

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on October 10, 2022. Mayor Dehen called the meeting to order at 12:00 pm. The following were present for roll call: Council Members Oachs, Whitlock, Steiner, Norland, City Administrator McCann, Interim Finance Director Ryan, and City Clerk Van Genderen.

Public Transportation

City Administrator McCann invited Mankato's Director of Community Development Paul Vogel and Associate Director-Transportation Planning Services, Shawn Schloesser, to the podium to present information concerning the Mankato Transit Services which North Mankato is a participant.

Associate Director -Transportation Planning Services Schloesser stated that the public transit system is one of seven Small Urban systems in Greater Minnesota. The Urbanized Service Area includes a Fixed Routes system and a Paratransit Service, and in 2019 Kato Flex (Demand Response) began. The system receives Funding Assistance for the replacement of vehicles, with 85% coming from the Federal Government and 5% from the State, and the remaining from the service area. The Transit system has 11 larger buses between 35 and 40 feet long and seats between 32 and 38 passengers. They have a useful life of 500,000 miles or 12 years. The Transit System also has 14, 24 to 26-foot-long buses that seat between 12 and 16 people with a useful life of 150,000 miles or 5-years.

Associate Director -Transportation Planning Services Schloesser reviewed that the annual ridership has not recovered to pre-covid ridership, with 2019 having 667,372 riders and 2021 with only 263,279 total riders. However, the para-transit and on-demand ridership look to almost double between 2021 and 2022. The Transit system receives operating assistance from federal and state sources along with a local share. The system does generate some revenue through advertising and fares. The remaining costs are shared with partners on the per-hour cost of operating. The partners are Minnesota State University, Mankato, the City of North Mankato, and the City of Mankato. North Mankato's total cost share for 2023 is estimated at \$125,920, with \$45,331.20 for the Route 5-Fixed Route and \$80,588.80 for the Kato Flex-Demand Response.

Associate Director-Transportation Planning Services Schlosser reviewed the 2022 and 2023 North Mankato service, which includes the Fixed Route 5 and mobility along with the North Kato Flex. Service enhancements for 2022 included a new service grant application for North Mankato Flex which funded the program 100%. Dispatch and 311 Mankato Team is offering greater customer service and greater fare flexibility. Associate Director-Transportation Planning Services Schlosser reviewed the North Mankato Annual Ridership, which may reach pre-pandemic levels in 2022. He reviewed a historical cost summary for North Mankato transit services, noting a significant increase from \$80,668 to \$125,920 between 2022 and 2023 due to the service expansion not being 100% funded, increased fuel prices, increased ridership for Paratransit and Flex and the scheduled replacement of a bus.

Associate Director-Transportation Planning Services Schlosser reviewed new initiatives for 2023, which included the start of a Transit Development Plan, Mobility as a System application where tickets can be purchased, and updated dispatching software. A discussion was held concerning the study and if North Mankato would be a part of the study. Mr. Schlosser indicated that the City of North Mankato would participate in the study.

Budget Work Session: Recreation, Special Revenue, & Economic Development

Interim Finance Director Ryan reported that at noon, one additional budget presentation would be held on October 24, 2022. The Truth in Taxation Public Hearing will be held on December 5, 2022, at 7 pm, and the budget will be adopted on December 19, 2022.

Interim Finance Director Ryan provided an overview of all of the recreation funds. The Spring Lake Swim Facility Fund has a budget of \$554,150, an increase of \$68,513 from 2022 due to increased personnel expenses, additional events, and increased concessions and utilities. Staff is anticipating a slight increase in prices for swim facility passes. Mayor Dehen asked if there would be a loss in the swim facility budget for 2022. Interim Finance Director Ryan reported that they are anticipating a slight overage in 2022.

Interim Finance Director Ryan reported that the total Caswell Sports Fund's 2023 budget is \$558,819. It is a \$22,907 increase from the 2022 adopted budget. The increase reflects personnel increases and an increase in tournaments. The Caswell North Fund was established in 2022 to keep a separate record from the Caswell Sports Fund. The 2023 budget is \$62,566 and is mainly associated with field maintenance.

Interim Finance Director Ryan reviewed the Culture and Recreation Fund, established in 2022. The fund includes activities such as wrestling, tennis, soccer, t-ball, golf, and more. The fund accounts for the program's operation, including its staff, supplies, uniforms, and services. The 2023 budget is \$46,026, which was previously part of the Caswell Sports Fund.

Interim Finance Director Ryan reported that the Youth Football Fund in 2023 is \$248,132, an increase of \$125,059 from the 2022 adopted budget. The increase relates to increasing participation and adding mini tyke's age group, which increases operational costs.

Interim Finance Director Ryan reviewed the Library Endowment Fund, which has a budget of \$53,250. The Library Endowment Fund was created by a donation from the Glen Taylor Foundation for children's programming. The fund accounts for contributions and activities related to library programs. The 2023 budget remains the same as the 2022 adopted budget, as the library does a good job locating grants and other means to support its activities. Council Member Norland requested the original amount donated by the Glen Taylor Foundation. City Administrator McCann reported that the initial donation was \$50,000, and the City is trying to maintain that balance.

Interim Finance Director Ryan reported that the Local Option Sales Tax Fund is used to track and pay for projects related to the 0.5% North Mankato Sales Tax. The 2023 budget of \$691,500 is an increase of \$167,393 from 2022. The growth is due to the Debt Service Fund related to the 2021A Caswell Improvement Bond. Mayor Dehen requested confirmation that the increase in revenue is due to the City capturing online sales taxes. City Administrator McCann reported that the City is capturing the online sales taxes.

Interim Finance Director Ryan reviewed the Charitable Gambling Fund, which accounts for 10% of gambling revenues generated from non-profit gambling operations within the City. The 2022 budget totals \$29,700, which is \$6,500 more than in 2022 due to additional donations to the North Mankato Activities and Business Association, Business on Belgrade, and Connecting Commerce Donations.

City Administrator McCann reviewed the Joint Economic Development Fund, which was established as a joint effort by the City and BENCO Electric Co-op to establish the North Port, Industrial Park. The 2023 budget is \$1,500 more than 2022. This is due to an increase in property taxes. Mayor Dehen commented that there had not been any recent sales. City Administrator McCann stated that the City is anticipating a possible land sale in 2023. Mayor Dehen commented that after the City, County and State invested in the Hwy 14 interchange, there have been 17 million dollars of investments in the area since 2014. City Administrator McCann reviewed the Federal Revolving Loan Fund, which accounts for business loans financed with Federal Funds controlled by the City. Four active loans with \$518,353 in principal outstanding at the end of 2021. City Administrator McCann reported that City staff are looking into increasing the max loan from \$300,000 to \$500,000 that could be offered. City Administrator McCann said that the Local Revolving Loan Fund accounts for

business loans that the Port Authority with local funds has financed. The fund was expanded in 2018 to include grants and loans for homeowners to improve their properties as part of the Northside Revivals Program. The Northside Revivals Program budget is \$29,525 in 2023. The principal outstanding at the end of 2021 was \$90,656.

City Administrator McCann reviewed the TIF Districts. He noted there are two TIF District the PAYGO TIF (Pay as You Go), and the Debt TIF Districts. The PAYGO TIF has three active Districts. The TIF districts are each set up as separate funds that track the tax increment collected and the increment, less administrative fees to the property owner. The total budget for all PAYGO TIF districts is a \$1,526 decrease from 2022 due to an anticipated reduction from Blue Star Power TIF. The City has five active debt TIF districts. The TIF Districts are each set up as separate funds which track the tax increments collected and the transfers to the associated debt service fund to make debt payments related to the TIF district's project. The total budget for all Debt TIF districts is a \$16,208 increase from 2022 due to an increase in the Marigold TIF District.

Council Member Oachs requested clarification on if the City needs to use the \$15 million in Sales Tax Funds by 2036. Mayor Dehen commented that the State only certified the City for \$9 million. City Administrator McCann stated that the City might want to return to the State for an appropriation of the full \$15 million.

Council Member Steiner moved, seconded by Council Member Norland, to adjourn the Council Work Session at 12:50 pm.

Mayor

City Clerk