

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 6, 2020. City Administrator Harrenstein on March 31, 2020, under MN Statute Section 13D.021, declared the use of electronic meetings due to the COVID-19 pandemic. Mayor Dehen called the meeting to order at 7:00 pm, asking that everyone join in the Pledge of Allegiance. The following were present remotely through Zoom for roll call: Council Members Oachs, Whitlock, Steiner, City Attorney Kennedy, Finance Director McCann, Community Development Director Fischer, Public Works Director Host, and City Clerk Van Genderen, present in the Council Chambers for roll call: Council Member Norland, Mayor Dehen, and City Administrator Harrenstein. Citizen participation was available through teleconference and live stream of the meeting.

Approval of Agenda

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

Approval Council Minutes from the June 15, 2020, Council Meeting.

Council Member Steiner moved, seconded by Council Member Norland, to approve the minutes of the Council meeting of June 15, 2020. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.

Consent Agenda

Council Member Norland moved, seconded by Council Member Steiner, to approve the Consent Agenda.

- A. Bills and Appropriations.
- B. Res. No. 55-20 Approving Donations/Contributions/Grants.
- C. Approved Audio Permit for Spinners Bar & Grill for July 11, 2020, from 4:00 pm until 10:00 pm at 301 Belgrade Avenue.
- D. Approved Soft Drink License for Mankato Hospitality TN LLC, DBA Taco Johns.
- E. Res. No. 56-20 Approving Consent Assessment Agreement-2039 Roe Crest Drive.
- F. Set Public Hearing for 7:00 pm August 17, 2020, to Annex 5 Acres into the City of North Mankato.

Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; Oachs abstain. No nays. Motion carried.

Public Comments Concerning Business Items on the Agenda

None.

Business Items

Res. No. 57-20 Declaring Cost to be Assessed, and Ordering Preparation of Proposed Assessment Project No. 20-03 ABCDEF Countryside Drive Street and Utility Improvement Project.

City Engineer Sarff reported bids were received and opened on Tuesday, June 30th at 11:00 am for the Countryside Drive Street and Utility Improvement Project. Nine bids were received, and the results are below:

Bidder	Bid Amount
Holtmeier Construction, Inc.	\$1,077,590.24

W.W. Blacktopping, Inc.	\$1,179,271.85
W. Lorentz & Sons Construction, Inc.	\$1,194,271.94
OMG Midwest, Inc. (MN Paving & Materials)	\$1,309,458.80
R & R Excavating, Inc.	\$1,359,854.22
Ryan Contracting Co.	\$1,379,463.75
GM Contracting, Inc.	\$1,393,028.37
Heselton Construction, LLC	\$1,482,288.25
Kuechle Underground, Inc.	\$1,490,726.95
Engineer’s Estimate	\$1,355,956

The low bid was submitted by Holtmeier Construction and was 21% below the engineer’s estimate and 9% below the next low bid. The recommendation is to accept the bid from Holtmeier Construction.

City Engineer Sarff reported that according to the City’s standard process for projects involving special assessments, an assessment hearing would be held before awarding the contract for the project. The assessment hearing is scheduled for August 3, 2020. Finance Director McCann has prepared the proposed assessment roll for the project. The Council will move on two resolutions. One is accepting the bid and the other setting the public assessment hearing.

City Administrator Harrenstein requested clarification on if the assessment roll has been updated to reflect the bid and the development agreement. Finance Director McCann reported the information in the packet is up to date with the current information.

Council Member Norland moved, seconded by Council Member Whitlock, to adopt Res. No. 57-20 Declaring Cost to be Assessed, and Ordering Preparation of Proposed Assessment Project No. 20-03 ABCDEF Countryside Drive Street and Utility Improvement Project. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.

Res. No. 58-20 For Hearing on Proposed Assessment Project No. 20-03 ABCDEF Countryside Drive Street and Utility Improvement Project.

Council Member Norland moved, seconded by Council Member Steiner, to adopt Res. No. 58-20 For Hearing on Proposed Assessment Project No. 20-03 ABCDEF Countryside Drive Street and Utility Improvement Project. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.

Publication of Notice by the City of North Mankato, Minnesota of Its Intent to Consider an Application for a Cable Franchise.

City Administrator Harrenstein reported the City had been contacted by a company seeking a cable franchise with the City of North Mankato. He introduced Attorney Brian Grogan from Moss and Barnett, who has represented the City during franchise renewal negotiations.

Brian Grogan reported the City is beginning a process that is guided by state statute. Franchise agreements are between a City and a company that will provide certain services, including communication and cable services. Currently, the City's only cable franchise is with Charter Spectrum. The City has received a request from Jaguar to consider a franchise agreement that would allow them to provide cable, broadband, and telephone services. He noted it is rare for a city to refuse a franchise as competition is often useful for the general public. Mr. Grogan reviewed the process of establishing a franchise. Tonight the City is asked to approve the publication of the notice to consider an application for a cable franchise. The notice will be published, and interested companies will be sent a Request for Proposal with a due date of July 29, 2020. If an application is completed and

submitted, a public hearing will be held on August 17, 2020, to determine if the company is qualified. If a company is considered qualified and competent then a franchise agreement, or contract, will be written and passed by the City Council before the franchise is granted. Attorney Kennedy requested clarification on where the provider will be installing equipment and if it will be defined in the franchise agreement. Attorney Grogan reported the City would define, according to City Code, what can be included in the right-of-way. Council Member Oachs requested clarification on how this would be different than a renewal. Attorney Grogan commented that those applying for renewal have already proved their qualifications and maintenance of the right-of-way, but an applicant must prove they have the necessary qualifications. Council Member Steiner commented that Charter would remain. Attorney Grogan indicated Charter is currently in the renewal process and will watch the process to ensure their contract remains similar. Franchise agreements often last for ten years. The process will take some time, but in the meantime, the City will communicate with Jaguar to ensure what the Council wants is maintained.

Council Member Norland moved, seconded by Council Member Whitlock, to approve Publication of Notice by the City of North Mankato, Minnesota of Its Intent to Consider an Application for a Cable Franchise. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.

Res. No. 59-20 Providing for the Competitive Negotiated Sale of General Obligation Improvement Bonds, Series 2020B.

City Administrator Harrenstein reported the proposed resolution and subsequent finance plan provides for a \$3.4 million general obligation bond. The bond will fund capital improvements, including Monroe Avenue, Countryside Drive, and Dakota Meadows Safe Routes to School/Howard Drive Improvement. The amount is above the regularly budgeted amount of \$2.5 million bond amount. The increased bond amount will not affect the City financial forecasts, and the City will receive a \$350,000 deposit from the deferred assessments on Countryside Drive once the final plat is approved. It is anticipated that the coupon will be 1.5%, which is a historically low-interest rate. He stated there should not be any increase to the forecasted tax levy, and the City can afford to proceed with the necessary improvements.

Bond Counsel Tammy Omdal from Northland Securities appeared before Council and recommended the City seek a bond rating. Currently, the City's bond rating from S&P is an AA. She stated the market is at historic lows, and the sale will occur on Monday, August 17, 2020, with approval of the sale anticipated at the Council Meeting on August 17, 2020. Mayor Dehen requested information on anticipated rate changes. Ms. Omdal reported she did not expect any changes. City Administrator Harrenstein stated if there is an unforeseen shift, the City may reject the bids.

Council Member Norland moved, seconded by Council Member Steiner, to adopt Res. No. 59-20 Providing for the Competitive Negotiated Sale of General Obligation Improvement Bonds, Series 2020B. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.

Accept North Mankato 2019 Financial Statement Audit.

Finance Director McCann reported North Mankato is moving in the right direction fiscally, and the audit shows we are financially strong. We are pleased with the fiscal accountability of our City's budget. This audit demonstrates North Mankato is working to use existing revenues judiciously to respond to the growing needs of our community. He noted that 2019 was a busy year with a number of projects, including Highway 169 improvements, Commerce Drive improvements, and Northridge

Drive improvements. He stated there were additional costs for legal representation to ensure the City of North Mankato's interests were considered during the Xcel Energy power line discussions. The City also worked on establishing new bank accounts, which resulted in our interest earnings increasing by approximately \$100,000 during the last year. He commented that the City's budgeting process includes a five-year capital improvement plan, which helps the City look forward and work on a fiscally responsible budget. Our priorities now and into the future include public safety, public works, housing, economic development, mass transit, general government, and interest on long-term debt. These are the things that matter most to our residents. These are some of the many things that make North Mankato a great place to work, live, and play. We must remain diligent in terms of our spending priorities. Residents have demanded we continue investing in infrastructure, keep our community safe, and maintain a great quality of life. Our budget priorities must continue to reflect the City working to meet those demands. As our community grows, we must balance new investment with the reality of aging roads, sewers, and other infrastructure.

Finance Director McCann introduced Tom Olinger from Abdo, Eick, and Meyer to present the Financial Audit. Mr. Olinger reported the City did not have any compliance issues, and the City has made significant improvements in eliminating journal entries. Mr. Olinger said the General Fund balance was within the Cities policy; revenue exceeded the budget by \$360,635, and the expenditures exceeded the budget by \$636,700 due to the unusual circumstances of the year, including frost heaves on Northridge and completion of the swim facility. The expenditures reflected the transfers out for capital costs. Special Revenue Fund balances increased by \$177,216 from 2018 to 2019. He reported the GO Bond principle and interest remain relatively steady as old bonds drop off, and new bonds are brought on. The bonds reflect the City's work to maintain the City's infrastructure and improve the quality of life. The Water Fund has decreased, but it was a planned drawdown for capital improvements. The Sewer Fund has an increase in cash and has built some capital reserve. The Storm Water Fund has a cash balance that will be drawn down for interfund payables. The Solid Waste Fund is maintaining the balance. Cash and Investments balances decreased by \$1.4 million due to \$2 million bond proceeds spent in 2019. Mr. Olinger reviewed key ratios in relation to other cities, and the City of North Mankato continues to fair well in comparison. Mr. Olinger thanked the Finance Director and his staff for working with him to arrange a remote audit, and everything went well.

Open Forum

None.

City Administrator and Staff Comments

City Administrator Harrenstein reported an updated Demographics Chapter for the Comprehensive Plan was included in the packet for the Council's review.

City Administrator Harrenstein stated Finance Director McCann has applied for the Cares Act Funding, and the City of North Mankato will receive \$1.06 million. The funds may only be used for COVID-19 related expenses. He noted the Police Department personnel costs might be covered under the Cares Act Funding. Any funds that are not spent must be returned.

City Administrator Harrenstein reviewed the proposed budget calendar, which included several budget work sessions. Mayor Dehen commented that he was interested in a strategic planning session. Council Member Oachs stated she would like to have a better idea of the impact of COVID-19 on the

City Budget. The continued discussion was held concerning additional meetings to provide strategic planning opportunities and additional information on the current reality of the budget.

City Administrator Harrenstein presented information on options to resume in-person public meetings. City Administrator Harrenstein reviewed the declaration of electronic meetings, the concerns with resuming public meetings and options for resuming in-person public meetings. Concerns with resuming public meetings include the concentration of leadership in one location, social distancing, and Governor guidelines, which would limit public participation to 9 individuals and the undesirable option of turning someone away from a public meeting if the room is at capacity. The recommendation was to continue electronic meetings until the Governor removes the peacetime emergency, which is set to expire on July 13, 2020. The Council concurred with waiting until after the Governor's peacetime emergency is lifted to resume in-person public meetings. When meetings resume the Council, and City Clerk will be at the dais, staff members on one side of the Council Chambers, and up to nine members of the public on the other side of the chamber, following social distancing guidance.

City Administrator Harrenstein reported he received a request from a bar owner to pro-rate the liquor licenses due to the COVID-19 shutdown. Council Members were interested in discussing the proposal at a future meeting.

City Clerk Van Genderen commented that election planning is continuing, and new Election Judges are always welcome. The City is working with Nicollet County and the State to ensure everyone has the opportunity to vote safely.

Public Works Director Host reported Monroe avenue continues to move forward, and progress is being made on the project.

Mayor and Council Comments

Council Member Whitlock commented that the Council's job is to prioritize the City's vision and separate the needs from the wants.

Council Member Norland thanked everyone who donated to the library and funds for swim passes.

Mayor Dehen thanked everyone involved in the creation of the historical plaques. He asked for information on the process to add homes to the historical recognition program and the location of the Historic Context Study. City Clerk Van Genderen reported a form is included on the website's historical recognition program page along with the Historic Context Study, which can also be found at the library.

Mayor Dehen thanked Library Director Heintz and Aquatics Programming Director Sands for an excellent adult swim night, and he looks forward to the next one on July 10, 2020.

At 8:36 pm on a motion by Council Member Norland, seconded by Council Member Steiner, the Council Meeting was adjourned.

Mayor

City Clerk