

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held at the Police Annex at 1001 Belgrade Avenue on October 14, 2019. Mayor Dehen called the meeting to order at 12:00 p.m. The following were present for roll call: Mayor Dehen, Council Members Oachs, Whitlock, and Norland, City Administrator Harrenstein, Finance Director McCann, City Engineer Sarff, and City Clerk Van Genderen. Absent: Council Member Steiner.

Review Proposed 2020 Utility Funds Budget

Finance Director McCann reported the City Council reviewed the General Fund at a previous Council Work Session, and today the Council would consider the Utility Funds. Finance Director McCann began with the Water Utility Fund-601. He reported the estimated customer receipts were trending down, based on a decrease in water usage. There was an increase in charges for services due to the popularity of the radio read meters. Increases in expenditures included merit increases, health insurance, supplies and charges related to the Minnesota Department of Health. The total revenue is calculated at \$2,106,000 with expenditures calculated at \$2,169,850. The cash balance will remain steady. City Administrator Harrenstein reported a rate increase would be considered in 2022 or 2024. Cash balances are anticipated to increase and are used to upgrade the system.

Finance Director McCann reviewed the Wastewater Fund Collections 2020 Budget. He reported an increase in customer receipts of \$61,000 due to a proposed increase in rates. Special assessment collections continue to increase as residents continue to use the consent assessment process provided by the City. He noted an increase in expenditures due to personnel merit increases, health insurance, and supplies. He reported a proposed capital outlay of \$250,000 in 2019 the funds were used for the new Zipper and a Sewer Camera. Total revenue calculated at \$2,514,810 with a total calculated expenditure of \$2,486,506. Finance Director McCann reported staff is proposing a \$2.00 rate increase, noting the last increase occurred in 2017. Mayor Dehen requested clarification on if there would be increased costs associated with the proposed upgrades of the Mankato Wastewater Treatment Plant where North Mankato's waste is processed. City Administrator Harrenstein indicated the rate increase should account for any increases from the City of Mankato, although they do not anticipate changes until later.

Finance Director McCann reviewed the proposed Recycling Fund 2020 Budget. He reviewed an estimated increase in Recycling Collection Fees based on contracts; he noted an increase in the facility rental as the City had increased the lease price for West Central Sanitation. Finance Director McCann reported an increase in personnel costs associated with merit increases and health insurance. A decrease in anticipated supply costs and an increase in recycling transfer fees. Mayor Dehen commented on the volatile market and requested clarification on if the proposed budget took into account those variables. City Administrator Harrenstein reported the budget reflects the contracts that have been established, which minimize the impact of the volatile market on the City.

Finance Director McCann reviewed the Solid Waste Fund 2020 Budget, noting the fund is basically an in and out fund. The customer receipts pay the contract with West Central Sanitation and few other items. The calculated revenue is \$821,600, and the calculated expenditures are \$813,500.

Finance Director McCann reviewed the proposed Stormwater Fund 2020 Budget. He reported the anticipated customer receipts are \$400,000 an increase from the receipts in previous years due to the increased rates. Expenditure increases include supplies for ravine maintenance, services, and charges includes a payment to Mankato for the City's portion of the Lake Street station. Finance Director McCann reported the large cash balance in 2019 includes the North Ridge Ravine Project. Mayor Dehen requested clarification on if the fund has enough funding to address the ravines. City Administrator Harrenstein reported the Stormwater Fund was not designed for ravine maintenance and

repairs, but it is a home for the funds. The Stormwater Fund was designed to manage smaller infrastructure issues.

Belgrade Avenue Development Related Public Improvements

City Engineer Dan Sarff appeared before City Council and reported at the September 23, 2019, Council Work Session a memo was presented that outlined a wide range of public improvements that the City could consider implementing in conjunction with the Rooftop Bar + Kitchen and Frandsen Bank development. City Council provided direction for staff follow up. The first improvement considered was Pedestrian Crossing Improvements. City Engineer Sarff reported the proposal would be to install a lighted pedestrian sign with flashing lights to improve recognition of the crossing. He noted the sign could be moved to a midblock crossing if it is determined to move forward with one. The estimated cost for the sign is \$7,000. Pedestrian counts have been taken and will be collected again in 2020 after the development project is completed and operational. The second improvement is enhanced lighting and related improvements. A discussion was held about two lighting pole options. Mayor Dehen requested clarification on if the City Center Partnership lighting study was completed and if there was a plan for implementation. City Administrator Harrenstein reported the study had been completed and individual City Council's may determine what portions to use and the City of North Mankato could use the City Center Partnership lighting suggestion which is more modern or use the pole that is being used on the Commerce Drive Project which is more traditional. City Engineer Sarff reported staff had reviewed alley improvements, parking modifications, and access closures. The alley improvements include the proposed reconstruction of the alley from 15-foot wide to 22-foot width, which will accommodate two-way traffic. Discussion was held by the Council on the best way to obtain the additional feet of right of way or easement. The proposal presented included obtaining an easement or right of way from the American Legion and the Circle Inn. Council Member Whitlock suggested obtaining right of way or easement from three property owners on the north side of the current alley because the City already owns three of the six properties. City Administrator Harrenstein reported the proposed Belgrade Avenue Development will proceed in 2020 and noted the pedestrian crossing sign and the wayfinding signs are planned into the 2020 budget, but the street lighting for and the alley improvements are not in the budget and requested direction. Mayor Dehen suggested the improvements be added to the TIF. City Administrator Harrenstein reported there were two ways the projects could be added. He reported the City could pay for the improvements out of the General Fund, which would draw down the General Fund balance, or the City could take a note out against the TIF and increase the term of the TIF. Mayor Dehen noted the TIF could be extended up to 25 years for a redevelopment project, and the proposed improvements were for the public good.

Council Member Norland moved, seconded by Council Member Oachs, to close the Council Work Session at 1:00 p.m.

Mayor

City Clerk