

## **COUNCIL WORK SESSION September 5, 2023**

Under due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on September 5, 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, and Whitlock, City Administrator McCann, Finance Director Ryan, Community Development Director Fischer, Public Works Director Arnold, and Administrative Services Manager-City Clerk Van Genderen.

### **Budget Work Session: Present Tax Levy Supported Funds-General Fund, Debt Service Fund, Port Authority General Fund**

Finance Director Ryan noted the first few pages of the report contained information on the organization of the City, including an organizational chart. She mentioned a chart with the City Staffing History, noting the staffing numbers will rise this year with the proposed new positions. Those positions include a Drug Task Force Agent, a Police Secretary, an Environmental Technician, and an IT Coordinator. The proposed tax levy is \$8,752,092, a 12.93% increase from 2023. It would be an increase of \$1,002,412 from 2023, with \$60,349 less going to the General Fund, \$180,261 more going to Debt Service, and creating a Capital Levy of \$882,500. City Administrator McCann reported the General Fund will remain more operational, and the Capital Levy Fund will provide better transparency when it comes to projects and purchases. General Fund Revenues for 2024 are proposed at \$10,417,368, which is an increase of \$179,982. The increase results from increased contributions, permits, local government aid, and interest earnings. The Port Authority General Fund Revenues are proposed at \$90,521, with \$75,000 from property tax and the remaining revenue relating to TIF administrative fees and loan repayments. The Debt Service Revenues are proposed at \$3,389,348, with \$2,000,000 Debt Levy from the debt service and the balance comprised of sales tax, special assessments, state aid, and TIF payments. City Council Member Peterson requested clarification on why the proposed budget for Franchise Tax revenue increased by \$18,619 when there was a decrease in the past few years. Finance Director Ryan noted that she makes the projections based on a 10-year spreadsheet of franchise revenue. City Administrator McCann stated while cable franchises will probably decrease, gas and electricity will increase. Council Member Peterson noted that the personnel expenditures were increasing by \$1,005,388, and even with three new positions, it seems like a significant increase. Finance Director Ryan noted the increase would also include Worker's Compensation, which had a considerable increase. It also includes temporary workers and health insurance increases. She also stated she budgets for a full staff.

Finance Director Ryan stated the Legislative Budget has an increase of \$974.00, mainly for travel and training increases. The General Government Budget has an increase of \$235,288, including the proposed IT Coordinator and wages and supplies for election judges. The budget for the Attorney is being decreased by \$4,800 to reflect actuals more accurately. The Police Budget increased from \$2,619,877 in 2023 to a proposed \$3,313,133. The increases were mainly due to a new officer and filling vacancies, which has associated costs for uniforms and equipment. Mayor Carlson asked if the increase included pay rate increases. The City Administrator noted the increase had 1.5 new positions and moving everyone with six years of experience to Sr. Patrol. He said a closed session would be held following the Council Meeting to discuss the Police Union's negotiations. Finance Director Ryan noted the Fire Department budget in 2023 was \$382,030, and the proposed budget is \$423,260; the increase is due to increased calls and repairs needed for the garage doors. Finance Director Ryan stated the Street Department budget decreased from \$2,136,231 in 2023 to \$1,672,128, but that is due to moving

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\$579,500 to the Capital Levy Fund. The Maintenance and Equipment Budget increased from \$314,465 in 2023 to \$342,838, with the majority due to an increase in personnel costs. The Street Lighting Budget increased from \$391,050 to \$409,630, with the majority of the increase due to increased utility charges. The Parks Department budget decreased from \$1,127,644 to \$859,703 due to moving \$360,000 to the Capital Levy Fund. Finance Director Ryan reported the Library Budget increased from \$650,085 in 2023 to \$750,674 in 2024. The majority of the increase was personnel costs. Council Member Peterson questioned the increase in wages. Finance Director Ryan stated temporary worker wages and raises account for the increases. The Bookmobile Budget increased from \$105,430 in 2023 to \$110,868 in 2024. Finance Director Ryan reported the Community Development Budget increased from \$648,960 in 2023 to \$672,200 in 2024. Council Member Peterson questioned the almost \$100,000 wage increase between 2022 and 2023 when there appears to be a decrease of .5 personnel. City Administrator McCann reported there were pay increases, health insurance, and worker's compensation increased, and the pay for a clerk was just realigned.

Finance Director Ryan reviewed the transfers out of the general fund, including to Caswell Sports and the Storm Water Fund. City Administrator McCann reported the transfers are budgeted based on historical needs. The Area Agency Disbursements increased by \$74,298 but were realigned with several organizations receiving funds from the Charitable Gambling Fund, not the General Fund. The increase is mainly due to the ASA upgrades and increased Transit costs.

City Administrator McCann reviewed the Port Authority Fund. He noted that the Norwood Inn sale would be finalized in a week. He said the Port Authority receives \$75,000 from the Tax Levy and the remaining income from TIF Administrative Fees.

Finance Director Ryan noted that additional Levy Options were provided for the Council to review. She stated the Fire Truck had been pulled from 2024 as the Fire Chief told her that it would not be available for three years if he ordered the truck today. Removing the Fire Truck from the requests opened up additional options. She stated she included a 1.5% Tax Rate Increase for consideration. That option included the IT Coordinator and the DTF agent and putting funds away for the new Fire Truck. The Council discussed the potential need to increase the tax levy based on current City needs for equipment and additional staff. It was decided to use the 1.5% Tax Rate Increase to set the max levy. The rate can decrease before the end of the year but cannot be increased.

### **Purchasing and Contract Negotiations Authority**

City Attorney Kennedy reviewed the memo he provided to the Council and noted that the previous Council increased the City Administrator's spending authority to \$150,000. He stated the action was within the Council's authority, but the Council could also decrease the amount.

Council Member Oachs commented that she believed the amount should be reduced. She did not think the current administration would abuse the authority; she wanted to protect future councils and administration. Council Member Steiner stated he supported the reduction of spending authority to \$25,000. City Administrator McCann said it means additional items will be added to the Council's agenda.

City Attorney Kennedy stated he would prepare an Ordinance and Resolution to reduce the spending limit to \$25,000.

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### **Discussion on Regulating the Use of Cannabis and Cannabis Derived Products in Public Places.**

City Attorney Kennedy reported that the Council will need to decide how or if they will regulate the use of cannabis and marijuana products in the City's parks and open spaces. Some cities are treating marijuana like they treat drinking and smoking, which means some are banning it in local parks and open spaces, and others are allowing its use. City Administrator McCann stated Police Chief Gullickson has expressed that it may be wise to prohibit the smoking of marijuana where children are present, so in parks with playgrounds or near playgrounds. City Attorney Kennedy stated if the City wants to prohibit edibles in parks, then it would be wise to prohibit alcohol to have consistency.

The Council discussed the issues with regulation and making it as simple as possible for the police department to manage the use. City Administrator McCann reported that Council Member Whitlock, Mayor Carlson, and Police Chief Gullickson attended a meeting at Nicollet and found there was little to no consistency between the different organizations present.

The Council decided to have the City Attorney draw up an ordinance limiting the use of marijuana smoking away from playgrounds in all parks.

Council Member Steiner moved, seconded by Council Member Oachs, to adjourn the Council Work Session at 7:00 p.m.

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Mayor

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City Clerk