

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Municipal Building Council Chambers on September 2, 2014. Mayor Dehen called the meeting to order at 6 p.m. The following were present for the meeting: Mayor Dehen, Council Member Steiner, Spears, Freyberg, Administrator Harrenstein, Finance Director Thorne and City Clerk Gehrke. Council Member Norland arrived at 6:07 p.m.

**Continued Discussion of 2015 Budget**

Administrator Harrenstein provided an overview of the 2015 Proposed Budget. He reported that the total tax capacity for the City of North Mankato is estimated to increase 4.0% for taxes payable in 2015. The City's intent is to keep the tax rate flat at 54% and to capture increases from new construction and market value. Budget expenditures grew from \$16.9 million in 2014 to 18.8 million in 2015. The 2015 increase in expenditures was due to scheduled debt payments, equipment replacement, and capital costs associated with the relocation of Public Access. Administrator Harrenstein reported that the positive growth in 2014 is providing for the 2015 Budget. The growth includes the Marigold Project, the increased tax base with D&K Powder Coating LLC and new home construction. He requested a 2.5% raise for staff and reported that staff was reduced by four, while recommending a new Patrol Officer. He reported the Capital Improvement Budget would include the reconstruction of Highway 14 and Lookout Drive and will identify areas for additional funding. He stated that Dan Sarff would be at the October 6, 2014 Council meeting to report on the pavement study. Administrator Harrenstein stated that in the last two years funding for regular budget and Capital Outlay for parks had not exceeded \$61,000 and the Council would need to consider how to manage the increased system of parks, whether through borrowing or cash. Administrator Harrenstein reported that the Solid Waste Fund decreased approximately \$367,000, but approximately \$151,000 was moved from the Solid Waste Fund to the Recycling Fund while the remainder was the savings from change in haulers.

Discussion was held regarding the hiring of a new Patrol Officer. Chief Boyer was present to answer questions. Chief Boyer reported that if they are fully staffed there are no concerns, but that rarely happens due to illness, vacations and injuries. Overtime could be used to temporarily cover gaps in the schedule, but it would not work long-term. The main concern was for the safety of the citizens and the safety of the Patrol Officers.

Discussion was held regarding the need for a new Jetter. Harrenstein reported that the Jetter was used at least every two weeks and was over twenty-years old.

Some discussion was held regarding the Enterprise Funds. Administrator Harrenstein explained that the Enterprise Funds show a negative in the out-years but the budget is set to maintain a cash balance of 35% as recommended by the rating agencies and maintains a reserve fund balance of \$800,000.

Discussion was held regarding setting the maximum Tax Levy. Discussion included the possibility of a 1% increase in the levy. The increase could provide additional funds for projects. The Council acknowledged the Tax Levy could be reduced before passing the budget, but it was determined by a majority of the Council to maintain a flat tax rate.

There being no further business, the Council workshop was adjourned at 6:46 p.m.

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Mayor

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City Clerk