

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 December 3, 2012. Mayor Dehen called the meeting to order at 6 p.m. The following were present for the meeting: Mayor Dehen, Council Members Freyberg, Steiner, Norland and Schindle, Interim Administrator Fischer, Engineer Malm, Finance Director Thorne and City Clerk Gehrke.

Review of Proposed 2013 Budget

The Finance Director presented a recap of the Levy Worksheet showing those items requested by departments and Council. The base levy is \$5,383,784 for 2013 for items considered necessary and critical including the health care insurance increase and the salary increases, but does not include replacement of the Construction Inspector. Also included in the base levy is the debt service for the Cliff Court and Roe Crest/Noretta Drive/Belgrade Hill improvements. She reported the equipment certificates do not have a levy impact in 2013 since bonds will not be sold until later in 2013. The potential levy impact for joining Greater Mankato Growth (GMG) is approximately 0.57%; however this amount will come from the Community Development Fund balance in 2013. These adjustments would reduce the preliminary tax levy from 7.00 percent to 4.50 percent.

Finance Director Thorne presented the projected debt service schedule information for both the Cliff Court Project and the Roe Crest/Noretta Drive/Belgrade Hill Project. Discussion was held regarding the assessment policy for improvement projects. Engineer Malm reported that he researched the most previous improvement project the City completed and assessment was based on footage of the property with a maximum for each lot assessed of \$4,500. The Council discussed the Cliff Court and Roe Crest/Noretta Drive/Old Belgrade Hill projects and indicated they were comfortable with doing both projects in 2013.

Finance Director Thorne presented the list of proposed items for a 2013 Equipment Certificate in the total amount of \$719,095 which includes the 2012 equipment authorized and proposed 2013 equipment. Council Member Schindle stated the Council should take a hard look at the bookmobile since Blue Earth County has eliminated funding and Nicollet County has cut funding for the bookmobile. He stated the bookmobile librarian could be moved into the library. He also stated that most senior facilities have libraries. Council Member Freyberg suggested taking a year off of bookmobile services and doing a needs assessment. He also noted that his grandchildren have all their books on a laptop computer and don't go to the library at school. Mayor Dehen instructed the Finance Director to move the bookmobile to 2014 on the Capital Improvement Plan and remove one-half of the bookmobile maintenance budget which is \$4,000. The Finance Director calculated this would reduce the proposed levy from 4.50 percent to 4.42 percent.

The Finance Director presented a recap of the Community Development Fund. Mayor Dehen spoke about the Greater Mankato Growth Regional Economic Development Agreement and the GIS system which would market the North Mankato properties available for development nation-wide. Council Member Steiner stated he is not in favor of becoming a partner with GMG. The Mayor reported the agreement calls for a three-year commitment with a 90-day notice to withdraw.

Council Member Schindle requested a breakdown of the miscellaneous line in the Community Development Fund. The Finance Director will provide this breakdown to the Council.

Financial Management/Utility Billing Software

Denny Kemp, IT Director, appeared before the Council and reported that information was received from the City's Financial Management/Utility Billing Software provider that they may be unable to support our version of that product within their operation. He reported of the many thousand of customers in this system, only a handful are currently using this system because most have migrated to an updated version. Mr. Kemp presented an estimated cost of replacement based on technologies of delivery available by our current provider and typically available for organizations of our size. He reported there are two types of services available: hosted service and owned service. The estimated total cost of ownership for the hosted service for a five-year period is \$264,000 and the total cost of ownership for the owned service for a five-year period is \$283,000. He reported that since North Mankato water meters are manually read by the residents, some special programming would be needed. In summary, Mr. Kemp reported he is not recommending a specific product but is providing a cost estimate for budgetary purposes. After some discussion, the Council requested the Finance Director add \$200,000 to the 2013 Equipment Certificates to provide for the update of the Financial Management/Utility Billing Software.

Other

In response to a question from Council Member Norland regarding the rate study for utilities, Finance Director Thorne reported that a debt service study was currently being conducted and the debt service study will be incorporated into the rate study.

There being no further business, the Council workshop was adjourned at 6:50 p.m.

Mayor

City Clerk