

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on August 29, 2022. Mayor Dehen called the meeting to order at 1:00 pm. The following were present for roll call: Council Members Steiner, Norland, Oachs, City Administrator McCann, Public Works Director Host, Interim Finance Director Ryan, and City Clerk Van Genderen. Absent: Council Member Whitlock.

West Central Sanitation

Public Works Director Host introduced Don Williamson and Ray Sweetman from West Central Sanitation. He indicated West Central had experienced rising costs, and they have come up with a possible cost-saving solution and will present their ideas.

Don Williamson thanked the Council for the opportunity to speak. He noted that the company experienced a loss of qualified drivers and increased costs. The company had ordered ten new trucks, but all ten trucks were canceled. These are a few issues facing West Central, and the contract with North Mankato limits the amount they can increase the costs. Ray Sweetman stated that the company is looking for alternative methods to cut costs due to the continued rising costs. West Central is requesting to increase the hours of operation: from 6 am to 6 pm to 4 am to 6 pm. Currently, most routes are completed by 4 pm, and they also anticipate completion of the new routes by 4 pm. Along with the earlier start time, the proposed service dates would go from Tuesday-Friday to Tuesday, Wednesday and Friday. There would be a shifting of the routes to complete pickup within three days. Mr. Sweetman noted that a list of all affected residents would be created, and they would be notified of the day/schedule change. A new service map would also be created. He stated the estimated change time would be 4-6 weeks. Mr. Sweetman noted there would be complaints for a few weeks due to the changes but estimated the issues would be resolved within two to four weeks. West Central would have dedicated staff who would be managing the problems. Mr. Sweetman also noted that West Central had completed the change in several communities with few issues or complaints. West Central is in the planning stages with Mankato on making changes to fewer pickup days and increased hours.

Council Member Oachs thanked the company for being creative at keeping staff and working at reducing costs. She asked if they had an anticipated start date if the change was approved. Mr. Sweetman stated mid-October to early November if everything proceeds.

Mayor Dehen asked if Mankato had a transfer date to the new system. Mr. Sweetman stated not yet; they are working on the plan.

Mayor Dehen questioned if the early start was an issue, specifically about winter plowing. Mr. Sweetman stated it usually takes 4-6 weeks before residents remember the changes. He said West Central already manages issues with plowing by being flexible during storms.

Public Works Director Host requested clarification on if Mankato made the switch and North Mankato did not. Mr. Sweetman stated they would need to return to the drawing board to determine cost reductions.

City Administrator McCann requested clarification on if the change would be permanent. Mr. Sweetman stated that it would be up to the City in many ways. If the City wants to change to a different schedule, the costs will need to be factored into the change.

Mayor Dehen asked Council if there was a consensus to review an amendment to the contract during a Council Meeting with the change in days of service and hours of service. All Council Members agreed to look at the proposal at a Council Meeting.

Budget Work Session: Tax History & Distribution, Relevant Strategic Plans, and Proposed 2023 Tax Levy

City Administrator McCann reported that staff has been working on the 2023 budget and reviewed community statistics. He said that the community's taxable market value (TMV) is estimated at nearly \$1.5 billion for 2023, which is a \$200 million increase or about a 16% increase between 2022 and 2023 in new growth. The total city tax capacity increased by an estimated \$2.5 million between 2022 and 2023. Staff is proposing a 2023 tax levy estimated at \$7.7 million, which is a 7.7% increase and amounts to approximately \$546,000 in new revenue for the City. New construction makes up 1.45% of the 16% TMV increase. The estimated tax rate is 44.084%, a 3.75 percentage point reduction from 2022.

Mayor Dehen commented that the continued decreased tax rate is an essential goal for North Mankato residents.

City Administrator McCann reviewed the five tax classifications for 2023, with residential and homesteaded properties being 77% of the parcels. Commercial and industrial properties, which average \$7,722 per parcel, make up 5% of the parcels.

City Administrator McCann reviewed the top ten Taxable Market Value properties with a total value of \$69,368,600. The top ten entities paying the most city taxes pay 7.73% of the total tax revenue of \$564,907 in 2022. City Administrator McCann mentioned the numbers would change slightly as staff would be removing Blue Star from the list as the TIF District is still operational. The top ten residential homes in 2022 paid \$46,576 in City taxes.

City Administrator McCann reported that the estimated TMV in 2023 is \$1,484,186,195 and noted that the TMV increased from \$975 million in 2017 to \$1.48 billion in 2023. He reported the North Mankato proposed Tax Levy is \$7,669,360 when compared to comparable cities, showing North Mankato in a good position with Willmar, Mankato, Faribault, Buffalo, Marshall, Hutchinson, New Ulm, and Belle Plain with higher tax levies and Eagle Lake, Saint Peter, Fairmont, and Waseca with lower tax levies.

City Administrator McCann reported that the proposed tax rate in 2023 would be 44.084% which is about ten percentage points lower than 2013's 54.57%. The City Council has consistently worked to reduce the tax rate.

City Administrator McCann reviewed the 2022 utility rates for comparable cities, noting that only Faribault has a lower utility rate.

City Administrator McCann reviewed several parcels throughout the City and stated that the increased City taxes varied by parcel valuation and changes in market value for each parcel.

Mayor Dehen commented that it is good that the City continues to keep utility rates lower than the City's peers. City Administrator McCann reported that the City might need to increase the solid waste rates to help manage costs associated with the Spring and Fall clean up and rising transportation costs.

City Administrator McCann presented four 2023 Levy Options. Option 1 would capture only new growth, and the City would need to consider cuts in planned projects. Option 2 would have a 7.67% levy increase. The additional funds would include one new police officer, repairs for the All-Season Arena, wage increases, and additional transit agreement costs. Option 3 would be a 10.4% levy increase with room for two additional officers and increased funding for parks and streets. Option 4 would be a flat tax rate which would include funds to reduce debt issuance and funds for additional street work. Council Members held a discussion and agreed to work with scenarios 2, 3, and 4 during the further budget discussion. City Administrator McCann reported that the Council would need to set the preliminary levy at the September 19, 2022, Council Meeting. The council could decrease the levy but would not be able to increase the levy.

Council Member Norland moved, seconded by Council Member Oachs, to adjourn the Council Work Session at 1:47 pm.

Mayor

City Clerk