

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Municipal Building Council Chambers on August 25, 2014. Mayor Dehen called the meeting to order at 6 p.m. The following were present for the meeting: Mayor Dehen, Council Member Spears, Steiner, and Norland, Administrator Harrenstein, Finance Director Thorne and City Clerk Gehrke. Absent: Council Member Freyberg.

**Discussion of 2015 Budget**

Finance Director Thorne presented a PowerPoint of the 2015 Proposed Budget. Director Thorne reported that the total 2015 Expenditure Budget is projected to increase approximately \$1,894,000 or 11.2 percent, which is a result of scheduled debt payments, completion of capital upgrades, regularly scheduled equipment replacement, and capital costs associated with relocating Public Access operations. Director Thorne reported the Wastewater Fund shows an increase of \$266,000 for regular capital outlay expenditure. Solid Waste expenses decreased \$367,000 due to cost reduction in the new solid waste pickup contract, while the Recycling Fund shows an increase of \$151,000 due to recycling pickup costs that were budgeted in the Solid Waste Fund in 2014. Debt Service increased \$484,000 due to a refunding of the 2004A GO Street Reconstruction Bonds. This amount is offset by payments from bond escrow that have been set aside for this refunding. In addition, the Debt Service Funds are repaying loans from the General Fund, Water Fund and Sewer Fund as scheduled. She also reported the Sales Tax Fund increase in expenditures of \$201,000 is from an increase in payments to cover debt service for the Trunk Highway 14/41 Interchange, while the Construction Fund budget shows costs for the Main Lift Station No. 1 upgrade in 2015.

Administrator Harrenstein presented a 2015 Budget overview. He reported that the total tax capacity for the City of North Mankato is estimated to increase 4.0% for taxes payable in 2015. The City's intent is to keep the tax rate flat at 54% and to capture increases from new construction and market value. He reported that the increases in expenditures are due to Debt Service expenditures, completion of capital upgrades, expenditures in the Equipment Replacement Fund, and relocating Public Access. Administrator Harrenstein reported positive gains include the Northport addition of D&K Powder Coating, the development agreement for the Marigold Project, increased commerce on Belgrade, and the reduced cost in Solid Waste expenses. Administrator Harrenstein requested a 2.5% merit increase for personnel, noting a reduction in staff by four, while considering the hiring of a new Patrol Officer.

Administrator Harrenstein reported that Solid Waste shows a decrease in expenditure of \$367,000 due to the change in garbage and recycling hauler. Recycling shows an increase in expenditures of \$151,000 but this is due to moving costs from the Solid Waste Fund to the Recycling Fund to get a better idea of Recycling expenditures. Debt Service Fund shows a \$483,000 increase that will be offset by bond escrow. The Debt Fund has a reserve of \$1 million in new borrowing reserved for the Lookout Drive project. Administrator Harrenstein reported that the Lookout Drive project may be funded by State and Federal funding which opens the \$1 million in new funding up for other projects or decreased borrowing. He stated that this can be discussed more thoroughly during Capital Improvement Plan discussions.

Administrator Harrenstein reported that while the 2015 Budget proposal is sound it lacks vision for the City's parks and street maintenance. He stated that the City of North Mankato has

a history of street quality that is in jeopardy. The City needs a plan for continued maintenance and improvements for the parks and streets or the City's infrastructure will have problems within the next five years.

Discussion was held regarding the hiring of a new Patrol Officer and whether the approximate \$100,000 cost for hiring a new officer was warranted with the low crime rate. Administrator Harrenstein suggested waiting six months before deciding whether to add a new Patrol Officer.

Discussion was held regarding the re-authorization of Local Option Sales Tax as a revenue stream and that this action would need to go before the Legislature.

Discussion was held regarding the need to maintain the current infrastructure and the possible need to raise the tax levy in order to maintain and make improvements to the City's infrastructure. Administrator Harrenstein reported that recommendations for street and park improvements will be included in the Capital Improvement Plan for Council consideration following adoption of the 2015 Budget. The 2015 maximum levy will be set on September 2, 2014 at 7:00 p.m. at the Council meeting.

There being no further business, the Council workshop was adjourned at 7:15 p.m.

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Mayor

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City Clerk

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Municipal Building Council Chambers on September 2, 2014. Mayor Dehen called the meeting to order at 6 p.m. The following were present for the meeting: Mayor Dehen, Council Member Steiner, Spears, Freyberg, Administrator Harrenstein, Finance Director Thorne and City Clerk Gehrke. Council Member Norland arrived at 6:07 p.m.

**Continued Discussion of 2015 Budget**

Administrator Harrenstein provided an overview of the 2015 Proposed Budget. He reported that the total tax capacity for the City of North Mankato is estimated to increase 4.0% for taxes payable in 2015. The City's intent is to keep the tax rate flat at 54% and to capture increases from new construction and market value. Budget expenditures grew from \$16.9 million in 2014 to 18.8 million in 2015. The 2015 increase in expenditures was due to scheduled debt payments, equipment replacement, and capital costs associated with the relocation of Public Access. Administrator Harrenstein reported that the positive growth in 2014 is providing for the 2015 Budget. The growth includes the Marigold Project, the increased tax base with D&K Powder Coating LLC and new home construction. He requested a 2.5% raise for staff and reported that staff was reduced by four, while recommending a new Patrol Officer. He reported the Capital Improvement Budget would include the reconstruction of Highway 14 and Lookout Drive and will identify areas for additional funding. He stated that Dan Sarff would be at the October 6, 2014 Council meeting to report on the pavement study. Administrator Harrenstein stated that in the last two years funding for regular budget and Capital Outlay for parks had not exceeded \$61,000 and the Council would need to consider how to manage the increased system of parks, whether through borrowing or cash. Administrator Harrenstein reported that the Solid Waste Fund decreased approximately \$367,000, but approximately \$151,000 was moved from the Solid Waste Fund to the Recycling Fund while the remainder was the savings from change in haulers.

Discussion was held regarding the hiring of a new Patrol Officer. Chief Boyer was present to answer questions. Chief Boyer reported that if they are fully staffed there are no concerns, but that rarely happens due to illness, vacations and injuries. Overtime could be used to temporarily cover gaps in the schedule, but it would not work long-term. The main concern was for the safety of the citizens and the safety of the Patrol Officers.

Discussion was held regarding the need for a new Jetter. Harrenstein reported that the Jetter was used at least every two weeks and was over twenty-years old.

Some discussion was held regarding the Enterprise Funds. Administrator Harrenstein explained that the Enterprise Funds show a negative in the out-years but the budget is set to maintain a cash balance of 35% as recommended by the rating agencies and maintains a reserve fund balance of \$800,000.

Discussion was held regarding setting the maximum Tax Levy. Discussion included the possibility of a 1% increase in the levy. The increase could provide additional funds for projects. The Council acknowledged the Tax Levy could be reduced before passing the budget, but it was determined by a majority of the Council to maintain a flat tax rate.

There being no further business, the Council workshop was adjourned at 6:46 p.m.

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Mayor

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City Clerk

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 September 2, 2014. 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 Steiner, Norland, Freyberg, and Spears; City Administrator Harrenstein, Finance Director Thorne, Attorney Kennedy, City Clerk Gehrke, Planner Fischer, and Public Works Director Swanson.

**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 Norland moved, seconded by Council Member Freyberg, to approve the minutes of the Council meeting of August 18, 2014. Vote on the motion: Norland, Freyberg, Spears, and Dehen, aye; Steiner, abstained, no nays. Motion carried.**

**Public Hearing, 7 p.m. – HUD Consolidated Annual Performance Evaluation Report (CAPER)**

The Mayor opened the public hearing by requesting City Planner Fischer provide a review of the CAPER report. City Planner Fischer reviewed the 2013 Action Plan that specified how the 2013 Community Development Block Grant (CDBG) funds would be used. Planner Fischer stated that \$39,513 of the \$43,903 set aside for Single-Family Housing Rehabilitation has been committed for use by six (6) income-qualified homeowners. The \$9,169 allocated for the Comprehensive Plan has been used and the \$3,056 for administration has been drawn. However, due to time constraints, the 238 Nicollet Avenue project was eliminated and the \$5,000 allocated for this project still remains in the CDBG account for future use. A copy of the Notice of Public Hearing and the CAPER report were part of the Council packet. With no one appearing before the Council, the Mayor closed this portion of the meeting.

**Consent Agenda**

**Council Member Steiner moved, seconded by Council Member Norland, to approve the Consent Agenda as presented:**

- A. Bills and Appropriations.
- B. Res. No. 52-14 Approving Donations/Contributions/Grants.
- C. Res. No. 53-14 Authorizing Consent to Change of Control for Enventis Franchise.
- D. Res. No. 54-14 Appointing Wellhead Protection Manager.
- E. Parade Permit for Remembering Our Loved Ones. Benson Park, Saturday, September 27, 2014 from 8 a.m. to 12 noon.
- F. Audio Permit for Nakato/Spinners Parking Lot, Saturday, October 4, 2014, from 5 p.m. to 11 p.m.

**Vote on the motion: Steiner, Norland, Freyberg, Spears, and Dehen, aye; no nays. Motion carried.** Mayor Dehen thanked Top Shop and Brunton Architects & Engineers, LTD for their generous donations to the Caswell Park North Soccer Complex concession building. Jim Downs, from the NaKato, spoke about the fall kick off on October 4, 2014 in the NaKato/Spinners Parking Lot. Live music will be played from 6:30 p.m. until 11:00 p.m. The event is free and open to the public.

**Public Comments**

Administrator Harrenstein provided background for Brian Mechler. He stated he was denying placement of two advertisements in the Fall Newsletter, The Belgrade Laundry Experience and the Corn Maze. The Belgrade Laundry Experience does not have a Minnesota business identification number and the Corn Maze was a fundraiser for Brian's for profit Time for Work foundation. Brian's business, The Roof Doctor, was welcome to advertise in the Fall Newsletter.

Brian Mechler, 303 Belgrade, appeared before the Council and explained his business plan for The Belgrade Laundry Experience and spoke briefly about his plans for the Mini Corn Maze. Attorney Kennedy asked how he would create a corn maze in his front yard. Brian explained the maze would consist of two stalks of corn.

**Business Items****Res. No. 55-14 Approving a Proposed Tax Levy**

Administrator Harrenstein stated that the resolution would set the maximum Tax Levy in the amount of \$5,596,414 as proposed in the 2015 Budget. Council Member Norland stated that this was a 0% tax increase. **Council Member Spears moved, seconded by Council Member Steiner, to adopt Res. No. 55-14 Approving the Proposed Tax Levy. Vote on the Resolution: Spears, Steiner, Freyberg and Dehen, aye; Norland, nay. Motion carried.**

**Ord. No. 60, Fourth Series, Amending North Mankato City Code, Title XV, Land Usage, Chapter 151, Residential Rental Property Licensing Code**

Administrator Harrenstein stated that the amendment defines offender transitional housing, requires offender transitional housing to remain certain distances from different zoning districts, sets certain concentrations, requires individuals to obtain a license, and requires the Minnesota Department of Corrections to notify the public and hold public hearings if offender transitional housing is established. Mayor Dehen asked if the ordinance was consistent with Mankato's ordinance. Attorney Kennedy stated that the ordinance was discussed in an Intergovernmental meeting and North Mankato Staff reviewed Mankato's ordinance and changed the language to maintain consistency between the two Cities. Council Member Spears stated the ordinance was very technical and restrictive. Attorney Kennedy acknowledged the ordinance was restrictive and it may be challenged, but the Council could amend the ordinance in the future. **Council Member Freyberg moved, seconded by Council Member Steiner to amend Ord. No. 60, Fourth Series, North Mankato City Code, Title XV, Land Usage, Chapter 151, Residential Rental Property Licensing Code. Vote on the Ordinance: Spears, Steiner, Norland, Freyberg, and Dehen aye; no nays. Motion carried.**

**Mayor and Council Comments**

Mayor Dehen asked Public Works Director Swanson about progress on the Belgrade Hill project. Public Works Director Swanson stated weather had hampered progress but crews had been able to provide temporary water service and complete other fine details.

Mayor Dehen asked Public Works Director Swanson about progress on the Caswell Park North concession building. Director Swanson stated the brick work is nearly completed and sidewalk and patio excavation for the Caswell Park North concession building was beginning.

Mayor Dehen extended an invitation to the ribbon cutting for the dedicated bike lane on Thursday, September 4, 2014 at 1:00 p.m. at the corner of Sherman and Belgrade.

Mayor Dehen reported an Intergovernmental meeting will be held Thursday, September 4, 2014 at 7:00 p.m. in the North Mankato Conference Room.

Mayor Dehen reported Coffee with the Council will be held Saturday, September 13, 2014 from 10:00 a.m. to 11:00 a.m. at Benderz Bar, 503 Belgrade.

Mayor Dehen reported that LorRay Drive from Lee to Commerce Drive will be closing Thursday, September 4, 2014 at 6 a.m. and will reopen Saturday morning.

**Public Comments**

Brian Mechler, 303 Belgrade, appeared before the Council stating that the Corn Maze would be a spoof on traditional corn mazes. Council Member Norland asked if his foundation was registered as a 501(c) 3. Brian said it was not but he wanted it to become a 501(c) 3.

There being no further business, on a motion by Council Member Steiner, seconded by Council Member Spears, the meeting adjourned at 7:25 p.m.

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Mayor

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City Clerk

# CITY OF NORTH MANKATO

## REQUEST FOR COUNCIL ACTION



Agenda Item # 7	Department: City Administrator	Council Meeting Date: 9/15/14																																																				
<b>TITLE OF ISSUE: Public Hearing, 7 p.m. - Tax Increment Financing District No. IDD 1-12</b>																																																						
<b>BACKGROUND AND SUPPLEMENTAL INFORMATION: This is a public hearing to consider establishing Tax Increment Financing District No. IDD 1-23 within Industrial Development No. 1-23, and adopt a tax increment financing plan relating thereto.</b>																																																						
<b>REQUESTED COUNCIL ACTION: Item 10.A. is the adopting resolution for this item.</b>																																																						
<b>For Clerk's Use:</b>  Motion By: _____ Second By: _____  Vote Record: <table style="margin-left: 20px; border: none;"> <tr> <td style="padding-right: 20px;">Aye</td> <td style="padding-right: 20px;">Nay</td> <td></td> </tr> <tr> <td>_____</td> <td>_____</td> <td>Norland</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>Freyberg</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>Spears</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>Steiner</td> </tr> <tr> <td>_____</td> <td>_____</td> <td>Dehen</td> </tr> </table>	Aye	Nay		_____	_____	Norland	_____	_____	Freyberg	_____	_____	Spears	_____	_____	Steiner	_____	_____	Dehen	<table style="width: 100%; border: none;"> <tr> <th colspan="5" style="text-align: center; padding-bottom: 5px;">SUPPORTING DOCUMENTS ATTACHED</th> </tr> <tr> <td style="text-align: center; padding: 5px;">Resolution</td> <td style="text-align: center; padding: 5px;">Ordinance</td> <td style="text-align: center; padding: 5px;">Contract</td> <td style="text-align: center; padding: 5px;">Minutes</td> <td style="text-align: center; padding: 5px;">Map</td> </tr> <tr> <td style="text-align: center; padding: 5px;"><input type="checkbox"/></td> </tr> <tr> <td colspan="5" style="padding: 5px;">Other (specify <u>Notice of Public Hearing</u> <u>Affidavit of Publication</u>)</td> </tr> <tr> <td colspan="5" style="padding: 5px;">_____</td> </tr> <tr> <td colspan="5" style="padding: 5px;">_____</td> </tr> <tr> <td colspan="5" style="padding: 5px;">_____</td> </tr> </table>	SUPPORTING DOCUMENTS ATTACHED					Resolution	Ordinance	Contract	Minutes	Map	<input type="checkbox"/>	Other (specify <u>Notice of Public Hearing</u> <u>Affidavit of Publication</u> )					_____					_____					_____								
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**NOTICE OF PUBLIC HEARING**

**CITY OF NORTH MANKATO  
COUNTY OF NICOLLET  
STATE OF MINNESOTA**

**NOTICE IS HEREBY GIVEN** that the City Council of the City of North Mankato, Minnesota, will hold a public hearing on Monday, September 15, 2014, at a meeting of the Council beginning at approximately 7:00 p.m. at the North Mankato Municipal Building, 1001 Belgrade Avenue, North Mankato, Minnesota, relating to the proposal of the North Mankato Port Authority Commission to establish Tax Increment Financing District IDD No. 1-23, within Industrial Development District No. 1, and adopt a tax increment financing plan relating thereto, all pursuant to Minnesota Statutes, Chapter 469.

A map showing the boundaries of Industrial Development District No. 1 and Tax Increment Financing District IDD No. 1-23 is attached. A copy of the documentation proposed to be considered at the hearing will be on file and available for public inspection at the office of the City Administrator at the Municipal Building.

All interested persons may appear at the public hearing and present their views orally or in writing.

Dated: August 22, 2014

BY ORDER OF THE NORTH MANKATO CITY COUNCIL

*/s/Nancy Gehrke*  
Nancy Gehrke, CMC  
City Clerk  
City of North Mankato

# AFFIDAVIT OF PUBLICATION

State of Minnesota, ss.

County of Blue Earth

August 22, 2014  
NOTICE OF PUBLIC HEARING  
CITY OF NORTH MANKATO  
COUNTY OF NICOLLET  
STATE OF MINNESOTA

NOTICE IS HEREBY GIVEN that the City Council of the City of North Mankato, Minnesota, will hold a public hearing on Monday, September 15, 2014 at a meeting of the Council beginning at approximately 7:00 p.m. at the North Mankato Municipal Building, 1001 Belgrade Avenue, North Mankato, Minnesota, relating to the proposal of the North Mankato Port Authority Commission to establish Tax Increment Financing District IDD No. 1-23, within Industrial Development District No. 1, and adopt a tax increment financing plan relating thereto, all pursuant to Minnesota Statutes, Chapter 469.

A map showing the boundaries of Industrial Development District No. 1 and Tax Increment Financing District No. 1-23 is attached. A copy of the documentation proposed to be considered at the hearing will be on file and available for public inspection at the office of the City Administrator at the Municipal Building.

All interested persons may appear at the public hearing and present their views orally or in writing.

Dated: August 22, 2014

BY ORDER OF THE NORTH MANKATO CITY COUNCIL

/s/ Nancy Gehrke

Nancy Gehrke, CMC

City Clerk

City of North Mankato

James P. Santori, being duly sworn, on oath says that he is the publisher or authorized agent and employee of the publisher of the newspaper known as *The Free Press and The Land*, and has full knowledge of the facts which are stated below:

(A) The newspaper has complied with all of the requirements constituting qualification as a legal newspaper, as provided by Minnesota Statute 331.02, 331.06, and other applicable laws, as amended.

(B) The printed \_\_\_\_\_ Notice \_\_\_\_\_

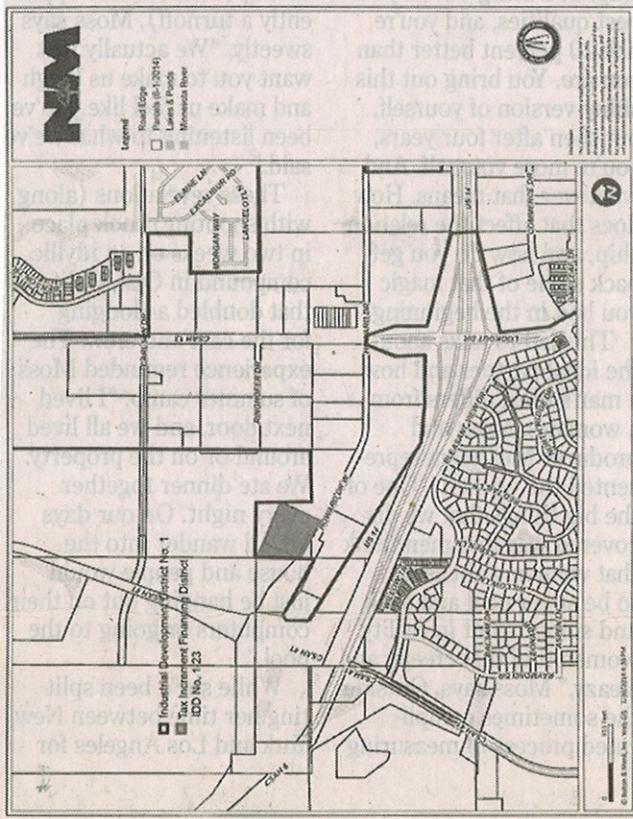
\_\_\_\_\_ which is attached was cut from the columns of said newspaper, and was printed and published once each week, for 1 successive weeks; it was first published on Friday the 22 day of August, 2014, and was thereafter printed and published on every Friday to and including Friday the 22 day of August, 2014; and printed below is a copy of the lower case alphabet from A to Z, both inclusive, which is hereby acknowledged as being the size and kind of type used in the composition and publication of the notice:

abcdefghijklmnopqrstuvwxyz

By: [Signature]  
Publisher

Subscribed and sworn to before me on this 22 day of August, 2014.

[Signature]  
Notary Public



CLAIM REPORT  
FOR REGULAR COUNCIL MEETING OF SEPTEMBER 15, 2014

78659	Void	Void	(\$14,105.40)
78687	C & S Supply Co., Inc.	equipment parts & supplies-All Depts.	\$495.10
78688	CenterPoint Energy	gas bill-All Depts.	\$1,071.92
78689	Effah, Benjamin	stipend-Gen Gov	\$432.00
78690	ICMA Retirement Trust - 457	employee payroll deductions	\$3,773.85
78691	ICMA Retirement Trust - Roth IRA	employee payroll deductions	\$685.00
78692	Lloyd Lumber	supplies & equipment rental-All Depts.	\$5,813.67
78693	MRCI	wages for MRCI employees-Recycling	\$14,150.40
78694	PowerPlan	equipment parts-Recycling	\$808.39
78695	SPS Companies, Inc.	plumbing materials Soccer Concession-Sales Tax	\$2,754.93
78696	Twin City Striping	street striping-Street Dept.	\$2,637.92
78697	Verizon Wireless	cell phone & internet bill-All Depts.	\$341.84
78698	Xcel Energy	electric bill-All Depts.	\$21,964.94
78699	Enventis	telephone & internet bill-All Depts.	\$3,722.52
78700	Mankato Ford, Inc.	2015 Ford F250 Super Cab XL-Cap Fac	\$28,595.00
78701	Pet Expo Distributor	replace lost check for aquatic service-Library	\$40.00
	A-1 Key City Locksmiths, Inc.	lock repairs-Street & Caswell	\$65.00
	Albright, James	lawn maintenance-Public Access	\$90.00
	Alpha Wireless Communications	equipment for Unit #704-Cap Fac	\$1,894.44
	Ameripride Services	mats-Library	\$60.76
	Arlington Public Library	lost book-Library	\$55.00
	Barnes & Noble	prizes for summer reading-Library	\$625.00
	Blethen, Gage & Krause	BLC transition fees for July-Public Access	\$2,000.00
	Blue Valley Sod	landscaping material & grass seed-Gen Gov & Sewer	\$91.17
	Cardmember Services	charge card items-All Depts.	\$2,864.68
	Carquest Auto Parts	equipment parts & supplies-All Depts.	\$1,459.03
	CDW Government	equipment parts for computer system-All Depts.	\$348.60
	Cemstone Products Co.	concrete for Soccer Concession Bldg-Sales Tax	\$173.25
	Charter Communications	high speed data service-All Depts.	\$463.96
	Computer Technology Solutions	printer repair & printer-Gen Gov & Library	\$915.00
	Crawler Welding, Inc.	equipment parts-Street Dept.	\$1,974.00
	Dalco	supplies-Gen Gov & Recycling	\$94.49
	Deere & Company	2014 Flex-Wing Rotary Cutter Unit #285-Cap Fac	\$16,971.57
	DeMars Construction	labor to frame Soccer Concession Bldg-Sales Tax	\$5,000.00
	DEMCO, Inc.	supplies-Library	\$222.99
	Diamond Vogel	paint-Gen Gov & Caswell	\$244.82

CLAIMS CONTINUED

Emergency Automotive Technologies	equipment parts-Fire Dept.	\$1,967.92
Fastenal Company	equipment parts-Street Dept.	\$16.99
Ferguson Enterprises, Inc.	building supplies & equip parts-Sales Tax & Water	\$260.50
Free Press	ads-Gen Gov, Comm Dev & Port Authority	\$693.75
Free Press Media	ad for Imagination Station-Library	\$400.00
G & L Auto Supply	equipment parts & supplies-All Depts.	\$840.41
G & K Services	uniform & towel service-Street & Shop	\$294.96
GP Engineering	ramp structural evaluation-Gen Gov	\$677.87
Gale/Cengage Learning	books-Library & Bookmobile	\$89.57
Goodwin, Tony	professional service-Public Access	\$675.00
Gopher State One-Call	one-call locates-Comm Dev	\$233.65
GreenCare	equipment part-Park Dept.	\$19.45
Haefner Auto Supply, Inc.	equipment part-Street Dept.	\$204.70
Hansen Sanitation	refuse pickup-All Depts.	\$1,560.50
Hawkins, Inc.	chemicals & equipment parts-Water Dept.	\$2,104.21
Hilltop Florist & Greenhouse	floral arrangement-Port Authority	\$84.00
Ingram Library Services	books-Library & Bookmobile	\$1,657.73
JT Services	light fixtures & parking lot lights Soccer Fields	\$1,503.40
Keller, J.J. & Associates, Inc.	drug testing-All Depts.	\$610.00
Kennedy & Kennedy Law Office	legal services-Attorney	\$8,223.84
LJP Enterprises, Inc.	trailer rental-Recycling	\$600.00
LJP Waste & Recycle	transportation charges-Recycling	\$572.40
Lager's of Mankato, Inc.	equipment parts-Park Dept.	\$110.74
Lakes Gas Co.	LP gas-Recycling	\$105.00
Lawson Products, Inc.	supplies-Shop	\$467.81
League of Minnesota Cities	membership dues-Area Agency	\$11,279.00
League of Minnesota Cities	membership dues-Mayor	\$30.00
Long Term Care	long term care payment employee reimbursed	\$163.64
Mac Queen Equipment, Inc.	equipment parts-Street Dept.	\$2,142.94
Mankato Bearing Co.	equipment parts-Street & Park Depts.	\$487.40
Mankato Family YMCA	2014 Spring Lake Swim Facility mgmt expense	\$19,251.41
Mankato Ford, Inc.	equipment parts-Police & Street Depts.	\$2,154.13
Mankato Motor Co.	equipment parts-Park & Water Depts.	\$855.87
Matheson Tri-Gas, Inc.	welding supplies-Shop	\$226.60
Mayo Clinic Health System	pre-employment physical-Recycling	\$28.00
Menards-Mankato	supplies-Gen Gov, Street & Sewer Depts.	\$112.89
Midstates Equipment & Supply	equipment parts-Street Dept.	\$980.66
MII Life, Inc.-Health Savings Account	4th quarter contribution for Health Savings Account	\$1,171.89
MII Life, Inc.-VEBA	4th quarter contribution for VEBA Account	\$28,481.26
Minnesota Department of Health	water connect fee-Water Dept.	\$7,754.00

CLAIMS CONTINUED

Minnesota Iron & Metal Co.	equipment parts & supplies-Street & Water Depts.	\$54.00
Minnesota Heritage Publishing	books-Library	\$20.21
Minnesota Pipe & Equipment	equipment parts & water meters-Water Dept.	\$5,706.98
Minnesota Valley Action Council	CDBG Housing Rehabilitation Program-CDBG	\$20,404.60
Minnesota Valley Testing Lab	sample testing-Sewer Dept.	\$59.25
Minnesota Waste Processing Co.	processing fees-Solid Waste	\$22,056.21
Morgan, Shawn	refund building permit #0483-14	\$267.98
Newman Traffic Signs	signs-Street Dept.	\$85.88
North Central International	equipment parts-Street Dept.	\$560.35
Nuss Truck & Equipment	equipment parts-Park Dept.	\$2,560.51
OMG Midwest, Inc.	Estimate #1(Final) 2014 LorRay Dr. Mill & Overlay	\$83,260.00
OverDrive, Inc.	downloadable audio/ebooks-Library	\$1,058.12
Paragon Printing, Mailing & Specialties	printed materials & water bill mailing	\$2,924.37
Pet Expo Distributors	aquatic supplies-Library	\$40.00
Petty Cash, Clara Thorne	petty cash items-Gen Gov, Library & Water	\$83.99
Postmaster	post office box rental-Gen Gov	\$192.00
Praxair Distribution, Inc.	supplies-Street & Shop	\$74.47
Quality Flow Systems, Inc.	equipment parts-Sewer Dept.	\$650.00
Red Feather Paper Co.	supplies-Water Dept.	\$20.24
River Bend Business Products	copier maintenance-Gen Gov & Police	\$225.00
Schwicker's	HVAC repairs-Gen Gov & Library	\$1,803.95
Sherwin-Williams	paint for Soccer Concession Bldg-Sales Tax	\$90.38
Southern Minnesota Construction	asphalt-Street, Water & Storm Water	\$2,844.75
St. Paul College	lost book-Library	\$65.00
Staples Advantage	supplies-All Depts.	\$445.75
Superior Concrete Block	concrete block & sand-Park & Sales Tax	\$35.90
Tire Associates	tires & tire repairs-All Depts.	\$8,380.62
Toyota-Lift of Minnesota	equipment parts-Recycling	\$2,115.59
Traverse des Sioux Library Cooperative	overpayment of ACHF summer reading-Library	\$50.86
Uniforms Unlimited	new police officer uniform-Police Dept.	\$1,224.02
Viking Fire & Safety	service fire extinguisher-Fire Dept.	\$21.50
Viking Electric Supply	electrical supplies & ladder-Sales Tax, Water & Sewer	\$1,350.85
WSB & Associates	comprehensive plan services-Comm Dev	\$1,100.00
Wells Fargo Bank	interest-GO Improvement Bond of 2009	\$43,050.00
Wilder Erosion Control	erosion control on Lee Blvd hill-Storm Water	\$1,200.00
Ziegler, Inc.	equipment parts-Street & Sewer Depts.	\$151.34
Total		<u>\$412,124.60</u>

CLAIMS CONTINUED

General	\$210,630.32
Community Development Block Grant	\$20,404.60
Local Option Sales Tax	\$13,956.74
Port Authority	\$513.83
Capital Facilities & Equipment Replacement-General	\$18,936.23
GO Improvement Bond of 2009	\$43,050.00
2014 Construction	\$651.52
Water	\$57,814.30
Sewer	\$5,368.57
Recycling	\$6,343.75
Storm Water	\$5,140.69
Solid Waste	\$22,737.07
Public Access	\$6,576.98
	<hr/>
Total	<u>\$412,124.60</u>

PORT AUTHORITY INVOICES  
FOR REGULAR COUNCIL MEETING OF SEPTEMBER 15, 2014

Verizon Wireless	cell phone bill-Port Authority	\$50.39
Free Press	ad-Port Authority	\$379.44
Hilltop Florist & Greenhouse	floral arrangement-Port Authority	<u>\$84.00</u>
Total		<u><u>\$513.83</u></u>



# CITY OF NORTH MANKATO

## REQUEST FOR COUNCIL ACTION



Agenda Item #8C	Department: Administration	Council Meeting Date: 09/15/14
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**TITLE OF ISSUE:** Set Public Hearing for 7 p.m. on Monday, October 6, 2014 to consider adopting franchise ordinances for Xcel and Benco to be effective January 1, 2015.

**BACKGROUND AND SUPPLEMENTAL INFORMATION:** The agreements primarily reflect the current relationship with the franchisees. The proposed ordinances, which will be considered after the public hearing on October 6, 2014, are included in this packet. The City of North Mankato Electric franchise agreements (i.e. Xcel and Benco) have provisions allowing for the collection of franchise fees, which will be adopted by resolution.

*If additional space is required, attach a separate sheet*

**REQUESTED COUNCIL ACTION:** Set Public Hearing for 7 p.m. on Monday, October 6, 2014.

**For Clerk's Use:**

Motion By: \_\_\_\_\_  
 Second By: \_\_\_\_\_

Vote Record:

	Aye	Nay	
	_____	_____	Norland
	_____	_____	Freyberg
	_____	_____	Spears
	_____	_____	Steiner
	_____	_____	Dehen

**SUPPORTING DOCUMENTS ATTACHED**

Resolution	Ordinance	Contract	Minutes	Map
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify) <u>Notice of Public Hearing</u>				
<u>Proposed Resolution for Franchise Fees</u>				
_____				
_____				

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____



## Memorandum

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To: Mayor Dehen & City Council  
From: Clara Thorne, Finance Director  
Subject: Consider Setting Public Hearing for Franchise Agreements for October 6  
Date: September 11, 2014  
Cc:

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### Background

Franchise fees are assessed by the City to utility providers (i.e. electric, gas and cable) for the use of the public right-of-way such as streets, alleys, medians and other public property to deliver their services. The City of North Mankato franchise agreements (i.e. Xcel and BENCO) have provisions allowing for the collection of franchise fees and franchise revenue collections are recognized in the General Fund. In addition, the General Fund receives an annual transfer from city utility funds, reflecting that all utilities private and public share in the use and maintenance of the right-of-way.

In 1994, North Mankato granted franchises to Xcel Energy Company and BENCO Electrical Cooperative to provide electrical service and collect fees for the service within the City of North Mankato for a period of 20 years. In December 2013 the electric and cable franchise agreements expired. Due to the long-standing agreement for parity of rates with Mankato, in April 2014 staff negotiated a one-year extension through December 31, 2014 of the electric franchise agreements, because both cities needed more time to negotiate with Xcel and BENCO. With the upcoming expiration of the extension, a shared agreement between the two Cities' staff on terms of the franchise, and rising right-of-way maintenance costs, staff recommends adoption of the agreements attached to this agenda statement and is providing you with a copy of the proposed new rates. At the September 15 City Council meeting staff recommends you set the public hearing on the agreements for October 6 and adopt the agreements and the new rate resolution on October 6.

Both Cities continue to negotiate with Charter in regard to transition of public access to Bethany Lutheran College.



# Memorandum

## Current and Proposed Rates

Electric Monthly Rates		
Customer Class	Proposed Rates Effective January 1, 2015	Current Rates Effective June 1, 2008
Residential	\$ 1.00	\$ 0.75
Small C & I Non-demand	\$ 1.55	\$ 1.10
Small C & I Demand	\$ 16.50	\$ 9.25
Large C & I	\$ 223.00	\$ 125.00
Public Street Lighting	\$ 13.25	\$ 13.25
Municipal Pumping Non-demand	\$ 1.10	\$ 1.10
Municipal Pumping Demand	\$ 9.25	\$ 9.25

Staff is proposing a flat rate, not a percentage based on the utility providers' preference for a more stable customer monthly cost. The effective date of the franchise fee would be January 1, 2015, after adoption of the fee schedule by resolution and franchise ordinance/agreements. There is a ninety (90) day publication period that must occur upon notification to the franchisee. To meet the January 1, 2015 effective date Council should approve the rates at the October 6, 2014, meeting.

Actual and estimated collections of franchise fees are as follows.

Projected Franchise Revenue					
	2011 Actual	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
Electric	\$ 129,649	\$ 131,514	\$ 131,763	\$ 131,100	\$ 181,885

(\*) Please note Xcel and BENCO 2015 estimates have been updated from the 2015 Proposed Budget. The City is currently in negotiation with Charter and the estimate for 2015 PEG fees may change.



## Memorandum

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### Right-of-Way Expenditures

City costs estimated for 2014 and 2015 for maintaining right-of-ways are as follows.

<b>Right-of-Way Expenditures</b>		
	<b>2014 Estimate</b>	<b>2015 Estimate</b>
Street/ROW Maintenance Costs	\$ 1,108,575	\$ 1,681,946
ROW Management/Engineer	\$ 100,000	\$ 100,000
Total	\$ 1,208,575	\$ 1,781,946

### Attachments

Notice of Hearing  
Resolution Setting Electrical Franchise Fees  
BENCO Electric Franchise Ordinance  
Xcel Electric Franchise Ordinance

**NOTICE OF HEARING ON  
FRANCHISE ORDINANCES FOR XCEL AND BENCO TO BE  
EFFECTIVE JANUARY 1, 2015**

NOTICE IS HEREBY GIVEN that the City Council of the City of North Mankato, Minnesota, will hold a public hearing on Monday, October 6, 2014, commencing at 7:00 p.m. in the Council Chambers of the Municipal Building, 1001 Belgrade Avenue, on adopting franchise ordinances for Xcel and Benco to be effective January 1, 2015.

Such persons as desire to be heard with reference to the franchise ordinances for Xcel and Benco will be heard at this meeting. Persons unable to attend the hearing may send written testimony to the City Administrator's office prior to the meeting. Copies of the proposed ordinance are available for public inspection in the City Administrator's Office, Municipal Building, 1001 Belgrade Avenue, North Mankato, Minnesota.

Dated this 15<sup>th</sup> day of September 2014.

April Van Genderen  
City Clerk  
City of North Mankato, Minnesota

RESOLUTION ADOPTING FRANCHISE FEES  
PURSUANT TO ELECTRIC FRANCHISES

WHEREAS, Section 33.06 of the City Code regulates electric franchises; and

WHEREAS, after due deliberation, the Council has determined that the following franchise fees are reasonable and necessary in the circumstance; and

WHEREAS, the affected utilities have requested that the City implement a flat monthly meter charge in lieu of a percentage franchise fee;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of North Mankato, Minnesota, pursuant to Section 33.06 of the City Code, that the following monthly franchise fees shall be effective as of January 1, 2015:

Electric Rates

<u>Customer Class</u>	<u>Monthly Fee</u>
Residential	\$ 1.00
Small C & I Non-Demand	1.55
Small C & I Demand	16.50
Large C & I	223.00
Public Street Lighting	13.25
Municipal Pumping Non-Demand	1.10
Municipal Pumping Demand	9.25

Adopted this 6<sup>th</sup> day of October 2014.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

**ELECTRIC FRANCHISE ORDINANCE**

**ORDINANCE NO. \_\_\_\_\_.**

**CITY OF NORTH MANKATO, NICOLLET COUNTY, MINNESOTA**

**AN ORDINANCE GRANTING TO BLUE EARTH NICOLLET –FARIBAULT COOPERATIVE ELECTRIC ASSOCIATION, A MINNESOTA CORPORATION, D/B/A BENCO, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF NORTH MANKATO, MINNESOTA, AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES, INCLUDING NECESSARY POLES, LINES, FIXTURES AND APPURTENANCES, FOR THE FURNISHING OF ELECTRIC ENERGY TO THE CITY, ITS INHABITANTS, AND OTHERS, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES.**

**THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, NICOLLET COUNTY, MINNESOTA, ORDAINS:**

**SECTION 1. DEFINITIONS.**

For purposes of this Ordinance, the following capitalized terms listed in alphabetical order shall have the following meanings:

**A. City.** The City of North Mankato, Nicollet County, State of Minnesota.

**B. City Utility System.** Facilities used for providing non-energy related public utility service owned or operated by City or agency thereof, including sewer and water service, but excluding facilities for providing heating, lighting or other forms of energy.

**C. Cooperative.** BENCO Electric Cooperative Association, a Minnesota Electric Cooperative Association, its successors and assigns.

**D. Electric Facilities.** Electric transmission and distribution towers, poles, lines, guys, anchors, conduits, fixtures, and necessary appurtenances owned or operated by Cooperative for the purpose of providing electric energy for public use.

**E. Notice.** A written notice served by one party on the other party referencing one or more provisions of this Ordinance. Notice to Cooperative shall be mailed to General Manager, P.O. Box 8 Mankato, MN 56002-3368. Notice to the City shall be mailed to the City Administrator, City of North Mankato, 1001 Belgrade Avenue, North Mankato, MN 56003. Either party may change its respective address for the purpose of this Ordinance by written notice to the other party.

**F. Public Ground.** Land owned by the City for park, open space or similar purpose, which is held for use in common by the public.

**G. Public Way.** Any street, alley, walkway or other public right-of-way within the City.

## **SECTION 2. ADOPTION OF FRANCHISE.**

**A. Grant of Franchise.** City hereby grants Cooperative, for a period of 20 years from the date passed and approved by the City, the right to transmit and furnish electric energy for light, heat, power and other purposes for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future. For these purposes, Cooperative may construct, operate, repair and maintain Electric Facilities in, on, over, under and across the Public Grounds and Public Ways of City, subject to the provisions of this Ordinance. Cooperative may do all reasonable things necessary or customary to accomplish these purposes, subject, however, to such reasonable regulations as may be imposed by the City pursuant to ordinance and/or policies and to the further provisions of this franchise agreement.

**B. Effective Date; Written Acceptance.** This franchise agreement shall be in force and effect from and after passage of this Ordinance, its acceptance by Cooperative, and its publication as required by law. The City, by Council resolution, may revoke this franchise agreement if Cooperative does not file a written acceptance with the City within 90 days after publication.

**C. Service and Rates.** The Cooperative will provide adequate and efficient electric services at reasonable rates. The area within the City in which Cooperative may provide electric service is subject to the provisions of Minnesota Statutes, Section 216B.40.

**D. Publication Expense.** The expense of publication of this Ordinance will be paid by City and reimbursed to City by Cooperative.

**E. Dispute Resolution.** If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used, or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this franchise or for such other relief as may be permitted by law or equity for breach of contract, or either party may take any other action permitted by law.

## **SECTION 3. LOCATION, OTHER REGULATIONS.**

**A. Location of Facilities.** Electric Facilities shall be located, constructed and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so as not to disrupt normal operation of any City Utility System previously

installed therein. Electric Facilities shall be located on Public Grounds as determined by the City. Cooperative's construction, reconstruction, operation, repair, maintenance and location of Electric Facilities shall be subject to permits if required by separate ordinance and to other reasonable regulations of the City to the extent not inconsistent with the terms of this franchise agreement. Cooperative may abandon underground Electric Facilities in place, provided at the City's request, Cooperative will remove abandoned metal or concrete encased conduit interfering with a City improvement project, but only to the extent such conduit is uncovered by excavation as part of the City improvement project.

**B. Field Locations.** Cooperative shall provide field locations for its underground Electric Facilities within City consistent with the requirements of Minnesota Statutes, Chapter 216D.

**C. Street Openings.** Cooperative shall not open or disturb any Public Ground or Public Way for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee. Permit conditions imposed on Cooperative shall not be more burdensome than those imposed on other utilities for similar facilities or work. Cooperative may, however, open and disturb any Public Ground or Public Way without permission from the City where an emergency exists requiring the immediate repair of Electric Facilities. In such event Cooperative shall notify the City by telephone to the office designated by the City as soon as practicable. Not later than the second working day thereafter, Cooperative shall obtain any required permits and pay any required fees.

**D. Restoration.** After undertaking any work requiring the opening of any Public Ground or Public Way, Cooperative shall restore the same, including paving and its foundation, to as good a condition as formerly existed, and shall maintain any paved surface in good condition for two years thereafter. The work shall be completed as promptly as weather permits, and if Cooperative shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground or Public Way in the said condition, the City shall have, after demand to Cooperative to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, the right to make the restoration at the expense of Cooperative. Cooperative shall pay to the City the cost of such work done for or performed by the City. This remedy shall be in addition to any other remedy available to the City for noncompliance with Section 3. D (Restoration), but the City hereby waives any requirement for Cooperative to post a construction performance bond, certificate of insurance, letter of credit or any other form of security or assurance that may be required, under a separate existing or future ordinance of the City, of a person or entity obtaining the City's permission to install, replace or maintain facilities in a Public Way.

**E. Avoid Damage to Electric Facilities.** Nothing in this Ordinance relieves any person from liability arising out of the failure to exercise reasonable care to avoid damaging Electric Facilities while performing any activity.

**F. Notice of Improvements.** The City must give Cooperative reasonable notice of plans for improvements to Public Grounds or Public Ways where the City has reason to believe that Electric Facilities may affect or be affected by the improvement. The notice must contain: (i) the nature and character of the improvements, (ii) the Public Grounds and Public Ways upon which the

improvements are to be made, (iii) the extent of the improvements, (iv) the time when the City will start the work, and (v) if more than one Public Ground or Public Way is involved, the order in which the work is to proceed. The notice must be given to Cooperative a sufficient length of time in advance of the actual commencement of the work to permit Cooperative to make any necessary additions, alterations or repairs to its Electric Facilities.

**G. Shared Use of Poles.** Cooperative shall make space available on its poles or towers for City fire, water utility, police or other City facilities upon terms and conditions acceptable to Cooperative whenever such use will not interfere with the use of such poles or towers by Cooperative, by another electric utility, by a telephone utility, or by any cable television cooperative or other form of communication cooperative. In addition, the City shall pay for any added cost incurred by Cooperative because of such use by City.

#### **SECTION 4. RELOCATIONS.**

**A. Relocation of Electric Facilities in Public Ways.** If the City determines to vacate a Public Way for a City improvement project, or at City's cost to grade, regrade, or change the line of any Public Way, or construct or reconstruct any City Utility System in any Public Way, it may order Cooperative to relocate its Electric Facilities located therein if relocation is reasonably necessary to accomplish the City's proposed public improvement. Except as provided in Section 4. C (Projects with Federal Funding), Cooperative shall relocate its Electric Facilities at its own expense. The City shall give Cooperative reasonable notice of plans to vacate for a City improvement project, or to grade, regrade, or change the line of any Public Way or to construct or reconstruct any City Utility System. If a relocation is ordered within five years of a prior relocation of the same Electric Facilities, which was made at Cooperative expense, the City shall reimburse Cooperative for non-betterment costs on a time and material basis, provided that if a subsequent relocation is required because of the extension of a City Utility System to a previously unserved area, Cooperative may be required to make the subsequent relocation at its expense. Nothing in this Ordinance requires Cooperative to relocate, remove, replace or reconstruct at its own expense its Electric Facilities where such relocation, removal, replacement or reconstruction is solely for the convenience of the City and is not reasonably necessary for the construction or reconstruction of a Public Way or City Utility System or other City improvement.

**B. Relocation of Electric Facilities in Public Ground.** City may require Cooperative, at Cooperative's expense, to relocate or remove its Electric Facilities from Public Ground upon a finding by City that the Electric Facilities have become or will become a substantial impairment to the existing or proposed public use of the Public Ground.

**C. Projects with Federal Funding.** City shall not order Cooperative to remove or relocate its Electric Facilities when a Public Way is vacated, improved or realigned for a right-of-way project or any other project which is financially subsidized in whole or in part by the Federal Government or any agency thereof, unless the reasonable non-betterment costs of such relocation are first paid to Cooperative. The City is obligated to pay Cooperative only for those portions of its relocation costs for which City has received federal funding specifically allocated for relocation costs in the amount requested by the Cooperative, which allocated funding the City shall specifically request. Relocation, removal or rearrangement of any Cooperative Electric Facilities made necessary because of a federally-aided highway project shall be governed by the

provisions of Minnesota Statutes, Section 161.46, as supplemented or amended. It is understood that the rights herein granted to Cooperative are valuable rights.

**D. No Waiver.** The provisions of this franchise apply only to facilities constructed in reliance on a franchise from the City and shall not be construed to waive or modify any rights obtained by Cooperative for installations within a Cooperative right-of-way acquired by easement or prescriptive right before the applicable Public Ground or Public Way was established, or Cooperative's rights under state or county permit.

#### **SECTION 5. TREE TRIMMING.**

Cooperative may trim all trees and shrubs in the Public Grounds and Public Ways of City to the extent Cooperative finds necessary to avoid interference with the proper construction, operation, repair and maintenance of any Electric Facilities installed hereunder, provided that Cooperative shall save the City harmless from any liability arising therefrom, and subject to permit or other reasonable regulation by the City.

#### **SECTION 6. INDEMNIFICATION.**

**A. Indemnity of City.** Cooperative shall indemnify, keep and hold the City free and harmless from any and all liability on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Electric Facilities located in the Public Grounds and Public Ways. The City shall not be indemnified for losses or claims occasioned through its own negligence except for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Cooperative's plans or work. The City shall not be indemnified if the injury or damage results from the performance in a proper manner, of acts reasonably deemed hazardous by Cooperative, and such performance is nevertheless ordered or directed by City after notice of Cooperative's determination.

**B. Defense of City.** In the event a suit is brought against the City under circumstances where this agreement to indemnify applies, Cooperative at its sole cost and expense shall defend the City in such suit if written notice thereof is promptly given to Cooperative within a period wherein Cooperative is not prejudiced by lack of such notice. If Cooperative is required to indemnify and defend, it will thereafter have control of such litigation, but Cooperative may not settle such litigation without the consent of the City, which consent shall not be unreasonably withheld. This section is not, as to third parties, a waiver of any defense or immunity otherwise available to the City and Cooperative, in defending any action on behalf of the City, shall be entitled to assert in any action every defense or immunity that the City could assert in its own behalf.

#### **SECTION 7. VACATION OF PUBLIC WAYS.**

The City shall give Cooperative at least two weeks prior written notice of a proposed vacation of a Public Way. Except where required for a City improvement project, the vacation of any Public Way, after the installation of Electric Facilities, shall not operate to deprive Cooperative of its rights to operate and maintain such Electric Facilities, until the reasonable cost of relocating the same and the loss and expense resulting from such relocation are first paid to Cooperative. In no

case, however, shall City be liable to Cooperative for failure to specifically preserve a right-of-way under Minnesota Statutes, Section 160.29.

## **SECTION 8. CHANGE IN FORM OF GOVERNMENT.**

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Cooperative, succeed to all of the rights and obligations of the City provided in this Ordinance.

## **SECTION 9. FRANCHISE FEE.**

**A. Fee Schedule.** During the term of the franchise hereby granted, and in lieu of any permit or other fees being imposed on Cooperative, the City may impose on Cooperative a franchise fee by collecting the amounts indicated in a Fee Schedule set forth in a resolution from each customer in the designated Cooperative Member Class.

**B. Resolution.** The franchise fee shall be imposed by resolution duly adopted by the City Council, which resolution shall not be adopted until at least 90 days after written notice enclosing such proposed resolution has been served upon Cooperative by certified mail. The fee shall not become effective until the beginning of a Cooperative billing month at least 90 days after written notice enclosing such adopted resolution has been served upon Cooperative by certified mail. Section 2. E (Dispute Resolution) shall constitute the sole remedy for solving disputes between Cooperative and the City in regard to the interpretation of, or enforcement of, the resolution. No action by the City to implement a resolution will commence until this Ordinance is effective.

**C. Terms Defined.** For the purpose of Section 9, the following definitions apply:

1. "Customer Class" shall refer to the classes listed on the Fee Schedule and as defined or determined in Cooperative's electric tariffs on file with the Commission.

2. "Fee Schedule" refers to the schedule in in the resolution setting forth the various customer classes from which a franchise fee would be collected if a resolution were implemented immediately after the effective date of this franchise agreement. The Fee Schedule in the resolution may include new Customer Class added by Cooperative to its electric tariffs after the effective date of this franchise agreement.

**D. Collection of the Fee.** The franchise fee shall be payable quarterly and shall be based on the amount collected by Cooperative during complete billing months during the period for which payment is to be made by imposing a surcharge equal to the designated franchise fee for the applicable customer classification in all customer billings for electric service in each class. The payment shall be due the last business day of the month following the period for which the payment is made. The franchise fee may be changed by resolution from time to time; however, each change shall meet the same notice requirements and not occur more often than annually and no change shall

require a collection from any customer for electric service in excess of the amounts specifically permitted by the Fee Schedule established in the resolution. The time and manner of collecting the franchise fee is subject to the approval of the Commission. No franchise fee shall be payable by Cooperative if Cooperative is legally unable to first collect an amount equal to the franchise fee from its customers in each applicable class of customers by imposing a surcharge in Cooperative's applicable rates for electric service. Cooperative may pay the City the fee based upon the surcharge billed subject to subsequent reductions to account for uncollectibles, refunds and correction of erroneous billings. Cooperative agrees to make its records available for inspection by the City at reasonable times provided that the City and its designated representative agree in writing not to disclose any information which would indicate the amount paid by any identifiable customer or customers or any other information regarding identified customers. In addition, the Cooperative agrees to provide at the time of each payment a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total surcharge billed in the period for which the payment is being made to account for any uncollectibles, refunds or error corrections.

**E. Equivalent Fee Requirement.** The resolution imposing the fee shall not be effective against Cooperative unless it lawfully imposes and the City monthly or more often collects a fee or tax of the same or greater equivalent amount on the receipts from sales of energy within the City by any other energy supplier, provided that, as to such a supplier, the City has the authority to require a franchise fee or to impose a tax. The "same or greater equivalent amount" shall be measured, if practicable, by comparing amounts collected as a franchise fee from each similar customer, or by comparing, as to similar customers the percentage of the annual bill represented by the amount collected for franchise fee purposes. The franchise fee or tax shall be applicable to energy sales for any energy use related to heating, cooling or lighting, or to run machinery and appliances, but shall not apply to energy sales for the purpose of providing fuel for vehicles. If the Cooperative specifically consents in writing to a franchise or resolution collecting or failing to collect a fee from another energy supplier in contravention of Section 9. E (Equivalent Fee Requirement), the foregoing conditions will be waived to the extent of such written consent.

## **SECTION 10. PROVISIONS OF ORDINANCE.**

**A. Severability.** Every section, subdivision, provision, or part of this Ordinance is declared separate from every other section, subdivision, provision, or part and if any section, subdivision, provision, or part shall be held invalid, it shall not affect any other section, subdivision, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

**B. Limitation on Applicability.** This Ordinance constitutes a franchise agreement between the City and Cooperative as the only parties, and no provision of this franchise shall in any way inure to the benefit of any third party (including the public at large) so as to constitute any such person as a third party beneficiary of the agreement or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any party not a party hereto.

**SECTION 11. AMENDMENT PROCEDURE.**

Either party to this franchise agreement may at any time propose that the agreement be amended to address a subject of concern and the other party will consider whether it agrees that the amendment is mutually appropriate. If an amendment is agreed upon, this Ordinance may be amended at any time by the City passing a subsequent ordinance declaring the provisions of the amendment, which amendatory ordinance shall become effective upon the filing of Cooperative's written consent thereto with the City within 90 days after the date of final passage by the City of the amendatory ordinance.

**SECTION 12. PREVIOUS FRANCHISES SUPERSEDED.**

This franchise supersedes any previous electric franchise granted to Cooperative or its predecessor.

Passed and approved: \_\_\_\_\_, 2014.

\_\_\_\_\_  
Mark Dehen, Mayor

Attest:

\_\_\_\_\_  
April VanGenderen  
City Clerk

Date Published: \_\_\_\_\_

**ELECTRIC FRANCHISE ORDINANCE**

**ORDINANCE NO. \_\_\_\_\_.**

**CITY OF NORTH MANKATO, NICOLLET COUNTY, MINNESOTA**

**AN ORDINANCE GRANTING TO NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, D/B/A XCEL ENERGY, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF NORTH MANKATO, MINNESOTA, AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES, INCLUDING NECESSARY POLES, LINES, FIXTURES AND APPURTENANCES, FOR THE FURNISHING OF ELECTRIC ENERGY TO THE CITY, ITS INHABITANTS, AND OTHERS, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES.**

**THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, NICOLLET COUNTY, MINNESOTA, ORDAINS:**

**SECTION 1. DEFINITIONS.**

For purposes of this Ordinance, the following capitalized terms listed in alphabetical order shall have the following meanings:

**A. City.** The City of North Mankato, Nicollet County, State of Minnesota.

**B. City Utility System.** Facilities used for providing non-energy related public utility service owned or operated by City or agency thereof, including sewer and water service, but excluding facilities for providing heating, lighting or other forms of energy.

**C. Commission.** The Minnesota Public Utilities Commission, or any successor agency or agencies, including an agency of the federal government, which preempts all, or part of the authority to regulate electric retail rates now vested in the Minnesota Public Utilities Commission.

**D. Company.** Northern States Power Company, a Minnesota corporation, D/B/A Xcel Energy, its successors and assigns.

**E. Electric Facilities.** Electric transmission and distribution towers, poles, lines, guys, anchors, conduits, fixtures, and necessary appurtenances owned or operated by Company for the purpose of providing electric energy for public use.

**F. Notice.** A written notice served by one party on the other party referencing one or more provisions of this Ordinance. Notice to Company shall be mailed to the General Counsel, 414 Nicollet Mall, 5<sup>th</sup> Floor, Minneapolis, MN 55401. Notice to the City shall be mailed to the City Administrator, City of North Mankato, 1001 Belgrade Avenue, North

Mankato, MN 56003. Either party may change its respective address for the purpose of this Ordinance by written notice to the other party.

**G. Public Ground.** Land owned by the City for park, open space or similar purpose, which is held for use in common by the public.

**H. Public Way.** Any street, alley, walkway or other public right-of-way within the City.

## **SECTION 2. ADOPTION OF FRANCHISE.**

**A. Grant of Franchise.** City hereby grants Company, for a period of 20 years from the date passed and approved by the City, the right to transmit and furnish electric energy for light, heat, power and other purposes for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future. For these purposes, Company may construct, operate, repair and maintain Electric Facilities in, on, over, under and across the Public Grounds and Public Ways of City, subject to the provisions of this Ordinance. Company may do all reasonable things necessary or customary to accomplish these purposes, subject, however, to such reasonable regulations as may be imposed by the City pursuant to ordinance and/or policies and to the further provisions of this franchise agreement.

**B. Effective Date; Written Acceptance.** This franchise agreement shall be in force and effect from and after passage of this Ordinance, its acceptance by Company, and its publication as required by law. The City, by Council resolution, may revoke this franchise agreement if Company does not file a written acceptance with the City within 90 days after publication.

**C. Service and Rates.** The service to be provided and the rates to be charged by Company for electric service in City are subject to the jurisdiction of the Commission. The area within the City in which Company may provide electric service is subject to the provisions of Minnesota Statutes, Section 216B.40.

**D. Publication Expense.** The expense of publication of this Ordinance will be paid by City and reimbursed to City by Company.

**E. Dispute Resolution.** If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used, or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this franchise or for such other relief as may be permitted by law or equity for breach of contract, or either party may take any other action permitted by law.

### **SECTION 3. LOCATION, OTHER REGULATIONS.**

**A. Location of Facilities.** Electric Facilities shall be located, constructed and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so as not to disrupt normal operation of any City Utility System previously installed therein. Electric Facilities shall be located on Public Grounds as determined by the City. Company's construction, reconstruction, operation, repair, maintenance and location of Electric Facilities shall be subject to permits if required by separate ordinance and to other reasonable regulations of the City to the extent not inconsistent with the terms of this franchise agreement. Company may abandon underground Electric Facilities in place, provided at the City's request, Company will remove abandoned metal or concrete encased conduit interfering with a City improvement project, but only to the extent such conduit is uncovered by excavation as part of the City improvement project.

**B. Field Locations.** Company shall provide field locations for its underground Electric Facilities within City consistent with the requirements of Minnesota Statutes, Chapter 216D.

**C. Street Openings.** Company shall not open or disturb any Public Ground or Public Way for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee. Permit conditions imposed on Company shall not be more burdensome than those imposed on other utilities for similar facilities or work. Company may, however, open and disturb any Public Ground or Public Way without permission from the City where an emergency exists requiring the immediate repair of Electric Facilities. In such event Company shall notify the City by telephone to the office designated by the City as soon as practicable. Not later than the second working day thereafter, Company shall obtain any required permits and pay any required fees.

**D. Restoration.** After undertaking any work requiring the opening of any Public Ground or Public Way, Company shall restore the same, including paving and its foundation, to as good a condition as formerly existed, and shall maintain any paved surface in good condition for two years thereafter. The work shall be completed as promptly as weather permits, and if Company shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground or Public Way in the said condition, the City shall have, after demand to Company to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, the right to make the restoration at the expense of Company. Company shall pay to the City the cost of such work done for or performed by the City. This remedy shall be in addition to any other remedy available to the City for noncompliance with Section 3 D (Restoration), but the City hereby waives any requirement for Company to post a construction performance bond, certificate of insurance, letter of credit or any other form of security or assurance that may be required, under a separate existing or future ordinance of the City, of a person or entity obtaining the City's permission to install, replace or maintain facilities in a Public Way.

**E. Avoid Damage to Electric Facilities.** Nothing in this Ordinance relieves any person from liability arising out of the failure to exercise reasonable care to avoid damaging Electric Facilities while performing any activity.

**F. Notice of Improvements.** The City must give Company reasonable notice of plans for improvements to Public Grounds or Public Ways where the City has reason to believe that Electric Facilities may affect or be affected by the improvement. The notice must contain: (i) the nature and character of the improvements, (ii) the Public Grounds and Public Ways upon which the improvements are to be made, (iii) the extent of the improvements, (iv) the time when the City will start the work, and (v) if more than one Public Ground or Public Way is involved, the order in which the work is to proceed. The notice must be given to Company a sufficient length of time in advance of the actual commencement of the work to permit Company to make any necessary additions, alterations or repairs to its Electric Facilities.

**G. Shared Use of Poles.** Company shall make space available on its poles or towers for City fire, water utility, police or other City facilities upon terms and conditions acceptable to Company whenever such use will not interfere with the use of such poles or towers by Company, by another electric utility, by a telephone utility, or by any cable television company or other form of communication company. In addition, the City shall pay for any added cost incurred by Company because of such use by City.

#### **SECTION 4. RELOCATIONS.**

**A. Relocation of Electric Facilities in Public Ways.** If the City determines to vacate a Public Way for a City improvement project, or at City's cost to grade, regrade, or change the line of any Public Way, or construct or reconstruct any City Utility System in any Public Way, it may order Company to relocate its Electric Facilities located therein if relocation is reasonably necessary to accomplish the City's proposed public improvement. Except as provided in Section 4. C (Projects with Federal Funding), Company shall relocate its Electric Facilities at its own expense. The City shall give Company reasonable notice of plans to vacate for a City improvement project, or to grade, regrade, or change the line of any Public Way or to construct or reconstruct any City Utility System. If a relocation is ordered within five years of a prior relocation of the same Electric Facilities, which was made at Company expense, the City shall reimburse Company for non-betterment costs on a time and material basis, provided that if a subsequent relocation is required because of the extension of a City Utility System to a previously unserved area, Company may be required to make the subsequent relocation at its expense. Nothing in this Ordinance requires Company to relocate, remove, replace or reconstruct at its own expense its Electric Facilities where such relocation, removal, replacement or reconstruction is solely for the convenience of the City and is not reasonably necessary for the construction or reconstruction of a Public Way or City Utility System or other City improvement.

**B. Relocation of Electric Facilities in Public Ground.** City may require Company, at Company's expense, to relocate or remove its Electric Facilities from Public Ground upon a finding by City that the Electric Facilities have become or will become a substantial impairment to the existing or proposed public use of the Public Ground.

**C. Projects with Federal Funding.** City shall not order Company to remove or relocate its Electric Facilities when a Public Way is vacated, improved or realigned for a right-of-way project or any other project which is financially subsidized in whole or in part by the Federal Government or any agency thereof, unless the reasonable non-betterment costs of such relocation are first paid to Company. The City is obligated to pay Company only for those

portions of its relocation costs for which City has received federal funding specifically allocated for relocation costs in the amount requested by the Company, which allocated funding the City shall specifically request. Relocation, removal or rearrangement of any Company Electric Facilities made necessary because of a federally-aided highway project shall be governed by the provisions of Minnesota Statutes, Section 161.46, as supplemented or amended. It is understood that the rights herein granted to Company are valuable rights.

**D. No Waiver.** The provisions of this franchise apply only to facilities constructed in reliance on a franchise from the City and shall not be construed to waive or modify any rights obtained by Company for installations within a Company right-of-way acquired by easement or prescriptive right before the applicable Public Ground or Public Way was established, or Company's rights under state or county permit.

#### **SECTION 5. TREE TRIMMING.**

Company may trim all trees and shrubs in the Public Grounds and Public Ways of City to the extent Company finds necessary to avoid interference with the proper construction, operation, repair and maintenance of any Electric Facilities installed hereunder, provided that Company shall save the City harmless from any liability arising therefrom, and subject to permit or other reasonable regulation by the City.

#### **SECTION 6. INDEMNIFICATION.**

**A. Indemnity of City.** Company shall indemnify, keep and hold the City free and harmless from any and all liability on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Electric Facilities located in the Public Grounds and Public Ways. The City shall not be indemnified for losses or claims occasioned through its own negligence except for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Company's plans or work. The City shall not be indemnified if the injury or damage results from the performance in a proper manner, of acts reasonably deemed hazardous by Company, and such performance is nevertheless ordered or directed by City after notice of Company's determination.

**B. Defense of City.** In the event a suit is brought against the City under circumstances where this agreement to indemnify applies, Company at its sole cost and expense shall defend the City in such suit if written notice thereof is promptly given to Company within a period wherein Company is not prejudiced by lack of such notice. If Company is required to indemnify and defend, it will thereafter have control of such litigation, but Company may not settle such litigation without the consent of the City, which consent shall not be unreasonably withheld. This Section is not, as to third parties, a waiver of any defense or immunity otherwise available to the City and Company, in defending any action on behalf of the City, shall be entitled to assert in any action every defense or immunity that the City could assert in its own behalf.

#### **SECTION 7. VACATION OF PUBLIC WAYS.**

The City shall give Company at least two weeks prior written notice of a proposed vacation of a Public Way. Except where required for a City improvement project, the vacation of any Public

Way, after the installation of Electric Facilities, shall not operate to deprive Company of its rights to operate and maintain such Electric Facilities, until the reasonable cost of relocating the same and the loss and expense resulting from such relocation are first paid to Company. In no case, however, shall City be liable to Company for failure to specifically preserve a right-of-way under Minnesota Statutes, Section 160.29.

## **SECTION 8. CHANGE IN FORM OF GOVERNMENT.**

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Company, succeed to all of the rights and obligations of the City provided in this Ordinance.

## **SECTION 9. FRANCHISE FEE.**

**A. Fee Schedule.** During the term of the franchise hereby granted, and in lieu of any permit or other fees being imposed on Company, the City may impose on Company a franchise fee by collecting the amounts indicated in a Fee Schedule set forth in a resolution from each customer in the designated Company Customer Class.

**B. Resolution.** The franchise fee shall be imposed by resolution duly adopted by the City Council, which resolution shall not be adopted until at least 90 days after written notice enclosing such proposed resolution has been served upon Company by certified mail. The fee shall not become effective until the beginning of a Company billing month at least 90 days after written notice enclosing such adopted resolution has been served upon Company by certified mail. Section 2. E (Dispute Resolution) shall constitute the sole remedy for solving disputes between Company and the City in regard to the interpretation of, or enforcement of, the resolution. No action by the City to implement a resolution will commence until this Ordinance is effective.

**C. Terms Defined.** For the purpose of Section 9, the following definitions apply:

1. "Customer Class" shall refer to the classes listed on the Fee Schedule and as defined or determined in Company's electric tariffs on file with the Commission.

2. "Fee Schedule" refers to the schedule in in the resolution setting forth the various customer classes from which a franchise fee would be collected if a resolution were implemented immediately after the effective date of this franchise agreement. The Fee Schedule in the resolution may include new Customer Class added by Company to its electric tariffs after the effective date of this franchise agreement.

**D. Collection of the Fee.** The franchise fee shall be payable quarterly and shall be based on the amount collected by Company during complete billing months during the period for which payment is to be made by imposing a surcharge equal to the designated franchise fee for the applicable customer classification in all customer billings for electric service in each class. The payment shall be due the last business day of the month following the period for which the payment is made. The franchise fee may be changed by resolution from time to time; however, each change shall meet the same notice requirements and not occur more often than annually and no change shall

require a collection from any customer for electric service in excess of the amounts specifically permitted by the Fee Schedule established in the resolution. The time and manner of collecting the franchise fee is subject to the approval of the Commission. No franchise fee shall be payable by Company if Company is legally unable to first collect an amount equal to the franchise fee from its customers in each applicable class of customers by imposing a surcharge in Company's applicable rates for electric service. Company may pay the City the fee based upon the surcharge billed subject to subsequent reductions to account for uncollectibles, refunds and correction of erroneous billings. Company agrees to make its records available for inspection by the City at reasonable times provided that the City and its designated representative agree in writing not to disclose any information which would indicate the amount paid by any identifiable customer or customers or any other information regarding identified customers. In addition, the Company agrees to provide at the time of each payment a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total surcharge billed in the period for which the payment is being made to account for any uncollectibles, refunds or error corrections.

**E. Equivalent Fee Requirement.** The resolution imposing the fee shall not be effective against Company unless it lawfully imposes and the City monthly or more often collects a fee or tax of the same or greater equivalent amount on the receipts from sales of energy within the City by any other energy supplier, provided that, as to such a supplier, the City has the authority to require a franchise fee or to impose a tax. The "same or greater equivalent amount" shall be measured, if practicable, by comparing amounts collected as a franchise fee from each similar customer, or by comparing, as to similar customers the percentage of the annual bill represented by the amount collected for franchise fee purposes. The franchise fee or tax shall be applicable to energy sales for any energy use related to heating, cooling or lighting, or to run machinery and appliances, but shall not apply to energy sales for the purpose of providing fuel for vehicles. If the Company specifically consents in writing to a franchise or resolution collecting or failing to collect a fee from another energy supplier in contravention of Section 9. E (Equivalent Fee Requirement), the foregoing conditions will be waived to the extent of such written consent.

## **SECTION 10. PROVISIONS OF ORDINANCE.**

**A. Severability.** Every section, subdivision, provision, or part of this Ordinance is declared separate from every other section, subdivision, provision, or part and if any section, subdivision, provision, or part shall be held invalid, it shall not affect any other section, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

**B. Limitation on Applicability.** This Ordinance constitutes a franchise agreement between the City and Company as the only parties, and no provision of this franchise shall in any way inure to the benefit of any third party (including the public at large) so as to constitute any such person as a third party beneficiary of the agreement or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any party not a party hereto.

**SECTION 11. AMENDMENT PROCEDURE.**

Either party to this franchise agreement may at any time propose that the agreement be amended to address a subject of concern and the other party will consider whether it agrees that the amendment is mutually appropriate. If an amendment is agreed upon, this Ordinance may be amended at any time by the City passing a subsequent ordinance declaring the provisions of the amendment, which amendatory ordinance shall become effective upon the filing of Company's written consent thereto with the City within 90 days after the date of final passage by the City of the amendatory ordinance.

**SECTION 12. PREVIOUS FRANCHISES SUPERSEDED.**

This franchise supersedes any previous electric franchise granted to Company or its predecessor.

Passed and approved: \_\_\_\_\_, 2014.

\_\_\_\_\_  
Mark Dehen  
Mayor

Attest:

\_\_\_\_\_  
April VanGenderen  
City Clerk

Date Published: \_\_\_\_\_

# CITY OF NORTH MANKATO

## REQUEST FOR COUNCIL ACTION



Agenda Item # 8D	Department: City Planner	Council Meeting Date: 09/15/14
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**TITLE OF ISSUE: Set Public Hearing for Vacation of Utility Easements.**

**BACKGROUND AND SUPPLEMENTAL INFORMATION:** As part of the replatting of property in Presidential Estates, it is necessary to vacate certain utility easements. As part of the utility vacation process, it is necessary to set a public hearing and notify all underground utility companies. Attached is a Petition for Utility Easement Vacation signed by Craig Theuninck, Theuninck Townhomes OLB Presidential Estates and a map showing the location of the easement to be vacated.

*If additional space is required, attach a separate sheet*

**REQUESTED COUNCIL ACTION:** Consider setting Public Hearing for 7 p.m. on Monday, October 6, 2014 for Vacation of Utility Easements.

**For Clerk's Use:**

Motion By: \_\_\_\_\_  
 Second By: \_\_\_\_\_

Vote Record:

	Aye	Nay	
_____	_____	_____	Norland
_____	_____	_____	Freyberg
_____	_____	_____	Spears
_____	_____	_____	Steiner
_____	_____	_____	Dehen

**SUPPORTING DOCUMENTS ATTACHED**

Resolution	Ordinance	Contract	Minutes	Map
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Other (specify) Petition for Vacation, Notice of Hearing

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

**NOTICE OF HEARING ON  
UTILITY VACATION OUTLOT B, PRESIDENTIAL ESTATES**

NOTICE IS HEREBY GIVEN that the City Council of the City of North Mankato, Minnesota, will hold a public hearing on Monday, October 6, 2014, commencing at 7:00 p.m. in the Council Chambers of the Municipal Building, 1001 Belgrade Avenue, to consider the vacation of the following described utility easements:

A strip of land 60.00 feet in width over, under, and across all that part of Outlot B, Presidential Estates, according to the recorded plat thereof, on file and of record with the Nicollet County Recorder,

Dated this 22<sup>nd</sup> day of September 2014.

Nancy Gehrke, CMC  
City Clerk  
City of North Mankato, Minnesota

## PETITION FOR VACATION

The undersigned property owner hereby petitions the City Council of the City of North Mankato, Minnesota, to vacate the following described utility easement:

A strip of land 60.00 feet in width over, under, and across all that part of Outlot B, Presidential Estates, according to the recorded plat thereof, City of North Mankato, Nicollet County, Minnesota, the center line of which is described as follows:

Commencing at the southwest corner of the Northeast Quarter of the Northwest Quarter of Section 2, Township 108 North, Range 27 West; thence North 00 degrees 00 minutes 51 seconds East, (assumed bearing) along the west line of the Northeast Quarter of the Northwest Quarter of Section 2, a distance of 40.00 feet to the southwest corner of Presidential Estates; thence North 89 degrees 32 minutes 40 seconds East, along the south line of Presidential Estates, 47.81 feet to the southwest corner of Outlot B, Presidential Estates; thence North 03 degrees 12 minutes 18 seconds East, along the westerly line of Outlot B, a distance of 531.08 feet to the point of beginning; thence North 89 degrees 32 minutes 40 seconds East, 522.11 feet to a point on the easterly line of said Outlot B and there terminating.

Dated this 29th day of August 2014.

April J. Van Genderen  
Witness

Craig Theuninck  
Craig Theuninck, Theuninck Townhomes  
OLB Presidential Estates

Received by City Clerk:

August 29, 2014  
Date

Nancy Decker  
City Clerk



**CITY OF NORTH MANKATO  
APPLICATION FOR NEW LICENSES**

Following are the license fees for City licenses for the period January 1, 2014, through December 31, 2014. Please complete this form, sign it, and return it along with the appropriate license fee payable to the City of North Mankato.

RETURN TO: City Clerk/City of North Mankato  
P.O. Box 2055  
North Mankato, MN 56002-2055

On-Sale Intoxicating Liquor	\$3,750	\$ _____
Sunday On-Sale Liquor	200	\$ _____
Off-Sale Intoxicating Liquor	220	\$ _____
On-Sale Intoxicating Liquor (Club)	330	\$ _____
Wine	275	\$ _____
Cabaret (only with on-sale)	375	\$ _____
Business Set-Up	330	\$ _____
3.2 Beer Off-Sale	35	\$ _____
3.2 Beer On-Sale	275	\$ _____
Cigarette	150	\$ _____
Soft Drink	25	\$ _____
Mechanical Amusement Device	20/site & 20/each	\$ _____
Taxicab	20 /vehicle	\$ <u>60.00</u>
Mobile Home	60	\$ _____
Refuse Hauler	35 /first truck	\$ _____
	25 /each addl. truck	\$ _____
	<b>TOTAL:</b>	<b>\$ <u>60.00</u></b>

I, the undersigned, hereby stipulate that I will maintain the required worker's compensation insurance and if necessary, liquor liability insurance, throughout the licensing period.

*[Signature]*  
Applicant's Signature

WS Transportation, LLC  
Business Name

\_\_\_\_\_  
Social Security Number  
1517 Fair St. Mankato, MN 56001

261357600026  
Minnesota Tax I.D. #  
46-9675113

\_\_\_\_\_  
Applicant's Address  
507-388-0708

\_\_\_\_\_  
Federal Tax I.D. #  
1517 Fair St. Mankato, MN 56001  
Business Address

\_\_\_\_\_  
Phone Number  
Sept 8, 2014  
Date

\_\_\_\_\_  
Phone # 507-420-4503



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
09/08/2014 2:22 PM

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> KEY CITY INSURANCE AGENCY PO BOX 2138 MANKATO, MN 56003	<b>CONTACT NAME:</b> Northern States Agency, Inc. <b>PHONE (A/C, No, Ext):</b> 6516462651 <b>FAC (A/C, No):</b> <b>E-MAIL ADDRESS:</b> <b>INSURER(S) AFFORDING COVERAGE</b> <b>NAIC #</b>
<b>INSURED</b> WS TRANSPORTATION LLC 1517 FAIR ST MANKATO, MN 56001	<b>INSURER A:</b> NATIONAL LIABILITY & FIRE INSURANCE      20052 <b>INSURER B:</b> COMPANY <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>

**COVERAGES**      **CERTIFICATE NUMBER:** 178,474      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INBR LTR	TYPE OF INSURANCE	ADDL INBD	BURR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE	\$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	\$
							MED EXP (Any one person)	\$
							PERSONAL & ADV INJURY	\$
							GENERAL AGGREGATE	\$
							PRODUCTS - COMP/OP AGG	\$
								\$
A	<b>AUTOMOBILE AUTHORITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			73APS049395-01	06/17/2014 1:06 PM	06/17/2015 12:01 AM	COMBINED SINGLE LIMIT (Ea accident)	\$ 500,000
							BODILY INJURY (Per Person)	\$ N/A
							BODILY INJURY (Per accident)	\$ N/A
							PROPERTY DAMAGE (Per accident)	\$ N/A
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED    RETENTION \$						EACH OCCURRENCE	\$
							AGGREGATE	\$
								\$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A					WC STATUTORY LIMITS	CY-EX
							E.L. EACH ACCIDENT	\$
							E.L. DISEASE - EA EMPLOYEE	\$
							E.L. DISEASE - POLICY LIMIT	\$
								\$
								\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Year, Make, Model, VIN	Collision	Comp or Spec. Caus.	Stated Amount	Phys Dam. Deductible	In-Tow Limit	Cargo Limit
2013 CHEVROLET IMPALA 2G1WG5E35D1106002	Covered	C	16,500	500/500	N/A	N/A
2013 CHEVROLET IMPALA 2G1WG5E31D1268984	Covered	C	16,500	500/500	N/A	N/A
2013 CHEVROLET IMPALA 2G1WG5E37D1207672	Covered	C	16,500	500/500	N/A	N/A

<b>CERTIFICATE HOLDER</b> CITY OF NORTH MANKATO Attn: Nancy Gehrke 1001 Belgrade Ave PO Box 2055 NORTH MANKATO, MN 56003	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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# Certificate of Compliance Minnesota Workers' Compensation Law

PRINT IN INK or TYPE.

Minnesota Statutes, Section 176.182 requires every state and local licensing agency to withhold the issuance or renewal of a license or permit to operate a business or engage in any activity in Minnesota until the applicant presents acceptable evidence of compliance with the workers' compensation insurance coverage requirement of Minnesota Statutes, Chapter 176. The required workers' compensation insurance information is the name of the insurance company, the policy number, and the dates of coverage, or the permit to self-insure. If the required information is not provided or is falsely stated, it shall result in a \$2,000 penalty assessed against the applicant by the commissioner of the Department of Labor and Industry.

**A valid workers' compensation policy must be kept in effect at all times by employers as required by law.**

BUSINESS NAME (Individual name only if no company name used) <u>WS Transportation LLC</u>	LICENSE OR PERMIT NO (if applicable) <u>761357600026</u>
--	---

DBA (doing business as name) (if applicable)  
Taxi Cab

BUSINESS ADDRESS (PO Box must include street address) <u>1517 Fair St.</u>	CITY <u>Mankato</u>	STATE <u>MN.</u>	ZIP CODE <u>56001</u>
---	------------------------	---------------------	--------------------------

**YOUR LICENSE OR CERTIFICATE WILL NOT BE ISSUED WITHOUT THE FOLLOWING INFORMATION. You must complete number 1, 2 or 3 below.**

**NUMBER 1 COMPLETE THIS PORTION IF YOU ARE INSURED:**

INSURANCE COMPANY NAME (not the insurance agent)  
SFM

WORKERS' COMPENSATION INSURANCE POLICY NO. <u>062409.801</u>	EFFECTIVE DATE <u>7-3-14</u>	EXPIRATION DATE <u>7-3-15</u>
---	---------------------------------	----------------------------------

**NUMBER 2 COMPLETE THIS PORTION IF SELF-INSURED:**

I have attached a copy of the permit to self-insure.

**NUMBER 3 COMPLETE THIS PORTION IF EXEMPT:**

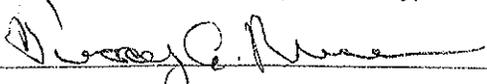
I am not required to have workers' compensation insurance coverage because:

I have no employees.  
 I have employees but they are not covered by the workers' compensation law. (See Minn. Stat. § 176.041 for a list of excluded employees.) Explain why your employees are not covered: \_\_\_\_\_

Other: \_\_\_\_\_

**ALL APPLICANTS COMPLETE THIS PORTION:**

I certify that the information provided on this form is accurate and complete. If I am signing on behalf of a business, I certify that I am authorized to sign on behalf of the business.

APPLICANT SIGNATURE (mandatory) 	TITLE <u>Treasurer</u>	DATE <u>9-8-14</u>
---	---------------------------	-----------------------

**NOTE: If your Workers' Compensation policy is cancelled within the license or permit period, you must notify the agency who issued the license or permit by resubmitting this form.**  
 This material can be made available in different forms, such as large print, Braille or on a tape. To request, call 1-800-342-5354 (DIAL-DLI) Voice/TDD (651) 297-4198.



# City Visit and Legislative Update North Mankato

September 15, 2014

# CGMC Represents 85 Cities Across the State

- LGA/Property Taxes
- Economic Development
- Annexation and Land Use
- Environmental Regulation
- Transportation



# 2014 Session Lay of the Land

- Reform and Increase to LGA in 2013
- February Forecast Shows Surpluses
  - \$1.2 Billion for current biennium
  - \$2.6 Billion for FY 2016-17
- Not a Budget Year
- Short Session/Big Issues
  - Medical Marijuana, Minimum Wage, Bullying
- Traditional Bonding Year
  - 2013 End of Session “Deal” to hold bonding at \$850 million in 2014



## CGMC Goals

- \$57 million increase in LGA
  - Return to 2002 funding level
- Pass Greater MN Economic Development Programs
  - Create Broadband Infrastructure Fund
  - \$25 million for BDPI
  - Angel Investing
  - Job Training
- Work with Move MN to pass statewide transportation package



## Preliminary Levies Cause Stir

- Preliminary city levies set at 2.1% Increase
- Critical response from Dayton Admin. and some lawmakers
- After 2013 session Dept. of Revenue was predicting \$121 million reduction in levies
- Negative spin on LGA in media

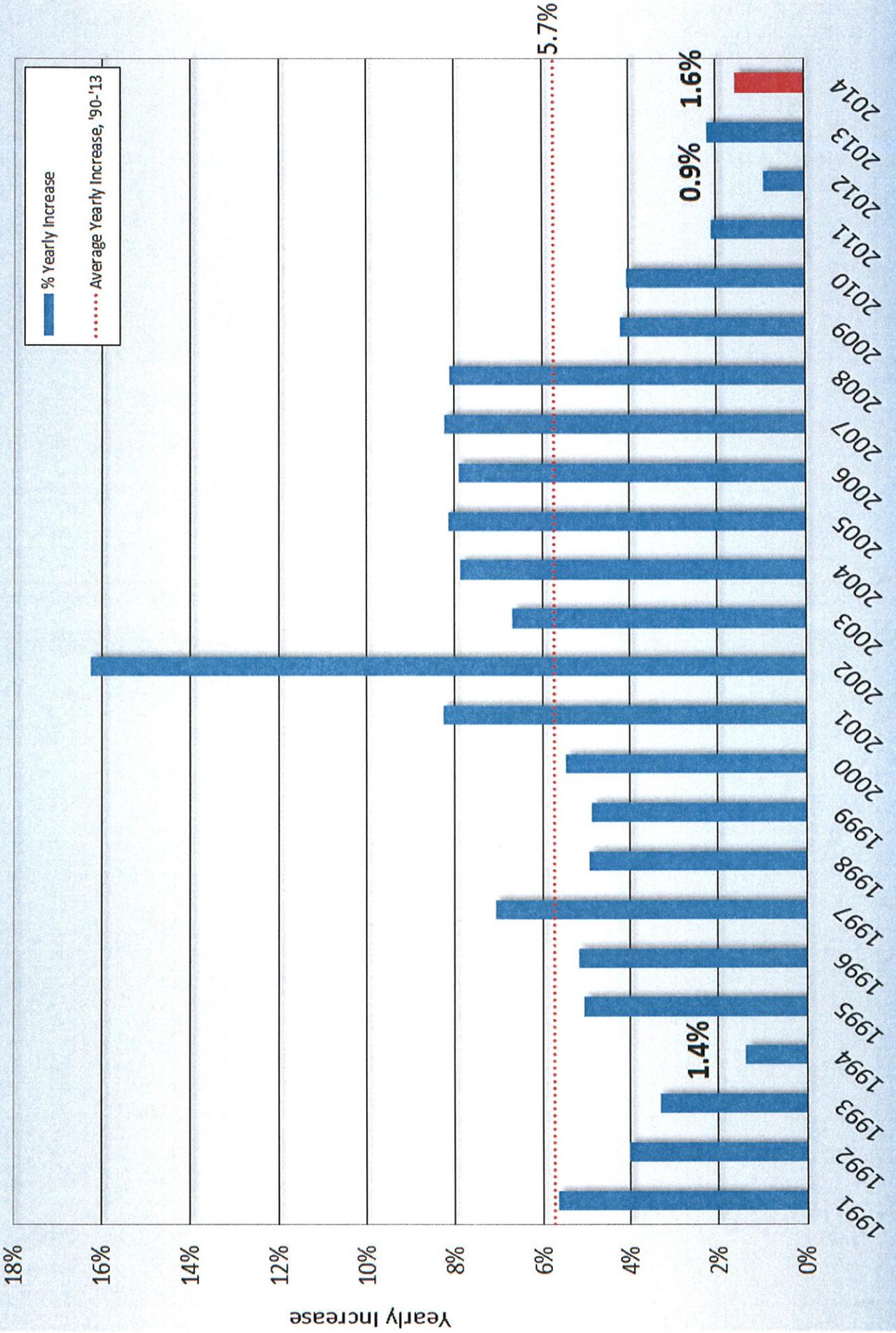


# CGMC Puts Levies Into Context

- Truth on Levies
  - 3<sup>rd</sup> smallest increase in last 25 years
  - Less than half of yearly average increase for last 10 years (2.1% vs. 5.3%)
  - Cities playing catch-up on services, infrastructure, and capital purchases
- Response to Star Tribune Editorial
- Mtg with Gov. Dayton and Commissioner Frans
- Letter to all legislators
- Individual cities respond



# LGA Increase in 2013 Produced 3rd-Lowest City Property Tax Increase Since 1990



Source: MN Department of Revenue

## CGMC Presses for LGA Increase

- \$57 Million Increase for CY 2015
  - HF 2689 (Simonson –DFL Duluth)
  - SF 2292 (Koenen – DFL Clara City)
- Return to 2002 level
- Catch up on infrastructure, services, wages, and capital purchases
- Lack of Support from Governor and Senate Leadership
- More Support in House



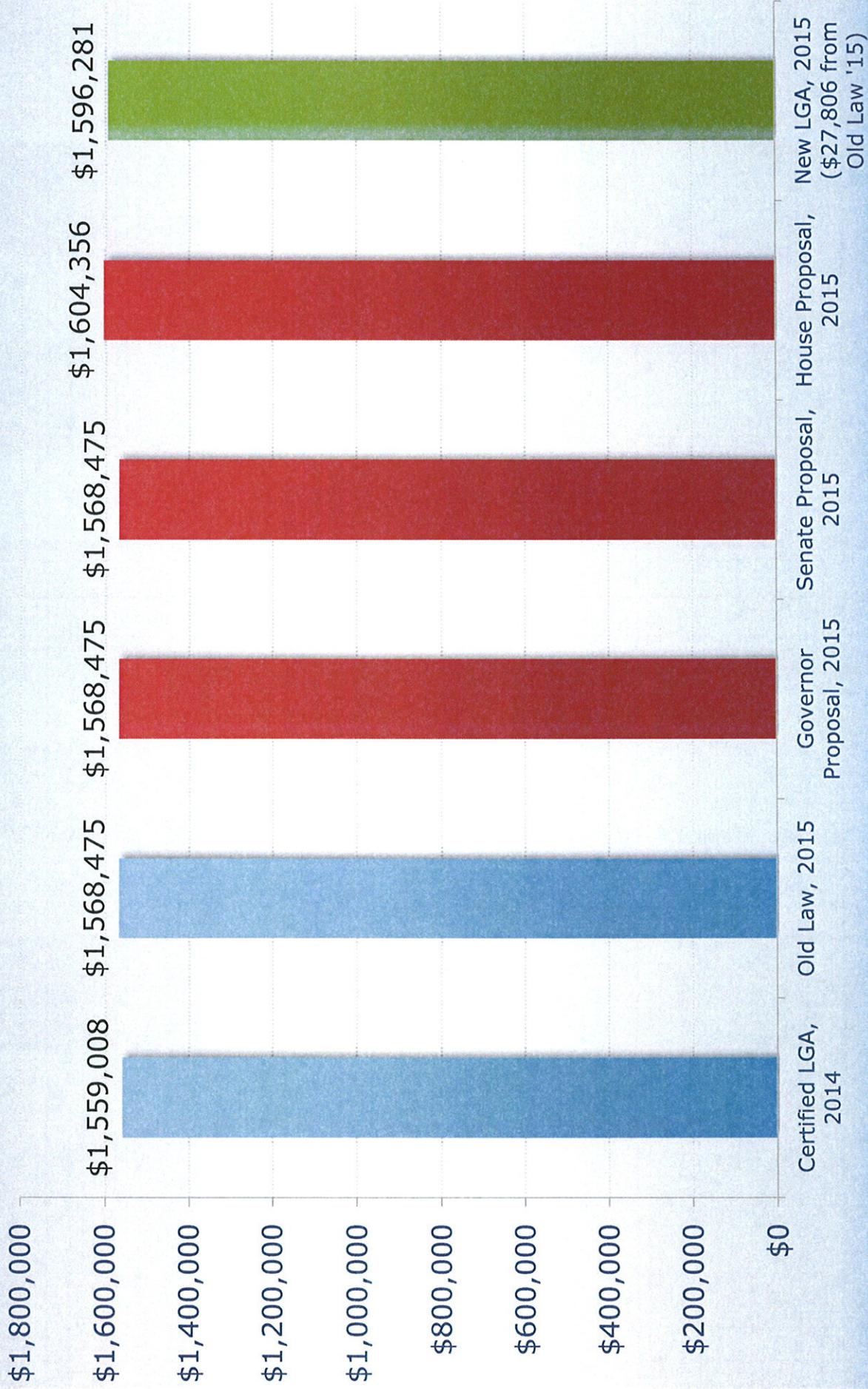
## LGA Outcome

- House proposal for annual adjustment based on inflation and population growth
  - Would have meant \$10.1 million increase in 2015 and increase thereafter
- No new LGA in Senate Tax Bill
- Inflation factor resisted by Senate
- Final LGA result
  - \$7.8 million increase in 2015
  - \$2.5 million increase in 2016
  - No annual inflation increase

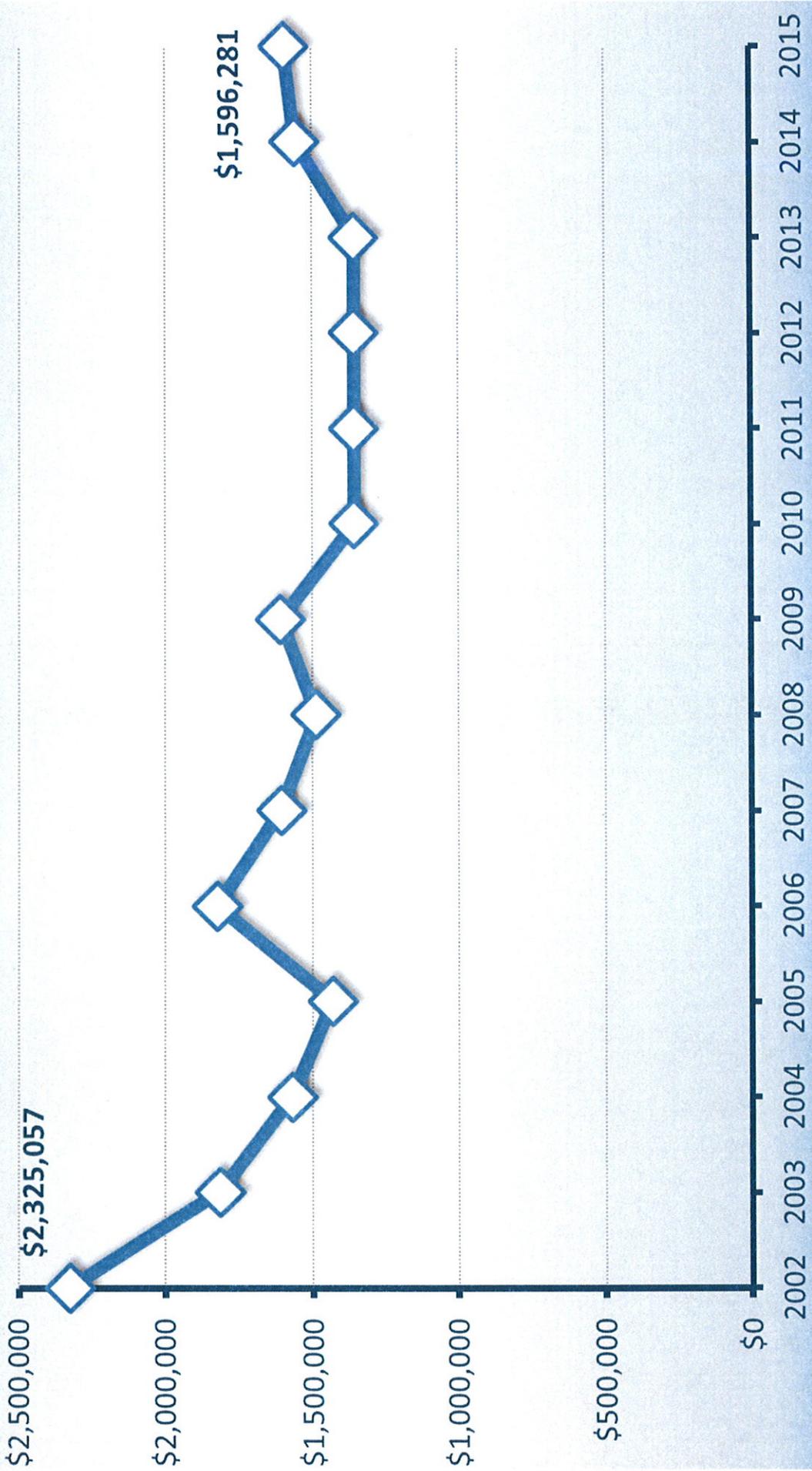


# LGA Proposal Impacts

## North Mankato



# North Mankato LGA, 2002-2015



# Rural Broadband Gets Significant Attention

- Priority of CGMC and Greater MN Partnership – Identified as key driver of economic growth
- \$100 million Infrastructure Fund recommended by Governor’s Broadband Task Force
- Series of bills introduced by Rep. Simonson (DFL-Duluth) and Sen. Schmit (DFL – Red Wing)
- Funds available to local gov’t, Co-Ops, non-profits, and for-profit business



## Broadband Cont'd

- More than 18 editorials statewide in support of Broadband fund
- Not in Governor's Budget
- No interest from Senate Leadership
- Significant resistance from large providers
- House proposed \$25 million for fund
- Final result - \$20 million in Supplemental Budget



# BDPI Grant Program

- DEED administered grants which match local funds to provide infrastructure for business development
- CGMC bill for \$25 million
  - HF 2059 (McNamar – DFL Elbow Lake)
  - SF 2007 (Jensen – Owatonna)

CGMC	Gov.	House	Senate	Final
\$25m	\$5m	\$5m	\$4m (GO) \$4.5m (Cash, Dedicated)	\$4m (GO) \$2.2m (Cash)



# Other Economic Development Outcomes

- Angel Investment - \$15m/yr ongoing
  - 1/2 of funds reserved for Greater MN and woman and minority owned biz for 9 mo.
  - Industries expanded to include agribusiness, tourism and manufacturing
- Greater MN Internship Program
  - Remove restrictive language
  - Shorten length of internship requirement from 12 to 8 weeks
- Greater MN Business Expansion Program
  - Simplify job creation requirements
  - Cap individual grants



# Transportation...Wait 'til Next Year

- CGMC joins Move MN coalition
- Clear early on that Governor and House leadership had little interest in comprehensive transportation package
- Governor and House Speaker to make transportation a top priority in 2015



# Key Transportation Outcomes

Program	Funds
Local Bridge Replacement	\$33 million (Bonding and Cash; Franklin Ave Bridge earmarked, leaving \$21.25m for statewide solicitation)
Local Road Improvement	\$54.3 million (Bonding and Cash; 3 significant metro projects earmarked, leaving \$22.6m for statewide solicitation)
Metro Transit	\$15 million (Bonding)
Corridors of Commerce	\$31.5 million (Trunk Highway Fund; \$6.5 million for Greater MN in '14; \$25 million for program in '15)
Greater MN Transit	\$6.5 million (Gen. Fund)



# CGMC Fights Rushed Regulation

- MPCA proposing new nutrient standards for rivers and streams
- Potentially high costs for WWTFs
- Measure's may lack sound science
- CGMC leads on organizing groups to oppose
  - 20 groups sign-on to letter to MPCA Citizens Board
- CGMC testifies at Citizens Board Hearing



# CGMC Fights Rushed Regulation

- Board approves standards
- Letter to Governor requesting veto of proposed rules
- May need to fight rules at legislature
  - Delay implementation of rules
  - Overturn rules?
- Other emerging regulatory issues
  - Chloride
  - Sulfates
  - Nitrates/nitrogen



## Other Outcomes: Rulemaking Bill

- “Unsession” legislation designed to make rulemaking easier for state agencies like MPCA
  - Reduced participation in process
  - Less scrutiny of impact of proposed rules
- CGMC, LMC, Municipal Electrics, Business Community all opposed
- CGMC plays critical role connecting with rural legislators
- Bill passed House, tabled in Senate

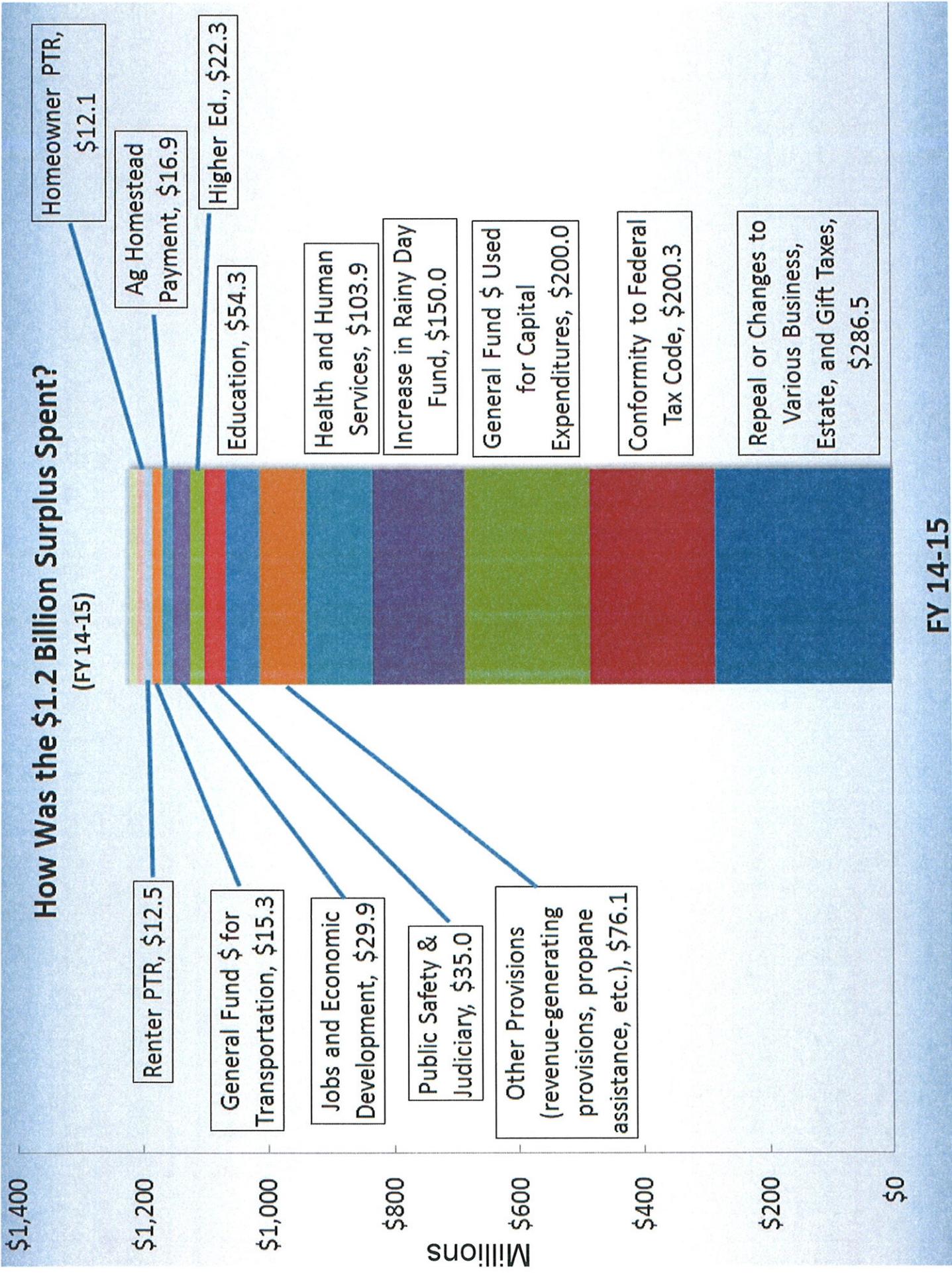


## Conclusions About Session

- Despite talk of limited “unsession,” 2014 session was one of numerous ambitious proposals
- House had a specific (though modest) focus on rural economic development
- Lack of interest from Governor and Senate difficult to explain
- Between tax relief and traditional spending significant part of the surplus spent down



# How Was the \$1.2 Billion Surplus Spent? (FY 14-15)



## Lessons of 2014

- The session was “OK” from a Greater MN perspective but showed that Greater MN communities, businesses and legislators have to fight extra hard to ensure that their priorities get attention at the legislature.



# What's at Stake in 2015

- Shift in Gov't control could have big impact
- Comprehensive transportation package
- Continued momentum on LGA
- Regulatory and possible legislative action on nutrient standards
- Progress on economic development



## Upcoming Events

- Governor Candidate Forum in Rochester  
October 1, 2014
- Fall Conference Nov. 13-14 (Minneapolis)
- Legislative Action Day January 28, 2015  
(St. Paul)
- 2015 Summer Conference July 22-24,  
2015 (Duluth)



**THANK YOU!**



# CITY OF NORTH MANKATO

## REQUEST FOR COUNCIL ACTION



Agenda Item # 10A	Department: City Administrator	Council Meeting Date: 09/15/14
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**TITLE OF ISSUE:** Resolution approving Tax Increment Financing District IDD No. 1-23.

**BACKGROUND AND SUPPLEMENTAL INFORMATION:** The North Mankato Port Authority Commission is holding a public hearing on September 15, 2014 to consider establishment of Tax Increment Financing District IDD No. 1-23. The City has previously approved a plan for Industrial Development District No. 1.

*If additional space is required, attach a separate sheet*

**REQUESTED COUNCIL ACTION:** Adopting resolution to authorize the establishment of Tax Increment Financing District IDD No. 1-23, within Industrial Development District No. 1, and adopt a tax increment financing plan.

**For Clerk's Use:**

Motion By: \_\_\_\_\_  
 Second By: \_\_\_\_\_

Vote Record:

	Aye	Nay	
_____	_____	_____	Norland
_____	_____	_____	Freyberg
_____	_____	_____	Spears
_____	_____	_____	Steiner
_____	_____	_____	Dehen

**SUPPORTING DOCUMENTS ATTACHED**

Resolution	Ordinance	Contract	Minutes	Map
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify) <u>Tax Increment Financing District IDD No. 1-23</u>				
_____				
_____				
_____				

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

RESOLUTION # \_\_\_\_\_ - 2014

**RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF NORTH MANKATO APPROVING TAX INCREMENT  
FINANCING DISTRICT IDD NO. 1-23**

**WHEREAS**, the City Council of North Mankato (herein called the “City”) has held a public hearing to receive input regarding the establishment of Tax Increment Financing District IDD No. 1-23 (herein called the “District”) as provided in a report, dated September 15, 2014 (herein called the “Plan”); and

**WHEREAS**, the City has previously approved a plan for Industrial Development District No. 1 pursuant to Minnesota Statutes, Sections 469.048 to 469.068; thereby creating a Project within the meaning of Minnesota Statutes, Section 469.174, Subdivision 8, which encompasses the District; and

**WHEREAS**, the Plan sets forth the estimate of the fiscal and economic impact of tax increment financing on the tax capacities of all taxing jurisdictions in which the District is located; and

**WHEREAS**, the Board of Nicollet County, Minnesota, has been notified of the public hearing for review of the Plan; and

**WHEREAS**, the School Board of Independent School District No. 77 has been notified of the public hearing for review of the Plan; and

**WHEREAS**, the City has received and considered the comments of the Nicollet County Board and the School Board of the Independent School District No. 77 with regard to the contents of the Plan; and

**WHEREAS**, the North Mankato Port Authority Commission has conducted a public hearing on September 15, 2014 and recommended approval of the Plan to the City Council; and

**WHEREAS**, the City on September 15, 2014, after having published a notice of public hearing in the official newspaper of the City, conducted a public hearing on the Plan and received public comments on the same;

**NOW THEREFORE, BE IT RESOLVED**, by the North Mankato City Council:

**Sec. 1.** It is hereby found and determined that there is a need for the Project activities in the District.

**Sec. 2.** It is hereby found and determined that the Project activities set forth in the Plan will establish, for the City of North Mankato, the opportunity to promote economic development of vacant, unused and underused land and that this development will create jobs and enhance the local tax base.

**Sec. 3.** It is hereby found and determined that the tax increment financing plan as set forth in the Plan having been duly reviewed and considered is hereby approved and adopted, and the area described in Exhibit A hereto is hereby affirmed and designated as an Economic Development District pursuant to Minnesota Statutes, Section 469.174, Subdivision 12.

**Sec. 4.** That, in the opinion of the City, it is hereby found and determined: (i) the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and (ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the Plan.

**Sec. 5.** That the tax increment financing plan will afford maximum opportunity, consistent with sound needs of the City as a whole, for the development of the Project by private enterprise.

**Sec. 6.** It is hereby found and determined that the tax increment financing plan set forth in the Plan conforms to the general plan for the development of the City as a whole.

**Sec. 7.** That the reasons and supporting facts for findings 3, 4, 5 and 6 as set forth on pages 4, 5 and 6 of the Plan are by this reference confirmed and adopted.

**Sec. 8.** It is hereby found and determined that the provisions of Minnesota Statutes 116J.993 to 116J.985 the Business Subsidy Act apply to this development and will require an agreement with the recipient of the subsidy.

**Sec. 9.** That the City Clerk shall request the Auditor of Nicollet County to certify the original tax capacity and original local tax rate of the District approved by this resolution.

**Sec. 10.** That the City Clerk is hereby directed to file a copy of this resolution and a copy of the Plan with the Minnesota Department of Revenue and Office of the State Auditor.

**Sec. 11.** That the City hereby states its intention to use all of the captured tax capacity for purposes of tax increment financing as per the conditions set forth in the Plan.

The foregoing resolution was offered at a regular meeting of the City Council held on September 15, 2014, by Council Member \_\_\_\_\_ who moved its adoption, was seconded by Council Member \_\_\_\_\_ and adopted by the following vote:

AYES:

NAYS:

Whereupon the above resolution was duly adopted.

Attest:

\_\_\_\_\_  
Mark D. Dehen, Mayor

\_\_\_\_\_  
Nancy Gehrke, City Clerk



**TAX INCREMENT  
FINANCING  
DISTRICT IDD NO. 1-23  
(D & K Powder Coating  
LLC Project)**

**NORTH MANKATO,  
MINNESOTA**

**SEPTEMBER 15, 2014**

**Business Finance and  
Economic Development  
Specialists**

---

**TAX INCREMENT FINANCING DISTRICT IDD NO. 1-23  
(D & K Powder Coating LLC Project)**

**CITY OF NORTH MANKATO, MINNESOTA**

**SEPTEMBER 15, 2014**

**PREPARED BY**

**ADVANCE RESOURCES FOR DEVELOPMENT, INC.  
MANKATO, MINNESOTA**

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## **INTRODUCTION**

### **BACKGROUND**

The North Mankato Port Authority Commission and City Council have previously established and subsequently modified Industrial Development District No. 1 (IDD No. 1) Project Area and have created and operated tax increment financing districts within the boundaries of the Project Area. At the present, the Port Authority and City Council are proposing to establish Tax Increment Financing District IDD No. 1-23 in order to assist D & K Powder Coating LLC in its plans to construct a 25,200 ft.<sup>2</sup> manufacturing facility.

### **LOCATION**

Tax Increment Financing District IDD No. 1-23 is located, on company-owned property described as Lot 1, Block 1 Northport No. 18 (2240 Howard Dr. W.), North Mankato, Minnesota. A map of the tax increment financing district is on page 2.

### **DEFINITIONS**

For the purpose of this Tax Increment Financing Plan, the following terms shall have the meanings specified below, unless the context otherwise requires.

“Authority” means the North Mankato Port Authority Commission, which has been granted port authority powers pursuant to Minnesota Statutes, Sections 469.048 to 469.068.

“Bonds” means any bonds or other obligations as defined in Minnesota Statutes, section 469.174, subdivision 3, including pay-as-you-go tax increment financing revenue notes.

“City” means the City of North Mankato, Minnesota.

“Council” means the City Council of the City of North Mankato, Minnesota.

“Development” means the parcels of property upon which identified activities will occur as described in this Plan; the purpose of which is for the proposed construction of a powder coating facility to promote economic development, create jobs and enhance the tax base.

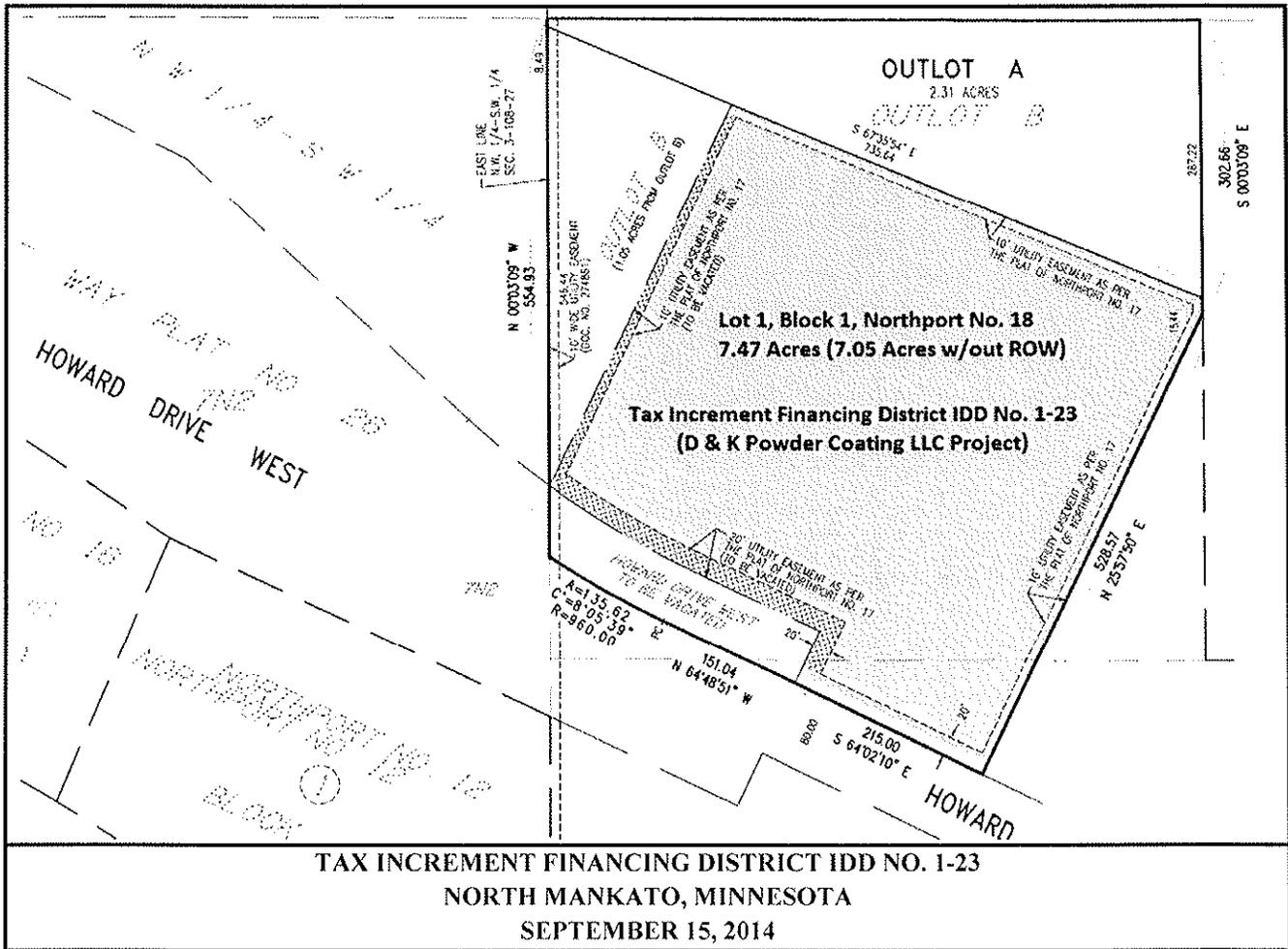
“Economic Development District” means a type of tax increment financing district, which consists of any project, or portions of a project, which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or

(2) it will result in increased employment in the state; or

(3) it will result in preservation and enhancement of the tax base of the state.

“Industrial Development District Plan” means the plan for Industrial Development District No. 1 prepared pursuant to the provisions of Minnesota Statutes, Sections 469.048 to 469.068, which provides an outline for the



development, construction and improvement of the port authority and is sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses; and (2) to indicate general land uses and general standards of development or redevelopment consistent with a municipality's comprehensive plan.

“Project” is an industrial development district as defined in Minnesota Statutes, section 469.058, Subdivision 1.

“Tax Increment Financing District” or “District” means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by section 469.175, subdivision 1, for the purpose of financing redevelopment, housing or economic development in municipalities through the use of tax increment generated from the captured net tax capacity in the tax increment financing district.

“Tax Increment Financing Plan” or “Plan” means the plan for establishment of Tax Increment Financing District IDD No. 1-23 prepared pursuant to the provisions of Minnesota Statutes, Sections 469.174 to 469.179, which provides a statement of objectives, the development program, development activities, project timing, budget estimates, estimated impact on affected taxing jurisdictions, identification of studies or analysis used to determine need for financing and identification of parcels to be included in the District.

## SUMMARY

It is the intention of the Authority and City Council to support development of vacant or underdeveloped properties and provide infrastructure improvements to facilitate industrial expansion within the boundaries of the Industrial Development District and to use tax increment financing to promote development, tax base enhancement and job creation by financing eligible expenditures. In order to accomplish this development, the Authority and City Council propose to establish Tax Increment Financing District IDD No. 1-23 and to use tax increment revenues for land acquisition, site improvement and other qualified costs.

## TAX INCREMENT FINANCING PLAN

### RELATIONSHIP OF TAX INCREMENT FINANCING DISTRICTS TO INDUSTRIAL DEVELOPMENT DISTRICT

Port Authority law (Minnesota Statutes, Sections 469.048 to 469.068) authorizes the use of tax increment funds to pay for Project improvements. When using tax increment funds, it is necessary to establish a tax increment financing district according to Minnesota Statutes, Sections 469.174 to 469.179, inclusive. Approval of this Plan establishes a tax increment financing district, the purpose of which is to finance the development activities authorized by the creation and subsequent modifications of Industrial Development District No. 1.

### PROPERTY CONDITIONS AND DESCRIPTION OF DEVELOPMENT PROPOSAL

D & K Powder Coating proposes to construct a 25,200 ft.<sup>2</sup> manufacturing facility, on Lot 1, Block 1 Northport No. 18 (2240 Howard Dr. W.). The company is requesting the City and Port Authority approve tax increment financing assistance to finance land acquisition, site improvement and other qualified costs. The estimated project cost is \$3,209,571. The undeveloped 7.47-acre parcel is valued at \$503,751. The company proposes to create at least 10 new jobs in conjunction within two years of occupying the facility.

### DESCRIPTION OF PROPERTY IN TAX INCREMENT DISTRICT

The following property is included the District: Lot 1, Block 1 Northport No. 18 (2240 Howard Dr. W.), North Mankato, Minnesota (Parcel Identification Number to be assigned by Nicollet County).

### FINDINGS

Minnesota Statutes, section 469.175, Subdivision 3, requires that prior to municipality approval of a tax increment financing plan certain statutory findings must be made and the reasons for those findings must be set forth in writing along with supporting facts for each determination.

1. FINDING. That the proposed tax increment financing district is an economic development district.

SUPPORTING FACTS. Minnesota Statutes, Chapter 469, provides for five types of districts -- a redevelopment district, renewal and renovation district, soils condition district, a housing district, and an economic development district -- each serving a well-defined need and each having different qualifying standards. Tax Increment Financing District IDD No. 1-23 is an "Economic Development District". Minnesota Statutes, section 469.174, subdivision 12, defines "Economic Development District". This definition is also included on page 1 of this Plan.

The proposed District qualifies as an "Economic Development District" pursuant to the above statute because project activities will result in increased employment and preservation and enhancement of the tax base of the state. Upon inclusion in the District, D & K Powder Coating will construct facilities in the City, which will increase the tax base and create additional jobs.

2. FINDING. That, in the opinion of the City:

(i) the proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future; and

(ii) the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by this Plan.

*SUPPORTING FACTS. The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.* The City supports this finding based on the facts that the costs of constructing, equipping and operating the facility are not financially viable without public financial assistance. To address this situation the City is participating in a public/private-financing package consisting of private financing and tax increment assistance. The City will use tax increment financing to reimburse the company for land acquisition, site improvement and other qualified costs. Development proposed in this Plan meets the objectives of the City of North Mankato Tax Increment Financing Policy. The City believes that public/private financing, including the use of tax increment, is significant to the completion of this project, and that without this assistance the project would not occur in the City.

*Furthermore, the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by this Plan.* A comparative analysis, of estimated market values both with and without District formation and the use of tax increments, has been performed as described above. If all development proposed to be assisted with tax increment were to occur in the District, the total increased market value would be up to \$1,796,432. The estimated present value of tax increments from the District is \$301,838. It is the City's finding that no development with a market value of greater than \$1,494,594 would occur without tax increment assistance in the District within eight years (refer to Table 1 on page 10). This finding is based upon evidence from general past experience that industry is hampered in its efforts to secure sufficient conventional bank financing, and that in order to move forward, funding sources in the form of subordinated financing must be secured. The City Council believes this project qualifies for a public/private financing package and the use of tax increment financing and is prepared to commit this resource to it.

3. FINDING. That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

*SUPPORTING FACTS.* The tax increment financing plan conforms to the general plan of the City of North Mankato for the following reasons:

A. The Plan area is designated M-2 Heavy Industrial in the zoning ordinance. Plan activities and subsequent development are intended to encourage and result in industrial development for this area.

B. The general plan for the community supports the creation of additional job opportunities within the municipality, particularly increased opportunities for moderate income residents, the unemployed and under-employed.

4. FINDING. That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the Project by private enterprise.

SUPPORTING FACTS. The City Council and the Authority, in approving and subsequently modifying Industrial Development District No. 1, have prepared a blueprint for development and job creation. The Industrial Development District plan encourages cooperation with private enterprise. Industrial Development District plan information along with other City plans, policies and ordinances was used to prepare this Plan. Based upon the objective of cooperation and guidance from approved plans, policies and ordinances, the Authority and City Council have determined Project costs, which will be paid for by tax increment revenues. As the Financial Plan contained on pages 9 through 13 of this Plan indicates, the Authority and City Council intend to concentrate the use of tax increment revenue on those improvements, which would not reasonably be expected to occur solely through private action. Private enterprise will be responsible for the vast majority of the expenses and activities normally associated with land development.

#### STATEMENT OF OBJECTIVES FOR INDUSTRIAL DEVELOPMENT DISTRICT NO. 1

The Authority and City Council have previously determined that is necessary, desirable, and in the public interest to establish/modify, designate, develop and administer an industrial development district in the City pursuant to the provisions of Minnesota Statutes, section 469.048 to 469.068, inclusive. The Authority and City Council further determine that the funding of the necessary activities and improvements in the Industrial Development District may be financed through a wide array of funding mechanisms, including tax increment financing, and other appropriate sources. Prior to involving itself in financing project activities or a development, the Authority and City Council shall determine financial feasibility of the Project or development. Any public or private activity, when municipally financed, shall demonstrate how said financing is going to be repaid.

The Authority and City Council seek to achieve the following objectives through this Plan:

1. Encourage the retention, expansion and development of commercial and industrial enterprises within the City.
2. Remove structurally substandard buildings for which rehabilitation is not feasible.
3. Acquire and remove economically or functionally obsolete or underutilized buildings.
4. Acquire land and/or buildings which are vacant, unused, underused, or inappropriately use.
5. Acquire property of irregular form and shape or inadequate size, which has prevented normal development.
6. Eliminate blighting influences, which impede potential development.
7. Encourage the rehabilitation of remaining intensive businesses.
8. Achieve a high standard of buildings that remain in the Project area.

9. Provide adequate streets, utilities and other public improvements and facilities to enhance the area for both new and existing development.

10. Eliminate or correct physical deterrents to the development of land.

11. Provide development sites of such size and character to assure the development of the area.

12. Achieve a high level of design and landscaping quality to enhance the area's physical environment.

13. Accomplish convenient and adequate parking to serve the needs of the area.

14. Combine elements of other City plans with these Project objectives.

15. Improve the financial base of the City.

16. Provide maximum opportunity, consistent with the need of the City for development by private enterprise.

17. Promote development of adequate parking areas.

18. Provide housing opportunities for various age and income groups in proximity to necessary goods, services and employment opportunities.

19. Develop the river bank and other natural resources to serve as an aesthetic focal point for the downtown area.

20. Provide increased employment opportunities and, as much as possible, seek businesses which would employ the unemployed and underemployed.

21. Provide a retail service level required by the residents of the community and surrounding region.

22. Eliminate the hazards, impediments, and existence of marginal lands.

23. Foster industrial development by related growth and development activities (i.e. commercial, residential, recreational developments).

#### DEVELOPMENT PROGRAM FOR INDUSTRIAL DEVELOPMENT DISTRICT

Minnesota Statutes, section 469.175, Subdivision 1(2) requires "A statement as to the development program for the project, including the property within the project, if any, which the authority intends to acquire;"

The Development Program for Industrial Development District No. 1 is delineated in a report entitled "Modification of Industrial Development District No. 1", adopted April 4, 2011, and is on file in the City Clerk's office. By this reference, said development program is incorporated as part of this tax increment financing plan.

## TAX INCREMENT FINANCING DISTRICT DEVELOPMENT ACTIVITIES

Development activities to be financed in whole or in part because of the implementation of this Plan include:

1. The Authority will use tax increments, generated by development in the District, to reimburse D & K Powder Coating LLC for all or a portion of the land acquisition, site improvement and other qualified costs. The reimbursement of tax increment will occur via a development agreement between the City and D & K Powder Coating LLC.

2. D & K Powder Coating LLC will commence construction of the facilities, in the District, by no later than June 1, 2015.

The above activities and improvements are within the boundaries of Tax Increment Financing District IDD No. 1-23. For the purposes of budgeting in this Plan, the anticipated construction start is 2015 with total project completion by December 31, 2015.

The above activities are, at the time of preparation of this Plan, the only activities proposed for the Development District because of the formation of the District. The City and D & K Powder Coating LLC anticipate execution of a development agreement in September 2014.

## CONFORMANCE WITH PLAN FOR THE CITY

The City Council, by approval of this Plan, believes that implementation of the District meets the intent of the plan for the City by providing employment opportunities, enhancing the local tax base, maintaining the quality of existing development, and improving the quality of life through orderly planned improvements.

## PROCEDURE FOR MAKING MODIFICATIONS IN AN APPROVED TAX INCREMENT FINANCING DISTRICT PLAN

The Plan may be modified by the Authority and City Council under provisions of Minnesota Statutes, section 469.175, subdivision 4.

## RELOCATION POLICY

The Plan does not require relocation. The Authority and City Council have previously adopted relocation policies and procedures, which conform to the Uniform Relocation Act. If in the future project activities require relocation, the Authority and City Council shall apply those policies and procedures in implementing relocation activities.

## PROPERTY ACQUISITION AND DISPOSITION

The Plan acknowledges the possible acquisition and resale of property in order to provide financial assistance to enable economic development and job creation. All parcels identified within the boundaries of Industrial Development District No. 1 as amended are eligible for property acquisition and disposition. The purchase will be in conformance with applicable rules and regulations and will be facilitated with a development agreement.

Acquisition of the properties may be financed from the sale of tax increment general obligation bonds or notes, tax increment revenues or other sources, provided that in no case shall City general funds be used to pay acquisition costs without a prior agreement for its reimbursement from other sources.

NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Minnesota Statutes, section 469.177, Subdivision 4, requires that the request for certification of original net tax capacity be accompanied by a listing of properties within the tax increment district for which building permits have been issued in the 18 months preceding approval of the tax increment financing plan. The District consists of one parcel of land that is presently vacant. There have been no building permits issued in the 18 months preceding approval of the Districts; accordingly, the original tax capacity is estimated at 5,403.

METHOD OF FINANCE

The City Council elects to use Tax Increment Financing pursuant to Minnesota Statutes, Chapter 469, to finance all or part of the costs of the Project. By electing this method of financing, the City Council is not precluding the use of other methods provided by State law.

FINANCIAL PLAN

ESTIMATE OF PUBLIC COST

The following is an estimate of public cost, including cost of District indebtedness, source of revenue, most recent tax capacity and estimate of captured tax capacity.

1. Activities. Activities within the Project area will consist of site improvements, interest expense and administration. The estimated cost for undertaking these activities is:

A. Public Development Costs <sup>1</sup>	\$385,852
C. Administration	20,308
<b>TOTAL USES OF FUNDS</b>	<u><u><b>\$406,160</b></u></u>

2. Source of Funds. The Authority/City may use tax increment bonds, revenue notes, tax increment reserves or other financing mechanisms to fund the above activities. The Authority/City reserve the right to finalize the funding strategy later based on factors such as construction timing requirements, economic conditions, the status of interest rates and the availability of tax increment. Based upon current information it is planned that tax increment in the following amount will become available to repay the Total Uses of Funds:

A. Tax increment from TIF IDD No. 1-23	\$406,160
<b>TOTAL SOURCE OF FUNDS</b>	<u><u><b>\$406,160</b></u></u>

The above estimated uses and sources of funds are subject to fluctuation and changes within line items as various elements of the project are clarified. The Authority/City reserves the right to adjust the line items within

---

<sup>1</sup> "Public Development Costs" include all or a portion of the cost of land acquisition, site improvements, and other qualified costs.

the parameters of the total uses and sources of funds. In addition, the amount of tax increments may vary due to changes in property valuations, interest earnings, etc. which may result in a lesser source of funds.

### FINANCING ASSUMPTIONS

Tax increment will finance activities in the District and Project area. The following information and assumptions were used to calculate financing costs for the activities in the District and Project area:

1. Table 1, provides an estimate of the increment that would be available for Project costs.

TABLE 1: TAX INCREMENT CALCULATIONS								
Local Tax Rate = 126.061% (North Mankato, Payable 2014)								
Property Classification: Commercial/Industrial								
Completion Prior to December 31, 2015								
Estimated Completion Market Value: \$2,104,071								
YEAR TAXES PAYABLE	BASE TAX CAPACITY	PROJECT'S TAX CAPACITY	CAPTURED TAX CAPACITY	PROJECT'S ANNUAL TIF	LESS OSA FEE OF 0.360%	ADJUSTED TAX INCREMENT	LESS ADMIN. OF 5.00%	NET ANNUAL TIF
2015	5,403	0	0	0	0	0	0	0
2016	5,403	0	0	0	0	0	0	0
2017	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2018	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2019	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2020	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2021	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2022	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2023	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2024	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
2025	5,403	41,331	35,929	45,292	163	45,129	2,256	42,872
<b>TOTALS</b>				<b>\$407,628</b>	<b>\$1,467</b>	<b>\$406,160</b>	<b>\$20,308</b>	<b>\$385,852</b>
Present Value of Net Annual TIF Discounted at 5.0% equals								\$285,714

2. Project development activities are scheduled to begin in 2014, and shall be completed by December 31, 2015.

3. Financing the Project activities will be undertaken in 2014.

4. The tax increment estimate is based upon the 2014 local tax rate of 126.061%.

5. Annual tax increments, as per Table 1, in 2017 through 2025 generated because of formation of this District will be the source of funds used to finance the Project area activities. Pursuant to Minnesota Statutes, section 469.176, subdivision 1b.(3), the Authority is basing the District duration on the requirements for statutory decertification of a tax increment financing district, which permits increment to be paid to the City for eight years after receipt of the first increment for an economic development district. This provision allows the District to continue through 2025.

6. Increment revenues will be used to finance or otherwise pay the cost of redevelopment pursuant to Minnesota Statutes, Sections 469.048 to 469.068. All tax increment generated by the formation of the District will be used to finance the activities of the Plan.

7. The Authority may use internal funds or bond proceeds in addition to annual tax increments to service Project costs. "Project costs" means all expenditures of the Authority or reimbursement of eligible developer costs for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the District, including interest thereon. Project costs also include all administrative expenses as defined in Minnesota Statutes, section 469.174, Subdivision 14. Based upon projected tax increment revenue from the District, the Authority would be able to finance Project costs of approximately \$406,160 including administrative expenses. This amount is adequate to fund the costs within the identified budget. The first increment would be available to the City in 2017 and would continue through 2025 unless the City chooses to discontinue/decertify the District at an earlier date. Based upon the assumptions in this Plan the duration of the District would be December 31, 2025.

### SOURCES OF REVENUE

The proposed source of revenue of \$406,160 of increment receipts from the District will finance public costs associated with the Project Area and District. The tax increment revenues will be generated because of the taxation of the land and improvements in the District. Tax increment financing refers to a funding technique that uses increases in net tax capacity and the property taxes attributed to new development to finance, or assist in the financing of public development costs.

The tax increments to be generated in the District will result from the D & K Powder Coating LLC project. The City may issue tax increment bonds or use the annual receipt of tax increment to reimburse itself or the developer for eligible Project costs.

### LIMITATION ON USE OF TAX INCREMENT; ECONOMIC DEVELOPMENT DISTRICTS

Pursuant to Minnesota Statutes, section 469.176, subdivision 4c, "(a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

- (1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;
- (2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;
- (3) research and development related to the activities listed in clause (1) or (2);
- (4) telemarketing if that activity is the exclusive use of the property;
- (5) tourism facilities;
- (6) qualified border retail facilities; or
- (7) space necessary for and related to the activities listed in clauses (1) to (6)."

## BONDED INDEBTEDNESS

Upon approval of this Plan, the City will execute a development agreement with D & K Powder Coating LLC that provides pay-as-you-go tax increment financing assistance to finance the eligible costs of this District, in the estimated amount of \$385,852.

## TIF BUSINESS SUBSIDY

Pursuant to Minnesota Statutes 116J.993, subdivision 3 the financial assistance offered pursuant to this Plan must comply with the provisions of the Business Subsidy law. In order to satisfy the provisions of the Minnesota Statutes 116J.993 to 116J.985 (The Business Subsidies Act) D & K Powder Coating LLC's business subsidy shall not exceed \$385,852, which is the amount of the public and private costs that the City anticipates to finance by issuance of bonds to be repaid by tax increments. The business subsidy is needed because project construction is not sufficiently feasible for D & K Powder Coating LLC to undertake without the business subsidy. The District is an economic development tax increment financing district and the public purpose of the business subsidy is to develop property in order to maintain the tax base of the City. The City has determined that the purpose of the business subsidy (tax increment assistance) to be in aid of D & K Powder Coating LLC's plans to develop property that increases the tax base of the City.

## IMPACT OF THE USE OF TAX INCREMENT ON TAXING JURISDICTIONS

Minnesota Statutes, section 469.175, subdivision 1(6), requires, "statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district or subdistrict".

Table 2, on page 14 shows the impact of tax increment financing on the tax capacity of the affected taxing jurisdictions assuming (1) none of the increment would be available, and (2) the increment would be available to the tax jurisdictions.

*Remainder of page left blank intentionally.*

**TABLE 2**  
**NORTH MANKATO, MINNESOTA**  
**TAX INCREMENT FINANCING DISTRICT IDD NO. 1-23**

	<b>WITHOUT PROJECT</b>		
	Estimated 2014 Tax Capacity	Estimated Ad Valorem Taxes Generated	Estimated 2014 Tax Rate
City	9,963,427	\$5,436,644	54.5660%
County	34,171,096	\$17,779,563	52.0310%
School District	11,849,955	\$2,242,485	18.9240%
HRA	34,171,096	\$120,282	0.3520%
RDC 9	34,171,096	\$64,242	0.1880%
<b>TOTALS</b>			<b>126.061%</b>

	<b>WITH PROJECT</b>							
	Estimated 2014 Tax Capacity	Projected Captured Tax Capacity	Projected Tax Capacity	Estimated Ad Valorem Taxes Generated	Adjusted Local Tax Rate	Tax Rate Impact	Projected Captured Tax Capacity	Projected Increment Income
City	9,963,427	35,929	9,999,356	\$5,436,644	54.370%	0.196%	35,929	\$19,605
County	34,171,096	35,929	34,207,025	\$17,779,563	51.976%	0.055%	35,929	\$18,694
School District	11,849,955	35,929	11,885,884	\$2,242,485	18.867%	0.057%	35,929	\$6,799
HRA	34,171,096	35,929	34,207,025	\$120,282	0.352%	0.000%	35,929	\$126
RDC 9	34,171,096	35,929	34,207,025	\$64,242	0.188%	0.000%	35,929	\$68
<b>TOTALS</b>					<b>125.753%</b>	<b>0.308%</b>		<b>\$45,292</b>

Statement 1: The current tax capacity times the local tax rate produces current taxes generated. If the captured tax capacity were available to each taxing jurisdiction, the result would be a lower or adjusted local tax rate to produce the same amount of taxes. Thus, with the addition of captured value of 35,929 the overall local tax rate would be reduced by .308% to a level of 125.753%. The captured tax capacity times the original local tax rate of 126.061% would generate \$45,292 in increment income, which represents the loss of new tax revenues if the development had occurred without inclusion in a tax increment district.

Statement 2: If no captured tax capacity is available to each of the taxing jurisdictions without creation of the District, there is no impact on the taxes heretofore levied and therefore no impact on local tax rates. The captured tax capacity at the original local tax rate would generate \$45,292 in increment income annually.

# CITY OF NORTH MANKATO

## REQUEST FOR COUNCIL ACTION



Agenda Item # 10B	Department: City Engineer	Council Meeting Date: 09/15/14
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**TITLE OF ISSUE:** Resolution ordering and accepting feasibility report, ordering improvements and authorizing preparation of plans and specifications for Project No. 14-03DEF, Lookout Drive Reconstruction and Roundabout.

**BACKGROUND AND SUPPLEMENTAL INFORMATION:** A feasibility study for Project No. 14-03DEF, Lookout Drive was prepared by Bolton and Menk, Inc. (see attachment) and provides information regarding whether the proposed project is necessary, cost-effective and feasible.

*If additional space is required, attach a separate sheet*

**REQUESTED COUNCIL ACTION:** Adopting resolution ordering and accepting feasibility report ordering improvements and authorizing preparation of plans and specifications for Project No. 14-03DEF, Lookout Drive reconstruction and roundabout.

**For Clerk's Use:**

Motion By: \_\_\_\_\_  
 Second By: \_\_\_\_\_

Vote Record:

	Aye	Nay	
_____	_____	_____	Norland
_____	_____	_____	Freyberg
_____	_____	_____	Spears
_____	_____	_____	Steiner
_____	_____	_____	Dehen

**SUPPORTING DOCUMENTS ATTACHED**

Resolution	Ordinance	Contract	Minutes	Map
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify) <u>Preliminary Engineering Report for Lookout Drive Reconstruction and Roundabout</u>				
_____				
_____				

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

RESOLUTION NO.

RESOLUTION ORDERING AND ACCEPTING FEASIBILITY REPORT,  
ORDERING IMPROVEMENTS AND AUTHORIZING PREPARATION  
OF PLANS AND SPECIFICATIONS FOR  
PROJECT NO. 14-03DEF, LOOKOUT DRIVE RECONSTRUCTION AND  
ROUNDAABOUT

WHEREAS, it is proposed to consider Project No, 14-03DEF, Lookout Drive Reconstruction and Roundabout; and

WHEREAS, such feasibility report has been prepared by Bolton and Menk, Inc. and provides information regarding whether the proposed project is necessary, cost-effective and feasible;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, as follows:

1. Such feasibility study has determined that such improvements are necessary, cost-effective and feasible and the feasibility report is hereby accepted.
2. The Lookout Drive Reconstruction and Roundabout project is hereby ordered at an estimated cost for the improvements of \$4,528,000.
3. Bolton and Menk, Inc. is hereby designated as the engineer for such improvements and shall prepare plans and specifications for the making of such improvements.

Adopted by the City Council this 15<sup>th</sup> day of September 2014.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

---

**Preliminary Engineering Report for**  
**Lookout Drive**  
**Reconstruction and**  
**Roundabout**

City of North Mankato, MN

September 2014

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City Project No. 14-03-CDEF

**Submitted by:**

Bolton & Menk, Inc.  
1960 Premier Drive  
Mankato, MN 56001  
P: 507-625-4171  
F: 507-625-4177

BMI No. M19.103990

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**BOLTON & MENK, INC.**  
Consulting Engineers & Surveyors



**CERTIFICATION**

Preliminary Engineering Report

for

Lookout Drive Reconstruction and Roundabout

City of North Mankato, Minnesota

City Project No. 14-03-CDEF

BMI No. M19.103990

September 2014

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision, and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

By: \_\_\_\_\_

Daniel R. Sarff, P.E.

License No. 7080

Date: \_\_\_\_\_



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## APPENDIX



## I. PROJECT INTRODUCTION

This Preliminary Engineering Report considers street and surface improvements on Lookout Drive from just north of the Commerce Drive/Northridge Drive intersection to the Howard Drive intersection. The proposed improvements also include the construction a roundabout at one or both of the intersections with the Trunk Highway (TH) 14 ramps. In conjunction with the street and roundabout improvements, MnDOT is also proposing improvements to the TH 14 bridge and entrance/exit ramps.

This proposed improvement project is included in the City of North Mankato's Capital Improvements Plan which was adopted by the City Council on December 16, 2014, and is scheduled for construction in 2015. The specific objectives of this Preliminary Engineering Report are to:

- Evaluate the need for the project
- Determine the necessary improvements
- Provide information on the estimated costs for the proposed project
- Determine the project schedule
- Determine the feasibility of the proposed project.

This project has received significant federal funding from a number of sources which will be further discussed in Section VII of this report.

## II. EXISTING CONDITIONS

### A. Street

Lookout Drive, between Commerce Drive and Howard Drive, was originally constructed in the mid 1970's as a part of the construction of the four lane TH 14 bypass. In the late 1990's, a turn lane was added and some maintenance concrete patching was completed. However, no significant maintenance or repair work has been completed since. The existing concrete pavement joints are deteriorated, and City Public Works Department personnel are required to complete miscellaneous patching on a regular basis to maintain the surface. The concrete surface is approximately 40 years old and is in very poor condition.

The soils in this area are expected to consist of clay fill placed during the original construction of the interchange, and should provide a good sub-base for roadway construction. However, local experience has shown that these soils are frequently saturated, which may render the sub-soils unsuitable. If unsuitable sub-soils are discovered during construction, engineered fill may be required.

Following are pictures of the existing pavement conditions along Lookout Drive. The deteriorated condition of the pavement can be seen in the photos, as evidenced by the cracks and recent patching.

Photo 1 – Photo of bituminous patch on Lookout Drive



Photo 1 – Photo of bituminous patch on Lookout Drive.



## B. Storm Sewer

A portion of the project area drains to an existing storm sewer system located within the Lookout Drive and TH 14 rights of way. This existing storm sewer drains to the southwest and into the Northridge Ravine head near Peregrine Lane. The remainder of the project area drains to a storm sewer system that begins north of the WB TH 14 ramps and flows north to an existing storm sewer on Howard Drive.

The existing storm sewer inlets on Lookout Drive are from the original construction and are in poor condition. Some of the storm sewer pipe is also in poor condition. The portions of the existing system located further downstream is in good condition and will be utilized as the outlet for the new storm sewer system.

## C. Traffic Control

Currently, at the intersections of Lookout Drive and both of the TH 14 ramp intersections are a stop condition, while Lookout Drive is uncontrolled. The intersection of Lookout Drive and Howard Drive is currently an all-way stop condition. The intersection of Lookout Drive and Commerce Drive is controlled with a signal system.

## D. Private Utilities

Other non-municipal owned utilities may be present in the right-of-way. These include natural gas, electric, and telecommunication. The condition of these utilities is unknown and their replacement or repair is outside the scope of this report.

# III. PROPOSED IMPROVEMENTS

## A. Street

The existing concrete pavement surface, concrete walk and curb and gutter on Lookout Drive will be removed and replaced. Two driving lanes in each direction will be provided on Lookout Drive throughout the entire project limits. Dedicated left turn and right turn lanes will be provided on the south side of the Howard Drive intersection, in addition to the two northbound and the two southbound through lanes. A free-right turn lane (controlled with a yield sign) is proposed at the Lookout Drive/ Howard Drive intersection (northbound Lookout Drive to eastbound Howard Drive). Turn lanes for the EB TH 14 ramp intersection will be dependent on whether one or two roundabouts will be provided. This will be discussed further in the following section.

Two options regarding pavement surfacing were analyzed. One option is the use of concrete pavement, the other for bituminous pavement. The concrete option would include 8 inches of concrete pavement, 8 inches of aggregate base and 12 inches of select granular borrow. The bituminous paving option would include 7 inches of bituminous pavement, 12 inches of aggregate base and 8 inches of select granular borrow. Both pavement sections are adequate to support the loads associated with the projected traffic volumes. However, it should be noted that the concrete pavement design is for a 35-year life cycle, while the bituminous option is for a 20-year life cycle. Given the traffic volumes on this segment of roadway, the concrete pavement sections is recommended.

A 6-inch diameter sub-drain will be constructed along the back of the curb on both sides of the street to provide subsurface drainage for the pavement section. New concrete curb and gutter will be constructed along the edges of all new roadway surfaces. Options for pedestrian/bicycle paths and sidewalks will be dependent on the roundabout design option selected and will be discussed in the following section. Raised concrete medians will be constructed to divide the two directions of travel, to provide channelization into and exiting the roundabouts, for the free-right turn lane at Howard Drive, and for left turn lanes for the EB TH 14 ramp (if required). Boulevards will be restored with topsoil and seed in all disturbed areas.

## B. Intersection Traffic Control

In March 2010, the City completed an intersection traffic study to determine whether the current traffic control condition at the WB TH 14 ramp intersection and the Howard Drive intersection were appropriate, and whether a signal should be considered for the Lookout Drive/WB TH 14 ramp location. The study concluded that with the addition of a dedicated left-turn and right-turn lane, current all-way stop control condition at the Lookout Drive/Howard Drive intersection was appropriate. At the Lookout Drive/WB TH 14 ramp intersection, the study concluded that the current traffic levels and safety concerns warrant the consideration of a traffic control signal at the intersection.

In June 2011 MnDOT completed an Intersection Control Evaluation (ICE). The ICE was an extension of the City traffic study which also analyzed the possibility of constructing roundabouts at the intersections. MnDOT is required to complete an ICE and to consider roundabouts for any intersection control projects involving trunk highways. The ICE also concluded that the current all way stop intersection control at the Lookout Drive/Howard Drive intersection is appropriate with the addition of dedicated turn lanes. However, for the Lookout Drive/WB TH 14 ramp intersection, the ICE concluded that a roundabout was preferable to a signal due to lower projected crash rate and reduced delay when compared to a traffic signal. The recommended roundabout at the WB TH 14 ramps is also preferred by MnDOT over the signal system. With a roundabout only at the WB TH 14 ramp intersection, the existing 2-way stop condition at the EB TH 14 ramp intersection would be maintained and dedicated left turn and right turn lanes would be provided.

The layout showing the proposed street and surface improvements with a roundabout at only at the WB TH 14 ramp intersection is provided in Figure 1 in the Appendix.

With this option, a 10-foot wide pedestrian/bike path would be provided on the east side of Lookout Drive throughout the project limits. Due to the proximity of the pedestrian/bicycle path to the traffic lanes, a concrete barrier would be required throughout the length of the bridge. A 5-foot wide sidewalk could be provided on the west side, but is not proposed because a concrete barrier would also be required to accommodate the sidewalk. New street lighting would be provided along Lookout Drive and at the roundabout.

During the preliminary layout and design process, the option of constructing roundabouts at both of the Lookout Drive/TH 14 ramp intersections was evaluated. Although the Intersection Control Evaluation did not find that intersection traffic control improvements were required at this location, there are advantages with considering this option. With the two-roundabout option, the dedicated right and left turn lanes at the EB TH 14/Lookout Drive intersection could be

eliminated which would allow a much narrower roadway width. The slight increase in the pavement area due to the second roundabout would largely be offset by the reduced pavement and median area required with the two-roundabout option. The extra width would allow the construction of a 10-foot wide pedestrian/bicycle path on both sides of Lookout Drive rather than on just the east side. Also, because more width is available with the two-roundabout option to provide separation between vehicular and pedestrian/bicycle traffic, concrete barriers would not be required. Since the total pavement area for both options is approximately the same, the estimated construction cost of both options is very close. Although the two-roundabout option is estimated to be approximately \$83,000 more than the single roundabout option, the two-roundabout option also includes the pedestrian/bicycle path on both sides. The layout showing the proposed street and surface improvements with roundabouts at both of the TH 14 ramp intersections is provided in Figure 2 in the Appendix.

The following is a discussion of the advantages and disadvantages of the one-roundabout option versus the two-roundabout option:

#### Design Option 1: Roundabout at TH 14 WB Ramps, Two-way Stop Control at TH 14 EB Ramps

##### Design Advantages:

- Slightly lower cost
- Intersection Control Evaluation recommends this alternative
- Less impacts to EB ramp intersection, which could result in faster construction.

##### Design Disadvantages:

- Barrier required on bridge to separate pedestrian facilities.
- Insufficient space for trail on west side of bridge.
- Southbound exit geometry of roundabout does not meet recommended standards. Trucks will tend to encroach in both lanes.
- Inconsistent traffic control through the immediate interchange corridor.

#### Design Option 2: Roundabouts at TH 14 EB & WB Ramps

##### Design Advantages:

- Barrier between roadway and pedestrian facility not required on bridge.
- Space for trail on both sides of bridge.
- Two roundabouts eliminate the need for turn lanes, which allows more room to meet recommended geometric standards.
- More consistent traffic control through the immediate interchange corridor.

##### Design Disadvantages:

- Slightly higher cost – approximately \$83,000 (but includes additional pedestrian/bike path on the west side of Lookout Drive)
- Intersection Control Evaluation does not recommend a roundabout at the EB Ramps
- More impacts to EB ramp intersection, which could result in slower construction.

Based on the discussion provided above, Design Option 2 is the recommended option.

### C. Storm Sewer

The storm sewer piping and catch basins along the roadway will be replaced and new inlets and storm sewer piping will be constructed within the roundabout(s). The new storm sewer will be connected into the existing storm sewer systems that extend downstream from the project area. The storm sewer improvements will be designed to meet MnDOT State Aid requirements.

### D. Bridge and Ramp Improvements

Improvements to the existing TH 14/Lookout Drive Bridge (Bridge No. 52006) are also proposed with the project. Improvements proposed include the following:

- Low slump overlay of bridge deck
- Replace approach panels
- Replace strip seal and E8s joints
- Replace railing to meet crash test standards
- Replace guard rail to meet standards
- Minor catch basin repairs
- Pedestrian/bicycle path construction as required as part of roadway improvements
- Median replacement/modifications as required as part of roadway improvements

The existing TH 14 entrance and exit ramps will receive a bituminous overlay in the areas beyond the reconstruction limits.

### E. Private Utilities

A design coordination meeting will be held with all private utility companies to identify those utilities that are in conflict with the proposed improvements. It will be requested that private utility companies submit proposed designs and construction schedules for any relocation. The construction schedule for the proposed improvements will be coordinated with the utility relocation schedule to avoid unnecessary delays.

## IV. RIGHT-OF-WAY AND EASEMENTS

The existing right-of-way along Lookout Drive is 350-feet to 135-feet wide. In general, the project will be designed to limit construction of the proposed improvements to within the existing right-of-way. A small amount of additional right-of-way may be required at the southeast corner of the Lookout Drive/Howard Drive intersection to accommodate the yield right turn lane.

## V. ROADWAY AND INTERSECTION JURISDICTION

Currently, the portion of Lookout Drive that lies between the two TH 14 ramp intersections, along with the ramps themselves, are under the jurisdiction of MnDOT. The portion of Lookout Drive that lies between the WB TH 14 ramp and Howard Drive, and the portion of Lookout Drive that lies south of the EB TH 14 ramp are under the jurisdiction of the City. Lookout Drive north of Howard Drive is designated as County State Aid Highway (CSAH) 13 and is under the jurisdiction of Nicollet County.



Recognizing these various jurisdictions, it should be noted that decisions regarding intersection control at the Lookout Drive/WB TH 14 ramp will need to be approved by both the City and MnDOT. Improvements to the bridge and ramps will also require MnDOT review and approval.

Since no improvements are proposed on Lookout Drive north of Howard Drive, no approvals from Nicollet County are anticipated. However, the proposed changes to the traffic channelization on the south side of the intersection will be reviewed with the County Engineer.

## VI. APPROVAL / PERMITS

Approvals and Permits are required from various agencies for the construction of the project. They include:

- Minnesota Pollution Control Agency (MPCA) General Construction Storm Water Permit
- MnDOT – Geometric Layout and Design Approvals

## VII. PROJECT COST ESTIMATE AND FINANCING

The estimated project costs are summarized below. A detailed cost estimate can be provided upon request.

• Estimated Roundabout Costs:	\$1,525,000
• Estimated Street and Surface Costs:	\$1,825,000
• Estimated Bridge/Ramp Costs:	\$1,178,000
• <b>Total</b>	<b>\$4,528,000</b>

These cost estimates are based on public construction cost information from other recent projects similar in scope. A contingency factor has been included to compensate for incidental and unforeseen items of work which may not be readily identifiable during the preliminary design stage. The estimated costs of engineering, administration, legal, and financing are also included. Since the cost estimates are dependent on the cost of labor, materials, competitive bidding process, weather conditions, and other factors affecting the cost of construction, all cost estimates are opinions for general information and no warranty or guarantee as to the accuracy of construction cost is made. Therefore, financing for this project should be based upon actual competitive bid prices with reasonable contingencies.

The following is the estimated breakdown of the funding for the project:

• Federal Funds:	
o Highway Safety Improvement Program (HSIP), MnDOT FY 2015	\$592,000
o National Highway Performance Program (NHPP), FY 2015	\$640,000
o Highway Safety Improvement Program (HSIP), City FY 2016	\$592,000
o Surface Transportation Program (STP), City FY 2018	\$1,260,000
o Subtotal, Federal Funds	\$3,084,000
• Other MnDOT State Funds:	\$709,000
• City (Municipal State Aid Fund Advance):	\$735,000
• <b>Total</b>	<b>\$4,528,000</b>



## VIII. PROPOSED SCHEDULE

The following is a possible schedule for the proposed projects.

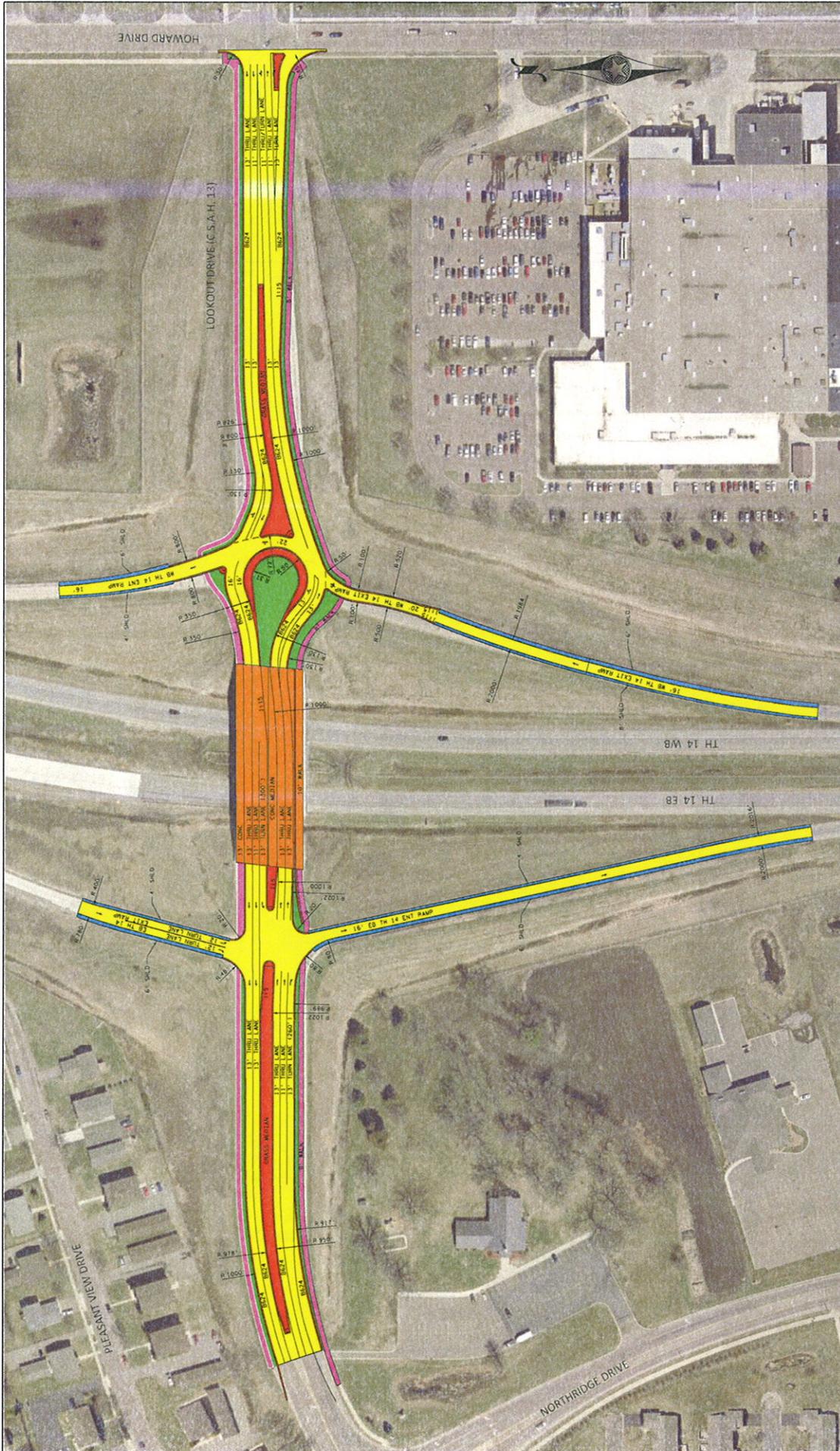
Date	Task
September 15, 2014	Resolution Receiving Report
September/October 2014	Public Information Meeting/Open House
February 2015	Resolution Approving Plans and Specifications and Ordering Advertisement for Bids
March 2015	Open Bids
April 2015	Award Bids
May 2015	Begin Construction
November 2015	End Construction

## IX. CONCLUSION

The existing section of Lookout Drive from just north of the Commerce Drive/Northridge Drive intersection to the Howard Drive intersection is deteriorated and in need of repair. If the infrastructure is not replaced, maintenance costs will continue to rise as further deterioration occurs, and the infrastructure will ultimately fail. The existing traffic control at the intersection of Lookout Drive and the WB TH 14 ramp is inadequate. If an improvement to traffic control at the intersection is not made, delays at the intersection will increase and existing safety issues will be perpetuated. From an engineering and financial standpoint, roundabouts at both TH 14 ramp intersections are recommended. This project is feasible, cost effective, and necessary, and can best be accomplished by letting competitive bids for the work. Feasibility is contingent upon City Council findings with respect to project financing.



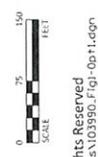
## APPENDIX



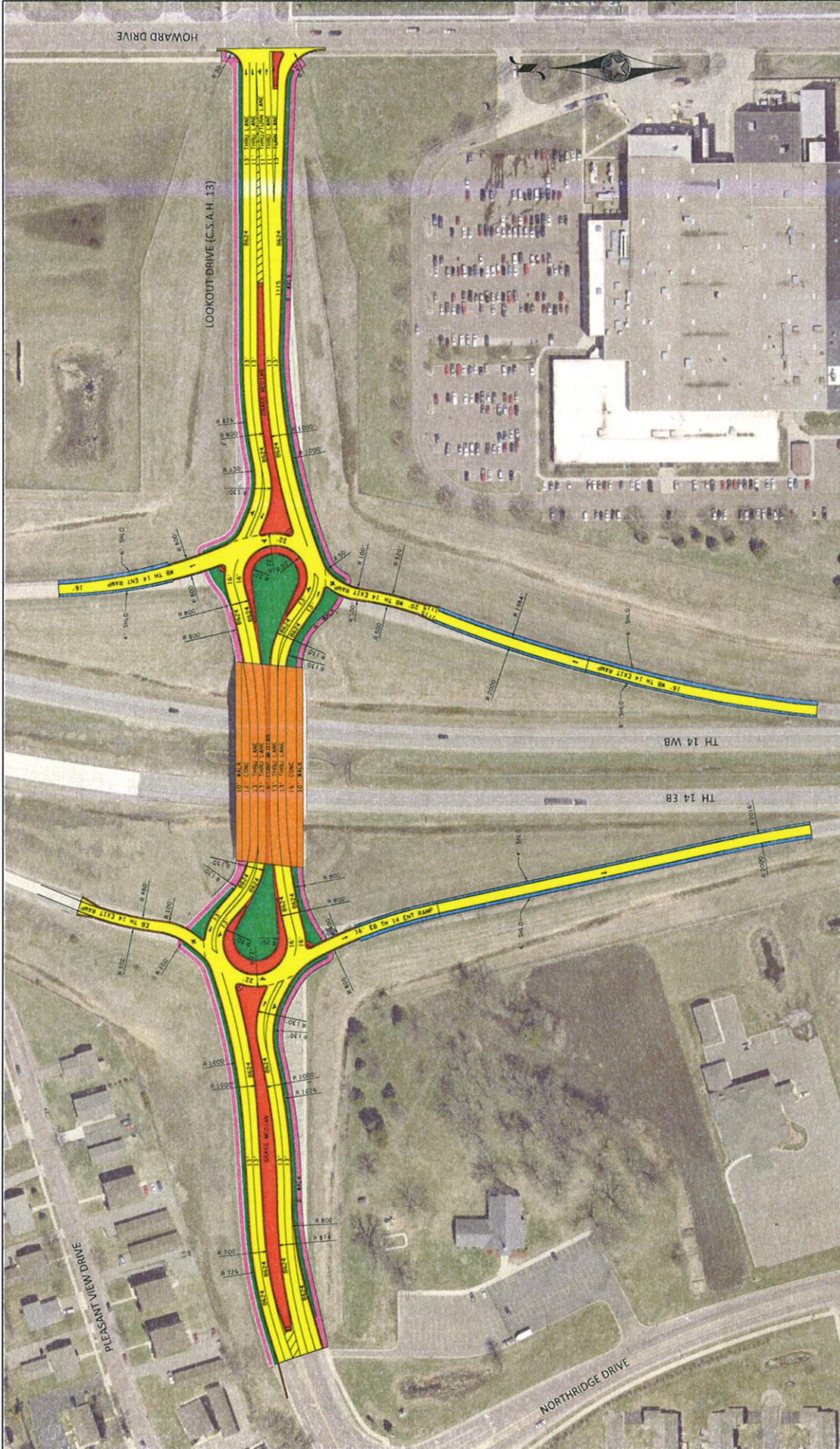
**CITY OF NORTH MANKATO, MN**  
 LOOKOUT DRIVE RECONSTRUCTION AND ROUNDABOUT  
 CITY PROJECT NO. 14-03-CDEF  
**DESIGN OPTION 1: ONE ROUNDABOUT**  
 SEPTEMBER, 2014  
 FIGURE NO. 1



**BOLTON & MENK, INC.**  
 Consulting Engineers & Surveyors  
 MANKATO, MN FAIRMONT, MN SLEEPY HOLLOW, MN BURRISVILLE, MN WILLMAR, MN  
 CHASKA, MN RAMSEY, MN MAPLEWOOD, MN BAXTER, MN ROCHESTER, MN  
 ANNEA, IA SPENCER, IA WALSHEIM, IA TAYLORS, IA



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**CITY OF NORTH MANKATO, MN**  
 LOOKOUT DRIVE RECONSTRUCTION AND ROUNDABOUT  
 CITY PROJECT NO. 14-03-CDEE  
**DESIGN OPTION 2: TWO ROUNDABOUTS**  
 SEPTEMBER, 2014



**BOLTON & MENK, INC.**  
 Consulting Engineers & Surveyors  
 MANKATO, MN FARMORT, MN SLEEPYFIVE, MN BURRISVILLE, MN WILLMAR, MN  
 CHASKA, MN RAMSEY, MN ELWOOD, MN WATKINS, MN WESTCHESTER, MN  
 ANDES, IA SPENCER, IA CEDAR RAPIDS, IA FARGO, ND

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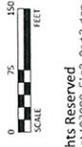


FIGURE NO. 2

# CITY OF NORTH MANKATO

## REQUEST FOR COUNCIL ACTION



Agenda Item # 10C	Department: City Engineer	Council Meeting Date: 09/15/14
-------------------	---------------------------	--------------------------------

**TITLE OF ISSUE:** Resolution authorizing advertisement for bids and setting bid opening date for Well No. 6 Rehabilitation.

**BACKGROUND AND SUPPLEMENTAL INFORMATION:** Enclosed is an estimate from Bergerson-Caswell Inc. for the rehabilitation of Well No. 6. Staff is proposing the Steel Well Casing for a total project cost estimate of \$124,150. Bolton & Menk has been designated as the engineer for the rehabilitation of Well No. 6.

*If additional space is required, attach a separate sheet*

**REQUESTED COUNCIL ACTION:** Adopting resolution to authorize the advertisement for bids and setting bid opening date for 11:00 a.m. on October 16, 2014.

**For Clerk's Use:**

Motion By: \_\_\_\_\_  
 Second By: \_\_\_\_\_

Vote Record:

	Aye	Nay	
_____	_____	_____	Norland
_____	_____	_____	Freyberg
_____	_____	_____	Spears
_____	_____	_____	Steiner
_____	_____	_____	Dehen

**SUPPORTING DOCUMENTS ATTACHED**

Resolution	Ordinance	Contract	Minutes	Map
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (specify) Advertisement for bid, Project estimate for Well No. 6 Rehabilitation

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

RESOLUTION NO.

RESOLUTION AUTHORIZING ADVERTISEMENT FOR BIDS  
AND SETTING BID OPENING DATE  
WELL NO. 6 REHABILITATION

WHEREAS, Bolton & Menk has been designated as the engineer for such improvement and plans and specifications have been approved by resolution of the Council;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, as follows:

- 1) The City Clerk shall prepare and cause to be inserted in the official paper an advertisement for bids upon the making of such improvement under such approved plans and specifications. The advertisement shall be published for 3 weeks, shall specify the work to be done, shall state that bids will be opened and considered by the City Council at 11:00 a.m. on October 16, 2014, in the Council Chambers of the Municipal Building, and that no bids will be considered unless sealed and filed with the Clerk and accompanied by a cash deposit, cashier's check, bid bond or certified check payable to the Clerk.

Adopted by the City Council this 15<sup>th</sup> day of September 2014.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

## ADVERTISEMENT FOR BIDS

Well No. 6 Rehabilitation  
North Mankato, MN

**RECEIPT AND OPENING OF PROPOSALS:** Sealed proposals for the work described below will be received by the City Administrator at 1001 Belgrade Ave., PO Box 2055, North Mankato, MN 56003-3502 until October 16, 2014 at 11:00 a.m., at which time the bids will be opened and publicly read.

**DESCRIPTION OF WORK:** The work includes the following:

- A. Well No. 6 needs to be relined with new well casing. The project includes:
  1. Run performance and specific capacity test on well, while pumping into the system.
  2. Remove well pump.
  3. Televiser well.
  4. Gamma log well.
  5. Based on information obtained, recommend amount and casing to be installed.
  6. Obtain variance approval from MDH to reline existing 16" well with 12" casing.
  7. Build a bridge (backfill well with washed sand and pea rock to elevation of casing bottom.)
  8. Furnish and install an estimated 270' of 12" well casing.
  9. Furnish and install grout between casings.
  10. Reconstruct wellhead to meet MDH standards and adjust pipeline elevation as needed.
  11. Remove bridge materials (bail, airlift).
  12. Develop well.
  13. Test pump well.
  14. Check specific capacity of well with new liner in well.
  15. Televiser well.
  16. Make necessary pump repairs to owner's pumping equipment.
  17. Reinstall owner's permanent pumping equipment.
  18. Disinfect the well.
  19. Pump to waste until chlorine level is acceptable.
  20. Take bacteriological samples (two samples, 24 hours apart).
  21. Put well back into service.

**COMPLETION OF WORK:** All work under the Contract must be complete within sixty (60) calendar days after receipt of the Notice to Proceed.

**MINIMUM CONTRACTOR QUALIFICATIONS:** The Bidder and the Contractor shall be a Minnesota Department of Health (MDH) licensed well drilling contractor.

**OBTAINING CONTRACT DOCUMENTS AND BIDDING REQUIREMENTS:** Plans and specifications and all contract documents may be obtained at the office of Bolton & Menk, Inc., 1960 Premier Drive, Mankato, MN 56001, upon payment of \$75.00, (includes sales tax); non-refundable for each full set of specifications and accompanying drawings. Additional shipping charges will apply for delivery to any address not within the lower 48 states. Complete digital project bidding documents are available at [www.questcdn.com](http://www.questcdn.com). You may view the digital plan documents for free by entering Quest project #3514180 on the website's Project Search page. Documents may be downloaded for \$20.00. Please contact QuestCDN.com at (952) 233-1632 or [info@questcdn.com](mailto:info@questcdn.com) for assistance in free membership registration, downloading, and working with this digital project information.

A copy of the plans and specifications may be inspected at the following locations:

- Office of Bolton & Menk, Inc., 1960 Premier Drive, Mankato, MN 56001.
- Mankato Builders Exchange, 75 Navaho Ave., Suite 1, Mankato, MN 56001.
- Minnesota Builders Exchange, 1123 Glenwood Ave., Minneapolis, MN 55405.

**PLANHOLDERS LIST, ADDENDA AND BID TABULATION:** The planholders list, addenda and bid tabulation will be available on-line at [www.bolton-menk.com](http://www.bolton-menk.com).

Bids will be received on a unit price basis, as shown in the Bid Schedule.

**BID SECURITY:** A certified check or a Bid Bond satisfactory to the City of North Mankato, Minnesota, in the amount of not less than 5 percent of the total Bid price submitted must accompany each Bid.

**LABOR RATES - MINIMUM WAGE REQUIREMENTS:**

This project is being funded by the City of North Mankato, Minnesota. The project is not subject to minimum wages.

**PERFORMANCE AND PAYMENT BONDS:** The successful Bidder will be required to furnish a Performance Bond and Labor and Materials Payment Bond each in the amount of the Contract.

The Bid, Agreement, and Bonds shall be conditioned upon compliance with all provisions of the Bid Documents.

**PROJECT ADMINISTRATION:** All questions relative to this project prior to the opening of bids shall be directed to the Engineer/Manager for the project. It shall be understood, however, that no specification interpretations will be made by telephone.

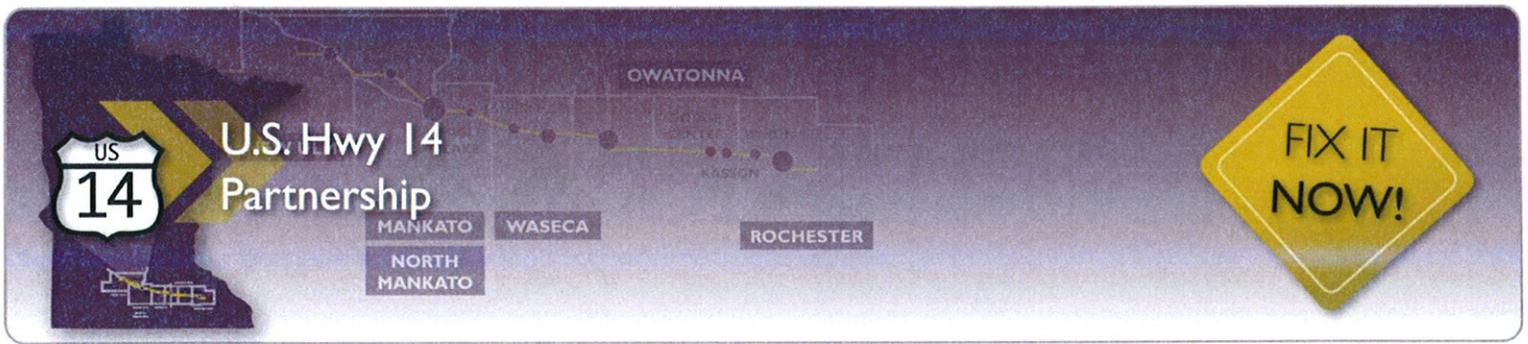
Address inquiries to:  
Bolton & Menk, Inc.  
Attn: Herman Dharmarajah, Ph.D., P.E.  
1960 Premier Drive  
Mankato, MN 56001  
Tel: 507-625-4171 Ext. 1104  
Fax: 507-625-4177  
Email: [hermandh@bolton-menk.com](mailto:hermandh@bolton-menk.com)

**OWNER'S RIGHTS RESERVED:** The OWNER reserves the right to reject any or all bids, to waive any informality in a bid, and to make awards in the interest of the OWNER.

Date: September 22, 2014  
(date approved by owner to advertise)

Owner: City of North Mankato, Minnesota  
/S/ John Harrenstein  
City Administrator





September 9, 2014

Commissioner Charlie Zelle  
Minnesota Department of Transportation  
395 John Ireland Blvd., Mail Stop 100  
St. Paul, MN 55155

Dear Commissioner Zelle:

On behalf of the U.S. Highway 14 Partnership, I'd like to express our sincere appreciation for the Corridors of Commerce program funding provided in the 2014 Legislative Session. Our organization strongly advocated for flexible cash resources to be appropriated to the program to allow for investments in project-readiness that are not permitted under Trunk Highway bonding. As state leaders contemplate a needed investment in our transportation infrastructure, investing in right-of-way acquisition, environmental work, design, and engineering now will help needed projects move forward more quickly once funding is made available. We are very pleased that MnDOT and legislators alike recognized the value of such an investment, and \$31.5 million in Corridors of Commerce program funding was provided.

The Partnership would also like to thank MnDOT for utilizing a portion of the \$6.5 million made available for FY 14 to acquire needed right-of-way on Highway 14. As the Department now seeks recommendations for projects to be funded with the \$25 million FY 15 appropriation, we offer the following suggestions:

**Owatonna to Dodge Center Right-of-Way:** Phase I of the needed expansion between Owatonna and Dodge was funded in the 2013 Corridors of Commerce project awards. This 2.5 mile segment was shovel-ready because MnDOT already owned the necessary right-of-way. The remainder of the project's alignment needs to be acquired before additional phases can be constructed. MnDOT provided \$1.5 million for right-of-way acquisition between Owatonna and Dodge Center from the FY 14 Corridors of Commerce program appropriation. Funding from the FY 15 allocation should also be used to purchase additional right-of-way for this expansion project. With the significant state investment in the Destination Medical Center in Rochester, it is imperative that this bottleneck on the interregional corridor that provides access to the city (and connects it to the regional trade centers of Owatonna, Mankato, and New Ulm) be addressed to support the commuters that will fill the estimated 35,000 new jobs.

**New Ulm TH 14/15 Intersection Pre-Construction:** The New Ulm TH14 Minnesota River Bridge is scheduled to be replaced in 2018. The adjacent TH 14/15 intersection was identified as having a "significantly greater than expected crash rates" and the "most complex geometry of any intersection on

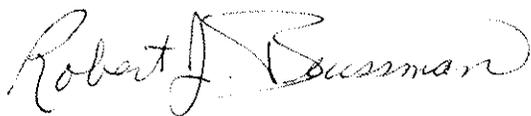
the corridor” in a 2012 MnDOT Safety Audit. An estimated 1,000 commercial vehicles are dispatched out of New Ulm daily, causing this intersection to become a freight bottleneck as well as a safety concern. Not only does it make sense from a traffic management perspective to improve the intersection at the same time as the bridge reconstruction, this action was recommended in the Safety Audit. Unfortunately, MnDOT District 7 has not had the funds available to study design options for the TH 14/15 intersection or begin pre-engineering for the needed improvements. Using FY 15 Corridors of Commerce funding for pre-construction activities would be a timely and prudent investment that would help the TH 14/15 project be ready for the 2018 bridge reconstruction.

**Eagle Lake Intersection Improvements:** Within the City of Eagle Lake, CSAH’s 17, 55, and 56 meet TH 14 with at-grade intersections. With two lanes of high speed traffic approaching from both the east and west, it is difficult for drivers to safely merge onto or cross TH 14. The City of Eagle Lake and Blue Earth County have been working with MnDOT District 7 on low-cost, high-benefit solutions that could be implemented, including a reduced conflict intersection at TH 14/CSAH 17 and a westbound acceleration lane and eastbound turn lane at TH 14/CSAH 56. These modest investments would help improve both safety and traffic flow, as well as provide clarity in economic development prospects.

The Partnership believes that the Owatonna-Dodge Center and New Ulm intersection projects clearly fit the priorities stated on the MnDOT website for FY 15 Corridors of Commerce program funding: *“Making projects ready through environmental study, engineering or right of way purchasing will be a high priority.”* All three projects meet the focus identified in the MnDOT project solicitation sent to stakeholders: *“projects that either enhance the mobility of interregional corridors, or are projects that preserve and/or improve freight movement along the state highway system.”*

The U.S. Highway 14 Partnership looks forward to continuing to work with you to advocate for the passage of a statewide transportation investment that will allow long-overdue projects, like Highway 14, to finally be completed. We thank you for your leadership and support.

Sincerely,



Robert “Bob” Beussman  
Mayor, City of New Ulm  
President, U.S. Highway 14 Partnership

CC: Governor Mark Dayton  
Jeff Vlaminc, MnDOT District 6 Engineer  
Greg Ous, MnDOT District 7 Engineer

# Intergovernmental Committee

## Minutes

7:05 PM on Wednesday, September 4, 2014

North Mankato Council Chamber

1. Call to Order @ 7:00
2. Committee Members Attending: Mayor Eric Anderson and Councilmember Mark Frost of the City of Mankato and Mayor Mark Dehen and Councilmember Bob Freyberg of the City of North Mankato
3. New Business
  - a. None
4. Old Business
  - a. Riverfront Park Noise Abatement
    - Low frequency sounds
      - Continue to leak into lower North Mankato and near the 5th/6th St and Menards areas of Mankato
      - Worsening
        - Unintended consequence of increasing popularity of venue
        - Travel great distances, hard to mitigate
        - Cause diaphragm effects on windows, etc. of surrounding homes, intensifying the noise effect
        - Irrespective of volume
        - Are not measured by the standard noise pollution dBA scale, must use the dBC scale
    - Mitigation efforts
      - To date, berms/trees ineffective
      - Have sound canceling technologies been employed?
      - Would a solid band shell be more effective
      - Employ entertainment contracts limiting sound
      - Reported that bands resist these
    - Noise pollution is currently in violation of existing City of Mankato/state of Minnesota public nuisance statutes
      - Legal opinion indicates that this is enforceable
    - Suggested recommendations
      - Moratorium on outside hard rock bands
        - e.g. Hairball, Pat Benatar, Theory of a Dead Man
      - Use Civic Center for those acts
      - Investigate sound mitigation in other outdoor venues

e.g. Red Rocks  
Public attendees included Dale Karsten, Barb Church,

b. CCTV

Collaborative agreement with Bethany concluded  
Infrastructure requirements currently being addressed  
Hope to be active by November  
Will be high definition  
New manager in place  
Has lots of ideas to freshen appeal/usage  
e.g. expand sports offerings, social media  
availability, etc.

c. MPO Report

Currently reviewing and identifying street types  
Based on traffic volumes  
Has not been updated since 2000  
MNDOT utilizing antiquated data  
Now reviewable annually under MPO auspices  
Affects funding mechanisms/availability of Federal  
Highway Transportation Trust Fund dollars  
Will become increasingly important for future infrastructure  
coordination and funding  
Current staff is very knowledgeable  
Very worthwhile organization

d. Sales Tax Reauthorization

Current availability  
North Mankato effective through 2016  
For regional parks, library, downtown parking  
Mankato effective through 2022  
For civic center/airport operations  
Coordinate regional applications  
Regional parks, library, flood walls, infrastructure  
Legislative action  
Need to coordinate with Senator Sheran

e. Bicycle Plan

North Mankato ribbon cut first dedicated bike lane today  
Connects with existing "Share the Road" system in  
lower North Mankato  
<http://www.keyc.com/category/201273/video?clipId=10551875&topVideoCatNo=201272&autoStart=true>  
"Safe Routes to School" study of upper North Mankato  
Scheduled for October  
Coordinated by Region 9

Funding agent MNDOT  
Fiscal caution recommended due to lag time  
between request and implementation  
Mankato will be conducting a bicycle/pedestrian in  
September to update their Master Bicycle Plan

5. Next meeting 11/5/2014 in Mankato City Hall
6. Adjournment @ 8:30