

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 17, 2015. Mayor Dehen called the meeting to order at 6:00 p.m. The following were present for the meeting: Mayor Dehen, Council Members Spears, Steiner and Norland, Administrator Harrenstein, Finance Director Thorne and City Clerk Van Genderen. Absent: Council Member Freyberg.

2016 Proposed Budget

Administrator Harrenstein stated the proposed 2016 Budget is a policy to serve the citizens and support the Strategic Plan. Finance Director Thorne reported the Budget assumes a 3.1% growth in total market value which is anticipated to generate \$170,000 in new tax revenue. With the projected growth, staff proposes the tax rate remain flat only capturing the increase in market value and growth. The proposed 2016 Budget includes a 3% merit increase for employees with the full-time equivalent employees remaining the same. Administrator Harrenstein reviewed the General Fund which had an overall increase in spending of 7.5%. He noted Street Maintenance had an increase in spending of \$184,560 which will fund equipment and increased spending for the Pavement Management Program. Harrenstein reported a decrease in spending in Equipment Maintenance by \$52,751 due to moving from three mechanics to two mechanics, the Miscellaneous Unallocated fund will also see a decrease of \$63,928 due to Retiree Health obligations being fulfilled. Administrator Harrenstein provided an overview of the Utility Funds, Auxiliary Funds and the Economic Development Funds. Harrenstein indicated the 2016 Budget puts plans into action and by capturing the growth in tax base the City can follow the Pavement Management Program with increased spending to improve and maintain the City's streets. The 2016 Budget allocates an additional \$125,000 in annual spending on the park system associated with the adoption of the Parks Master Plan in 2015. An additional \$90,000 has been set aside to replace the filter at the Spring Lake Park Swim Facility. Spending in the parks in 2016 includes a bridge between Lady Bug Lake and Lady Bug Bay, additional parking at Benson Park, resurfacing tennis courts, replacement of playground equipment, the addition of other play features at the Spring Lake Park Swim Facility and reestablish the boulevard tree program. Administration Harrenstein stated the City Council, in 2015, directed staff to commission the development of options for expanding indoor recreation at Caswell Park. While the request to extend the sales tax did not succeed in 2015, efforts will resume in the 2016 legislative session opening the door to continued exploration of an indoor recreation expansion at Caswell Park. The proposed 2016 Budget also allocates funding to analyze infrastructure projects associated with the North Port Industrial Park to maximize the Highway 14/41 Interchange.

Mayor Dehen thanked Administrator Harrenstein and Finance Director Thorne for the proposed 2016 Budget. Council Member Spears requested information on if the City was meeting the requirements set in the reserve policy. Administrator Harrenstein reported the General Fund should meet and maintain the reserve fund policy of between 25% and 35% by the end of 2016. Administrator Harrenstein stated the budget predicts a balance of 35% in the Debt Service Fund at the end of 2016. Harrenstein reported the Water Fund will end at about 40% in 2016 and the Wastewater Fund is secure at 35%. The Solid Waste Fund is at 5% but with fixed costs associated with the contract with West Central there is not a lot of risk. The Recycling Fund has an \$80,000 deficit beginning in 2016 associated with fluctuation in commodity prices and increased costs with labor associated with increased recycling. Administrator Harrenstein

stated the Council will need to come to a long term decision as to how North Mankato manages recycling.

Council Member Norland noted staffing has continued to decrease since 2012 and requested clarification on the adequacy of staffing for the growing community. Administrator Harrenstein stated that personnel costs are one of the largest expenses and the City has trimmed the Staff to help the organization achieve goals. In the future, as the community grows the City will need to strategically allocate resources for personnel by reviewing needs.

There being no further business, the Council Workshop was adjourned at 6:48 p.m.

Mayor

City Clerk