

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Council Chambers of the Municipal Building on November 13, 2012. Acting Mayor Steiner called the meeting to order at 6:09 p.m. The following were present for the meeting: Council Members Schindle, Freyberg, Steiner and Norland, Interim Administrator Fischer, Finance Director Thorne and City Clerk Gehrke. Mayor Dehen joined the meeting at 6:20 p.m.

Continuation of 2013 Budget and Five-Year Capital Improvement Plan, 2013-2017

A. Capital Improvement Plan – List of Equipment

Finance Director Thorne presented the Capital Improvement Plan list of proposed equipment and capital improvements for bonding. She also presented an estimate of debt service requirements based upon the proposed list stating the annual levy requirements range from \$133,282 to \$145,756. She reported the HVAC is currently being installed using the savings in the Administration personnel budget for cash flow and can be included as part of the equipment certificates for a final funding source. The Finance Director also reported the City is committed to Nicollet County to share in the joint purchase of the chip spreader. The exterior doors and restrooms for the Municipal Building are capital facility improvements and will require capital improvement bonds for funding. Council Member Freyberg stated that rather than bonding for the HVAC we should pay for it in 2012. Since this would leave \$15,000 for replacement of the exterior doors and \$10,000 for remodel of the restrooms, the Council believes these two items can be completed with general operating funds and would eliminate the need for a G.O. Capital Improvement Bond.

The Council reviewed the list of equipment requested by the department heads and recommended the street sweeper in the amount of \$200,000 and the auto tie baler in the amount of \$75,000 be removed reducing the proposed equipment certificates from \$994,095 to \$719,095 which includes the 2012 and 2013 equipment purchases as follows:

Police vehicle equipment	\$ 7,500
Fire SCBA Air Packs	123,795
Civil Defense Sirens	20,000
Inspections 4WD Pickup	28,000
GPS-SPS Equipment & Software	30,000
Street 1T Truck w/Box	34,800
Chip Spreader (Jointly w/Nicollet County)	125,000
1T Trucks w/Box (2 – used)	40,000
Tractor Backhoe	100,000
Tractor	55,000
Mower	85,000
Bookmobile	<u>70,000</u>
TOTAL	\$719,095

Recap of Debt Capacity

Finance Director Thorne reviewed the Minnesota Statute as it relates to setting debt limits at 3.00 percent of the total assessment value in the City. She stated the City’s debt margin as of December 31, 2011 is \$26,222,790 and reported the City’s general obligation debt subject to the

limitation is \$2,488,000 or 9.49 percent of the limit. Council Member Freyberg referenced the December 31, 2011 Comprehensive Annual Financial Report (CAFR), page 202, which summarized debt by type and stated the G.O. Special Assessment Bonds in the amount of \$15,885,000 concerned him because of the \$3-4 million of deferred assessments. He also referenced the overlapping debt of the governmental units within the boundaries of the City.

Bond Refunding Feasibility Report

Finance Director Thorne reported that she is working with Paul Donna of Northland Securities reviewing bonds that meet the test for refunding. She reported State law requires that for a bond to be refunded it must meet the test of a 3.0 percent or greater net present value benefit. Northland Securities has identified eight bonds that show a positive savings and meet the State test. She is recommending the refunding be done in conjunction with a debt service study as the study would show which bonds need to be restructured to match City revenue sources. Finance Director Thorne presented four cost proposals for a debt service study as follows:

Northland Securities, Inc.	\$4,500
Springsted, Inc.	\$4,500
Abdo, Eick & Meyers, Inc.	\$4,000 - \$5,000
Ehlers, Inc.	\$6,500

The Council requested the Debt Service Study be an agenda item for the November 19, 2012 Council meeting.

Enterprise Fund Rate Study

Finance Director Thorne gave background information regarding the enterprise funds and presented the rate study for the water utility fund. Included in the rate study were assumptions for increase of new residential connections for the years 2013-2017 and an operating expenditure increase of 3.00 percent annually. Also incorporated into the rate study were the capital expenditures as listed in the Five-Year Capital Improvement Plan that will be funded by water revenue bonds. The Finance Director is recommending an increase of 5.50 percent which is the first increase since 2008.

Bookmobile

Interim Administrator Fischer presented a letter from Blue Earth County notifying the City that effective December 31, 2012, the Blue Earth County Library System will no longer require the services of the bookmobile. Because of this change, Blue Earth County will not be budgeting \$10,000 for the bookmobile. The Interim Administrator presented a response from the Library Director regarding this reduction in bookmobile revenue which breaks down the proposed reduction to balance the bookmobile budget after elimination of the \$10,000. The Council discussed the need for the bookmobile for the rural elderly and daycare centers. The Mayor reported North Mankato had been supporting the Head Start Program in Blue Earth County but with this change, the service will be cut.

Regional Economic Development Alliance

Mayor Dehen presented a draft worksheet of the cost to participate in the Regional Economic Development Alliance. He reported that Mankato's per resident cost is \$4.38 or

\$173,571 for 2013. The proposed share for North Mankato to participate in the Regional Economic Development Alliance is \$2.19 per resident or \$29,402.94 based on the most recent Demographer's population estimate of 13,426. The Mayor requested that approval of the Regional Economic Development Alliance be an agenda item for the November 19, 2012 Council meeting.

Community Development Fund

Council Member Schindle requested a print-out of the Community Development Fund so the Council may review the fund and possibly restructure the use of these dollars.

Recap of Requested Items

The Finance Director recapped the items requested by the Council:

- a) Debt service levy for potential street projects: 1) Belgrade Hill Project, 2) Cliff Court Project and 3) Belgrade Hill Project and Cliff Court Project combined.
- b) CIP Equipment Certificate Levy Impact.
- c) Effect on levy for joining GMG.
- d) Printout of Community Development Fund.

Other Business

Council Member Freyberg reported there is currently a pool of 36 candidates for the City Administrator position. Preliminary interviews will be held during the next two weeks.

There being no further business, the Council Workshop was adjourned at 7:45 p.m.

Mayor

City Clerk