

COUNCIL WORK SESSION November 14, 2022

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on November 14, 2022. Mayor Dehen called the meeting to order at 12:00 pm. The following were present for roll call: Council Members Norland, Oachs, Whitlock, Steiner, Mayor Dehen, City Administrator McCann, Interim Finance Director Ryan, and City Clerk Van Genderen.

Tax Levy Options

Interim Finance Director Ryan reported that the 2022 total tax levy was \$7,122,995, with a tax rate of 47.833%. The Council set a maximum tax levy increase of 10.4% at the September 19th Council Meeting which would total \$7,861,932 for 2023, reducing the tax rate to 45.191%. In response to Council direction, staff prepared four different tax levy options. Each option presented applies \$5,724,621 to the general fund, \$75,000 to the Port Authority Fund, \$1,400,405 to the Debt Service Fund, \$469,334 to the Tax Abatement Fund, and any remaining funds could be designated for an additional officer and funding towards Somerset Lane.

Interim Finance Director Ryan reviewed the options discussing how the additional revenue would be designated. With a 10.4% Levy Increase, the increased revenue would include: two new police officers, funding a portion of the All Seasons Arena repairs, funding the transit increase, and applying \$84,263 toward the debt service fund for Somerset Lane. The 9.8% Levy Increase would include two new police officers, support a portion of the All Seasons Arena repairs, fund the transit increase, and apply \$42,331 toward the debt service fund for Somerset Lane. The overall tax rate would decrease by 2.883%, bringing it to 44.95%. The 9.2% Levy Increase would fund two police officers and cover the All Seasons Arena repairs and the transit increase. The tax rate would decrease by 3.127%, making it 44.706%. The 7.67% Levy Increase would fund one new police officer, the All Seasons Arena repairs, and the transit increase. The tax rate would decrease by 3.749%, bringing it to 44.084%.

Interim Finance Director Ryan requested Council provide direction concerning the Council's desired tax rate to allow staff to prepare for the Truth in Taxation hearing on December 5th.

Council Members agreed on wanting to fund the two new police officers and the city's portion of the All Seasons Arena repairs. Council Members Norland and Steiner preferred the 9.8% Tax Levy and Council Member Oachs and Whitlock preferred the 9.2% Tax Levy increase. Mayor Dehen suggested splitting the difference and settling on a 9.5% Tax Levy Increase. Council Members agreed that splitting the difference would be a good option and continue the City's trend of decreasing tax rate.

Wastewater Update

City Administrator McCann reported that the City of Mankato would be hosting its annual Wastewater meeting for users of the system. He stated the City of Mankato is waiting to see if they will receive bonding money and, at this time, have yet to present scenarios to the users concerning project cost share. Interim Finance Director Ryan reported that the contract with Mankato is up, and they are looking at focusing on flow to the plant.

169 Corridor Update

City Administrator McCann reported that MnDOT is continuing to review the project. Currently, the plan is to close the Lind Avenue intersection and make the North River Drive intersection a full intersection. The plan is also to maintain the Webster Avenue intersection as a

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full intersection. MnDOT is planning on beginning work on the project in 2027. City Administrator McCann reported that the City would have a cost share with the project and would need to be included in the CIP.

Indoor Recreation Update

City Administrator McCann reported that the City's lobbyist Ward Einess stated that a bonding bill could be possible early next year. The City could consider increasing its request and/or see if the legislature would authorize the 15 million local option sales tax. Mayor Dehen stated that the legislature would only need to extend the City's authority currently through 2038.

Abatement Map

City Administrator McCann provided a map showing the properties that are a part of abatements, TIF Districts, and the Tax exempt parcels. A discussion was held concerning the map. City Administrator McCann reported that if the City needs abatement bonds to fund the recreation facility, there are plenty of parcels to use.

Water Meters

Interim Finance Director Ryan reported that in 2018 the City approved the replacement of meters with auto-read meters. Since the City began installing auto-read meters in January 2019, a total of 1,007 have been replaced for approximately 13.39% of all meters.

Interim Finance Director Ryan reviewed the City's current meter reading process, which includes residents submitting their meter readings over the phone, on their bills, or offering them online. The staff then manually enters the meter readings into the system. Staff will then review the numbers along with other manual operations. If the City were to go entirely to auto-read meters, the process would be less laborious for staff.

Interim Finance Director Ryan provided three options for increasing the rate at which the meters are being installed. Option 1 included instituting a policy that a new meter needs to be installed before a rental license is renewed. Option 2 included increasing the base water bill and providing a discount to those who have converted to auto-read meters. Option 3 would divide the City into sections and require those sections to convert to auto-read meters over a phased installation.

A discussion was held concerning the options, and it was determined to implement option 1, consider alternatives to assist seniors and provide an opportunity to assess the meter to their properties. Interim Finance Director Ryan reported that the public could finance the meter on their water bills over time.

Council Member Norland moved, seconded by Council Member Steiner, to adjourn the Council Work Session at 12:38 pm.

Mayor

City Clerk