

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 November 20, 2017. Mayor Dehen called the meeting to order at 5:00 p.m. The following were present for roll call: Mayor Dehen, Council Members Norland, Whitlock, and Steiner, City Administrator Harrenstein, Finance Director McCann, Public Works Director Swanson, Community Development Director Fischer, and City Clerk Van Genderen. Council Member Freyberg arrived during the discussion of the Benson Park Improvements.

**Discussion of the CDBG Fund.**

Community Development Director Fischer reviewed North Mankato's entrance into the Community Development Block Grant Entitlement Program (CDBG). Before joining the Federal Entitlement Program, the City was a part of the State CDBG program administered by the Department of Employment and Economic Development (DEED). He stated the Federal Entitlement Program provides annual federal grants on a formula basis to entitled cities and counties to develop viable urban communities principally for low-and-moderate persons. The City has been allocated approximately \$68,000 the past two years. The City of North Mankato is the smallest Entitlement City in the United States, resulting in the smallest CDBG formula allocation of any City and the restriction to only maintain 1.5 times the annual grant allocation at the end of the program year. When the City entered the Federal program, the Revolving Fund Loan was moved to the Federal program. HUD now requires the formula based funds and the revolving funds to be combined; the City often has well over 1.5 times its annual grant allocation in its line of credit because on an annual year the Revolving Loan fund exceeds a \$500,000 balance. These funds were generated originally from a loan to the Sween Corporation in the 1980's and the state program allowed North Mankato to retain interest on the loan for future loans. The City has requested HUD to allow the City to maintain the Revolving Loan Fund balance but has been denied. Over the past year, the City Administrator and Community Development Director have been in contact with both HUD and the State CDBG Fund and staff is recommending withdrawal from the Federal program and entrance into the State program. A formal letter was presented at the dais. Mayor Dehen requested clarification on if there was a penalty for withdrawing. Community Development Director Fischer indicated there was not a penalty. Council Member Norland and Steiner both agreed that the City should leave the Federal Program.

**Discuss Sustainable Cities**

Council Member Norland stated a summary of the STAR Framework was provided to Council Members. The STAR Community Rating System is a certification program for evaluating local sustainability, and encompassing economic, environmental, and social performance measures. Council Member Norland noted she was introduced to the STAR Framework at a sustainability conference that she attended. She was pleased to note that the City was doing many of the items discussed during the conference. Council Member Norland noted a free assessment of the City was available and she encouraged staff to take advantage of the assessment and begin prioritizing goals. She noted that if the Council proceeded with sustainability efforts, it would not be free and to anticipate costs. Mayor Dehen asked Public Works Director Swanson, who also attended the conference, for his input. Public Works Director Swanson reported he encouraged the City to complete the free assessment and possibly choose one or two initiatives and focus on making strides in those areas.

### **Food Truck Ordinance**

Mayor Dehen reported he was interested in staff reviewing Food Truck Ordinances as this was a growing trend. City staff stated they would review Food Truck Ordinances, specifically the one recently passed by the City of Mankato.

### **Discuss Proposed Benson Park Improvements**

City Engineer Sarff reviewed the history of Benson Park and the plans that had been developed for the park. He stated the City had designated the park as a natural resources park that included an Oak Savanna, Woodland, Rolling Hills Prairie, Wetland Habitat and a wildflower demonstration area. He stated in 2012 plans were made for improvements to the underground utilities, parking lot, water feature, bridge, fishing pier and trail and sidewalk improvements but the project was not bid due to budget restraints. In 2016 City staff prepared the site for the parking lot and plans were drawn for the picnic shelter. City Engineer Sarff reviewed estimated costs for some of the projects and stated these items would need to be prioritized in the CIP. Additional ideas that were addressed included dredging and possibly enlarging the long pond, for recreational value and to benefit stormwater management. Council Member Freyberg stated the long pond was initially designed to be dug to 8 feet but was only dug to 3 or 4 feet. He indicated if the City dredged or expanded the pond the soil could be a good source of clay for soils correction. The North Mankato Port Authority has properties for sale that may need soils correction before development and the clay from dredging could be used. Council Member Freyberg also stated dredging the pond or expanding the pond could help the area manage large rainfalls. Mayor Dehen indicated that if the park had a shelter and restrooms, it would draw additional usage. Council Member Freyberg indicated his priorities for the park would be the completion of projects that had been started such as the parking lot and then to dredge the pond in correspondence with projects in North Port.

### **Discussion of the 2018 Proposed Budget and Capital Improvement Plan.**

Finance Director McCann reviewed the Budget and CIP agenda which included a review of the tax base, revised 2018 budget and the proposed 2018-2022 CIP. He reported the main difference in the original 2018 Budget was a change in the personnel. City Administrator Harrenstein stated staff was proposing a new police officer to increase flexibility in scheduling during absences. He stated the goal was to provide the tools and flexible work schedule to allow the continued excellent work of the Police Department.

Finance Director McCann reported a 7% increase in the taxable market value which will allow the City to capture an additional \$350,000 in new taxes. He reviewed the Taxable Market Value indicating the City tax base has grown.

Finance Director McCann reviewed the General Fund Revenue highlights which include an increase in Local Government Aid of \$115,500, an increase in Rental licenses of \$20,000 based on task force recommendations, a decrease in projected Franchise Fees and moving Caswell Park to an enterprise fund and closing out the CCTV fund. He reviewed the General Fund Expenditure highlights which included an increase in pay and benefits associated with the proposed new Police Officer, and additional pay and benefit increases.

Finance Director McCann stated all funds meet budget reserve policies as established by the City Council. He noted no increased rates for water and sewer, but a proposed stormwater rate increase of \$0.50 for Residential and \$0.275/square foot for Commercial.

Finance Director McCann stated there was a proposed merit increase of 2.75%-3% and health insurance assumes an 11% increase for 2018. City Administrator Harrenstein noted this follows several years of 1-2% increases and last year there was a 0% increase.

Finance Director McCann reviewed the current and proposed customer charges for stormwater; the proposed increase will result in approximately \$100,000 in additional collection which will be used for stormwater projects. Finance Director McCann reported that even with the increased rate the City still has some of the lowest prices in the area.

Finance Director McCann reported the proposed 2018-2022 CIP was \$21.8 million. He stated the \$1.5 million that was not used for the swim facility in 2017 was added to 2018. The CIP projects \$1.5 million to \$2 million annually for projects. City Administrator Harrenstein indicated there was \$379,000 in new equipment which would include larger purchases such as snow plows; the plows are scheduled to be purchased with cash. Incorporated in 2018 are police squad car cameras, Chief Boyer had indicated the City is one of the remaining cities that does not have squad car cameras. Finance Director McCann reported the plan also includes City hall renovation of the Finance Office and Community Development offices.

Finance Director McCann reviewed the proposed 2018 debt expenditures which included \$3 million for the swim facility, \$400,000 for Jefferson Avenue reconstruction, \$425,000 for North Port expansion, \$500,000 Anchorage Drive Extension and \$250,000 for a Marie Lane Extension. City Administrator Harrenstein reported the proposed 2018 projects would depend on bidding for the swim facility and various factors that would be decided in 2018. Mayor Dehen requested clarification on when the Safe Routes to School projects could be started. City Engineer Sarff reported the earliest they could be initiated would be 2019. City Administrator Harrenstein stated seeing reports such as Jefferson Avenue on the CIP is proving out the policies that have been implemented, the policies have helped bring issues to light.

Finance Director McCann stated no sales tax project had been identified, but the City funding could be available as early as 2018. City Administrator Harrenstein reported the Council should review eligible projects and make a vision for the City.

Finance Director McCann reviewed the proposed Parks Plan for 2018 which included Emerald Ash Borer Mitigation, Benson Parking Lot and Bluff Park Overlook for an estimated \$330,000. He reminded Council that the adopted Parks Plan allocates \$350,000 to the parks. He reviewed the coming years, and it was noted that the proposed expenditures sometimes exceeded the allocated \$350,000. City Administrator Harrenstein then reviewed the proposed projects from Parks Superintendent Rader. In 2018, Parks Superintendent Rader had a proposed expenditure of \$569,000 and proceeding years varied but the average over the five years was approximately \$450,000 or \$100,000 more than allocated. City Administrator Harrenstein stated the Council might consider adding \$100,000 to the Parks Plan. Mayor Dehen requested clarification on the Spring Lake Park restrooms. Public Works Director Swanson reported the restrooms would be completed in the spring of 2018. Council Member Freyberg indicated Superintendent Rader and the staff proposed plan are similar but indicated Superintendent Rader's reflected the maintenance that is required. Council Member Freyberg indicated he would like to see items that were started finished. Council Member Whitlock stated he would like to see an additional \$100,000 added to the parks budget to assist in completing projects. Mayor Dehen requested staff review options to allocate an additional \$100,000 to the parks. City Administrator Harrenstein reported staff would review options.

Finance Director McCann reviewed the Debt Analysis indicating a debt load of approximately \$20 million was a comfortable position for the City and if this were maintained the debt per capita would decrease. Finance Director McCann stated questions were raised during Brewing up the Budget concerning not increasing debt, rather paying off debt and paying for all projects with cash. Finance Director McCann reviewed the process for alleviating debt and paying for all projects with cash. He stated the City would not be able to finance a project until approximately 2023 and projects could only be completed every other year. Finance Director McCann noted the time required to save for CIP

projects would stunt growth and the attractiveness of the community. He stated the City strategically issues debt to finance significant repairs, upgrades, or growth of the community. The City's goal with debt is to issue modest amounts that fit within the city's debt service schedule, so the payments remain relatively flat while maintaining very modest overall debt loads that allows the city to be fiscally conservative while making the city a great place to live. Council Member Freyberg stated it was an excellent analysis and shows that you need both to maintain the city.

There being no further business, on a motion by Council Member Norland, seconded by Council Member Whitlock, the meeting adjourned at 6:53 p.m.

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Mayor

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City Clerk