

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 July 1, 2013. 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 Spears, Steiner, Norland and Freyberg, City Administrator Harrenstein, Finance Director Thorne, City Clerk Gehrke and Attorney Kennedy.

Approval of Agenda

Council Member Steiner moved, seconded by Council Member Norland, to approve the agenda as presented. Vote on the motion: Steiner, Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.

Approval of Minutes

Council Member Steiner moved, seconded by Council Member Norland, to approve the minutes of the Council meeting of June 17, 2013. Vote on the motion: Steiner, Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.

Consent Agenda

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

- A. Bills and Appropriations.
- B. Audio Permit for Local Talent Variety Show, Wheeler Park Band Shell, Monday, August 19, 2013 from 4-8 p.m.

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

Public Comments

Barb Church, 102 E. Wheeler Avenue

Barb Church, 102 E. Wheeler Avenue, appeared before the Council and gave an update of the noise level from the events held at Riverfront Park in Mankato. She reported she has been working with a City of Mankato employee recording decibel readings at four locations. Ms. Church reported that although the decibel readings do not reflect much change, the pounding of the bass, the rattling of the windows, the need to keep windows closed and to stay indoors while the music is playing causes mental and physical distress to neighbors in the area. Mayor Dehen reported he has received calls regarding this matter and the City of Mankato is working on some short-term and long-term solutions.

Bernadette Wilson, 1754 Commerce Drive

Bernadette Wilson, 1754 Commerce Drive, former owner of Beans Plus, appeared before the Council and presented background information regarding the tax abatement request for Beans Plus. She reported Beans Plus provided daycare services for 192 children employing up to 36 employees as well as providing rental space to the community. She stated Beans Plus was the responsible party for the real estate tax payments. Ms. Wilson requested the City Council deny the tax abatement for the building located at 2101 Rolling Green Lane and asked that the finances of the Autism Center currently leasing the space be reviewed. She stated they are the responsible party for the real estate tax payments and are funded by Medicare and health insurance providing care for 20 children and have exclusive use of the space. She questioned what the Autism Center or Theuninck Rolling Green Properties provide to the City compared to other service providers in the community to qualify for the abatement.

Sean Jamison, 2164 Rolling Green Lane

Sean Jamison, 2164 Rolling Green Lane, appeared before the Council stating his support for the placement of the playground structure in Benson Park.

Kevin Dixon, 2223 Fairbanks Drive

Kevin Dixon, 2223 Fairbanks Drive, appeared before the Council stating he was representing his neighborhood in support of the placement of the playground structure in Benson Park.

Scott Thiem, 1003 Shady Oak Drive

Scott Thiem, 1003 Shady Oak Drive and member of the 2007 Park & Green Spaces Committee, appeared before the Council and voiced his opposition to placement of the playground structure in Benson Park since it does not conform to the approved plan.

Business Items:**Consider Setting Public Hearing for Utility Easements Vacation, North Ridge Estates Phase XIV**

Administrator Harrenstein reported it is necessary to set a public hearing for the vacation of certain utility easements in North Ridge Estates Phase XIV for the relocation of a lot line. **Council Member Steiner moved, seconded by Council Member Norland, to set a public hearing for utility easements vacation in North Ridge Estates Phase XIV for 7 p.m. on Monday, August 5, 2013. Vote on the motion: Steiner, Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

Res. No. 44-13 Awarding Bid for Project No. 13-05, Caswell North Soccer Fields, Phase 2

Construction Inspector Tostenson appeared before the Council and presented the bid tabulation for Project No. 13-05 Caswell North Soccer Fields Phase 2. He reported three bids were received on June 21, 2013 for completion of the parking lot and fencing of the complex. The low bid of \$251,706.00 was from W. W. Blacktopping of Mankato. The I & S Group engineer's estimate was \$281,722.50. **Council Member Steiner moved, seconded by Council Member Norland, to adopt Resolution No. 44-13 Awarding the bid for Project No. 13-05, Caswell North Soccer Fields, Phase 2, to W.W. Blacktopping of Mankato for the bid amount of \$251,706. Vote on the Resolution: Steiner, Norland, Freyberg and Dehen, aye; Spears nay. Motion carried.**

Property and Casualty Insurance Renewal and Workers' Compensation Renewal

Jay Weir, Weir Insurance Agency, appeared before the Council and presented the renewal rates from the League of Minnesota Cities Insurance Trust for the property and casualty insurance and workers' compensation insurance for 2013-2014. Mr. Weir reported the League of Minnesota Cities Insurance Trust writes insurance for approximately 99 percent of all cities in Minnesota. The experience modification for workers' compensation decreased from 0.91 to 0.87 for 2013-14. Property/casualty and workers' compensation insurance premiums for 2013-2014 total \$264,648 compared to the prior period of \$250,659. The League of Minnesota Cities Insurance Trust has been returning a total of \$191 million in dividends since 1987 and last year the City received a dividend of \$71,000. Mr. Weir reviewed the rating formula changes from the last policy period. Council Member Freyberg asked if full comprehensive coverage is dropped after vehicles are 10 years old. Mr. Weir reported the City has a \$5,000 deductible and could increase this to \$10,000 to save on premiums. At the request of the Council, Mr. Weir will research items that don't need to be insured because of the larger deductible and the age of equipment. **Council Member Freyberg moved, seconded by Council Member Steiner to table renewal of the property/casualty and workers' compensation**

insurance until response from Mr. Weir on the automotive criteria. Vote on the motion: Steiner, Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.

Res. No. 45-13 Calling for a Public Hearing for 7 p.m. on Monday, August 5, 2013 on the Adoption of Amended Criteria for Awarding Business Subsidies

Administrator Harrenstein presented background information regarding the City's Business Subsidy Policy reporting the policy was adopted in 1999; however, in 2003 the Business Subsidy Act was amended. He stated that in order to continue granting business subsidies, the City will be required to adopt amended criteria to bring the current policy into compliance with the Business Subsidy Act as it has been amended. A copy of the proposed Amended and Restated Business Subsidy Policy was presented. Julie Eddington, Kennedy & Graven, appeared before the Council and reported that no subsidies over \$150,000 could be issued prior to adoption of the amended Business Subsidy Policy. Administrator Harrenstein clarified that the resolution sets the public hearing and does not adopt the policy. The policy is scheduled for consideration of adoption on August 5th after the public hearing. He also stated that adopting the Business Subsidy Policy is a temporary measure that staff is recommending be completed prior to resolving the Theuninck Abatement issue so the City complies with State statute. The entire Business Subsidy Policy will be revised as part of the economic development policy developed by the Economic Development Committee. **Council Member Norland moved, seconded by Council Member Steiner, to adopt Resolution No. 45-13 Calling for a Public Hearing for 7 p.m. on Monday, August 5, 2013 on the Adoption of Amended Criteria for Awarding Business Subsidies. Vote on the Resolution: Steiner, Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

Res. No. 46-13 Calling a Public Hearing for 7 p.m. on Monday, August 5, 2013 on an Amended and Restated Property Tax Abatement for Certain Property in the City of North Mankato and Granting Certain Business Subsidies to Theuninck Rolling Green Properties, LLC

Julie Eddington, Kennedy & Graven, appeared before the Council and presented a draft Abatement Contract between the City of North Mankato and Theuninck Rolling Green Properties, LLC (the Developer). She presented background information reporting Theuninck Rolling Green Properties, LLC is the owner of the property located at 2101 Rolling Green Lane. In January 2008 the Council granted a property tax abatement for a period of 15 years on the property for the purpose of developing a child care facility known as Beans Plus. The initial abatement payments were delivered to Beans Plus but after Beans Plus went out of business, the abatement payments were provided to the Developer. The building located on the property is now leased to an autism care facility and the City is asked to continue to provide abatement to the Developer in order to continue to provide employment opportunities in the City, increase the City's tax base, and provide access to services for residents of the City. To clarify the terms of the abatement, the Council is being asked to amend the terms of the abatement. Since the amended abatement is considered a business subsidy, the City is required to conduct a public hearing on the abatement, as amended. Ms. Eddington reviewed the terms of the proposed amended abatement which would continue the abatement to the developer through calendar year 2023 with an annual amount of abatement of \$18,000 or an estimated total abatement of \$216,280 and require 10 FTE jobs at a wage of no less than \$15.00 per hour. **Council Member Freyberg moved, seconded by Council Member Norland, to adopt Resolution No. 46-13 Calling a Public Hearing for 7 p.m. on Monday, August 5, 2013 on an Amended and Restated Property Tax Abatement for Certain Property in the City of North Mankato and Granting Certain Business Subsidies to Theuninck Rolling Green Properties, LLC. Vote on the Resolution: Steiner, Norland, Freyberg and Dehen, aye; Spears, nay. Motion carried.**

2012 Comprehensive Annual Financial Report (CAFR)

Kyle Meyers, Abdo, Eick & Meyers, appeared before the Council to present the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2012. Mr. Meyers recapped the year's activities noting net assets of \$51,240,886, of which \$5,717,234 represents unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors. He reported the City's total position decreased by \$1,799,828 as compared to an increase of \$1,088,179 in the previous year. A major reason for the decrease was a decrease in capital grants and contributions of \$1,267,077, mostly as a result of MnDOT's Highway Planning and Construction grants and aids for highways. At the end of the 2012 fiscal year, unassigned fund balance for the General Fund was \$2,731,388, or 49.5 percent of total General Fund expenditures. Mr. Meyers reported the City's total debt decreased by \$2,080,499, debt issuance amounted to \$1,935,423 and \$4,015,922 in long-term debt was retired during the year. He reported staff has begun the process of creating and adopting written accounting policies and procedures. Mr. Meyers commended the Finance Director for her work preparing for the CAFR. A copy of the 2012 Comprehensive Annual Financial Report will be on file at the North Mankato Taylor Library and Municipal Building, is posted online, and any questions may be directed to the Finance Director. **Council Member Norland moved, seconded by Council Member Steiner, to accept the 2012 Comprehensive Annual Financial Report (CAFR). Vote on the motion: Steiner, Norland, Freyberg, Spears and Dehen, aye; no nays. Motion carried.**

Playground Structure at Benson Park

Mayor Dehen presented a recommendation for placement of the playground structure in Benson Park. He also presented a map of Benson Park showing the proposed location of the structure on the north central side of Benson Park adjacent to the existing diagonal parking. The Mayor gave background information reporting the playground structure was purchased in 2012 from the Sales Tax Fund to be placed in Benson Park adjacent to the parking lot off Carlson Drive. After neighborhood outcry, alternate locations were reviewed. However, the play structure must be placed in a regional park and all other regional parks have a play structure. A meeting was held with the Park & Green Spaces Committee/Rolling Green neighbors regarding placement of this play structure in Benson Park. The Committee requested that once funds are secured for the wood play set, the metal/plastic equipment be removed. They also requested a sign depicting the full park plan conceptual drawing be posted in the park to help that effort. **Council Member Norland moved, seconded by Council Member Steiner, to approve \$3,000 for the installation of the previously purchased play structure and to direct staff to install the play structure in the denoted north central area of Benson Park with review and consideration of the removal of the play structure once the recommended wood play structure is erected.**

Council Member Spears moved, seconded by Council Member Freyberg, to amend the motion to read: "To approve \$3,000 for the installation of the previously purchased play structure and to direct staff to install the play structure in the denoted north central area of Benson Park with removal of the play structure once the recommended wood play structure is erected." Vote on the motion: Freyberg and Spears, aye; Steiner, Norland and Dehen, nay. Amended motion failed.

Vote on the original motion: Steiner, Norland and Dehen, aye; Freyberg and Spears, nay. Original motion carried.

City Administrator and Staff Comments

Administrator Harrenstein reported a successful Triathlon on June 30, 2013 and thanked Chief Boyer and his staff for their work on this event. He also thanked the staff who worked on the Minnesota State High School League Fastpitch Tournament which was held at Caswell Park June 6-8, 2013. He stated Caswell Park is a great symbol for this community.

Mayor and Council Comments

Council Member Spears

Council Member Spears reported he spoke with an unhappy constituent regarding the Lancers Marching Band practices in North Mankato who stated the Lancers have practiced in North Mankato for the past 15 years and he would like to see them rotated to other areas. Mayor Dehen stated he has met with the Lancers organization, asked them to be considerate of the neighbors and put in place some regulations to stay to the west side of Dakota Meadows School and stop playing some of the instruments at an earlier time. The Lancer practices will be reviewed at the end of the season. The Mayor reported he spoke with the same resident and if he has additional concerns, he may want to provide documentation, put together a petition and a community meeting could be held regarding the Lancer practices.

Mayor

Appointment of Citizen Representative to Comprehensive Plan Interview Committee

Council Member Spears moved, seconded by Council Member Norland, to appoint Corey Brunton as the citizen representative to the Comprehensive Plan Interview Committee to review the Request for Proposals (RFP) received for the Comprehensive Plan. Vote on the motion: Steiner, Norland, and Dehen, aye; Spears, nay; Freyberg abstained. Motion carried.

Appointment of Council Member to Comprehensive Plan Interview Committee

Council Member Steiner moved, seconded by Council Member Norland, to appoint Council Member Spears to the Comprehensive Plan Interview Committee. Vote on the motion: Steiner, Norland, Freyberg and Dehen, aye; Spears abstained. Motion carried.

Mayor Dehen reported fireworks would be held on July 4th over the Minnesota River. Fun Days will begin on Wednesday, July 10th with the Kiddie Parade on Friday, July 12th, the Grand Parade on Saturday, July 13th beginning at 11 a.m. and fireworks held Sunday, July 14th.

Public Comments

Phil Henry, 1300 Noretta Drive

Phil Henry, 1300 Noretta Drive, appeared before the Council and thanked the City for picking up the brush after the recent storm. He also asked the funds used for replacement of the play structure in Benson Park. The City Administrator reported sales tax funds would be used for installation of the play structure.

Phil Larson, 10 Juneau Court

Phil Larson, 10 Juneau Court, appeared before the Council and thanked them for authorizing the installation of the playground equipment in Benson Park.

Bernadette Wilson, 1754 Commerce Drive

Bernadette Wilson, 1754 Commerce Drive, appeared before the Council and presented additional concerns regarding the Theuninck Rolling Green Properties, LLC tax abatement.

Jim Santori, 2102 Rolling Green Lane

Jim Santori, 2102 Rolling Green Lane, appeared before the Council and spoke of forming a fund-raising committee for the Benson Park Improvement Project. Phil Henry, 1300 Noretta Drive, agreed to serve on this committee.

There being no further business, on a motion by Council Member Steiner, seconded by Council Member Norland, the meeting was adjourned at 8:50 p.m.

Mayor

City Clerk