

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 June 17, 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, Attorney Kennedy, Engineer Sarff and Planner Fischer.

**Approval of Agenda**

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

**Approval of Minutes**

**Council Member Freyberg moved, seconded by Council Member Norland, to approve the minutes of the Council meeting of June 3, 2013. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

**Public Hearing, 7 p.m. – Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project**

Planner Fischer reported on June 11, 2013, the North Mankato Port Authority Commission held a public hearing on the proposed modification of Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project. Since the lender financing commitment letter and a development agreement were not available for review, the Port Authority Commission tabled the request until the information is available. The Port Authority Commission included a provision that re-notification of the project review be provided and to withdraw their request for a public hearing before the City Council. **Council Member Steiner moved, seconded by Council Member Norland, to table the public hearing on proposed modification of Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project, until the Council receives recommendation from the Port Authority Commission. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

**Consent Agenda**

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

- A. Bills and Appropriations.
- B. Res. No. 38-13 Approving Donations/Contributions.
- C. Res. No. 39-13 Approving Mankato Area Youth Baseball Association, Inc. Gambling License at Best Western, 1111 Range Street.
- D. Res. No. 40-13 Declaring Costs to be Assessed for Municipal Charges – 806 Lyndale Street.
- E. Res. No. 41-13 Declaring Costs to be Assessed for Municipal Charges – 827 South Avenue.
- F. Audio Permit for Brian Jentges' 60<sup>th</sup> Birthday Party, 1117 Sunrise Drive, Saturday, June 22, 2013 from 2-10 p.m.
- G. Application for 3.2 Temporary License for Men's Fastpitch Tournament, Caswell Park, August 9-11, 2013.
- H. Application for Soft Drink License for Sweet Shoppe Express, LLC.
- I. Application for Parade Permit, Remembering Our Loved Ones Walk, Benson Park, Saturday, September 21, 2013 from 9:30 a.m. to 11:45 a.m.

- J. Large Group Permit for Remembering Our Loved Ones Walk, Benson Park, Saturday, September 21, 2013 from 9:30 a.m. to 11:45 a.m.

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

#### **Public Comments**

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

#### **Business Items:**

##### **TH 14/CSAH 41 Interchange Update and MSA Advance Funding Request**

Engineer Sarff presented background information on the TH 14/CSAH 41 Interchange Project. He reported Phase 1 of the project was completed in the fall of 2012 and included mass grading, drainage, construction of the east bound lanes to TH 13, realignment of CSAH 6 and the CSAH 41/Pleasant View Drive/CSAH 6 roundabout. Phase 2 of the project began in May 2013 and includes the construction of the west bound lanes of TH 14, CSAH 41 bridge, ramps and roundabouts. The project is scheduled for completion in the fall of 2013. He reported the City signed agreements with MnDOT for the City share of the project funding in March 2012 for Phase 1 and in February 2013 for Phase 2. Engineer Sarff reported the City has been billed and paid MnDOT for Phase I costs and has also paid for the right-of-way and engineering costs. MnDOT recently billed the City for its share of Phase 2 of the project in the amount of \$1,408,595.94. Financing for the project includes City Sales tax funds as well as Municipal State Aid (MSA) funds. The Engineer reported that since the City share of the costs for Phase 2 has been established, it is necessary for the Council to adopt a resolution requesting an advance in the City's MSA funds. After discussion with City staff it has been determined the necessary MSA advance amount required is \$648,351.28. The MnDOT State Aid Finance Office has indicated that the advance funds are currently available.

##### **Res. No. 42-13 Requesting State Aid Funds for the TH 14/CSAH 41 Interchange Project**

**Council Member Steiner moved, seconded by Council Member Norland, to adopt Resolution No. 42-13 Requesting State Aid Funds in the amount of \$648,351.28 for the TH 14/CSAH 41 Interchange Project. Vote on the Resolution: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

##### **Res. No. 43-13 Approving Plans and Specifications and Authorizing Advertisement for Bids for Project No. 13-04D, 2013 Street Improvements**

Engineer Sarff reported at the March 4, 2013 meeting, the Council authorized the preparation of plans and specifications for the 2013 Street Improvement Project. He reported the project includes installation of wearing course and miscellaneous repairs on Willow Lane, Willow Court, Balsam Lane, Balsam Court, Howard Drive West, Ringhofer Drive and Otter Court. The improvements along Willow Lane, Willow Court and a portion of Balsam Lane will be privately funded by Pavek Homes. Funding for the project would come from currently available funds in the Construction Fund and private developer contributions. The estimated project costs are: Pavek Share - \$96,817, City Share - \$270,419 for a total of \$367,236. **Council Member Freyberg moved, seconded by Council Member Steiner, to adopt Resolution No. 43-13 Approving Plans and Specifications for Project No. 13-04D, 2013 Street Improvements. Vote on the Resolution: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

**Developer's Agreement for Benson West**

Engineer Sarff reported Drummer Development, Inc. is proposing to privately finance the construction of public street, sewer, water and storm sewer improvements associated with the Benson West Development. To ensure the improvements are constructed according to City standards and procedures and to provide a method of completing the public improvements in the event of default by the Developer, it is necessary to enter into a Developer's Agreement with Drummer Development, Inc. The Agreement details the responsibilities of the Developer and the City and provides for reimbursement of costs incurred by the City in inspecting and approving the public improvements. The Agreement also provides for an Irrevocable Letter of Credit in the amount of 125 percent of the cost of the improvements that the City may draw upon in the event of default by the Developer. Administrator Harrenstein reported Item A.4. of the Developer's Agreement calls for payment of the deferred assessments plus any applicable interest on Lots 1-8, Block 1 and Lots 1-3, Block 2 of Benson West in 2013 and Lots 9-15, Block 1, and Lots 4-6, Block 2 of Benson West in 2014. The total amount of deferred assessments for Benson West is \$309,670.54. Attorney Kennedy noted that private development projects are the model for the future. **Council Member Freyberg moved, seconded by Council Member Norland, to approve the Developer's Agreement for Benson West. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

**Cliff Court Update**

Administrator Harrenstein reported to the Council that as a result of budget constraints, staff is recommending postponing the Cliff Court project until funds become available. He also requested permission to contact the residents of Cliff Court regarding this postponement. **Council Member Spears moved, seconded by Council Member Norland, to authorize the postponement of the Cliff Court project and for staff to notify the affected property owners. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

**Belle House Reasonable Accommodation Request**

Attorney Kennedy presented an application from Belle House, LLC as attorney-in-fact for Jane Doe #1, #2, #3, #4, #5 and #6 requesting that the City of North Mankato grant a Reasonable Accommodation to allow up to eight (8) unrelated individuals to reside together at 2107 Northridge Drive, North Mankato, MN. The Attorney reported that on September 24, 2012 a hearing was held to consider this same request. After the hearing a written decision along with written findings denying the request for Reasonable Accommodation was signed by a majority of the Council denying the request for Reasonable Accommodation. He reported this new application is made under the authority of the Americans with Disabilities Act and the Fair Housing Act and that according to the letter of Attorney Paul Grabitske dated May 21, 2013, Jane Doe #1, #2, #3, #4, #5 and #6 are each disabled individuals as defined by law. Attorney Kennedy reported the action required is for the Council to determine the process for holding a Hearing. The alternatives are to have a Hearing held at the administrative level with a person designated by the City Administrator and Council or a Hearing before the City Council as a whole as was done in 2012. **Council Member Spears moved, seconded by Council Member Norland, to designate the Council as the proper body to hear the request for Reasonable Accommodation to house up to eight (8) unrelated individuals at 2107 Northridge Drive. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

**Set Hearing Date for Belle House, LLC Reasonable Accommodation Request**

**Council Member Spears moved, seconded by Council Member Steiner, to set a hearing date for 5 p.m. on Monday, July 15, 2013 to consider the Belle House, LLC Reasonable**

**Accommodation request. Vote on the motion: Spears, Steiner, Norland and Freyberg, aye; Dehen, nay. Motion carried.**

**Public Comments**

**Phil Henry, 1300 Noretta Drive**

Phil Henry, 1300 Noretta Drive, appeared before the Council and stated he believes the Developer's Agreement is a good document to get the City on the correct path.

**Barbara Church, 102 E. Wheeler Avenue**

Barbara Church, 102 E. Wheeler Avenue, appeared before the Council and asked if all the committee meetings were open to the public. Administrator Harrenstein reported the Open Meeting Law applies depending upon who is in attendance.

**City Administrator and Staff Comments**

Administrator Harrenstein reported a successful Art Splash was held at the North Mankato Taylor Library on Saturday, June 15, 2013.

The Administrator thanked the Police Department for their work during the recent crimes in the area.

The Administrator reported Economic Development Workshops would be held July 16-18, 2013 and Council Members could choose to attend the workshop that is best for their calendar.

**Mayor and Council Comments**

**Council Member Norland**

Council Member Norland reported over the years she has worked with the Park & Green Spaces Committee and the Park Committee Plan was accepted by the Council and is on the City website. She reported one focus of the Plan is sustainability. Council Member Norland reported she has been attending Community Conversation hosted by the Sisters of Notre Dame. Some of the topics of discussion are sustainability, recycling and edible landscaping. She noted that people are beginning to grow food in their flower beds. She reported she would like to see alternate uses for the green lawns that use valuable resources to maintain and does not want the City Code to be restrictive in this area. She has two books on the topic of sustainability and will place them in the North Mankato Taylor Library.

**Mayor**

Mayor Dehen reported the City of North Mankato is seeking a citizen representative for the Comprehensive Plan Interview Committee and citizen representatives for the Economic Development Policies and Procedures Project. He reported that interested citizens should submit their resumes by June 30, 2013 to his attention at the City of North Mankato, 1001 Belgrade Avenue, North Mankato, MN 56003 or via email at [markdehen@northmankato.com](mailto:markdehen@northmankato.com). Council Member Spears moved to have all interested representatives appear before the full Council for selection to the committees. The Attorney reported this is not the normal procedure for selecting committees; that the Mayor selects the committee members and the Council approves the members. This motion died for lack of a second.

At 8 p.m. the Mayor adjourned the meeting until representatives from Northland Securities were in attendance to present the Debt Study. The Mayor re-convened the meeting at 8:24 p.m.

**Presentation of Debt Study**

Administrator Harrenstein introduced Paul Donna and Tammy Omdal from Northland Securities. Tammy Omdal gave a PowerPoint presentation of the Debt Study conducted by Northland Securities. She reviewed the study overview and approach, findings and recommendations, and sources of revenue for debt service. Ms. Omdal reported the Debt Study is a guide for on-going financial management of debt and the key factors include: 1) Projection on timing and amount of collection of outstanding special assessments; 2) Timing of repayment of interfund loans; and 3) Future debt issuance plans. The report found that cash deficits in debt service funds were covered with interfund loans and the City has made all debt service; annual special assessment collection was less than anticipated; tax levy for debt service is not sufficient to avoid cash deficits although this has increased; both City review (utility, sales tax) for debt service has been sufficient to meet all debt service; and TIF revenue is not sufficient to cover debt service.

The report included the following recommendations: 1) Property tax levy needs to be sufficient to meet current obligations; 2) Storm water utility rates should be set at a level sufficient to meet debt service and eliminate need for tax levy; 3) Any future debt issuance should be structured conservatively to allow for management of existing debt; 4) Implement legal counsel's recommendations for handling of collection of special assessments; 5) Ongoing monitoring of actual special assessment collection against anticipated amounts in financial plans; 6) Develop a written financial management policy for management of the debt service funds; and 7) Consider adoption of resolution to authorize the interfund loans to include specified time period for repayment. Ms. Omdal reviewed the sources of revenue for debt service.

Council Member Freyberg reflected the debt study did not include utility funds or the impact of any future debt issuance. He also requested a Council Workshop be held to discuss these items and to formulate a financial management policy. A Council Workshop was scheduled for 6 p.m. on Monday, July 29, 2013.

Administrator Harrenstein thanked the Council for acting to issue the debt study and for their patience during these first months. He stated the Debt Study is a good road map for the future and will help guide policy. He stated staff is looking forward to working with Council to provide the taxpayers with the best services at a price they can afford.

There being no further business, on a motion by Council Member Spears, seconded by Council Member Freyberg, the meeting was adjourned at 9:10 p.m.

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Mayor

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City Clerk