

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 27, 2012. 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, Interim Administrator Fischer, Finance Director Thorne and City Clerk Gehrke.

**Introduction of Proposed 2013 Budget**

The purpose of the Council Workshop was to review the proposed 2013 General, Auxiliary and Enterprise Fund Budgets and the Five-Year Capital Improvement Plan, 2013-2017.

Finance Director Thorne gave an overview of the Proposed 2013 Budget. She reported the Local Government Aid the City will receive remains unchanged from 2012 at \$1,358,107. The proposed General Fund expenditure budget for 2013 is \$6,009,878 which is an increase of 7.47 percent over 2012. The tax levy to support the budget as proposed is \$5,993,974, an increase of 16.34 percent over the current year's levy.

The General Fund, as presented, provides for all currently authorized departmental positions and operations including the Swim Facility and Mass Transit. The budget accounts for the 1.00 percent pay increase effective July 1, 2012 and the 2.00 percent pay increase effective January 1, 2013. The Finance Director reported the proposed budget includes the Patrol Officer hired in 2012 and the maximum City Administrator pay and benefits. In response to a question the Finance Director will research if the unfilled Construction Inspector position was included in the budget. The Finance Director reported assumptions were made estimating an increase of 15 percent in health insurance and a 3.00 percent increase in all other insurances.

Council Member Freyberg asked the reason staff was requesting the Council review the proposed budget with special emphasis on the equipment requested. Finance Director Thorne reported this request was made since the purchase of large pieces of equipment has been deferred in recent years.

The Finance Director reviewed the General Fund revenues and expenditures by each fund and responded to questions. The Council asked the Finance Director to prepare a report on the expenditures in the Unallocated Fund.

The Finance Director reviewed the Auxiliary Fund revenues and the proposed debt service levy asking the Council to consider a debt service study be completed by outside sources. She reported she has scheduled \$10,000 in professional services to include this study and has spoken to a financial consultant about this study.

The Auxiliary Fund expenditures will be reviewed at a future Council Budget Workshop.

At 7:45 p.m. the Mayor requested a five-minute break prior to discussing the City Administrator position.

The Mayor reconvened the Council Workshop at 7:53.

**Other Business**

**Discussion of City Administrator Position**

The Mayor reported interviews have been completed for the top three candidates for the City Administrator position and a survey was taken of the Council and staff to gather input on their choice. He noted the Expanded Personnel Committee did not rank the candidates. He stated the purpose of this portion of tonight's workshop is to hold further discussion of the three top candidates.

Council Member Freyberg stated that in answer to his questions, all three candidates were operations managers versus finance managers. Considering the items that he highlighted in the recent Management Letter that was presented with the 2011 Comprehensive Annual Financial Report that have not been completed, he believes we need a City Administrator who is a finance manager.

Council Member Steiner stated he wants to be completely sold on the person who is hired for this important position and believes we should expand the search.

Council Member Schindle reported he has spoken to almost every department head and he would feel comfortable selecting a City Administrator from the list of candidates and believes one of the candidates would do a good job.

Mayor Dehen stated that all the candidates interviewed better during the Expanded Personnel Committee interviews.

Council Member Norland stated that two of the candidates talked about strategic planning and economic development work they had done. She stated she would not want to re-open the search because it would delay the hiring of a City Administrator by several months.

Council Member Schindle stated he believes staff is wearing thin and the Council needs to take action.

Council Member Freyberg stated he believes it is an injustice to staff to settle for second best and a shortage of staff does not justify making the wrong decision. He stated that the candidates could be kept on the list and the search should be expanded to find a candidate who can take staff and the community to the next level. He also stated that better marketing could be done to secure a pool of candidates who we have not reached and that it important to do what is best for the City of North Mankato and the staff.

Council Member Schindle reported he is not ready to make a decision. In response to his questions about the responses on the survey, Mayor Dehen stated that 18 responses were received, with 13 for one candidate and 5 for another candidate.

Mayor Dehen stated the Council has three choices: 1) Bring the top two candidates back for another interview; 2) Go forward and select a candidate for the City Administrator position; or 3) Do a new search. This item will be placed on the Council meeting of September 4, 2012.

Council Member Norland reiterated the qualities the Council is looking for in a candidate: financial background, good manager and leadership experience. She asked that the process not be delayed.

The Mayor asked that the three candidates be notified that the selection process has been deferred until the September 4, 2012 Council meeting.

There being no other business, the Council workshop adjourned at 8:10 p.m.

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Mayor

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City Clerk