

## **COUNCIL WORK SESSION October 16, 2023**

Under due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on October 16, 2023. Mayor Carlson called the meeting to order at 6:00 p.m. The following were present for roll call: Council Members Oachs, Steiner, Whitlock, City Administrator McCann, Finance Director Ryan, and Administrative Services Manager-City Clerk Van Genderen.

### **Budget Work Session: Enterprise Fund Overview-Water, Sewer, Solid Waste, Recycling and Stormwater**

Finance Director Ryan reported that this is the last of the scheduled Budget Work Sessions, but staff plans to provide an updated final budget to the November 6, 2023, Council Work Session.

The Water Utility Fund is used to account for the operations of the City of North Mankato's Water Utility. The Water Department is responsible for water sampling, utility locates, water plan maintenance, water tower maintenance, lift station maintenance, stormwater station maintenance, citizen water meter replacements, water main break repairs, system flushing, rounds, and analysis. The City has 5,544 customer accounts. The City is not anticipating hiring any additional employees in 2024. The operating budget for 2024 is \$2,530,370, which is \$39,747 less than in 2023. The City anticipates a .50 cent increase in 2024 to remove the online fees associated with allowing residents to pay online without incurring a user fee. She noted that the outlying years' cash decreases significantly as all items considered in the CIP are included in the outlying years.

The Wastewater Utility Fund accounts for the operations of the City of North Mankato's Wastewater Utility. The Wastewater Utility Fund's 2024 operating budget is \$2,824,687, a decrease from 2023 of \$228,926. All Wastewater in North Mankato is treated at the Mankato Water Resources Recovery Facility. The North Mankato Wastewater maintains ten lift stations, 1,310 maintenance holes, 23,182 feet of force main, and a 337,000-foot gravity system. The City has 5,498 user accounts. There are no personnel changes planned for 2024. The rate would remain the same in 2024, but staff is anticipating a rate increase in 2025. Finance Director Ryan reported that the fund reflects the increase from Mankato for the Mankato Water Resource Recovery Facility improvement. The City of Mankato provided preliminary numbers included in the budget. It was noted that a significant project budgeted in out years is replacing the North Ridge lift station for \$800,000. Public Works Director Arnold indicated the project would convert the current dry pit system into a wet well. The anticipated change is due to safety concerns in maintaining the system. The current dry well system requires one person to descend 40 feet in a confined space to complete maintenance, making it a safety concern.

The Recycling Fund is used to account for the operations of the City of North Mankato's Recycling operations. The 2024 Recycling Fund Budget is \$545,411, a \$26,385 decrease from the 2023 budget. The decrease relates to the City having two drop-offs instead of a pick-up and a drop-off for clean-up days.

The Storm Water Utility Fund is used to account for the operations of the City of North Mankato's stormwater utilities. The operating budget for 2024 is \$574,208, an increase of \$42,956 due to personnel and hiring an MS4 Inspector. Staff is recommending a \$.75 a month increase to resident bills.

The Solid Waste Fund is related to the City's refuse and general garbage collection. The Solid Waste Fund's budget is \$932,075 in 2024, an increase of \$40,064, which relates directly to the increased use of the brush disposal site. Staff is recommending a \$.75 increase to help cover

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associated costs. The fund can be viewed more as in and out because the City contracts waste removal. Mayor Carlson requested staff review ideas to encourage and increase recycling.

Finance Director Ryan stated staff is recommending an overall base rate increase across the funds of \$2.00. Still, even with those increases, North Mankato remains with one of the lowest utility bills of the comparable cities.

Public Works Director Arnold stated that with the enterprise fund overview, staff brought back the water meter discussion. The City Council has approved an ordinance requiring rental properties to replace meters. Lower North rentals should be replaced by the end of 2023 and Upper North rentals by the end of 2024. The City Council tabled an ordinance in February of 2023 that would have continued a progressive installation of automatic read meters. City staff is replacing approximately 30 meters per month without working overtime or neglecting other work. Public Works Director Arnold noted the meter inventory is low, with additional meters limited until June 2024 due to supply chain issues.

Due to the current installation process and the low meter inventory, City staff is recommending the City consider hiring a contractor to complete all remaining meter installations beginning in 2025 and finishing at the end of 2026. Waiting will allow the City to budget for the purchases. A second option would be to push forward with a contractor in 2024, but waiting would be preferable with City staff completing the rental installations and the lack of available meters.

Public Works Director Arnold said staff recommends that residents continue to own the current meters until all new ones are installed. If the City would like to own the meters, at the start of the next replacement cycle, the City could purchase and own the meters. This method would decrease confusion and allow the City to begin budgeting for replacements.

Mayor Carlson stated the wording on the website should be clear concerning the billing for the installation of meters. Finance Director Ryan noted the City has worked to improve the language and has worked with the attorney to ensure that the City was correctly following the ordinance. Mayor Carlson also asked for clarification on why Mankato's meters are cheaper. City Administrator McCann reported he was not sure why Mankato had cheaper meters. It could be the manufacturer or something else. But the City is only passing the cost onto the residents. There are no increases from the wholesale the City purchases the meters at. Public Works Director Arnold said Mankato may have used COVID Funds to offset the cost, but North Mankato put those funds into other projects or items.

Council Member Whitlock asked if the new meters would notify staff if they were being bypassed and if the City would receive a warning from the meter if there were anomalies with the water. Public Works Director Arnold stated the meters have a seal that is difficult to remove physically. The meters will send an early warning for unusual consumption, but the City's software is incompatible. The City would need to upgrade the software to fully receive the meters' benefits.

Council Member Oachs requested clarification on the property owner's obligation to pay on more than one property if they own rentals. Finance Director Ryan stated the installation cost is a minimum of \$42.00 per property, so if there are two addresses, the cost would be \$42.00 per property, even if there is only one owner. Council Member Oachs asked if the City had an estimate for meter installation if the staff did not complete it. Public Works Director Arnold stated estimates are between \$90 to \$95 in 2025. City Administrator McCann noted the City will provide financing options. Council Member Oachs asked if residents could complete their own water meter installations. Public Works Director Arnold stated that while residents have the

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authority to do plumbing on their own properties, the North Mankato City Code clearly states that meter installations must be completed by City staff or licensed plumbers.

### **Public Smoking Restrictions**

Police Chief Gullickson appeared before the Council and stated that the City Council recently passed an ordinance to clarify where the public can smoke marijuana. He indicated his staff is prepared to manage the new laws. As the State's Office of Marijuana Management (OCM) begins to issue retail licenses, the City may want to revisit the Ordinance. He indicated that the OCM should provide model ordinances to help cities address additional questions, including the number of licenses allowed in the City and where the sale can occur.

Attorney Kennedy stated the Council requested an additional ordinance that would prevent the smoking of marijuana on City property, including around the library, Police Annex, and City, along with not allowing smoking within 25 ft of a property that does not allow the smoking of marijuana on their property. Attorney Kennedy did ask for clarification on whether the Council would like to add tobacco smoking to the ordinance, in which case the Ordinance would need to be changed, and the location of the ordinance in the code would need to be updated.

The Council directed the Attorney to add tobacco to the ordinance.

Council Member Steiner moved, seconded by Council Member Oachs, to adjourn the Council Work Session at 6:56 p.m.

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Mayor

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City Clerk