

COUNCIL WORK SESSION January 17, 2023

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on January 17, 2023. Mayor Carlson called the meeting to order at 6:00 pm. The following were present for roll call: Council Members Steiner, Oachs, Peterson, Whitlock, Carlson, City Administrator McCann, Interim Finance Director Ryan, Public Works Director Arnold (remote), and City Clerk Van Genderen.

Caswell Regional Sporting Complex and Sales Tax History

City Administrator McCann stated that the presentation would cover all the topics listed on the Council Work Session Agenda. He indicated that former Mayor Dehen, Caswell Sports Director Tostenson, and a representative from R.W. Carlstrom, ISG, and the Tennis Association were available to answer questions.

City Administrator McCann reported that since 1987 approximately 850,000 people had visited Caswell Park. The complex hosts local youth softball, regional tournaments, and adult softball. The State Girls' High School State Tournament has been held at Caswell since 1994, with 32 teams with 10,700 people in attendance, in 2022. Additional use includes national and international tournaments and teams.

In 2006, the voters passed a referendum to approve a Local Option Sales Tax allowing up to \$6 million to be raised to pay all or part of the capital costs of the Trunk Highway 14/County State-Aid Highway 41 interchange project, development of regional parks and hiking and biking trails, expansion of the North Mankato Taylor Library, riverfront development, and lake improvement projects. The legislature approved the request in 2008. In 2016, the voters approved a referendum for a \$15 million extension of the Local Option Sales Tax for regional parks, hiking and biking trails, existing and new recreational facilities, expansion of North Mankato Taylor Library, riverfront redevelopment, and lake improvements. In 2017, the legislature approved \$9 million of the \$15 million dollar approved referendum. City Administrator McCann reported that the question is, should the City be authorized to extend the one-half of one percent (0.5%) local option sales and use tax through 2038 in an amount not to exceed \$15 million to finance the acquisition and development of regional parks, hiking and biking trails, existing and new recreational facilities, expansion of the North Mankato Taylor Library, riverfront redevelopment, and lake improvements.

City Administrator McCann reviewed the uses of the Local Option Sales Tax, which included the 2009C bonds for a Library expansion, riverfront redevelopment, and park improvements totaling \$2,560,000. The 2021A bonds included Caswell Park Improvements for \$1,225,164, Caswell North Turf for \$1,285,430, and Caswell Indoor Recreation Plan development of \$686,790. Currently, the City has \$6,633,355 in bond funds sitting in designated Recreational Facility Funds.

City Administrator McCann reviewed the Caswell/Sales Tax Timeline. Highlights included the construction of Caswell Park in 1987, in 2005 there was a Caswell Land expansion identified with possibilities for indoor ice, and in 2006, the voters approved a 0.5% Sales Tax referendum which was enacted by the legislation in 2008. In 2011, discussion began on the need for a community center. In 2012, the discussion expanded to a multipurpose community center, and in 2015 the Caswell Park Master Plan was completed. In 2015, discussion began on the Sales Tax extension discussion with the desire to expand use to include indoor recreation facilities. The 2015 plan included indoor ice, an aquatic center, picnic areas, and a stormwater pond. The 2015 cost estimates for the proposed improvements were up to \$26,600,500, dependent upon the options selected. In 2015, the City Council authorized a resolution

COUNCIL WORK SESSION January 17, 2023

requesting the extension of the existing sales and use tax. In 2016, the voters approved the extension for \$15 million, and in 2016-2018 community-wide discussion organized by Greater Mankato Growth discussed the need for indoor facilities. In 2017, the legislature approved \$9 million of the voter-approved \$15 million. Moving forward in 2018, a community discussion was held concerning the pursuit of indoor recreation with local and regional significance. In 2019 the City retained Pinnacle Indoor Sports to conduct an indoor recreational facility feasibility study and pro forma. In 2019, the City of North Mankato submitted a bonding bill request for Caswell Improvements which included Caswell Park, Caswell North, and Caswell Indoor Recreation. In 2019, Pinnacle Indoor Sports facility showed demand for a 44,000 sq. ft. facility, and a second larger 88,000 sq. ft. would allow for larger regional and national tournaments with an estimated cost of \$13.5 million. In 2019, a Caswell Regional Fieldhouse user group subcommittee was formed with City Staff, Mayor and Council Members, and user groups. In 2020 the sub-committee developed a plan that showed a need for a 90,000 to 110,000 sq ft. facility. In January 2020, North Mankato submitted a bonding bill request for \$10.5 million for Caswell Improvements (Caswell Park, Caswell North, and Caswell Indoor Recreation), with the Indoor Recreation estimated at \$17.5 million. In the fall of 2020, North Mankato received a bonding bill appropriation for \$2.0 million for Caswell Improvements (Caswell Park, Caswell North, and Caswell Indoor Recreation). In 2021, Caswell Park and Caswell North Improvements were designed and bid. In 2022, North Mankato submitted a bonding bill request for \$8.5 million for the Caswell Indoor Recreation facility. In December of 2022, North Mankato resubmitted the Caswell Indoor Recreation bonding bill request for \$8.5 million, with an inflationary increase of \$1.5 million, for a total of \$10 million request with an estimated construction cost of \$23.2 million. In January 2023, North Mankato seeks to extend the sales tax collections by \$6 million to be in line with the \$15 million voters approved in 2016.

City Administrator McCann reviewed the facilities' discussion and progress. He noted that Bethany, MSU-Mankato, ISD 77, Mankato, and North Mankato began to assess facility needs independently. Bethany identified and constructed their own facility, MSU identified the need for a sports dome, and ISD continues long-range facility studies. Mankato prioritized Tourtellotte, Thomas Fields, and Rosa Parks as specific needs. North Mankato continues the discussion of Caswell Improvements and expansion of indoor recreation.

City Administrator McCann reviewed the Caswell Softball, and Caswell North improvements completed or being completed in 2022/2023. Improvements at Caswell Softball included concessions and restrooms, PA and streaming, scoreboards and new lights, bigger dugouts, vinyl fencing, new pads for knee walls and backstop, and batting cages. Caswell North improvements included a turf championship field, an additional full-size blue grass field, a bleacher press box, and LED lighting. Some items were not able to be completed due to budgetary constraints.

City Administrator McCann reviewed the proposed plans for the Indoor Recreation Facility, including the 44,000 sq ft option, the 88,000 sq ft option, a 2020 Caswell Indoor Recreation option by Wilkus of 91,866 sq ft., a Wilkus option for 95,733 sq. ft, a 2021 Preliminary plan by ISG for 118,000 sq. ft. and the current plan in 2022 of 120,000 sq ft. He reviewed proposed estimates for the latest plan, which has alternatives and could cost up to \$23,172,914 million.

City Administrator McCann reported that the following users had confirmed their Memorandum of Understanding. Confirmed with a written agreement includes Greater Mankato Tennis Association, MN Attack, MN Rise, MNSU, Mankato Basketball Association, and

COUNCIL WORK SESSION January 17, 2023

Bethany Lutheran College. Those with verbal commitments include the Mankato Area Pickleball Association and ISD 77.

City Administrator McCann reviewed the pro forma provided by Pinnacle in 2019, which showed the facility nearly breaking even after four years. The City is awaiting an updated pro forma from Pinnacle. In 2019, City staff prepared a pro forma which showed a slight surplus after four years. In 2023, the staff updated the pro forma and showed the facility losing money after four years due to the exclusion of batting cages and inflation. An opportunity exists to cover the loss with naming rights.

City Administrator McCann reported next steps would include the approval of the sales tax extension resolution to help fund the projected construction shortfall. The resolution would need to be passed and submitted to the legislature by the end of January. The City would want to reconvene the subcommittee and architects to explore design options.

Council Member Whitlock stated that the City needs to make its intentions known before the end of January. Mayor Carlson stated that if the City is going to complete the project, it should be done right and expressed concerns about the current design and lack of storage and other options. An ISG representative stated that the footprint could be changed to accommodate changes, and the facility was set on the property in a way that additional space could be added. Council Member Peterson noted the building was not landlocked and had availability for expansion.

Mark Dehen, 1706 Lor Ray Drive, stated that approving the resolution as written focusing on the Caswell Indoor Sports Facility does not eliminate the original allowed uses approved by the voters and legislature. If the 10 million bonding request does not go through, other options remain viable within the approved options. He noted that the reduction of courts would eliminate the ability of the facility to accommodate regional and national tournaments.

City Administrator McCann provided a user group MOU overview, which included user hours. Mayor Carlson requested Caswell Sports Director Tostenson to provide information concerning usage. Caswell Sports Director Tostenson reported the facility would be busy, and there would be the option for community use hours. City Administrator McCann reported that the library would like to use the facility for events. He also suggested this might be a good time to review the option for a walking track to increase community use.

Council Member Oachs asked if Caswell Park was still requiring a transfer from the General Fund. City Administrator McCann reported yes; it still required a \$77,000 transfer from the General Fund. She questioned if Caswell was not in the black, how would the City be able to get the Caswell Indoor Recreational facility in the black? Council Member Peterson noted that the facility would have more uses and more users, making it have a better chance of getting into the black. Council Member Oachs noted that the City is good at running Caswell Softball why not just focus on what they are good at? Council Member Peterson noted that the City was not good at soccer nine years ago, but now people enjoy coming to Caswell North as it is an excellent facility. The facility would also run year-round, not just six months a year.

Mayor Carlson noted that North Mankato is the center of activity in south central Minnesota as it is set between the twin cities and Sioux Falls, which both have significant sports activities.

Council Member Oachs noted she is concerned about balancing the budget and ensuring the facility does not impact the General Fund. Council Member Steiner stated user groups will help make up the deficit. Mayor Carlson commented that the facility needs to be built in such a way as to continue the strong commitment of the partners. Council Member Oachs requested

COUNCIL WORK SESSION January 17, 2023

clarification on if the letters of commitment have expirations. Caswell Sports Director Tostenson stated they do not, but once the users are utilizing the facility, they will not want to leave as there are no additional expectations of the partners to build. He noted that there are options to obtain sponsorship dollars. Council Member Peterson commented that after the facility is built, terms of use could be negotiated. City Administrator McCann reported the MOUs could be changed into contracts.

Council Member Steiner moved, seconded by Council Member Peterson, to adjourn the Council Work Session at 6:53 pm.

Mayor

City Clerk