

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 16, 2013. Mayor Dehen called the meeting to order at 5:30 p.m. The following were present for the meeting: Mayor Dehen, Council Members Norland, Freyberg, Schindle and Steiner, Administrator Harrenstein, Finance Director Thorne, Engineer Malm and City Clerk Gehrke.

**Special Assessment Roll for CSAH 41/Carlson Drive/Howard Drive**

Engineer Malm presented a map and summary of current, deferred and future assessments for CSAH 41/Carlson Drive/Howard Drive Improvements which is complete and reported the next step is to certify the assessments. He reviewed the map outlining the sections which were improved and the parcels benefiting from the improvements. He reported the existing deferred assessments from previous projects which this area benefited have already been certified to Nicollet County. He presented the new deferred assessments and reviewed the amounts the City, County and Federal Aid contributed for this project. He explained that some parcels are immediately developable as a result of the improvements, while some parcels would require additional improvement to become fully developable. He reviewed the parcels which are not fully developable at this time along with the additional utility and roadway projects required to make them developable, which include future Lookout Drive utility extension, future Ringhofer Drive street and utility extension, and future Carlson Drive street and utility extension. Those projects would be done in the future as dictated by the proposed development of those parcels, and the parcels would be subject to future assessments associated with those projects. He reported that parcels to be assessed, including those which require future street and utility extensions to become fully developable, receive direct benefit from the extension of CSAH 41 and its connection to the TH 14/41 interchange. The parcels that are immediately developable receive benefit from the CSAH 41 extension in addition to the Carlson Drive and Howard Drive extensions. Engineer Malm reported that 227.92 acres benefit from the CSAH 41/Howard Drive/Carlson Drive project. Engineer Malm presented a copy of the Current, Deferred and Future Assessments for the project detailing the proposed assessments for each parcel. He reported that based on past land purchases and land sales in this area, property values have increased by \$30,000 per acre following construction of public improvements. For example, land has been purchased for \$20,000 per acre prior to the installation of public improvements and later sold at a price of \$50,000 per acre after public improvements have been installed. This supports an assessment of \$30,000 per acre for the proposed project since the law states that the assessment must not be greater than the increase in property value resulting from the improvements. He responded to questions from Council Members explaining that in this case deferred assessments mean that future improvements would need to be completed before the parcels are developable. He also explained that any properties outside the City limits will be deferred until annexed into the City. Engineer Malm also reviewed those properties that have prepaid the assessments. Council Member Freyberg asked what all is included in the assessment. Engineer Malm reported street, infrastructure, engineering and City costs associated with the right-of-way acquisition are included in the amount of the assessment. Council Member Freyberg asked if an Orderly Annexation Agreement is in place with Belgrade Township. An agreement is in place with Belgrade Township whereby the City pays the Belgrade Township taxes for a number of years after annexation. Engineer Malm reported that those costs cannot be included in the assessment as they are not related to the project. Council Member Freyberg spoke of policy regarding the sale of property to SCSC and asked if the City has a reversionary

clause since SCSC purchased the best 12 acres and is getting the property at net cost and the City, County and School District do not receive any taxes from this sale. He asked what is to prevent anyone from buying land for \$50,000 per acre and selling for \$75,000-80,000 per acre. He stated there should be criteria for employment numbers as part of the sale of property. Administrator Harrenstein stated a price differentiation could be used for non-primary buyers or if the buyer does not meet certain qualifications. Council Member Freyberg suggested that criteria be incorporated into the Economic Development Guidelines. Council Member Freyberg reported the reversionary clause should be included in any Development Agreement and that several municipalities do have reversionary clauses. He stated that qualifying businesses should be part of the sale of property and a Reversionary Clause should be part of the sale. The criteria for selling the property should be discussed in greater detail as part of the Economic Development Policy. Engineer Malm reported the necessary action is for the Council to approve preparing an Assessment Roll and setting an assessment hearing for 7 p.m. on Monday, October 7, 2013 for Project No. 10-01 ABCDEF. Mayor Dehen asked if the reversionary clause should be included as part of the assessment hearing; however, it was agreed that it would not be part of the assessment hearing.

### **Interfund Loan Resolution**

Administrator Harrenstein presented a draft resolution and reported this item was mentioned as part of the Introductory Letter of the 2014 Budget. It memorializes the debt service study and staff's recommendation for repayment. He reported the draft resolution authorizes interfund loans for costs of capital projects in connection with public projects. He also presented the payment plan for 1) Interfund Loans Outstanding Payable from the Debt Service Funds to the General Fund; 2) Interfund Loans Outstanding Payable from the Debt Service Funds to the Water Fund. He reported that payments will not be made in a lesser amount, but may be made in a greater amount if funds are available; and 3) Interfund Loans Outstanding Payable from the Debt Service Funds to the Sewer Fund. After review by the Council, it was agreed this draft resolution will be placed on the October 7, 2013 Council agenda for consideration.

### **Budget Reserve Policy**

Administrator Harrenstein reported this item was mentioned in the Introductory Letter to the 2014 Budget. It is presented tonight for Council feedback. He reported Section One: Objectives outline the policy to maintain prudent reserve amounts in City funds in order to maintain working capital, fund capital asset replacement and fund debt retirements; Section Two: Scope covers reserves to maintain working capital, fund capital asset replacement and debt retirement for the following City funds: General Fund, Debt Service Fund, Water Fund and Wastewater Fund; Section Three: Definitions describe the funds and reserve target; Section Four: Provisions outline the reserve categories and policy calculations for each reserve category; and Section Five: Procedures outline the preparation of status reports and submission of a recovery plan if funds should fall below the minimum Reserve Target. The Administrator noted that General Fund reserve amounts in excess of 30% of the budgeted annual General Fund expenditures are one-time revenue only for capital purchases and studies, capital projects through transfers to the Capital Improvement Fund and other City funds, increasing reserve amounts to the appropriate level for that fund, to offset the impact of economic downturns on a short-term basis (1-2 fiscal years), and to accomplish community priorities deemed necessary by

the Governing Body. Mayor Dehen congratulated the City Administrator and Finance Director for addressing the issues that were listed in the CAFR. This policy will allow the City to maintain a reserve in the City's Bond & Interest Fund between 5-10 percent of the annual principal and interest amounts due on outstanding bonds and temporary notes. In response to Council questions, the Administrator reported that several funds currently have the required reserve fund balance. He reported the S&P will credit the balance in the Equipment Reserve Fund to cash reserves and that the interior recoating of the water tower would be funded with cash. The Administrator reported that rate increases would not be used for a new well but would require an additional rate increase for this project. The Council agreed this item should be placed on the October 7, 2013 Council agenda for consideration.

### **Bookmobile**

The Administrator reported the library has received a \$15,000 grant from the Carl and Verna Schmidt Foundation to be used toward replacement of the bookmobile. The anticipated cost of a new/used bookmobile would range from \$45,000-\$60,000. He presented this information since there are varying opinions on the Council about funding the bookmobile, whether there would be other technical ways to provide these services and whether these dollars should be used for other items such as replacing squad cars, other capital improvements or improving Benson Park and trails. He asked for Council direction prior to sending the Library out fundraising for the balance of the cost of a replacement bookmobile if the Council doesn't plan to fund the \$70,000-80,000 to operate the bookmobile annually. The question for the Council is would you like the Library to fundraise for a bookmobile or would you like to transition and use the dollars elsewhere. The Mayor thanked the Library Director for obtaining the grant.

Council Member Norland reported that the use of the funds could be extended for another year. Lucy reported it is possible to get funding for a one-time expense but it is nearly impossible to get funding for annual expenses. The Administrator reported that annually the cost is \$71,000 in 2013 and anticipated to raise to \$80,000 within the next five years. The Administrator reported the likelihood of Nicollet County funding above the current amount is not good. Council Member Steiner reported the grant fund states the money should be expended within one year which would be May 16, 2014. In response to a question from Council Member Spears, the Administrator reported he is not proposing to spend any money on a bookmobile.

Mayor Dehen asked about the Council's tolerance of spending \$70,000-\$80,000 each year for operation of the bookmobile when those dollars could be spent on other items. The Mayor reported his concern is that given the current technology, is \$70,000-\$80,000 spent each year on the operation of a bookmobile a good use of dollars. The Library Director reported the bookmobile serves senior centers, those with no other way of getting out, kids in daycares who are reading picture books, providing additional materials for daycares which are home daycares with the exception of Golden Heart. Council Member Norland expressed her support of the bookmobile and the number of residents that she hears from in support of it stating it is a service we should be proud of. Council Member Norland reported she has been doing research on technology and the first research shows that we learn much differently from a book than a screen and that you don't learn as deeply from the screen. The Library Director stated there is a mishmash with several different uses of the library, with people on the technology end and others

that the bookmobile is their only opportunity. Council Member Spears stated that for the number of people served, the bookmobile is a feel-good thing, people find ways to meet their needs, there are other ways to get books, he thinks in this age for the number of people served it is not a legitimate use. He stated the City should be doing Tier I activities such as the basic – streets and then Tier 2 activities – parks and there are things the City should not be involved in. If government does this stuff no one else steps forward. Council Member Freyberg stated that the bookmobile is an investment in the next generation of kids. Council Member Steiner stated it is also paying back seniors for what they have done. Mayor Dehen stated this is not an action item. In response to the question regarding the Library fundraising for the balance of the dollars needed for a new/used bookmobile, Mayor Dehen stated his support for fundraising but only in the form of grants. Staff should report back to Council when we need to consider buying a bookmobile. Mayor Dehen suggested this item be referred to the 2015 Budget discussions.

Administrator Harrenstein presented a schedule for the Comprehensive Plan.

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

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Mayor

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City Clerk