

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 18, 2017. Mayor Dehen called the meeting to order at 7:08 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for roll call: Mayor Dehen, Council Members Freyberg, Whitlock, Steiner, and Norland, City Administrator Harrenstein, Finance Director McCann, City Attorney Kennedy, Community Development Director Fischer, Public Works Director Swanson and City Clerk Van Genderen.

**Approval of Agenda**

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

**Approval of Council Budget Workshop Meeting Minutes**

**Council Member Steiner moved, seconded by Council Member Norland, to approve the minutes of the Council Budget Workshop meeting of September 5, 2017. Vote on the motion: Whitlock, Steiner, Norland, and Dehen aye; Freyberg abstain; no nays. Motion carried.**

**Approval of Council Meeting Minutes**

**Council Member Norland moved, seconded by Council Member Steiner, to approve the minutes of the Council meeting of September 5, 2017. Vote on the motion: Whitlock, Steiner, Norland, and Dehen aye; Freyberg abstain; no nays. Motion carried.**

**Public Hearing-Public Comments on the 2018 Proposed Budget.**

City Administrator Harrenstein indicated that since the September 5, 2017, Budget workshop, the County revised the anticipated growth from 4.5% to 7%. If the City maintains a flat rate of 52.251% and captures the dollars associated with new improvements and market value increases, this increase in the market value and Tax Capacity will generate an additional \$146,924. Those funds could be allocated for projects or put into the debt service levy. Barb Church, 102 Wheeler Avenue, appeared before Council and stated Council should consider a historic tax levy for historic preservation. A historic tax levy would not raise the current taxes it would just allocate a portion of the current levy for a historic fund. Ms. Church requested clarification on the City's bond rating. Administrator Harrenstein indicated the last Moody surveillance call was in 2015; they have not deemed to have another call as Moodys rated such a small portion of the debt. Administrator Harrenstein stated Standards and Poor's rates the City during the issuance of debt, and the City will have a bond rating before the issuance of the next G.O. Bond. Tom Hagen, 927 Lake Street, appeared before Council and encouraged a historic tax levy.

**Public Hearing-Proposed Annexation of 9.07 Acres owned by Mark Hiniker.**

Community Development Director Fischer reported the Council received the petition for Annexation on August 7, 2017, for the property located north of the North Gate Subdivision. The subdivision will be platted as North Gate No. 3. Barb Church, 102 Wheeler Avenue, appeared before Council and requested clarification on if this project has smaller lots and if the setbacks have been adjusted for the smaller lots. Community Development Director Fischer reported this subdivision is zoned R-1S, One-Family Dwelling Small Lot with a minimum lot size of 60 feet and minimum setbacks of 6 feet. Debbra Treat, 615 Nicollet Avenue, Apartment 205, appeared before Council and asked if the houses being built would be affordable housing. She indicated she did not believe the City had affordable housing and wondered why the City would allow the building of houses no one would purchase.

**Public Hearing-Proposed Issuance of Tax Abatement Bonds for Spring Lake Park Swim Facility.**

Finance Director McCann stated because the City desires to finance certain improvements to the Swim Facility using the proceeds of tax-exempt bonds and the Swim Facility is managed by the Mankato Family YMCA, which is a 501 (c)(3) non-profit organization, it is necessary to issue the Bonds as qualified 501 (c)(3) private activity bonds as opposed to governmental bonds. In order to issue the Bonds as qualified 501 (c)(3) private activity bonds, a public hearing known as a TEFRA hearing under the IRS rules must be held. Kim Spears, 916 South Avenue, appeared before Council and asked if all residents were paying for the improvements and not just a portion. Administrator Harrenstein stated he was correct.

**Public Hearing-Proposed Modification of Industrial Development District No. 1**

City Administrator Harrenstein reported the next two Public Hearings are requests from the Port Authority to modify the Industrial Development District 1 to expand it and include 1610 LorRay Drive (Birchwood Cottages). With no one appearing before Council, Mayor Dehen closed the Public Hearing.

**Public Hearing-Proposed Establishment of Tax Increment Financing District IDD No. 1-24 (Birchwood Cottages)**

City Administrator Harrenstein reported this was the proposed TIF District for Birchwood Cottages. Barb Church, 102 Wheeler Avenue, appeared before Council and stated page 4 of 13 in paragraph number two TIF IDD 1-24 agreement states “providing affordable assisted living units.” She indicated the language discussed during the City Council, Planning Commission, and Port Authority meetings was a “residential assisted living, memory care facility,” which was used throughout the rest of the document. She wanted to ensure this sentence was changed. Ms. Church requested clarification on if the business had requested both a loan and a TIF. Administrator Harrenstein indicated a \$300,000 loan was approved earlier in the year by the Port Authority.

**Public Hearing-Proposed Modification of Industrial Development District No. 1 and Establishment of Tax Increment Financing District IDD No. 1-25 (Blue Star Power Systems).**

City Administrator Harrenstein reported this Public Hearing was set to discuss the proposed expansion of the Industrial Development District No. 1 to include the property known as Lot 1, Block 1, North Port No. 20 to allow the establishment of TIF District No. 1-25 (Blue Star Power Systems). Kim Spears, 916 South Avenue, appeared before Council and stated he did not approve of the use of TIF Districts as they were not fair to established businesses.

**Consent Agenda**

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

- A. Bills and Appropriations.
- B. Res. No. 61-17 Approving Donations/Contributions/Grants.

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

**Public Comments**

Tom Hagen, 927 Lake Street, appeared before Council and expressed concerns about the Spring Lake Park Warming house and the higher than anticipated bids.

**Business Items**

**Res. No. 62-17 Approving a Proposed Tax Levy.** Finance Director McCann stated the City received revised taxable market value and Total Tax Capacity information from the County that is a 7% increase in tax capacity, compared to the 4.5% increase they estimated earlier in the summer. If the City maintains a flat tax rate of 52.251% and captures the dollars associated with new improvements and market value increases, this increase will generate an additional \$146,924 in revenue. Administrator Harrenstein stated there were many options for the use of the money. Mayor Dehen stated this was the max levy and the City could lower the levy before the end of the year.

**Council Member Norland moved, seconded by Council Member Steiner to adopt Res. No. 62-17 Approving a Proposed Tax Levy. Vote on the motion: Freyberg, Whitlock, Steiner, Norland, and Dehen aye; no nays. Motion carried.**

**Res. No. 63-17 Awarding Bid for Project No. 17-03, Spring Lake Park Warming House.**

City Administrator Harrenstein reported the project idea began after the Anthony Ford Committee held two successful outdoor pond hockey tournaments in Spring Lake Park and committed \$50,000 to a warming house. The current warming house would be demolished to allow the building of new rinks and the funds would be used for a new warming house. The City then received a \$50,000 grant from the Mankato Foundation to assist with the building of the new warming house. In 2017 the City conducted a facility analysis of the Spring Lake Swim Facility and discovered many deficits. Because the warming house would be adjacent to the swim facility, it was envisioned to create a structure that could be used 12 months out of the year with a portion of the facility that could be rented by the public for weddings or special events. The estimates for the building came in at \$450,000. The Council sent the plans out for bid, and there were significant oversights in the cost of heating and cooling the proposed building with the lowest estimate from DeMars General Contracting coming in at \$677,000. Because the bids came in so high staff briefed the City Council on changes to park upgrades planned in 2017. This included not proceeding with the main shelter at Benson Park and reallocating funding from that project toward completion of the Warming House. In addition, staff worked with the lowest bidder to value engineer portions of the project which yielded additional reductions of \$110,000 from the bid amount of \$677,000 and has reduced the total project budget to \$567,000. \$400,000 in bond proceeds have been set aside for the warming house as well as \$170,000 from the annual set aside in the General Fund for park improvements that were previously set aside for the main shelter at Benson. Mayor Dehen stated the project should be contingent on the bids for the swim facility which would be opened on October 2, 2017. General Contractor Max DeMars indicated the delay would not significantly set them back. **Council Member Norland moved, seconded by Council Member Freyberg to adopt Res. No. 63-17 Awarding Bid for Project No. 17-03 Spring Lake Park Warming House, Contingent on the Swim Facility Bids. Vote on the motion: Freyberg, Whitlock, Steiner, Norland, and Dehen aye; no nays. Motion carried.**

**Ordinance No. 96, Fourth Series, An Ordinance of the City of North Mankato, Minnesota Annexing Land Located in Belgrade Township, Nicollet County, Minnesota Pursuant to Minnesota Statutes §414.033 Subdivision 2(3), Permitting Annexation by Ordinance. Council Member Freyberg moved, seconded by Council Member Norland to Adopt Ordinance No. 96,**

**Fourth Series, An Ordinance of the City of North Mankato, Minnesota Annexing Land Located in Belgrade Township, Nicollet County, Minnesota Pursuant to Minnesota Statutes §414.033 Subdivision 2(3), Permitting Annexation by Ordinance. Vote on the motion: Freyberg, Whitlock, Steiner, Norland, and Dehen aye; no nays. Motion carried.**

**Res. No. 64-17 of the North Mankato City Council Modifying Industrial Development District No. 1 (modification Seven) and Adopting a Development Program for Said Industrial Development District. Council Member Steiner moved, seconded by Council Member Norland to Adopt Res. No. 64-17 of the North Mankato City Council Modifying Industrial Development District No. 1 (modification Seven) and Adopting a Development Program for Said Industrial Development District. Vote on the motion: Whitlock, Steiner, Norland, and Dehen aye; Freyberg nay. Motion carried.**

**Res. No. 65-17 of the City Council of the City of North Mankato Approving Tax Increment Financing District IDD No. 1-24. (Birchwood Cottages). Council Member Steiner moved, seconded by Council Member Norland to Adopt Res. No. 65-17 of the City Council of the City of North Mankato Approving Tax Increment Financing District IDD No. 1-24. (Birchwood Cottages). Vote on the motion: Whitlock, Steiner, Norland, and Dehen aye; Freyberg nay. Motion carried.**

**Res. No. 66-17 of the North Mankato City Council Modifying Industrial Development District No. 1 (modification Eight) and Adopting a Development Program for Said Industrial Development District. Council Member Norland moved, seconded by Council Member Steiner to Adopt Res. No. 66-17 of the North Mankato City Council Modifying Industrial Development District No. 1 (modification Eight) and Adopting a Development Program for Said Industrial Development District. Vote on the motion: Whitlock, Steiner, Norland, and Dehen aye; Freyberg nay. Motion carried.**

**Res. No. 67-17 of the City Council of the City of North Mankato Approving Tax Increment Financing District IDD No. 1-25. (Blue Star Power Systems). Council Member Steiner moved, seconded by Council Member Norland to Adopt Res. No. 67-17 of the City Council of the City of North Mankato Approving Tax Increment Financing District IDD No. 1-25. (Blue Star Power Systems). Vote on the motion: Freyberg, Whitlock, Steiner, Norland, and Dehen aye; no nays. Motion carried.**

**North Gate No. 3 Final Plat. Council Member Norland moved, seconded by Council Member Steiner to Approve North Gate No. 3 Final Plat. Vote on the motion: Freyberg, Whitlock, Steiner, Norland, and Dehen aye; no nays. Motion carried.**

#### **City Administrator and Staff Comments**

Public Works Director Swanson reported the hockey rinks would be poured during the coming week.

Public Works Director Swanson reported fall drop-off would be October 13-15, 2017, from 8 a.m. to 4 p.m.

**Mayor and Council Comments**

Council Member Whitlock reported the 6<sup>th</sup> annual Bier on Belgrade would be held from 2 pm to 8 pm on September 23, 2017.

Council Member Steiner reported library circulation was down in August, but library visitors increased by 7,000 in July and visitors doubled in August. He thanked Katie Heintz for her work.

Council Member Norland provided an update on Mankato Zero Waste. She reported that by using the compost dumpster, she has greatly reduced the amount of garbage in her bin. Council Member Norland stated Mankato Zero Waste has 46 households between Mankato and North Mankato that have yard signs encouraging neighbors to use the compost sites. The North Mankato Taylor Library will have a display on organics recycling and composting and provide information on signing up. Council Member Norland indicated residents can call City Clerk Van Genderen to sign-up. Mankato Zero Waste will host a presentation on organics recycling on Thursday, October 26<sup>th</sup> at 6:30 pm in the Police Annex Community Room. If you want more information on Organics Recycling, please visit [www.MankatoZeroWaste.com](http://www.MankatoZeroWaste.com). Council Member Steiner reminded residents to put organics in brown paper bags or compostable plastic bags, not regular plastic bags as those have to be removed.

Mayor Dehen stated a forum on affordable housing would be held on Tuesday, September 26<sup>th</sup> from 6:30-8:00 p.m. at the Blue Earth County Historical Society.

There being no further business, on a motion by Council Member Norland, seconded by Council Member Steiner, the meeting adjourned at 7:45 p.m.

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Mayor

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City Clerk