

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 5, 2017. Mayor Dehen called the meeting to order at 6:00 p.m. The following were present for roll call: Mayor Dehen, Council Members Norland, Whitlock, and Steiner, City Administrator Harrenstein, Finance Director McCann and City Clerk Van Genderen. Absent: Council Member Freyberg.

Discussion of 2018 Proposed Budget

Finance Director McCann presented a PowerPoint on the 2018 Proposed Budget. He noted that North Mankato is growing with the new construction accounting for 13 million or 20% of the growth in the tax base. The City anticipates maintaining the tax rate and capturing \$200,000 in new taxes. Finance Director McCann reported the revenue would remain flat while expecting \$20,000 more in rental licensing fees based on raising the fees for a rental unit from \$30.00 to \$45.00 as recommended by the Rental Density Advisory Group. The City anticipates a decrease in Franchise fees by approximately \$20,000 due to more people moving to web based viewing. Caswell is being moved to a new fund, and the anticipated revenue of \$153,000 will be moved to the Caswell Fund. Additionally, the CCTV fund will be closed and moved to the General Fund. Finance Director McCann reported expenditures would remain flat with an increase in pay and benefits due to the new streets employee coming onto the payroll and some additional wage adjustments based on pay analysis. Capital outlay decreases of \$462,000 with the 2018 project yet to be determined. Debt service decreased by \$333,000 due to paying off debt and no principle payment in 2018 on the 2010C Bond it does ramp up again in 2019. Agreements with Mankato for wastewater treatment and flood station increasing by \$162,000. Finance Director McCann reported all funds are meeting the budget reserve policy established by the City Council. City staff is proposing a storm water rate increase.

Finance Director McCann reviewed how the tax base is established, the impact on homes and comparable city tax rates. He reviewed a home that was valued at \$250,000 in 2013 which now has a value of over \$320,000. The estimated taxes in 2018 are \$1600.00 with a total increase from 2017 of \$61.00.

Finance Director McCann reported the City has 58.75 full-time employees and is anticipating a merit increase of between 2.75% and 3% for employees. The City has also received notice of an 11% increase in health insurance for 2018.

Finance Director McCann stated an overall decrease in expenditures of \$38,000. He reviewed the General Fund in more detail noting a proposed increase in Council pay. City Administrator Harrenstein indicated staff was recommending a pay raise as it has been many years since the last Council pay raise and Council members have taken on additional committees and commitments. Increases were anticipated in the Police department for negotiated raises and new vests. The Fire Department projected increases in technology expenses and physicals. The Street Department anticipates the addition of the new full-time employee that was approved in 2017, additional costs associated with the sidewalk replacement plan and engineering fees. The Swim Facility predicts an 8% increase due to the proposed changes to the swim facility and projected cost increase due to the contract with the YMCA to manage the facility. The Parks department expects an increase in part time labor to assist with a back log in tree removal and continued park services. The Library expects an increase in technology expenses and labor; while the bookmobile needs to replace a dying generator which will cost approximately \$14,000. Overall decreases in General Fund expenditures balanced increases in expenditures. Finance Director McCann reported that revenue decreases were offset by revenue increases.

Finance Director McCann reviewed the proposed Storm Water Fund Increases. Noting monthly charge for single family residential and commercial under 10,000 square feet would increase

by \$0.50, and the commercial over 10,001 square feet would increase from \$0.325 to \$0.60 per 1,000 square feet. He noted that even with the rate increase the City of North Mankato's utility rates remains one of the lowest in the region.

Finance Director McCann reviewed the Economic Development Funds noting minor changes in the TIF Funds while noting City staff proposes using the Local Revolving Loan Fund to fund the Northside Revivals program which will provide grants for residents to rehabilitate homes. City Administrator Harrenstein noted the Council had earlier received a presentation on the proposed program and Council was now being asked to fund the program. This would be a loan fund, and the funds would be repaid. Mayor Dehen requested additional information on the TIF district expiration dates. Administrator Harrenstein reported the dates the TIFs would be expiring including National Dentex which will decertify in 2018, LJP in 2020, three additional TIFs in 2021 and D&K Powder Coating in 2025.

Finance Director McCann stated the 2018 budget reflects the priorities identified in the strategic plan. Funding for Public Safety, Streets and Parks align with the Council's strategic plan and the public's priorities.

There being no further business, on a motion by Council Member Steiner, seconded by Council Member Norland, the meeting adjourned at 6:50 p.m.

Mayor

City Clerk