

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Municipal Building Council Chambers on September 8, 2015. Mayor Dehen called the meeting to order at 6:00 p.m. The following were present for the meeting: Mayor Dehen, Council Members Steiner, Norland, Freyberg and Spears, Administrator Harrenstein, Finance Director Thorne and City Clerk Van Genderen.

2016-2020 Capital Improvement Plan

Administrator Harrenstein stated the 2016-2020 Capital Improvement Plan (CIP) continues to operate within the approximately \$1.5 million expected to be collected with the debt service levy. He indicated a major addition was the inclusion of roughly \$2.5 million in potential borrowing in Sales Tax funds for a possible indoor Caswell Park expansion. Administrator Harrenstein stated the CIP maintains a flat tax levy and anticipates borrowing of \$1.5 million in General Obligation funds (G.O.) a year except in 2017, when the City will rely on the G.O. borrowing in 2016 to cover the next 24 months. The proposed 2016 Budget anticipates a Roe Crest Drive rehabilitation and the replacement of the 33 year old ladder fire truck. Administrator Harrenstein indicated that in 2015, with the growth in tax base, the City did not increase borrowing, rather it increased cash funding for streets, parks and capital replacement. Instead of borrowing, the City is using discretionary cash funds in an attempt to insulate the City from potential economic struggles.

Finance Director Thorne stated the 2016-2020 CIP estimates an additional \$2.855 million dollars of spending compared to the previous CIP. The 2015-2019 CIP estimated \$11.151 million while the 2016-2020 estimates \$14.006 million. Finance Director Thorne indicated the increase was due to increased spending of \$615,000 for pavement management, an increase of \$455,000 in park improvements, an increase in equipment replacement of \$65,000 and \$2.5 million for a Caswell Park expansion. Finance Director Thorne reported the planned projects for 2016 included continued use of the Pavement Management Plan, Park improvements, equipment replacement, a Roe Crest Rehabilitation, a 75' Ladder Fire Truck and projects under consideration include a Ringhofer Drive Extension and an Indoor Athletic Facility at Caswell.

Finance Director Thorne reviewed the changes between the 2015-2019 CIP and the 2016-2020 CIP. She indicated increases in the General Fund due to increased spending in the Street and Park. The Water Fund saw a decrease of \$70,000 and the Sewer Fund included an increase of approximately \$73,000. Finance Director Thorne reviewed the changes in the Capital Facilities Fund including a pool filter for the Spring Lake Park Swim Facility for \$90,000 in 2016 and a Police Taser for \$20,000 in 2016. Council Member Spears requested clarification on the cost of the Police Taser. Finance Director Thorne indicated it was a system. Director Thorne stated the \$2.5 million Caswell Park Expansion was added in 2017 for discussion.

Finance Director Thorne reviewed the 2015 CIP projects that were initiated or completed including a financial computer system upgrade planned to be completed in October, downtown parking, the replacement of 3 parks trucks, 1 street truck and 1 mower, Highway 14 Trail from LorRay Drive to Lake Street, West Carlson Drive Extension, Lookout Drive roundabout and rehabilitation and the completion of the 2015 Bituminous Street improvement plan. Finance Director Thorne indicated items not initiated included Police Department Interior updates, the Fire SCBA masks were moved to 2016 and the Community Development Software and laptops are estimated to be completed in January of 2016. Administrator Harrenstein indicated this may be a good time to review the processes for building permits and inspection.

Council Member Spears requested information on the Street Department expansion. Administrator Harrenstein indicated the expansion should not have been included but it is on the future list for repairs and improvement. The list includes a trail up Lookout Drive and a library expansion but currently the City is looking at an expansion of Caswell Park and infrastructure improvements. Council Member Spears stated the inclusion of Caswell Park was concerning because the sales tax has not been authorized. He indicated a trail down Lookout Drive would be beneficial to more people than an indoor Caswell expansion. Council Member Spears stated the flat tax levy was good but the City should consider decreasing taxes rather than capturing the growth. Council Member Freyberg indicated the Caswell expansion should remain in the CIP because it is a part of the City's plan. Mayor Dehen stated the CIP was a well presented plan with the goal to live within the City's means.

Administrator Harrenstein provided an update on the proposed 2016 Budget. He indicated the anticipated work on Roe Crest from Lee Boulevard to Marie Lane has changed from a reconstruction to a rehabilitation. The recommendation is to potentially allow additional use of G.O. funds for additional growth in the Industrial Park or obligate a portion of voter approved funds for the potential Caswell expansion. Administrator Harrenstein reported health insurance did not increase the anticipated 8% rather it decreased 1.6% for a savings of approximately \$40,000 in the General Fund. Administrator Harrenstein reported the City should be capable of not increasing the water and sewer rates in 2016, but due to rate changes in process in Mankato the City of North Mankato will need to evaluate rates. Administrator Harrenstein stated the tax valuation increased and the City is anticipating an additional \$20,000 to \$25,000 in taxes.

There being no further business, the Council Workshop was adjourned at 6:45 p.m.

Mayor

City Clerk