

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 December 3, 2018. 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, Whitlock, and Steiner City Administrator Harrenstein, City Attorney Chris Kennedy, Finance Director McCann, Community Development Director Fischer, Public Works Director Host, and City Clerk Van Genderen.

**Approval of Agenda**

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

**Approval of Council Workshop Meeting Minutes**

**Council Member Steiner moved, seconded by Council Member Norland, to approve the minutes of the Council Workshop meeting of November 19, 2018. Vote on the motion: Norland, Freyberg, Whitlock, Steiner, and Dehen aye; no nays. Motion carried.**

**Approval of Council Meeting Minutes**

**Council Member Steiner moved, seconded by Council Member Norland, to approve the minutes of the Council meeting of November 19, 2018. Vote on the motion: Norland, Freyberg, Whitlock, Steiner, and Dehen aye; no nays. Motion carried.**

**Public Hearing, 7 pm-2019 Budget and 2019-2023 Capital Improvement Plan**

Finance Director McCann reviewed the proposed 2019 Budget and 2019-2023 Capital Improvement Plan. Finance Director McCann reported this is the Truth-in-Taxation public hearing and residents have received their proposed property tax statements for 2019, but the statement is based on the preliminary budget and tax levy approved by the Council in September which Council has proposed to decrease. He can work with residents to determine their City taxes based on the new rate. Finance Director McCann reported the final budget and levy adoption would occur at the December 17, 2018, Council Meeting.

Finance Director McCann reviewed the components of a resident's tax statement which includes taxes from Nicollet County, the City of North Mankato, Mankato Area Public Schools, Region Nine Development Commission and South Central Minnesota Multi-County HRA. The percentage of taxes breaks down to 39% Nicollet County, 36% City of North Mankato, 25% Mankato Area Public Schools and a small amount going to Region Nine Development Commission and South Central Minnesota Multi-County HRA.

Finance Director McCann reported the preliminary levy set in September was 51.6% and the tax rate is proposed to decrease to 51% which would decrease the proposed levy by \$80,000. He stated that there was a 9% growth in taxable market value with 15% in new construction, so 85% is increased property values. There is a \$1 million increase in tax capacity which will offset the tax levy increase of \$565,000. The tax levy is \$6,683,838 with \$5,040,048 going to the General Fund, \$75,000 going to the Port Authority, \$1,375,458 going to the Debt Service and \$193,332 going to the Abatement Levy. The Tax Rate equals the Tax Levy divided by the Total Tax Capacity in North Mankato and the total Tax Capacity increase is larger than the Tax Levy increase which means a decrease in the Tax Rate from 52.124 in 2018 to 51.00 in 2019.

Finance Director McCann reviewed the taxable market value and the tax levy history along with the 2019 Tax base and market values. He stated home value increases ranged from 0% to 15%

with a majority seeing a 5-10% increase. The tax levy impact will vary depending on the home's value. Finance Director McCann reviewed a median home in North Mankato valued at \$274,000 with a taxable market value of \$261,123. In 2019, with a taxable value increase of \$25,823, the City tax would increase \$106.00 a year.

Finance Director McCann reviewed the 2019 Budget by Department. The General Fund will see \$838,805 up \$7,062 from 2018, Public Safety has an increase of \$72,893 reflecting the new police officer added in 2018, the Public Works Department has a budgeted increase of \$100,252 which reflects the new employee added in 2018 and an increase to fully fund the Pavement Management Plan. Parks, Recreation, Leisure has an increase of \$181,671 due to additional temporary labor and increasing funding to the Park Improvement Plan, Community Development has an increase of \$65,343 in response to additional planning studies and costs associated with rental inspections. Overall the General Fund in 2018 was \$8,334,895 and will increase to \$8,885,727. The General Fund revenue increased from \$8,405,938 in 2018, to \$8,886,156 in 2019. Finance Director McCann reviewed the 2019 Utility Fund Expenditures with water decreasing by \$125,404 due to debt being retired, the Wastewater Fund increasing by \$23,417, Solid Waste Fund expenditures decreasing by \$11,913 and Recycling increasing by \$54,192 due to increased costs in Spring and Fall Cleanup related to recycled materials and the Storm Water Fund expenditures increasing by \$47,708 due to software expenditures, flood station maintenance and ravine maintenance. Finance Director McCann reviewed the Utility Fund Revenue which included revenue increases in the Water Fund of \$94,727 based on increased collections, an increase in the Wastewater Fund of \$43,324 based on projected increased collections, Solid Waste and Storm Water remaining flat with minor increases and the Recycling Fund has a projected increase of \$92,700 due to the proposed Recycling Rate increase of \$1.00 a month to offset the end of an agreement in 2019 with Nicollet County for the recycling facility.

Finance Director McCann reviewed the proposed 2019-2023 CIP with a \$1.2 million decrease in the proposed CIP. The majority of the decrease is due to only bonding for one project instead of two in 2019. In 2017, there was no bonding for a project, and in 2018 the City bonded \$4.7 million for the Swim Facility and the Jefferson Avenue project. In 2019, only two million dollars will be bonded for the Commerce Drive Project, Tyler Avenue Reconstruction and Harrison Avenue Reconstruction planned in 2019.

Finance Director McCann reported the citizens and legislature approved a sales tax extension and \$5.0 Million in sales tax funding capacity is available in 2019 or an estimated \$8.0 Million is available in 2020. To date, no project has been identified, and staff will continue to work with the Council on proposed projects.

Finance Director McCann reviewed a debt analysis of the current and future G.O. Debt. The City plans on a \$2.0 Million G.O. Debt annually which will decrease the total existing debt as debt falls off every year. City Administrator Harrenstein noted that while the chart that was presented showed the debt decreasing, he indicated the debt would probably fluctuate from year to year based on infrastructure needs.

Tom Wyrowski, 239 Allan Avenue, appeared before Council and stated his taxable value increased by \$30,000 and he wanted to see if that could change. City Administrator Harrenstein noted that the City does not control the assessment process, Nicollet County completes the valuation process. Staff reviewed the tax appeal process including contacting Nicollet County, attending the Local Board of Appeal, the County Board of Appeal and even a court process. Mr. Wyrowski also reported he lives at the corner of Allan Avenue and Marie Lane and the storm drain often plugs causing flooding. Public Works Director Host indicated he would review the storm drain and the issue.

Barb Church, 102 Wheeler Avenue, appeared before Council and indicated the City should keep a close eye on value and growth when determining the tax rate. She indicated she thought the

City should look at Mankato's budget policy. Ms. Church requested clarification on the end of the recycling facility agreement with Nicollet County. She also requested the City continue organic recycling.

### Consent Agenda

**Council Member Norland moved, seconded by Council Member Steiner, to approve the Consent Agenda.**

- A. Bills and Appropriations.
- B. Res. No. 91-18 Approving Donations/Contributions/Grants.
- C. Approved License Renewals for 2019.
- D. Res. No. 92-18 Setting 2019 Council Dates.
- E. Set Public Hearing on December 17, 2018, at 7:00 p.m. on the Stormwater and Annual Stormwater Pollution Prevention Program (SWPPP) Review.

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

**Motion carried.**

### Public Comments Concerning Business Items on the Agenda

None

### Business Items

**Res. No. 93-18 Providing for the Issuance and Sale of \$4,670,000 General Obligation Bonds, Series 2018A, Pledging for the Security Thereof Special Assessments and Tax Abatements and Levying a Tax for the Payment Thereof.**

Tammy Omdal from Northland Securities appeared before Council and reported that Northland Securities was acting as bond counsel for the City. Ms. Omdal reported there were five bids with the low bid coming from R.W. Bair & Co. Inc. with a purchase price of \$4,686,086.65, a net interest cost of \$1,233,504.69 and a true interest cost of 3.0470514%. She indicated the bid was a premium bid. Ms. Omdal noted that the City completed a bond rating with S&P and received an AA rating. The S&P reaffirmed the strong financial management of the City. **Council Member Norland moved, seconded by Council Member Steiner to Adopt Res. No. 93-18 Providing for the Issuance and Sale of \$4,670,000 General Obligation Bonds, Series 2018A, Pledging for the Security Thereof Special Assessments and Tax Abatements and Levying a Tax for the Payment Thereof. Vote on the motion: Norland, Freyberg, Whitlock, Steiner, and Dehen aye; no nays. Motion carried.**

**Res. No. 94-18 Authorizing Interfund Loan for Certain Costs in Connection with the Storm Sewer Fund.**

City Administrator Harrenstein reported the loan was discussed at both the audit and during the budget process. The loan of \$149,205 from the General Fund to the Storm Water Fund would pay costs related to the Lake Street Flood Station Costs, and Eagle Ridge Ravine Maintenance Costs. The loan has already occurred and the resolution would set up a repayment schedule. **Council Member Norland moved, seconded by Council Member Steiner to adopt Res. No. 94-18 Authorizing Interfund Loan for Certain Costs in Connection with the Storm Sewer Fund. Vote on the motion: Norland, Freyberg, Whitlock, Steiner, and Dehen aye; no nays. Motion carried.**

**Consider Request to Amend Comprehensive Plan Figure 3-2: Future Land Use. A Request from NKS, Inc.**

Community Development Director Fischer reported the applicant owns the property and building addressed as 1901 Lee Boulevard which was the former location of Neubert Millwork. The building has been vacant for several years, and the property is currently zoned I-1, Planned Industrial. The applicant is proposing to lease the building to Riverbend Business Products; the sale of office equipment and supplies is listed as a permitted use within any business district. The applicant is requesting to amend Figure 3-2, by changing the future land use from Light Industrial to General Commercial. The Planning Commission reviewed and recommended the proposal. Council Member Whitlock requested clarification on if Riverbend would utilize the entire building. Jim Hansen from Riverbend appeared before Council and indicated they were renovating the building and there may be a portion that could be leased. Council Member Norland noted that the painting of the exterior improved the building's appearance. **Council Member Steiner moved, seconded by Council Member Norland to Amend Comprehensive Plan Figure 3-2: Future Land Use. A Request from NKS, Inc. Vote on the motion: Norland, Freyberg, Whitlock, Steiner, and Dehen aye; no nays. Motion carried.**

**Consider Z-3-18, Request to Rezone 1901 Lee Boulevard from I-1 to B-3: A Request from NKS, Inc. Consider Ordinance No. 110, Fourth Series Rezoning 1901 Lee Boulevard from I-1 to B-3. Council Member Freyberg moved, seconded by Council Member Steiner to Approve the Z-3-18, Request to Rezone 1901 Lee Boulevard from I-1 to B-3 and Adopt Ordinance No. 110, Fourth Series Rezoning 1901 Lee Boulevard from I-1 to B-3. Vote on the motion: Norland, Freyberg, Whitlock, Steiner, and Dehen aye; no nays. Motion carried.**

**Receive an Update from Mankato Area Zero Waste-Kathy Felt.**

Kathy Felt, a volunteer for Mankato Area Zero Waste, reviewed the citizen interest in organics recycling noting that the City currently has 188 citizens signed up to recycle organics. The City recycled 11.24 tons during the first year (9/16-11/17) and 9.4 tons during year 2 (11/17-6/18) and 7.74 tons since the end of the grant July 2018-November 2018.

Ms. Felt reported 94.5 volunteer hours from January to November 2018 or about 9 hours a month. She stated her work comprised mainly of communication; communication with Mankato Area Zero Waste, with the City of North Mankato, walking in and organizing parades and other events, helping to create a zero waste video specifically for North Mankato, sending out welcome letters to new users and delivering brochures to businesses.

Ms. Felt stated the grant ended in June of 2018, and Mankato Area Zero Waste spent the final money on items to benefit all three participating communities. Each received portable composting/recycling bins, and bags that can be shared, t-shirts for volunteers at events, starter kits with compostable bags, and each library received two adult books and two children's books.

Ms. Felt reviewed problems that she encountered including people not bagging what they put into the dumpster and improper items in the dumpster.

Ms. Felt provided suggestions for the future including considering curbside pickup, hiring an educator for Mankato, North Mankato, and Lake Crystal, coordinating ordering compostable goods for all vendors at events, creating a budget for printing educational materials such as starter kits. She indicated the City should consider installing some form of security for the dumpster, and continue to improve communications.

City Administrator Harrenstein reported the City would look at installing security, would be willing to print educational materials and continue to promote the program. He indicated that at this

time the City could review having West Central provide a subscription service. Administrator Harrenstein thanked Mankato Zero Waste for owning the program and working with the Cities. Council Member Whitlock stated Mankato Area Zero Waste should reach out to Business on Belgrade as they continue to plan for the Anthony Ford Pond Hockey Tournament.

**Open Forum**

Barb Church 102 Wheeler Avenue, appeared before Council and encouraged people to use Organics Recycling and to recycle their pizza boxes. She requested Council consider allowing residents to speak at budget workshops.

**City Administrator and Staff Comments**

City Administrator Harrenstein provided the Council with a review of 11 properties and a ten-year history of the taxable market value, the City tax history, the total tax history and the percent of City tax to the total tax for those 11 properties. He stated the review indicated that the growth and tax rate growth was incremental.

City Administrator Harrenstein thanked the Public Works Department for their work during the snowstorm. He also thanked those that worked at Bells on Belgrade.

Finance Director McCann reported the City is wrapping up the budget and the audit is beginning.

**Mayor and Council Comments**

Council Member Whitlock stated that due to the snow attendance was down at Bells on Belgrade the kids had a great time playing in the snow and participating in the games.

There being no further business, on a motion by Council Member Norland, seconded by Council Member Steiner, the meeting adjourned at 8:16 p.m.

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Mayor

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City Clerk