

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on July 16, 2018. Mayor Dehen called the meeting to order at 7:00 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for the meeting: Council Members Steiner, Norland, Freyberg, and Whitlock, Mayor Dehen, City Administrator Harrenstein, Finance Director McCann, Attorney Kennedy, Community Development Director Fischer, City Engineer Sarff and City Clerk Van Genderen.

Approval of Agenda

Council Member Steiner moved, seconded by Council Member Freyberg, to approve the agenda as presented. Vote on the motion: Steiner, Norland, Freyberg, Whitlock, and Dehen aye; no nays. Motion carried.

Approval of Minutes

Council Member Freyberg moved, seconded by Council Member Norland, to approve the minutes of the Council meeting of July 2, 2018. Vote on the motion: Steiner, Norland, Freyberg, Whitlock, and Dehen aye; no nays. Motion carried.

Consent Agenda

Council Member Norland moved, seconded by Council Member Steiner, to approve the Consent Agenda which included:

- A. Bills and Appropriations.
- B. Res. No. 61-18 Approving Donations/Contributions/Grants.
- C. Set Fall Drop-Off Dates for October 12-14, 2018.
- D. Approve Large Group Permit for the Greater North Kato Cook-Off on August 18, 2018, at 232 Belgrade Avenue from 8:00 a.m. to 1:00 a.m.
- E. Res. No. 62-18 Rescinding Resolution No. 60-17 and calling for a public Hearing on Proposed Property Tax Abatements for the Spring Lake Park Improvements Project.
- F. Approve Park and Audio Permit for Civic and Commerce Picnic on August 16, 2018, at Spring Lake Shelter #1, Audio from 3 pm to 9 pm.
- G. Approve Audio Permit for Blues on Belgrade on July 28, 2018, from noon to 11:00 p.m.

Vote on the motion: Steiner, Norland, Freyberg, Whitlock, and Dehen aye; no nays. Motion carried.

Public Comments Concerning Business Items on the Agenda

Stefanie Jaquette, 509 Wheeler Avenue, appeared before Council and stated items B & C on the Business Items were discussed at the Planning Commission and she did not believe the Planning Commission had made recommendations. Ms. Jaquette stated she believed short term rentals should not be counted as part of the rental density cap. Ms. Jaquette indicated the rental inspections should be better organized.

Business Items

Accepted the 2017 Comprehensive Annual Financial Report (CAFR).

Kyle Meyers from Abdo, Eick, & Meyers, appeared before Council and presented their findings on the 2017 North Mankato Audit. Mr. Meyers reported the Audit Opinion was clean or unmodified and the City has complied with prior year findings to insure Uniform Guidance written policies and procedures were established. He did note the City has received the GFOA Certification for the 2016 audit making it 30 years in a row.

Mr. Meyers noted the City's total net position increased by \$2,685,369 as compared to a decrease of \$768,990 in the previous year. The governmental activities revenues increased by \$1,040,128 due to an increase in property tax revenue, Tax Increment increases, Franchise tax collection increase, increased grants and contributions and the sale of the Timm Farm property to Blue Star and Palmer Bus and the land sale to O'Brien properties. Mr. Meyers stated governmental activity expenses decreased by \$1,942,441 due to the removal of various properties in 2016, public safety expenses decreased due to GASB 68, Public Works expenses increased due to various repair and maintenance items. Business-type activities revenue increased by \$661,018 due to the increased collection from water and sewer rate because of rate increases in 2017. The City's total debt decreased by \$5,156,179 during the year due to regularly scheduled debt payments. There were no debt issuances in 2017.

Mr. Meyers reported the General Fund Balance for the City of North Mankato was at 50.9% which meets the State Auditors recommendation for fund balance reserve. Mr. Meyers noted the General Fund Operations had variances. Some of the larger variances included; tax revenue over budget due to under budgeting of franchise fees and other taxes, licenses and permits revenue was over budget due to increased rental housing license rates and additional permits, intergovernmental revenue was over budget due to increases in police and fire aids, Public Works expenditures were under budget due to less street maintenance than anticipated, culture and recreation expenditures were over budget attributable to increased activity at the library, Caswell Park and other parks which was partially offset with additional revenue, transfers out were over budget due to contributions to the 2016 Construction fund to finance the municipal building improvement cost overruns. Council Member Freyberg requested clarification on the significant increase in Capital Outlay from approximately \$314,000 to approximately \$767,000. City Administrator Harrenstein stated the cost was related to HVAC system in the Police Annex, the ice rinks at Spring Lake Park, the pavement management plan and the work on the swim facility. He noted most of those items were in the budget and with continued projects he did not anticipate the outlay to decrease.

Mr. Meyers reviewed the Debt Service Fund noting several outstanding bonds would be coming off in 2019. He noted the debt service decrease anticipated in 2019 does not reflect any borrowing in 2018.

Mr. Meyers reviewed the Capital Projects Funds indicating the City should analyze project's status each year and close those that are completed. The 2015 Construction fund deficit was caused by the State advancing Municipal State Aid Funds for Streets that were received in cash by the City in 2015 and 2016 but will not be recognized as revenue until available in future years.

Mr. Meyers reviewed the Water Utility Fund, Sewer Utility Fund, Sanitary Collection Fund, Storm Water Fund, and the Solid Waste Fund. City Administrator Harrenstein noted the Solid Waste Fund Cash balance was low, but the City has accepted a low cash balance because it is a contracted service. The City Council could consider setting a fund balance during the budgeting process. Mr. Meyers recommended the City continue to review utility rates annually and determine if increases are required.

Council Member Freyberg thanked Finance Director McCann and City Administrator Harrenstein for the work in improving the financial status of the City. Finance Director McCann thanked Mr. Meyers and his team for their work on the audit. **Council Member Steiner moved, seconded by Council Member Freyberg to accept the 2017 Comprehensive Annual Financial Report. Vote on the motion: Steiner, Norland, Freyberg, Whitlock, and Dehen aye; no nays. Motion carried.**

Consider Request to Amend City Code Chapter 156 and Accepting the Planning Commission's Recommendations.

Community Development Director Fischer reported the request was to amend City Code Chapter 156 pertaining to fencing for in-ground swimming pools. He noted the applicant had supplied the information in Exhibit A. The current City Code states in all residential zoning districts, in-ground swimming pools are a permitted accessory use provided the pool is surrounded by a 6-foot high fence. The applicant Bryan Sowers, 23 Kelly Court, would like to change the code to say: In-ground private swimming pool or similar recreational facilities when completely enclosed within a suitable fence at least 6 feet in height or, to have an ASTM certified automatic pool cover installed over the entire surface of the in-ground pool.

Community Development Director Fischer noted the Planning Commission held considerable discussion concerning the safety, mechanism concerns for neighbors, energy savings and inspections. The Planning Commission did recommend the changes and if the City Council approved of the changes a Public Hearing would be set. City Administrator Harrenstein requested clarification on if those in higher density R-3 or R-4 Zoning District would have the option. City Attorney Kennedy noted the Planning Commission did not specifically discuss higher density areas. Community Development Director Fischer commented that single family homes also exist in R-3 and R-4 Zoning Districts. Mayor Dehen commented there may be concerns when the pool is used by multiple families concerning who would be responsible for ensuring the cover was closed. Brian Sowers appeared before Council and reported the ASTM pool covers are designed for residential application and not commercial application which would be possible in an R-3 or R-4. He stated the pool covers have been found to be better safety mechanisms than fences. Attorney Kennedy suggested including in the code a defined square footage as a maximum area that can be covered by an ASTM pool cover. Council Member Freyberg expressed concerns about going from a permanent defined structure to relying on residents to remember to close their pool covers. Council Member Norland advocated requiring both. Mr. Sowers noted the pool cover is more expensive than a fence and since 2015 most pool deaths occurred in fenced pools, not pools with covers. Mayor Dehen requested staff review language concerning residential and commercial properties. City Administrator Harrenstein stated staff would draft code differentiating between commercial and non-commercial classification and submit to Council before setting a public hearing.

Consider Short-Term Rental Ordinance and Accepting the Planning Commission's Recommendations.

Community Development Director Fischer reported the Planning Commission did not make a recommendation on the proposed Ordinance. He stated City staff brought the Ordinance forward after discovering several Airbnb's in North Mankato. Currently, City Code does not have language to manage short-term rental's and the City would like to recognize and inspect the rentals. At the Planning Commission concerns were discussed about the proposed use of a Conditional Use Permit (CUP), the use of a CUP would require that neighbors are made aware of the properties use. Community Development Director Fischer stated a consensus was not reached concerning the proposed use of the CUP, with some advocating for a separate license and discussion on how this would impact neighborhoods with rental density limits. Discussion was also held about owner involvement with the Airbnb's including absentee owners. The Planning Commission requested staff provide additional information. Mayor Dehen requested clarification on how other communities manage Airbnb's. Community Development Director Fischer stated there is a wide variety of ways including a permit with no restrictions, a permit with restrictions, and no permits. He stated staff did reach out to owners of North Mankato Airbnb's and received one comment which Council can review. City Attorney Kennedy stated some of the Planning Commission members were concerned about the cost for the CUP which is \$400.00. There was confusion if the Airbnb's would be counted as a rental

with concerns about the rental density cap. City Administrator Harrenstein stated the Planning Commission and staff will continue to work on the project. Council Member Norland noted there were still many questions. City Administrator Harrenstein stated a CUP would guarantee neighbors would automatically be notified. Attorney Kennedy requested clarification on the frequency of inspections. Community Development Director Fischer indicated a process has been implemented and the Fire Department volunteers are systematically completing inspections, but there is a learning curve as they are finding many problems requiring coordination with the owners and inspections department to ensure everything is brought to code.

Review Draft of Commerce Drive Redevelopment Plan Chapter VII.

Bolton & Menk Engineer Matt Lassonde appeared before Council and reviewed the draft of Commerce Drive Redevelopment Plan Chapter VII and the survey results. The design chapter included a review of the buildings, with participants noting a lack of cohesive designs and an auto oriented development. Potential improvements to building design was discussed possibly using a Redevelopment Deferred Loan Program similar to what was utilized during the Belgrade Avenue Master Plan process. Mr. Lassonde also reviewed the streetscape which was considered congested with narrow sidewalks and lack of amenities including benches or trees. Proposed possible improvements included branding with banners or wayfinding, street beautification including planters, trees and public art, enhanced infrastructure such as wider sidewalks and possibly a mid-block crossing and public gathering space such as seating areas. Mr. Lassonde reviewed the survey results with 650 respondents with many respondents interested in additional restaurants, retail variety, grocery stores and enhanced safety and beautification. He indicated the next steps in the process would include providing a long term vision for redevelopment of the area and bringing specific options for specific properties, reaching out to stakeholders and continued work on the design. City Administrator Harrenstein noted the engineering team would present the final appendices in September and begin open houses in October. Discussion was held concerning the need for finalized design guidelines for the scheduled federally funded 2020 resurface. City Engineer Sarff reviewed the information that will need to be ready by early January including a discussion on pedestrian enhancements which would include a multi-use trail and a mid-block crossing. Additional discussion was held concerning realigning access points to maintain accessibility while improving safety.

Solar Garden Subscription Agreement

Council Member Norland moved, seconded by Council Member Steiner to approve the Solar Garden Subscription Agreement. Vote on the motion: Steiner, Norland, Whitlock, and Dehen aye; Freyberg nay. Motion carried.

Open Forum

Barb Church, 102 Wheeler Avenue, appeared before Council and thanked the Police and Public Works Departments for the assistance following a Storm Water Main collapse. She thanked staff and Council for listening to the meter read survey results commenting older technology prices often do not increase. Ms. Church stated if the residents pay for the meters they should own the meter, not the City.

Stefanie Jaquette, 509 Wheeler Avenue, appeared before Council and stated she believed the City should have done a better job of informing residents about the sewer that was discharged into Spring Lake Park after the sewer main collapsed.

City Administrator and Staff Comments

None.

Mayor and Council Comments

Council Member Whitlock commented the Blues on Belgrade will be on July 28, 2018.

Council Member Steiner stated the public should be informed.

City Administrator Harrenstein stated the City has not received notice from the MPCA that the water at Spring Lake Pond is harmful to residents. The City did post notification around Spring Lake Pond immediately following the incident as a precaution. He stated the City provided a press release to all media outlets and informed citizens that were affected by backup to bring everything out to the curb for curbside pickup. City Administrator Harrenstein noted City crews responded quickly to the incident to minimize damage to resident homes. While it was a large release it is definitely not the only release of sewage into the river in 2018, with 80 discharges this year around the State of Minnesota.

Mayor Dehen stated when the sinkhole was discovered there was discussion about requesting residents to reduce water usage, and it was determined that if consumption was decreased the concentration of effluent would increase. While 4.6 million is a large volume the concentration of effluent was kept low. Mayor Dehen stated staff salvaged most of lower North, unfortunately approximately 25 homes experienced backup, but staff did an admirable job preventing additional property damage. Staff contained the issue within 24 to 48 hours. He commented that considering what happened it was as good of a result as the City could have hoped for considering the age of the infrastructure. City staff did a great job.

Mayor Dehen commented that River Ramble will be October 7, 2018.

City Administrator Harrenstein welcomed the new Public Works Director Nate Host who began his duties on July 16, 2018.

There being no further business, on a motion by Council Member Norland, seconded by Council Member Steiner, the meeting was adjourned at 8:58 p.m.

Mayor

City Clerk