

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on July 20, 2015. 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 roll call: Mayor Dehen, Council Members Norland, Freyberg, Spears and Steiner, City Administrator Harrenstein, Finance Director Thorne, Attorney Kennedy, City Clerk Van Genderen, City Planner Fischer and Public Works Director Swanson.

Approval of Agenda

Mayor Dehen requested Business Item G and H be moved to after Business Item K. Mayor Dehen requested the addition of Item L, a Resolution Approving Eagles Aerie 269 Gambling License. **Council Member Freyberg moved, seconded by Council Member Norland, to approve the amended agenda. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Approval of Minutes

Council Member Steiner moved, seconded by Council Member Norland to approve the minutes of the Council meeting of July 6, 2015. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.

Public Hearing, 7 p.m., Improvement Project No. 15-01ABCDEF Carlson Drive Extension.

The Mayor opened the Public Hearing to consider Improvement Project No. 15-01ABCDEF Carlson Drive Extension. City Engineer Dan Sarff presented a PowerPoint concerning the project. Sarff indicated the project would extend Carlson Drive west of County State Aid Highway (CSAH) 41 approximately 850 feet to potentially accommodate construction by Mayo Health Systems following annexation of the 18.49 acres of land. City Engineer Sarff reported the project would include storm sewer, sanitary sewer, watermain, and construction of street, curb and gutter, sidewalk and trail. The proposed improvements have a total estimated cost of \$1,066,000. Proposed financing for the project includes special assessment on property annexed into the City, a property tax levy, enterprise funds and an infrastructure grant through the Department of Employment and Economic Development (DEED). With no one else 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 which included:

- A. Bills and Appropriations.
- B. Res. No. 54-15 Approving Donations/Contributions/Grants.
- C. Parade Permit for Mankato YMCA, Livestrong 5K & 10K, Saturday, August 22, 2015 from 8 a.m.-10:30 a.m.
- D. Res. No. 55-15 Approving a Lease Agreement between the City of North Mankato and Verizon Wireless Telecommunication Facility located at 1525 Tower Boulevard, North Mankato.

Council Member Spears requested clarification on several bills. **Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Public Comments

Barb Church, 102 Wheeler Avenue, appeared before the Council and indicated concern about use of the Consent Agenda.

Phil Henry, 1300 Noretta Drive, appeared before the Council and expressed concern over proposed spending on the proposed project No. 14-04DF Highway 14 Trail.

Business Items

Property and Casualty Insurance Renewal and Workers' Compensation Renewal. (Jay Weir, Weir Insurance).

Jay Weir from Weir Insurance appeared before Council and presented the Property/Casualty and Workers' Compensation Insurance Renewal. Weir stated insurance premiums for 2015/2016 total \$273,235 compared to the prior period's \$282,972. Workers' compensation deposit premiums for 2014 and 2015 are \$116,008 and \$110,735, respectively. Property/Casualty premiums for 2014 and 2015 are \$166,964 and \$162,500, respectively. **Council Member Norland moved, seconded by Council Member Steiner to Approve the Property and Casualty Insurance Renewal and Workers' Compensation Renewal. Vote on the motion: Norland, Freyberg, Steiner, Spears and Dehen aye; no nays. Motion carried.**

Consider Adopting Annexation Agreement with Mayo Clinic Health System-Mankato.

Administrator Harrenstein stated that should the City annex the 18.49 acres that Mayo has requested be annexed into the City, Mayo would pay \$350,000.00 as their contribution toward construction of the Carlson Drive Extension. Council Member Spears requested the Council consider an alternate Annexation Agreement that clearly stated that Mayo Health Clinic would not file for tax exemption on the property once it was annexed into the City. **Council Member Freyberg moved, seconded by Council Member Steiner to Adopt the Annexation Agreement with Mayo Clinic Health System-Mankato as presented to Council.** Attorney Kennedy indicated Mayo provided the City with a letter indicating that non-profit tax exemption for the Mankato Hospital does not extend to the proposed building on the North Mankato property. Attorney Kennedy stated the letter provided commitment to the City of Mayo's intent concerning tax exemption status and the City should keep the letter with the agreement. **Vote on the motion: Norland, Freyberg, Steiner and Dehen aye; Spears nay. Motion carried.**

Approval of Preliminary and Final Plat of Mayo Addition, a Request from Mayo Clinic Health System.

City Planner Fischer reported the City received a request from Mayo Clinic Health Systems to annex 18.49 acres of land into the City limits. The applicant is proposing to formally plat the property as Mayo Addition and presented a proposed potential use of the property. The Planning Commission reviewed the request and recommends approval of the Preliminary & Final Plat of Mayo Addition contingent on successful annexation of the property. **Council Member Norland moved, seconded by Council Member Spears to approve the Preliminary and Final Plat of Mayo Addition contingent upon successful annexation of the property. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Z-1-15, Request to Zone Mayo Addition as B-3, General Commercial. Ordinance No. 70, Fourth Series, Zone Mayo Addition as B-3, General Commercial.

City Planner Fischer stated the City received a request from Mayo Clinic Health System to formally zone Mayo Addition as B-3, General Commercial. The property is in the process of being annexed into the City limits and zoning must comply to the Comprehensive Plan. The Comprehensive Plan shows the future land use of this property as General Commercial and is consistent with the Comprehensive Plan. The Planning Commission recommended approval of Z-1-15 contingent upon successful annexation of the property. **Council Member Norland moved, seconded by Council**

Member Steiner to approve Z-1-15, Request to Zone Mayo Addition as B-3, General Commercial. Ordinance No. 70, Fourth Series, Zone Mayo Addition as B-3, General Commercial, contingent upon successful annexation of the property. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.

Res. No. 56-15 Ordering Improvement and Preparation of Plans and Specifications for Project No. 15-01ABCDEF Carlson Drive Extension.

City Engineer Dan Sarff appeared before Council and stated the Public Hearing was held earlier in the evening and the next step in the special assessment process is to order improvements and preparation of plans and specifications. **Council Member Steiner moved, seconded by Council Member Norland to adopt Res. No. 56-15 Ordering Improvement and Preparation of Plans and Specifications for Project No. 15-01ABCDEF Carlson Drive Extension. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Approval of Preliminary and Final Plat of Registered Land Survey No. 69, a Request from John Zender and Arlo Zander.

City Planner Fischer reported this was a request to replat Registered Land Survey No. 59. Planner Fischer reported Registered Land Survey No. 59 was originally made to provide ownership of two businesses, Starr Cycle and The Service Rack, which occupy the same building. As Starr Cycle is preparing for a building addition, it is necessary to relocate the internal lot line separating the two businesses. The Planning Commission recommended the proposed Preliminary and Final Plat of Registered Land Survey No. 69. **Council Member Steiner moved, seconded by Council Member Norland to approve Preliminary and Final Plat of Registered Land Survey No. 69. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Res. No. 59-15 Calling Public Hearing at 7 pm on Monday, August 3, 2015 on a Proposed Property Tax Abatement.

Tammy Omdal from Northland Securities appeared before Council and indicated the Resolution before the Council was to set a Public Hearing. The Public Hearing is necessary before the City can authorize the Sale of Bonds. Administrator Harrenstein indicated this represents the entire borrowing for 2015 and proceeds would be spent on the West Carlson Drive Extension, 14-04DF Highway 14 Trail, and a portion of the Lookout Drive project. Administrator Harrenstein stated the 14-04DF Highway 14 Trail bids came in over projected estimates, but in the past year the City has collected special assessments on several properties. The increased projected spending on project 14-04DF Highway 14 Trail has been entered into the projections and the fund balance is secure. Council Member Spears requested Ms. Omdal provide a lay person explanation of tax abatement. Ms. Omdal stated it was the City's ability to levy a property tax that is equivalent to taxes that could be abated. The revenue derived from an abatement levy can be used for a variety of purposes. The City plans to certify a property tax abatement levy to pay a portion of the debt service on the proposed 2015A general obligation bonds to be issued to fund the Project; the portion to be paid from abatement levy is for the trail improvement portion only. **Council Member Norland moved, seconded by Council Member Steiner to adopt Res. No. 59-15 Calling Public Hearing at 7 pm on Monday, August 3, 2015 on a Proposed Property Tax Abatement. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Res. No. 60-15 Providing for the Issuance and Sale of General Obligation Bonds, Series 2015A, in the Proposed Aggregate Principal Amount of \$2,060,000.

Tammy Omdal from Northland Securities appeared before Council and stated the resolution before Council would set the sale of bonds. The bonds will be a general obligation of the City. However, the City anticipates paying debt service from a combination of special assessment revenue, a tax abatement levy, and a debt service tax levy. Ms. Omdal stated the principal payment schedule varies because the payment is structured around the existing debt service levy. Administrator Harrenstein stated the payment structure was established to work around the existing debt service payment and the 2010C bonds has balloon payments in 2016 and 2019. Attorney Kennedy requested information on if the bonds were bank qualified. Ms. Omdal indicated that because the total tax-exempt debt issued by the City in calendar year 2015 is expected to be less than \$10.0M, the Bonds will be designated as “bank qualified” obligations. The bonds will be rated by Standard & Poor’s and the City’s current rating is “AA”. Attorney Kennedy requested information on anticipated rates. Ms. Omdal reported the anticipated interest on the bonds with a projected sale date of August 17, 2015 was 2.7%. **Council Member Norland moved, seconded by Council Member Steiner to adopt Res. no. 60-15 providing for the Issuance and Sale of General Obligation Bonds, Series 2015A, in the Proposed Aggregate Principal Amount of \$2,060,000. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye: no nays. Motion carried.**

Res. No. 61-15 Providing for the Issuance and Sale of General Obligation Bonds, Series 2015B, in the Proposed Aggregate Principal Amount of \$5,795,000.

Administrator Harrenstein indicated the bonds refund a few series of bonds the City has outstanding and saves the City \$300,000.00 and does not extend the length of payments or increase interest payments. The savings would be spread across the water, sewer and storm funds. Council Member Freyberg indicated this was a good financial move. **Council Member Norland moved, seconded by Council Member Freyberg to adopt Res. No. 61-15 providing for the Issuance and Sale of General Obligation Bonds, series 2015B, in the Proposed Aggregate Principal Amount of \$5,795,000. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Res. No. 57-15 Awarding Bid for Project No. 14-04DF Highway 14 Trail.

City Engineer Dan Sarff appeared before Council and stated the bids came in approximately 15% higher than the engineer’s estimate. The higher than anticipated costs are primarily due to the challenging construction corridor in which the project is located. The bidding documents provided for flexibility in the construction timeframe and completion dates. The contractor has the option to construct the project this summer/fall or wait until next spring to begin construction. The low bidder, Dirt Merchant, Inc, indicated that they intend to complete the construction this fall. Engineer Sarff recommended awarding the bid to Dirt Merchant, Inc contingent on MnDOT’s execution of the Cooperative Construction Agreement for the project and also contingent on concurrence on the award by the MnDOT State Aid and Civil Rights offices. **Council Member Norland moved, seconded by Council Member Freyberg to adopt Res. No. 57-15 Awarding Bid for Project No. 14-04DF Highway 14 Trail. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

Res. No. 58-15 Resolution Indicating Intent to Participate in Cooperative Construction Agreement for Project No. 14-04DF Highway 14 Trail, SP 150-090-002.

City Engineer Dan Sarff indicated the agreement was primarily a maintenance agreement. The agreement indicates that all trail improvements would be the responsibility of the City to maintain. **Council Member Norland moved, seconded by Council Member Steiner to adopt Res. No. 58-15**

Awarding Bid for Project No. 14-04DF Highway 14 Trail. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.

Res. No. 62-15 Approving Eagles Aerie 269 Gambling License.

Mayor Dehen indicated that in order to allow the Eagles to meet a time sensitive deadline with the State this item was added to the Agenda. **Council Member Steiner moved, seconded by Council Member Norland to adopt Res. No. 62-15 Approving Eagles Aerie 269 Gambling License. Vote on the motion: Norland, Freyberg, Spears, Steiner and Dehen aye; no nays. Motion carried.**

City Administrator and Staff Comments

Administrator Harrenstein extended his thanks to the volunteers who organized Fun Days. Administrator Harrenstein also thanked City employees who helped everything run smoothly.

Public Works Director Swanson City reported crews would be going, street by street, to pick up trees and branches blown down by the Friday, July 17 storm.

Mayor and Council Comments

Mayor Dehen thanked Civic and Commerce for the excellent Fun Days event. Mayor Dehen also congratulated the North Mankato Fire Department for winning the water fight.

Mayor Dehen reported the Fun Days Celebrity Horseshoe tournament was won by the City of North Mankato.

Mayor Dehen stated the U.S. Highway 14 Partnership 2015 Legislative Wrap-up meeting information was included in the packet.

Mayor Dehen reminded the community of the 7th Annual Blues on Belgrade which would be held on July 25th beginning at 12 noon.

Mayor Dehen reported the Community Development Block Grant action plan was approved.

Public Comments

Phil Henry, 1300 Noretta Drive, appeared before Council and requested that the bills and appropriations list be presented the way it used to be prior to the financial software upgrade. Mr. Henry requested information on Well No. 9. Administrator Harrenstein stated they were still working on the well because they were having difficulties with pressurization.

There being no further business, on a motion by Council Member Norland, seconded by Council Member Steiner, the meeting adjourned at 7:58 p.m.

Mayor

City Clerk