

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Council Chambers of the Municipal Building on October 3, 2011. Mayor Dehen called the meeting to order at 6 p.m. The following were present for the meeting: Mayor Dehen, Council Members Schindle, Freyberg, Steiner and Norland, Administrator Sande, Finance Director Thorne and City Clerk Gehrke.

2012 Budget

Administrator Sande presented a recap of the estimated tax capacity for 2011 and 2012 under the previous system which shows an increase in the net tax capacity in the amount of \$325,727 or 3.1% over the prior year. He also presented the estimated impact of the tax capacity exclusion created by the Legislature's modification of the Market Value Homestead Credit law. The impact of a tax capacity exclusion of \$776,000 results in an increase in the tax capacity rate for the City portion of about 3.57% using the preliminary levy of \$5,175,216. The Administrator reviewed the preliminary estimates of tax impacts for the City's share of taxes for homes of various values showing the difference with the impact of the change in Market Value Homestead Credit.

The Administrator presented budget reduction worksheets for the Council to use in developing a list of proposed budget adjustments either in the form of expenditure reductions or revenue enhancements for final completion of the budget process prior to certification of the final levy in December.

A revision of the Debt Service Tax Levies was presented adding the G.O. Bonds for the T.H. 14/CSAH 41 Interchange Project. Administrator Sande reported the State is committed to move forward with the T.H. 14/CSAH 41 Interchange Project; however, the project will be re-bid with the first letting in early 2012 and the second in the summer or fall of 2012.

Mayor Dehen asked the Council for their input on possible revenue enhancements and expenditure reductions for the 2012 Budget. The Council asked staff to get the amount the City of Mankato currently has in place for all licenses for comparison purposes. In discussions held regarding a street lighting user fee, Council Member Norland stated she believes a fee for street lights is reasonable considering the cost of energy. Council Member Freyberg disagreed stating he believes there is a danger in separating out fees for individual services and would rather see a tax levy. Council Member Norland stated that fees are another way of paying our way. Council Member Freyberg stated that lighting is infrastructure and is put in place for public safety. Administrator Sande reported this item was included as a potential revenue enhancement since other communities have used it allowing for tax-exempt properties to make a contribution. Building permits and plan review fees were discussed and the Council requested the building permits and plan review fees for the City of Mankato. In other revenue enhancements, Council Member Freyberg suggested advertising signage at Caswell Park. Council Members Schindle and Steiner expressed their agreement and asked the Sports Institute to conduct a study of the amount of revenue available from advertising signs at ball fields. Administrator Sande reported insurance costs through the League of Minnesota Cities Insurance Trust remain good; however, dividends for 2012 will be less because of the damage caused by large storms and tornadoes. In response to a question about user fees for the batting cages, Administrator Sande reported the fees are not yet in place but will be forthcoming. The Council discussed the Summit Center and

would like to keep an appropriation for the Summit Center since this is one of the items that benefits seniors. Under Mass Transit – Bus Service, it was noted that fares only cover 7.00 percent of the cost. A new Transportation Study would like to increase the level of mass transit. Council Member Freyberg reported the federal government wants to decrease donations for mass transit by 33 percent. He also stated that ridership in Mankato and North Mankato is frightening and that he would have no problem re-evaluating the appropriation for bus services after reviewing the results of the Transportation Study. Council Member Norland reported that Region 9 is wanting to expand mass transit in the rural areas. After reviewing the balance of the potential expenditure reductions, Council Member Freyberg asked the City Administrator to consult with the department heads to find a 10 percent reduction in their budget.

The Council discussed the merits of sending out snowplows when it snows 1-2 inches and also discussed calling snow emergencies or implementing calendar parking. The Council requested that Street Superintendent Brad Swanson and Police Chief Chris Boyer attend the next Council Budget Workshop to give their input on calling snow emergencies and calendar parking. Discussion of expenditure reductions included eliminating the crossing guards. Administrator Sande reported the crossing guards are Express Personnel employees and are placed at the high-level traffic intersections. The Council asked if Park Department employees could take over this function which would require three employees in the morning and three in the afternoon. Administrator Sande reported there are only six Park employees who are also used to plow snow, maintain and flood ice rinks, plow trails and do the maintenance of the public works buildings. The question arose of using volunteers as crossing guards with scheduling done by a City employee.

Council Member Schindle requested that department heads look at where cuts could be made. Administrator Sande reported that the items left in the budget include operational expenses, personnel, fuel, street lighting and travel and training. He reported that everything has previously been removed from the travel and training budget except for the necessary courses needed to maintain certifications and licenses.

Discussion was held about moving the City newsletter online and to email in an effort to save money. A suggestion was made to send a questionnaire in the utility billing regarding email usage. The Council also discussed the parkland levy noting that it was reduced in recent years and of deferring the levy by delaying the purchase of equipment for one year for a temporary reduction of \$69,000.

The next Council Budget Workshop is scheduled for 6 p.m. on Monday, October 17, 2011.

There being no other business, the Council workshop was adjourned at 6:55 p.m.

Mayor

City Clerk