

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on December 19, 2011. Mayor Dehen called the meeting to order at 7:00 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for the meeting, Mayor Dehen, Council Members Freyberg, Steiner, Norland and Schindle, Administrator Sande, City Clerk Gehrke, Finance Director Thorne, Attorney Kennedy, Engineer Malm and Planner Fischer.

### **Approval of Agenda**

The agenda was approved as presented.

### **Approval of Minutes**

**Council Member Steiner moved, seconded by Council Member Norland, to approve the minutes of the Council Workshop of December 5, 2011 and the Council meeting of December 5, 2011. Vote on the motion: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

### **Correspondence**

#### **Thank-You Letters**

The Mayor presented letters from Community Education and Recreation Department (Lancer Marching Band), Boy Scout Troop 29 and Children's Museum of Southern Minnesota for the generous donations from the Charitable Gambling Fund. He also presented a letter from Twin Rivers Council for the Arts thanking the City for the generous award of \$10,000 to support their organization. The Mayor presented a letter from St. Paul Evangelical Covenant Church thanking the City for fixing their sidewalk and a letter from the Connecting Nicollet County Group for greeting them when they came to North Mankato for a meeting last week.

### **Public Hearing, 7 p.m. – MS4 (Municipal Separate Storm Sewer System) Permit**

Administrator Sande gave background information noting it is an annual requirement to hold a public hearing to receive comments on the City's Municipal Separate Storm Sewer System Permit (MS4) and a notice of the public hearing was published in the local newspaper. Construction Inspector Marion Haayer addressed the Council and gave a brief presentation on the MS4 Permit which mandates six minimum control measures for addressing the Storm Water Pollution Prevention Program (SWPPP). He noted that the City of North Mankato is a member of the Minnesota Cities Storm Water Coalition. He reported the MS4 five-year permit has expired and the EPA is writing the standards for a new permit. Construction Inspector Haayer reported that he along with Construction Inspector Tostenson and Building Inspector Knutson attended the first MPCA meeting where they were reviewing 896 comments received during the comment period for the new permit. The new permit is scheduled to come out in the Spring of 2012, but at this time he does not know how the permit will look. Construction Inspector Haayer spoke about the Legacy Act passed in November of 2008 which has \$76,000,000 available for clean water projects. He referenced a recent article in the *Pioneer Press* regarding the Lake Pepin turbidity TMDL and also noted communities across much of Minnesota are bracing for what could be an \$843 million bill to reduce the amount of sediment reaching Lake Pepin on the Minnesota-Wisconsin border. With no one else appearing before the Council, the Mayor closed the public hearing.

**Public Hearing, 7 p.m. – Five-Year Capital Improvement Plan**

Mayor Dehen opened the public hearing to consider the Five-Year Capital Improvement Plan 2012-2016. Notice of the public hearing was published on the City's website. Finance Director Thorne presented an overview of the Five-Year Capital Improvement Plan 2012-2016 reporting the total estimated cost of the Five-Year Plan is \$40.7 million; however, \$18 million is attributable to the T.H. 14/CSAH 41 interchange and related improvements. She reviewed the large items in the Plan as follows: Public Works Storage Building \$500,000 in 2015, Fire Apparatus \$750,000 in 2016, Well No. 9 \$1,200,000 in 2013, Recoat Water Tower No. 2 \$275,000 in 2012, Main Lift Station Control Replacement \$350,000 in 2014, North Ridge Ravine Storm Sewer Extension \$600,000 in 2013-2015, Roe Crest/Noretta Storm Sewer \$750,000 in 2013, and Infrastructure Rehabilitations \$8,100,000 in 2012-2016. Finance Director Thorne presented a PowerPoint presentation of the balance of the Five-Year CIP 2012-2016 noting staff has identified the addition of \$50,000 to recertify the dike in 2013 which will be placed in the 2013 CIP. With no one else appearing before the Council, the Mayor closed the public hearing.

**Open the Meeting to the Public for the First Time**

The Mayor opened the meeting to the public for the first time with no one appearing.

**Nicollet County Board Actions**

Mayor Dehen reported the Nicollet County Board authorized North Mankato to handle notifications for an upcoming public hearing relating to the request by Great River Energy to put a new transmission line within the City limits of North Mankato. Administrator Sande reported staff met with the City Engineer to review the site plan and storm water management for the site. He reported this is a joint project with Great River Energy and BENCO for a high voltage line extending services to the industrial park. Work on the project should begin in the Spring 2012.

**Consent Agenda**

**Council Member Freyberg moved, seconded by Council Member Norland, to approve the Consent Agenda which includes:**

1. Parade Permit for MSU/Scheels 5K Run and Easter Egg Hunt, April 7, 2012, from 9 a.m. to 11 a.m.
2. Large Group Permit for MSU/Scheels 5K Run and Easter Egg Hunt, Benson Park, April 7, 2012 from 7:30 a.m. to 3 p.m.
3. Parade Permit for Arthritis Foundation Walk, April 28, 2012, from 8 a.m. to 12 noon.
4. Large Group Permit for Arthritis Foundation Walk, Spring Lake Park, April 28, 2012 from 7 a.m. to 1 p.m.
5. Audio and Large Group Permit for True Value Picnic, Spring Lake Park, August 11, 2012, from 8 a.m. to 8 p.m.

**Vote on the motion: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Staff Reports****City Administrator****Approval of Proposed 2012 Budget and Capital Improvement Plan 2012-2016**

Administrator Sande presented three resolutions for the final approval of the 2012 Budget and Five-Year Capital Improvement Plan, 2012-2016.

**Res. No. 76-11 Approving the General Fund Budget and Auxiliary Fund Budget for Fiscal Year 2012**

Administrator Sande noted the Council held a public hearing for the 2012 Budget on December 5, 2011. He presented a resolution approving the General Fund Budget in the amount of \$5,592,040 and the Auxiliary Fund Budget in the amount of \$16,325,607 for a total budget of all funds in the amount of \$21,917,647. Council Member Schindle stated his disappointment that more wasn't whittled off the budget especially considering the proposed upcoming retirements which he thought would have more of an impact. Council Member Freyberg stated from day one he has been in favor of hiring an additional patrol officer and that should be a priority of the Council to do this as soon as possible. Council Member Freyberg also asked for a greater level of detail of the budget for the next budget year. He spoke of the letter he received from 40 employees regarding changes to the benefit package and wrote each a letter back asking for other ideas for savings during the budget process and he did not receive one response which he thought was concerning. He stated getting the levy down to 7 percent from 12.5 was a big leap and hopes that things can be done in the future to help make the budget process easier. He stated his agreement with the adoption of this resolution with the inclusion of a patrol officer. Council Member Norland stated she did not want to include the hiring of a patrol officer in this resolution especially considering the uncertain funding future. Council Member Schindle stated that Police, Fire, Street and Sewer are the priorities before other items. Council Member Norland stated her agreement for the hiring of a patrol officer however she believes there is going to be additional funding issues in the future and we need to allow ourselves flexibility until after July 1<sup>st</sup> when the Legislature has adjourned. Mayor Dehen reported the patrol officer could be addressed in the portion of the meeting discussing the retirements. Council Member Freyberg stated the retirement issue should be addressed prior to passage of this resolution. In response to these concerns, Administrator Sande reported that one retirement is scheduled for March 1<sup>st</sup> and the second for June 1<sup>st</sup> and based on the estimated savings would allow for the hiring of a patrol officer since the savings would offset the cost of the patrol officer. He spoke with the Police Chief and he is comfortable with hiring a Patrol Officer effective March 1<sup>st</sup> since a new officer is starting next week. The positions open from the retirement will remain unfilled for 2012 or until the Council approves refilling them at some future date. **Council Member Norland moved, seconded by Council Member Steiner, to adopt Resolution No. 76-11 Approving the General Fund Budget and Auxiliary Fund Budget for Fiscal Year 2012. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Res. No. 77-11 Approving 2011 Tax Levy, Collectible in 2012**

Administrator Sande presented Resolution No. 77-11 approving the 2011 tax levy, collectible in 2012 reflecting an increase of 7.02 percent over the prior year. Administrator Sande reported the total levy is \$5,152,123. Council Member Schindle asked if the maintenance of effort for the library could be reduced if a decision was made in future years to eliminate the bookmobile. Administrator Sande reported the Legislature recently reduced the maintenance of effort for the library by 10 percent and that there is some latitude on the library if a decision was made to eliminate the bookmobile. **Council Member Norland moved, seconded by Council Member Steiner, to adopt Resolution No. 77-11 Approving 2011 Tax Levy, Collectible in 2012. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Res. No. 78-11 Approving the Five-Year Capital Improvement Plan, 2012-2016**

Administrator Sande presented a resolution for approval of the Five-Year Capital Improvement Plan, 2012-2016. Council Member Freyberg stated the resolution lists 8 items the City Council considered during the preparation of the CIP; however, the following three items were not discussed: a) Level of overlapping debt in the City, b) Relative benefits and costs of alternative use of the funds; and c) Alternatives for providing services more efficiently through shared facilities with counties and other local governmental units. He also reiterated his dislike of using Equipment Certificates for purchase of equipment. Administrator Sande reported the purchase of equipment has been eliminated from the General Fund and Equipment Certificates have been used to purchase equipment; however, an alternative would be to set monies aside in a Capital Facilities Fund. **Council Member Schindle moved, seconded by Council Member Norland, to adopt Resolution No. 78-11 Approving the Capital Improvement Plan, 2012-2016. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Engagement Letter with Abdo, Eick & Meyers for 2011 Annual Audit**

Administrator Sande presented a letter from Abdo, Eick & Meyers outlining the audit services to be provided to the City of North Mankato for fiscal year ending December 31, 2011. The proposed fee for these services is \$28,995. He noted that staff will send out a Request for Proposal (RFP) for auditing services in late summer of 2012. Council Member Schindle stated he is not in favor of this and reported he had requested recommendations on written policies for a workshop from the auditor and never heard back from him. Administrator Sande reported the Finance Director is drafting the proposed policies and will bring them to the Council for approval. The Finance Director reported she has spoken with the auditors and the first written policy is on tonight's agenda for approval. **Council Member Steiner moved, seconded by Council Member Norland, to approve the engagement letter with Abdo, Eick & Meyers for 2011 audit services. Vote on the motion: Freyberg, Steiner, Norland and Dehen, aye; Schindle nay. Motion carried.**

**Res. No. 79-11 Approving Retirement Incentive Health Insurance Contributions**

Administrator Sande presented Resolution No. 79-11 approving retirement incentive health insurance contributions. He reported the Personnel Committee met and reviewed the proposed incentive and two employees are expected to retire. Council Member Schindle reported one of his concerns is the health care and that any changes would be the same as the current employees. Administrator Sande reported that if the plan is changed, the retirees would be covered under the same plan. Council Member Schindle reported he was also concerned about the spousal coverage. Council Member Freyberg asked about the members of the Personnel Committee and he thought this information would have been more clearly defined at the Personnel Committee. Mayor Dehen reported this information was decided at the Personnel Committee as presented. Council Member Schindle asked to meet with the City Attorney at a future date. **Council Member Norland moved, seconded by Council Member Steiner, to adopt Resolution No. 79-11 Approving Retirement Incentive Health Insurance Contributions. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Hiring of Patrol Officer**

**Council Member Schindle moved, seconded by Council Member Steiner, to hire a Patrol Officer effective March 1, 2012 with the savings from the retired employees. Vote**

**on the motion: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

### **Schools and Conferences**

**Council Member Schindle moved, seconded by Council Member Steiner, to authorize actual and necessary expenditures for the following schools and conferences:**

- a. Collection System Operators Conference, Bloomington, January 18-20, 2012, for Water Superintendent.
- b. Signal and Lighting Certification, Shoreview, January 25-26, 2012, for Construction Inspector.
- c. MnDOT Bridge Safety 1, Shoreview, February 27-March 2, 2012, for Construction Inspector.

**Vote on the motion: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

### **City Clerk**

#### **Res. No. 80-11 Setting Council Meeting Dates for Year 2012**

Clerk Gehrke presented a resolution with the recommended Council meeting dates to accommodate the necessary changes due to federal holidays. The Clerk noted changes from the regular Monday meeting dates to Tuesday, January 3, 2012, Tuesday, January 17, 2012; Tuesday, February 21, 2012; and Tuesday, September 4, 2012. The balance of the meetings will remain on the regularly scheduled first and third Mondays of the month. **Council Member Steiner moved, seconded by Council Member Norland, to adopt Resolution No. 80-11 Setting Council Meeting Dates for Year 2012. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

### **Finance Director**

#### **Res. No. 81-11 Approving Fund Balance Policy**

Finance Director Thorne reported in 2009 the Governmental Accounting Standards board (GASB) issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for periods beginning after June 15, 2010. This standard creates new classifications for fund balance based on a new focus on constraints placed on the use of current fund balance and also redefines governmental fund type definitions. She reported that as part of this policy, minimum unrestricted fund balances are defined to facilitate cash flow during the year and accommodate the timing of tax settlements and state aid receipts. She presented Resolution No. 81-11 adopting the Fund Balance Policy which addresses GASB Statement No. 54. **Council Member Freyberg moved, seconded by Council Member Norland, to adopt Resolution No. 81-11 Approving Fund Balance Policy. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

#### **Res. No. 82-11 Committing Specific Revenue Sources and Confirming Restrictions for Specified Purposes in Special Revenue Funds**

Finance Director Thorne presented Resolution No. 82-11 which defines specific revenue sources of each special revenue fund and the specific purpose for which they are restricted or committed as required by GASB Statement No. 54. **Council Member Freyberg moved, seconded by Council Member Norland, to adopt Resolution No. 82-11 Committing Specific**

**Revenue Sources and Confirming Restrictions for Specified Purposes in Special Revenue Funds. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Res. No. 83-11 Authorizing Transfer of Funds**

Finance Director Thorne presented background information reporting the LGA reduction for North Mankato for 2011 amounted to \$497,323 and the Market Value Homestead Credit reduction was an additional \$240,903. The combined total of these reductions amounted to \$738,226 or 13.1 percent of the 2011 General Fund Expenditure Budget. Because of the excellent economic development year and as a result the building permit revenues have significantly exceeded the budgeted amount, plus the operational departments have succeeded in limiting operating expenses in a number of budget areas. Those efforts have resulted in offsetting approximately \$488,000 of the \$738,000 reduction. When the final numbers are determined, it will be necessary to transfer approximately \$250,000 from other reserve funds to the General Fund to account for the balance of the reductions from the State. The Finance Director presented Resolution No. 83-11 authorizing transfers from the Storm Water Fund in the amount of \$120,000, the Contingency Fund in the amount of \$30,000 and the Community Development Fund in the amount of \$100,000. She noted that final results will be reported to the Council after the close of the fiscal year. Administrator Sande thanked the City staff in addressing the 2011 Budget problems and for their assistance in formulating the proposed 2012 Budget. Council Member Schindle asked the balance in the Community Development Fund. Administrator Sande reported before any transfers, the balance in this fund is approximately \$225,000. Mayor Dehen also thanked the City staff for the work and also thanked the Port Authority Commission for their work in the expansion of the industrial park. **Council Member Steiner moved, seconded by Council Member Norland, to adopt Resolution No. 83-11 Authorizing Transfer of Funds. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Resolution No. 84-11 Declaring Costs to be Assessed for Municipal Charges – Platinum Development Group, Inc.**

Finance Director Thorne presented Resolution No. 84-11 declaring costs to be assessed for municipal charges for mowing and spraying broadleaf for lots owned by Platinum Development Group, Inc. on Fairbanks Drive and Kodiak Drive in August and September of 2011 in the amount of \$2,400. **Council Member Norland moved, seconded by Council Member Schindle, to adopt Resolution No. 84-11 Declaring Costs to be Assessed for Municipal Charges – Platinum Development Group, Inc. Vote on the Resolution: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.**

**Report from Council Members**

**Council Member Steiner**

Council Member Steiner thanked the City staff for their work on the 2012 Budget. He also wished everyone Happy Holidays.

**Council Member Norland**

Council Member Norland also thanked City staff for their work on the 2012 Budget and wished everyone Happy Holidays.

**Council Member Schindle**

Council Member Schindle asked the City Planner to research the snow plowing policy for Bennett Street. He wished everyone Happy Holidays.

**Report from Mayor**

Mayor Dehen reported the Minnesota Department of Transportation has commissioned a safety survey of Highway 14 to the west of North Mankato and are looking for individuals to make commentary on this subject. Anyone who is able to participate should contact the City or Mayor Dehen. He has approached Chief Boyer and the Sheriff's Department. Administrator Sande suggested someone from the Ag community. Council Member Steiner suggested Gary Zellmer as a participant. A preliminary meeting will be held on January 18, 2012.

Mayor Dehen spoke with the North Mankato Post Mistress and no post office closings will be done prior to May 2012.

The Mayor reported "Coffee with the Council" will be held from 10-11 a.m. on Saturday, January 14, 2012 at the Circle Inn.

The Mayor wished everyone Happy Holidays.

**Open the Meeting to the Public for the Second Time**

**Mark Haack, 713 Bennett Street**

Mark Haack, 713 Bennett Street, voiced his concerns about the snow plowing on Bennett Street. He reported that residents of Bennett Street want the snow to be plowed to the middle and hauled away. Administrator Sande reported that placement of the sidewalk determined the snow plowing since one side of the street has a sidewalk and the other does not. Mayor Dehen reported staff would investigate this matter.

**Bills and Appropriations**

Council Member Schindle questioned the billing to Minnesota Waste Processing and Administrator Sande reported the garbage is sent to them for processing. Council Member Steiner moved, seconded by Council Member Norland, to approve all bills and appropriations in the amount of \$205,850.97. Vote on the motion: Freyberg, Steiner, Norland, Schindle and Dehen, aye; no nays. Motion carried.

There being no further business, the meeting was adjourned at 8:22 p.m.

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Mayor

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City Clerk