

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 October 3, 2016. Mayor Dehen called the meeting to order at 5:30 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for roll call: Mayor Dehen, Council Members Steiner, Freyberg and Spears, Finance Director McCann, Public Works Director Swanson and City Clerk Van Genderen. Absent: City Administrator Harrenstein. Council Member Norland joined the meeting at 5:36 p.m.

**Discussion of 2017 Proposed Budget and 2017-2021 Capital Improvement Plan.**

Finance Director McCann stated the CIP is a flexible planning tool that is reviewed and updated on an annual basis. Major projects and equipment purchases over \$15,000 are incorporated into the plan. He indicated the City is expanding the CIP from a 5 year plan to a 10 year plan to help minimize fluctuations in the budget and create orderly replacement of facilities, infrastructure and equipment. The CIP is used to inform the public of future projects and establishes priorities and funding of largescale projects and equipment. Finance Director McCann reported development of the CIP includes City staff and City Council discussion using a ranking system to prioritize potential projects.

Finance Director McCann reviewed several projects/purchases planned for 2017 including \$80,000 to purchase public works equipment, \$40,000 for a Police Department squad car, \$50,000 for renovations to the Police Community Room and Finance and Community Development, \$15,000 for a large printer for the Community Development department, \$345,000 to fund the Parks Plan and \$400,000 for the Pavement Management Plan. Also included in the 2017 budget are space needs analysis for the Public Works building and Spring Lake Swim Facility.

Finance Director McCann stated Council would spend the remaining time reviewing and prioritizing projects. Council Member Freyberg indicated his personal view on what should be included in the CIP. He recommended raising the \$15,000 maximum that can be spent without being included in the CIP as these items should be managed by the Staff. He also recommended not including maintenance items, as maintenance should come out of operations. He provided a brief All Seasons Arena (ASA) update as an example of financial management. He stated the ASA created three funds with their reserve budget and in 2016 were able to purchase a Zamboni for \$120,000, pay \$28,000 for street assessments and \$60,000 for parking lot improvements. The ASA board was able to complete this without approaching the owners for additional revenue due to prudent management. He stated the City should strive to minimize peaks and valleys in the budget and manage smaller items and maintenance with the general fund, saving the capital improvement plan for big projects. Finance Director McCann stated funding sources for the projects/purchases will be included and some of them are in the general fund but items must be amortized and depreciated. Council Member Spears stated the CIP serves to provide transparency. Council Member Freyberg stated all of the information is included in the budget and it would be simpler if it was not also reviewed in the CIP. Mayor Dehen indicated Council should consider raising the \$15,000 maximum that can be spent without being included in the CIP to reduce micromanagement and trusting City staff to make wise decisions.

Discussion was held on Caswell Park projects. Council Members Spears and Steiner expressed concern that they did not have information regarding how Caswell projects would impact the operating budget. Finance Director McCann indicated all Caswell projects would have an impact on the operating budget. Mayor Dehen stated Caswell Park projects were also contingent upon passage of the local option sales tax. Council Member Norland stated funding from other groups and donors would also need to be taken into consideration. Council Member Freyberg indicated there were always joint power possibilities also. Mayor Dehen stated the Caswell Park projects should be held for 2026.

Discussion was held on Benson Park Shelter and Restroom, Benson Park north parking lot, Benson Park linear pond bridge and Spring Lake park restroom facility proposed for 2017. Council Members Steiner, Norland, Freyberg and Spears and Mayor Dehen agreed the projects should remain on the CIP for completion in 2017.

The Lady Bug Trail bridge was discussed for completion in 2018 or 2019. A trail from Mary Lane to Lake Street was discussed with concerns about trail stability and maintenance. Agreement was made to move the project out to 2019 or later and possibly combine it with another project. Development of neighborhood splash pads was discussed with Council Member's Spears and Norland and Mayor Dehen advocating for environmental studies to determine the impact of the project on water usage.

A trail along Lookout Drive was discussed with Public Works Director Swanson providing two options that could be studied to determine feasibility. City Engineer Sarff indicated building a trail up Lookout Drive has regional appeal and the City should consider applying for a federal grant that would cover 80% of the cost. Money would not be available for 5 to 6 years. Council directed staff to proceed with beginning the grant application.

Discussion was held concerning proceeding with I&I investigation and lining repairs. Council Member Spears requested clarification on the importance and cost of I&I lining repairs. Public Works Director Swanson stated there would be significant return on the I&I lining repairs. Finance Director McCann stated the proposed sewer rate increase would cover the debt service payment on the I&I repairs if the City bonded \$1.5 million.

Finance Director McCann stated a Public Works Facility study was budgeted for 2017. Council Member Spears indicated he did not believe the City should pay for a study, rather the City should be able to manage the study and building without additional engineering studies. Public Works Director Swanson stated the Public Works building is constructed on a closed dump and there are significant environmental issues that must be taken into consideration and City staff is not qualified to manage those risks. He also stated the City must consider the 50 year outlook for the property and the projected needs.

Discussion was held on the Belgrade Avenue street and sidewalk beautification project, Commerce Drive street redevelopment and Public Works building project. All three projects were left for future consideration.

The Spring Lake Park swim facility was discussed and it was determined to consider the filter upgrades, diving well upgrades and slide feature as one larger facility upgrade and earmark it for future consideration.

Finance Director McCann indicated Council had narrowed the list to six projects. Benson Park shelter, Benson Park parking, Spring Lake Park restroom, Benson Park linear bridge, Lookout Drive trail and I&I lining repairs.

Finance Director McCann stated that during the next council meeting the Council will be considering approving a debt policy. The policy under consideration will set a maximum G.O. debt ratio of 3%, the City currently has a debt ratio of 2.57%. The debt policy will also consider G.O. debt less revenue debt. The current G.O. debt less revenue ratio is 1.46% and the proposed debt policy target is 2%

There being no further business, on a motion by Council Member Steiner, seconded by Council Member Norland, the meeting adjourned at 6:30 p.m.

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Mayor

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City Clerk