

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 October 21, 2019. 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: Council Members Steiner, Norland, Oachs, Whitlock, and Mayor Dehen, City Administrator Harrenstein, City Attorney Kennedy, Finance Director McCann, Community Development Director Fischer, Public Works Director Host, and City Clerk Van Genderen.

**Approval of Agenda**

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

**Approval of Council Meeting Minutes October 7, 2019**

**Council Member Norland moved, seconded by Council Member Whitlock, to approve the minutes of the Council meeting of October 7, 2019. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.**

**Approval of Council Work Session Minutes October 14, 2019**

**Council Member Norland moved, seconded by Council Member Steiner, to approve the minutes of the Council Work Session meeting of October 14, 2019. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.**

**Public Hearing, 7:00 p.m.-Ordinance Setting Mayor, and City Council Compensation.**

Barb Church, 102 Wheeler Avenue, appeared before Council and expressed concern that the Mayor's pay was higher than the Council Members pay. Ms. Church also expressed concern that the Ordinance establishes regular pay raises based on the cost of living adjustment (COLA).

With no one else appearing, Mayor Dehen closed the Public Hearing.

**Public Hearing, 7:00 p.m.-Annexation of 3.58 Acres owned by Burnett Properties LLLP.**

Community Development Director Fischer reported the annexation would be of 3.58 acres of land near adjacent to Port Authority land, and the City may purchase the land. The owner petitioned to have the land annexed into the City.

With no one else appearing, Mayor Dehen closed the Public Hearing.

**Consent Agenda**

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

- A. Bills and Appropriations.
- B. Res. No. 76-19 Approving Donations/Contributions/Grants.
- C. Approved Parade and Audio Permit for YMCA Stride Race on November 16, 2019, from 8:00 am to 5:00 pm.
- D. Approved Park and Audio Permit for True Value Company Picnic on August 1, 2020, at Spring Lake Park Shelter #1 from 9:00 am to 4:00 pm.
- E. Res. No. 77-19 Declaring Surplus Vehicles and Equipment.
- F. Set a Special Council Meeting for October 28, 2019, at 12:00 p.m. in the North Mankato Council Chambers.

- G. Set a Public Hearing on November 4, 2019, at 7:00 pm to Consider an Ordinance Repealing and Replacing City Code Chapter 34.4 Local Sales and Use Tax.

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

### **Public Comments Concerning Business Items on the Agenda**

Barb Church, 102 Wheeler Avenue, appeared before Council and indicated she believed it would not be long before the one half of one percent food and beverage tax would be raised to one percent. She encouraged the City to be fiscally conservative and encouraged the Council to vote no.

### **Business Items**

#### **Ordinance No. 118, Fourth Series Amending Chapter 34 and Creating Section 34.60 of the North Mankato City code and Imposing a One Half of One Percent Local Sales Tax on all Sales of Food and Beverages by a Restaurant or Place of Refreshment that is Located within the City of North Mankato.**

City Administrator Harrenstein reported the Ordinance would impose a one half of one percent food and beverage tax. The City has been authorized by the State for up to one percent. The Ordinance defines the language used in the Ordinance and defines the locations where the tax will be collected.

Council Member Oachs reviewed the possibility that the imposition of the tax could have a negative impact on local businesses. She also questioned if the revenue would cover the Caswell operating deficit since the deficit seems to continue to grow. She questioned if additional revenue sources were considered. City Administrator Harrenstein stated several factors had compounded the issue, including the lack of lodging tax revenue, which will be remedied in the future. Other items are increasing the revenue at Caswell Park including alcohol sales, concession pricing, and growing advertisement. Mayor Dehen noted the lodging tax could only be used for promotions where the food and beverage tax can be used for the operating budget. The food and beverage tax would also tax those that are visiting North Mankato and could be used on operations. He stated the City would like to stay away from increasing property tax. Mayor Dehen noted that Mankato has had the food and beverage tax for several years, and people still go out to eat in Mankato and are not visiting North Mankato to eat because of the tax. Council Member Oachs questioned why the tax was only being imposed on food and beverage if Caswell is a community/regional asset because then everyone should pay for the asset. City Administrator stated the food and beverage tax is not the local sales and use tax. The local sales and use tax must be used for capital improvements not operating budgets. He reported the City has agreed to subsidize Caswell to benefit the region. City Administrator Harrenstein noted the food and beverage tax might also be used for other regional events. Council Member Norland noted Caswell brings between 35,000 to 50,000 visitors to the region every year with an economic impact between 5 and 7 million dollars. She noted she was willing to pay \$10.05 for her \$10.00 breakfast at a local restaurant to help support the facility. Council Member Steiner noted he had heard an overwhelming request from residents to say no to the tax. Council Member Whitlock stated he had heard more people support the tax than not support the tax. Mayor Dehen stated he understood Council Member Steiner's position but noted he must also vote for the best of the majority, and he does not believe raising property taxes would be a good option. Council Member Oachs reported the food and beverage tax is based on consumption, while property taxes would have everyone help pay for the community asset.

**Council Member Norland moved, seconded by Council Member Whitlock to adopt Ordinance No. 118, Fourth Series Amending Chapter 34 and Creating Section 34.60 of the North**

**Mankato City code and Imposing a One Half of One Percent Local Sales Tax on all Sales of Food and Beverages by a Restaurant or Place of Refreshment that are Located within the City of North Mankato. Vote on the motion: Norland, Whitlock, and Dehen aye; Steiner and Oachs nays. Motion carried.**

**Res. No. 78-19 Approving a Special Law Authorizing a Food & Beverage Tax for North Mankato.**

City Administrator Harrenstein reported the resolution is separate from the Ordinance and is necessary for final authorization of the tax with the State.

**Council Member Norland moved, seconded by Council Member Steiner to Adopt No. 78-19 Approving a Special Law Authorizing a Food & Beverage Tax for North Mankato. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.**

**Ordinance No. 119, Fourth Series An Ordinance Setting Mayor and City Council Compensation.**

City Administrator Harrenstein reported the Mayor and Council Member positions had not received increases for many years, and the workload of the Council Members has increased with additional committee work and increased meetings. Council Member Steiner noted the Mayor has many additional duties, and the increased pay for Mayor is deserved. Mayor Dehen noted the increase would not take effect until 2021, after the next election.

**Council Member Norland moved, seconded by Council Member Whitlock to adopt Ordinance No. 119, Fourth Series An Ordinance Setting Mayor and City Council Compensation. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.**

**Ordinance No. 120, 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 Norland moved, seconded by Council Member Steiner to adopt Ordinance No. 120, 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: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.**

**Res. No. 79-19 Calling for a Public Hearing on Consenting to the Issuance of Educational Facility Revenue Refunding Notes (Bethany Lutheran College Project), on November 25, 2019, at noon in the North Mankato City Council Chambers.**

City Administrator Harrenstein noted the resolution calls for a hearing on November 25, 2019, and does not obligate the City to provide the conduit bond.

**Council Member Norland moved, seconded by Council Member Steiner, to Adopt Res. No. 79-19 Calling for a Public Hearing on Consenting to the Issuance of Educational Facility Revenue Refunding Notes (Bethany Lutheran College Project), on November 25, 2019, at noon in the North Mankato City Council Chambers. Vote on the motion: Steiner, Norland, Oachs, Whitlock, and Dehen aye; no nays. Motion carried.**

**Open Forum**

Tom Hagen, 927 Lake Street, appeared before Council and reported he attended the open house that was presented by the downtown development businesses of Frandsen Bank and the Rooftop Bar +Kitchen. He stated they had not heard of the Zahn report and requested the City invite Zahn to speak.

**City Administrator and Staff Comments**

City Administrator Harrenstein noted businesses on Commerce Drive were hosting a Trick or Treat on Commerce on October 26, 2019, from 2 pm to 4 pm with Ignition Fitness allowing hosting a free Ninja course at 3 pm.

City Administrator Harrenstein noted the firefighter fundraiser on October 27<sup>th</sup> from 8 am to noon. Dad's Belgian waffle feed carry out available.

Public Works Director Host noted leaf collection has begun and will continue until all leaves are picked up or the weather prevents collection. He noted Commerce Drive's final asphalt layer should be laid this week, weather permitting.

Public Works Director Host noted the sidewalks in lower north that were dug up due to Center Point Energies project should be restored in the upcoming weeks, weather permitting.

Finance Director McCann reported City Council would be reviewing the Capital Improvement Fund, TIF Funds, Caswell Funds, and the Library Funds during a Council Work Session before the Truth in Taxation hearings in December.

**Mayor and Council Comments**

Council Member Oachs thanked the City for the fall drop off event.

Council Member Norland encouraged residents to mulch their leaves into their yards and if they were not going to mulch to not pile the leaves in the street and gutter.

Council Member Steiner requested clarification on the fall drop-off and recycling. City Administrator Harrenstein commented the sharing tent would return in 2020.

At 7:52 p.m. on a motion by Council Member Steiner, seconded by Council Member Norland, the Council Meeting was adjourned.

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Mayor

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City Clerk