the General Fund Budget was the Caswell Park concessions which show a proposed expenditure of \$80,000; however, revenues are projected in the amount of \$90,000. A second large increase in the proposed 2011 Budget is the \$28,000 for the hiring and training of the new Finance Director to replace the Finance Director who is retiring effective September 30, 2011. The Mayor requested the item be discussed at a future Council Workshop.

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

Mayor

City Clerk