

COUNCIL WORK SESSION November 6, 2023

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

Budget Work Session: Final Budget Review

Finance Director Ryan reported the budget overview included in the packet reflects the changes requested by the Council. Several changes have been made to the budget, including adding a capital levy and moving items out of the general fund, adding a new department in the general fund to track event expenditures accurately, and changing the coding of items for the Caswell fund based on the recommendation of the department analysis that was completed this year. She noted that in September, the council approved a preliminary levy of \$8,752,092 or 45.528% after looking at several different options. The levy amount is an increase of 12.93% from 2023; however, it is only a 1.5% tax rate change. For a house valued at \$344,600 would have an increase of \$20.34 a month or \$244 a year. Items included in the levy are vehicles, a parks mower, an increase to mill and overlay for streets, 3.5 new positions (Drug Task Force Agent, IT Coordinator, Environmental Tech, and Full Time Police Secretary), a new roof for Fire Station 2, work at several parks, an increase to bus transit costs, and upgrades for the All Seasons Arena. It was noted that the highest rate was in 2013, at 54.57%. The City worked to decrease that rate, and in 2023, there was a large decrease of 3.8%. The proposed rate in 2024 of 45.528% is lower than it was in 2022. Compared to similar cities, North Mankato's levy rate is still below the average. The utility rates in 2024 include a \$2.00 rate increase. With \$0.50 to the water base rate, \$0.75 to the garbage rate, and \$0.75 to the base stormwater rate. These fees will allow the City to remove the online payment fees, do upgrades at the brush site, fund the Environmental Tech position, do repairs at the lift station, and more. The 2024 price of \$90.86 for an average North Mankato utility bill is at the bottom quarter of utility costs compared to similar cities.

Council Member Peterson stated he was pleased with where the budget was sitting. The City has several obligations that must be met, including the All Seasons Arena and the transit agreement. The City needs to provide their support for those obligations. Council Member Oachs asked if the City knew what the County was thinking for their taxes. City Administrator McCann reported that the County is considering a 3% or 4% but keeping the rate relatively flat. Council Member Steiner acknowledged that the City may need to increase with continued price increases. Mayor Carlson stated he did not see any major red flags. The City is investing in the departments with body cameras and other necessary improvements. Parks and improvements provide for the quality of life. Council Member Whitlock stated that since he has been on the Council, they have tried to hold the levy down and still provide essential services, but the City needs to do things to continue in the right direction.

Enterprise Proposal

Public Works Director Arnold stated the proposal is in response to an aging fleet and providing an alternative method to replace the aging fleet. He invited Wong Nystrom from Enterprise Fleet Management to review the proposed plan. Mr. Nystrom reviewed the age of the fleet, noting that 31 vehicles are over 10 years old; he noted it was one of the oldest fleets he has seen. The proposal would recommend a cycle point and creating replacement criteria. He stated Enterprise can help navigate the supply chain and has more buying power to obtain the vehicles.

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Enterprise has also met the competitive bid requirement. He stated they are reviewing 49 vehicles with a current cycle of 16 years and maintenance of \$134.06 a year. The plan focuses on light vehicles and would reduce the maintenance cost to below \$73.81. The plan proposes replacing 25 vehicles in 2024 for \$323,699 within the current proposed budget, so the City would obtain 3xs the number of vehicles for \$60,000 less than budgeted to help catch up the fleet. He anticipates that the new vehicles will have better fuel efficiency and lower maintenance expenses. The proposal proceeds to obtain six vehicles in 2025 and three in 2026. Mr. Nystrom noted that for new clients, there is a 10% down required.

Council Member Whitlock asked if when the vehicle is returned, it is based on mileage or age. Mr. Nystrom stated the main factor is resale value; look at the maintenance records, fuel costs, resale value, and replacement costs. He stated Enterprise sells on the City's behalf, and the City gets the equity.

City Administrator McCann asked how Enterprise can acquire vehicles. Mr. Nystrom noted that they usually fulfill at over 80%. He also noted that from his current understanding, insurance should be cost-neutral. Mayor Carlson asked staff their initial thoughts. Finance Director Ryan stated the company worked within their current budget numbers, and as far as she could tell, it seemed sound. City Administrator McCann stated he was skeptical at first, but it seems to be a good option.

Public Smoking Restrictions

City Administrator McCann reported the ordinance would update the language in the City Code to prohibit smoking of any kind within 25 feet of a property that has posted a no-smoking sign and within 25 feet of any public building or facility in which smoking is banned. City Administrator McCann stated that with no additional requested changes, the Ordinance would go before the Council to set a Public Hearing.

Compost Site Regulations

Public Works Director Arnold stated the proposed ordinance stems from continued issues and complaints of non-residents using the site and commercial dumping. The current City Code prohibits the dumping of trash but does not address residency. He stated with the current proposed ordinance, there are some continued issues. Public Works Director Arnold stated there are concerns about if a non-resident is assisting a resident and how that can be managed. He also noted that the ordinance does not limit use to strictly those who pay recycling fees where the services are budgeted. Discussion was held about naming the site a residential compost site, eliminating the issue of commercial use. Staff reported if the ordinance can be modified to address the discussed issues, they would bring the ordinance to the next Council Meeting to set a Public Hearing.

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

Mayor

City Clerk