Pursuant to the due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on December 1, 2025. Mayor Carlson called the meeting to order at 7:00 p.m., asking everyone to join in the Pledge of Allegiance. The following were present for roll call: Council Members Steiner, Peterson, Whitlock, City Administrator McCann, Finance Director Ryan, Community Development Director Fischer, Public Works Director Arnold, Attorney Kennedy, and Administrative Services Manager-City Clerk Van Genderen. Absent: Council Member Oachs.

Approval of Agenda

Council Member Steiner moved, seconded by Council Member Whitlock, to approve the agenda as presented. Vote on the motion: Peterson, Whitlock, Steiner, and Carlson aye, no nays. Motion carried.

Approval of Council Minutes from the November 17, 2025, Council Meeting.

Council Member Peterson moved, seconded by Council Member Whitlock, to approve the November 17, 2025, Council Meeting Minutes. Vote on the motion: Peterson, Whitlock, Steiner, and Carlson aye, no nays. Motion carried.

Approval of Council Work Session Minutes from November 17, 2025, Council Work Session.

Council Member Whitlock moved, seconded by Council Member Steiner, to approve the November 17, 2025, Council Work Session Minutes. Vote on the motion: Peterson, Whitlock, Steiner, and Carlson aye, no nays. Motion carried.

Public Hearing, 7 pm to Consider the Establishment of Tax Increment Financing District No. 2-3 Within Development District No. 2 and Adopting the TIF Plan and a Business Subsidy.

Northland Securities Tammy Omdal appeared before the City Council, acting as the City's Financial Advisor. She reported the City of North Mankato received a request from Benesch Properties LLC for tax increment financing (TIF) assistance to support the construction of an approximately 8,318-square-foot commercial building at 1601 Lor Ray Drive for Advanced Psychological Services, which will provide behavioral health services. The developer currently owns the property and is asking for a redevelopment TIF district on a "pay-as-you-go" basis for up to nine years. Ms. Omdal stated the project met the requirements to prove that if the assistance was not provided, this particular project would be unlikely to move forward. She reported that under the proposed terms, the developer would reimburse the City for upfront costs, the City would retain 10% of tax increment for administration, and up to $271,428 (with 6.5% simple interest) would be repaid to the developer from 90% of the tax increment generated, with semiannual payments beginning in 2028. The $2.6 million project would be funded with a mix of debt and 35% equity, is expected to create 10 full-time jobs at an average wage of $25 per hour, and, based on independent analysis, is unlikely to proceed without TIF assistance. A public hearing and City Council action to establish the TIF district and approve the TIF plan are scheduled as part of the statutory approval process.

The developer Tim Benesch stepped forward and stated that Advanced Psychological Services is currently located at 304 Bell Avenue in North Mankato and has outgrown the space. Services provided would include substance abuse and Post Traumatic Stress Disorder, and where those illnesses intersect. Council Member Steiner asked if the current building would be taken down and a new one built. Mr. Benesch confirmed it would be a new facility.

With no one appearing the Mayor closed the Public Hearing.

Public Hearing, 7 pm Belgrade Avenue Improvement Project No. 23-02 CE.

City Engineer Sarff provided an update on the Belgrade Avenue Project. He noted the Belgrade Avenue Master Plan and Corridor Study (2017) identified concerns along the 200 block, including vehicular speed, pedestrian safety, desire for more on-street parking, deteriorating street lighting, inadequate event power, and limited sidewalk space. Related construction projects in 2026, including the Highway 169/Belgrade Avenue interchange reconstruction and Veterans Memorial Bridge improvements, will close those areas for the season, providing an opportunity to make improvements.

The proposed project will convert the existing 4-lane street to a 3-lane configuration (eastbound, westbound, and center turn lane), maintain south-side parking and add north-side parking, widen sidewalks, add bump-outs, upgrade storm sewer, decorative lighting, event power, and streetscaping amenities, and reconstruct the street, curb, and gutter. No mainline water or sanitary sewer replacement is planned, except as requested by property owners or for specific new development.

Streetscaping improvements include reinforced concrete and brick paver bands, raised and at-grade planters, benches, art pedestals, accent strips, brick crosswalks, medians, and a raised intersection at Range Street. Street lighting will use decorative LED fixtures, including outlets for events, vendors, and future art or branding.

The estimated project cost is $2,057,000 for Belgrade Avenue improvements, with an additional $1,012,000 for the City share of the Highway 169 interchange, totaling $3,039,000. Funding sources include $1,225,000 federal funds, $1,664,000 Municipal State Aid funds, and $150,000 City bonding/special assessments.

Assessment policy indicates that 40% of street, storm sewer, and lighting costs are assessable to property owners, with streetscaping and event power fully funded by the City. A linear foot cap of $135 per foot is proposed to keep assessments reasonable, with typical assessments ranging from $3,375 to $21,600 per lot, depending on frontage. Sewer or water service work would be additional.

Anticipated construction start date is April 2026, with substantial completion by the end of July, accounting for closures of the Highway 169/Belgrade Avenue intersection and Veterans Memorial Bridge throughout the 2026 construction season.

Council Member Whitlock asked how far into the 300 block of Belgrade the new lighting will be updated. City Engineer Sarff stated one light pole west of Range Street will be updated, but will match the current pole on that block. Council Member Whitlock asked if the banner poles would remain. City Engineer Sarff reported the poles would remain.

Tom Hagen, 927 Lake Street, appeared before Council and stated that there appears to be a nice streetscape plan, the buildings on the 200 block of Belgrade are not attractive, and a Historic Preservation Commission should be established.

Danielle Bollman, 515 Page Avenue, stated that she believed the City should work to create a historical atmosphere because people may be drawn to live in the area.

Martha Otis, 733 Range Street, wondered if traffic would continue to be allowed to turn left from Wall Street to access the bridge. Public Works Director Arnold reported that the left-hand lane from Wall Street onto the bridge would continue, but MnDOT was addressing the speed of those who were exiting the Highway 169 ramp onto Belgrade.

With no one else appearing Mayor Carlson closed the Public Hearing.

Public Hearing, 7 pm Truth in Taxation

Finance Director Ryan reported that the purpose of the meeting was to gather public input on the proposed 2026 tax levy and budget. Following the public hearing, the final budget and levy will be considered for approval by the City Council at its December 15, 2025, meeting. She reviewed the property tax distribution, explaining that a typical property tax bill is comprised of 37% City, 35% County, 28% School District, with the remaining portion going to Region 9 and the South Central Minnesota HRA.

The City Council has set a preliminary levy increase of 6.72%, with staff recommending the levy remain at that level. The tax rate is estimated to increase by 1.591% from 2025. The proposed final 2026 levy dollar amount reflects an increase of $644,111 over the 2025 levy. Finance Director Ryan reported a 3.3% ($658,000) increase in tax capacity, driven by 1.06% growth in taxable market value, including nine new single-family homes, one new residential building, five commercial or industrial additions, and over 1,400 building permits issued.

A levy comparison shows a 5.14% increase in the General Fund Levy from $5,955,031 to $6,261,000. The Port Authority Levy will remain unchanged. The Debt Service Levy will increase by $356,285, while the Tax Abatement Levy will decrease by $6,285 and the Capital Levy will decrease by $11,858. The City's taxable market value continues to rise. Ryan noted the property tax rate reached its lowest point in 2023 at 44.03% but has since increased and is now approximately the same as in 2020.

Finance Director Ryan also reviewed how City taxes are used for a property owner paying $1,344 annually in City taxes. Of that amount, $822 goes to the General Fund, $309 to the Debt Service Fund, $30 to the Port Authority Fund, and $203 to the Capital Improvement Fund. The General Fund allocation includes $90 for General Government, $303 for Public Safety, $180 for Public Works, $145 for Culture and Recreation, $53 for Community Development, $42 for Other Services, and $9 for Transfers. Out of 13 comparable cities, North Mankato has the third-lowest tax rate.

For the 2026 budget, expenditures include a 6.2% increase in General Government due largely to election-year costs, an 8.31% increase in the Fire Department related to changes in State Aid, and a 20.2% increase in Area Agency Disbursements due to higher operating expenses at the All Seasons Arena. The City anticipates a 67.26% decrease in event expenditures. On the revenue side, building and plumbing permit revenues are expected to decline by 18.94%, while the General Fund Levy will increase by 5.14%. Personnel costs will increase due to step increases, a 3% cost-of-living adjustment, and an 8% increase in health insurance costs. Staffing levels will remain at 70 full-time employees.

Utility Fund expenditures include a decrease of $361,673 in the Water Fund related to the completion of the meter project. Wastewater expenditures are expected to increase by $1,784,374 due to the Marie Lane Project, with half of the cost paid from the fund and the remainder financed through bond proceeds. Stormwater Utility rates will increase by $0.50, while overall utility fund finances are expected to remain stable. A comparison of 13 cities shows North Mankato has the lowest utility rates.

Special Fund expenditures are projected to increase by $33,321,529, primarily due to the planned construction of the Public Works Facility, pending Council approval. Revenues are expected to increase by $28,643,405 for the same project. There is also a significant decrease in Swim Facility expenditures as the facility will be closed in 2026. The overall budget reflects a deficit of $4,543,219, which will be funded using existing sales tax bond proceeds.

Finance Director Ryan concluded by reviewing the 2025-2030 Capital Improvement Plan (CIP), which totals an estimated $66.3 million in expenditures, representing a $2.9 million increase over the previous planning period. Major projects scheduled for 2026 include the Public Works Facility, the Belgrade Avenue Project, and several smaller capital improvements throughout the City.

Mayor Carlson requested clarification on the proposed budget deficit. Finance Director Ryan reported the City is planning on completing three sales tax eligible projects, including new turf at Caswell North, a Bookmobile, and Swim Facility Improvements using existing bond proceeds. The money was bonded for in 2023 and has been in the bank; the City is facing arbitrage as the funds are accruing too much interest. So the City already has the cash funds for the bonds.

Danielle Bollman, 515 Page Avenue, appeared before Council and asked that the smell at Fallenstein Park be addressed during the work on the flooring.

Ken Vonderharr, 30 Prairie Court, appeared before Council and asked when the TIF projects would come off of the books. Finance Director Ryan reported 4 came off in 2024, and two are scheduled for 2026.

Tom Hagen, 927 Lake Street, appeared before Council and stated the Spring Lake Park bridge was not completed in the budget year it was approved, and thought that there might be concerns about transparency with the budget, or errors were made.

Matt Evans, 1633 James Drive, appeared before Council and indicated that with continued increases in taxes, it might become difficult for young homeowners to pay the taxes.

Jeff Limke, 1597 Sherwood Drive, appeared before Council and indicated that his property value was not increasing due to a derelict home in his neighborhood.

Barb Church, 102 Wheeler Avenue, requested that the City Council decrease the levy.

With no one else appearing, Mayor Carlson closed the Public Comments.

Public Comments

Benton Bakke, 1243 Lake Street, stated he thought the City should use fill to raise the Swim Facility to decrease how it is impacted by the water table.

Tom Hagen, 927 Lake Street, stated that the recreation facility questionnaire does not address the maintenance and cost of running the facility in the future.

Barb Church, 102 Wheeler Avenue, thanked the snowplow drivers. She addressed concerns about the maintenance of the recreation facility.

Danielle Bollman, 515 Page Avenue, stated she wanted to know if the MPCA had absolutely ruled out rebuilding on the Public Works Facilities' current location and the cost associated with construction on the current site.

Duane Rader, 715 Lyndale Street, appeared before Council and indicated he has been attending meetings and the attack on the staff is detrimental. He stated the City knows the restrictions established by the State on withdrawals from the aquifers, so staff do not entertain projects that may use large amounts of water or electricity, and that includes data centers. Mr. Rader stated in response to a Free Press article, while Mankato is a good steward of their natural resources, North Mankato is also a good steward. The City created a reservoir to reclaim water from the splash pad to irrigate the Caswell ballfields, and the City will continue to be diligent about its water supply.

Matt Evans, 1633 James Drive, appeared before Council and asked why the new Mental Health Facility was not utilizing the recently vacated Mayo Clinic. Tim Benesch indicated that the property was not for sale, as they were working toward securing the property, and they would probably have had to gut the building to make it the way they wanted.

Martha Otis, 733 Range Street, appeared before Council and thanked them for planning ahead by reviewing water sources, but requested the Council work with other cities to discuss withdrawals from the aquifers.

Consent Agenda

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

A. Bills and Appropriations.
B. Res. No. 106-25 Approving Donations/Contributions/Grants.
C. Approved the Minnesota River Valley Drug Task Force Joint Powers Agreement.
D. Approved License Renewals for 2026.
E. Res. No. 107-25 Approving MnDOT Agreement No. 1059682 With the State of Minnesota Department of Transportation.

Vote on the motion: Peterson, Whitlock, Steiner, and Carlson aye, no nays. Motion carried.

Business Items

Res. No. 108-25 Establishing Tax Increment Financing District No. 2-3 Within Development District No. 2 and Adopting the Tax Increment Financing Plan Therefor; Authorizing Interfund Loan; Authorizing Execution of a Development Agreement; and Approving a Business Subsidy.

Council Member Steiner moved, seconded by Council Member Peterson to Adopt Res. No. 108-25 Establishing Tax Increment Financing District No. 2-3 Within Development District No. 2 and Adopting the Tax Increment Financing Plan Therefor; Authorizing Interfund Loan; Authorizing Execution of a Development Agreement; and Approving a Business Subsidy. Vote on the motion: Peterson, Whitlock, Steiner, and Carlson aye, no nays. Motion carried.

Res. No. 109-25 Ordering Improvement and Preparation of Plans for the 2026 Belgrade Avenue Improvement Project City Project No. 23-02

Council Member Peterson moved, seconded by Council Member Steiner to Adopt Res. No. 109-25 Ordering Improvement and Preparation of Plans for the 2026 Belgrade Avenue Improvement Project City Project No. 23-02. Vote on the motion: Peterson, Whitlock, Steiner, and Carlson aye, no nays. Motion carried.

Res. No. 110-25 Ordering the Preparation of Plans and Specifications for the 2026 Spring Lake Swim Facility Improvement Project City Project No. 25-06.

Public Works Director Arnold reported this step would allow the engineer to prepare plans and specifications, which would provide additional cost estimates. Mayor Carlson noted to the public that while the last renovations were not too long ago, some issues have arisen, and with this remodel, the City hopes to address the issues and create a more stable swim facility.

Council Member Steiner moved, seconded by Council Member Whitlock to Adopt Res. No. 110-25 Ordering the Preparation of Plans and Specifications for the 2026 Spring Lake Swim Facility Improvement Project City Project No. 25-06. Vote on the motion: Peterson, Whitlock, Steiner, and Carlson aye, no nays. Motion carried.

Public Comments

Danielle Bollman, 515 Page Avenue, appeared before Council and stated that for those who need additional information on how the City plans to address the Swim Facility issues, all the information is available online. She also thanked City Planner Lassonde for his work on the Parks Plan, indicating she thought the plan was very good.

Benton Bakke, 1243 Lake Street, appeared before Council and stated he agreed that the Parks Plan was good. He stated he believed the ISG presentation was flawed and misleading. He stated he believed the City's budget presentation had several errors suggested the City hire a technical writer.

Duane Rader, 715 Lyndale Street, stated that while there is a push for citizen committees, the work for the staff associated with the committees is tremendous, and seldom do citizen members attend meetings. He noted that he was part of the selection team for the Spring Lake Bridge, which was under budget and was purchased for $71,000 while the City had $82,000 budgeted. The bridge also allows kids to do more fishing. He noted that Parks Superintendent Jason Lobitz is a certified tree inspector and continues to maintain his license. Park Maintenance Hanson works for Asplund tree services and is also qualified to cut and manage trees. Mr. Rader noted that the cutting of the trees and shrubs on Lake Street was to allow for the removal of snow during the winter. Buckthorn is a difficult invasive species to get rid of and the City staff continues to work on its removal. He requested a more civilized public comment period where the staff are not continually attacked for doing their job.

City Administrator and Staff Comments

Public Works Director Arnold thanked residents for moving their vehicles off the street, which allowed the snowplow trucks to remove the snow without calling a snow emergency. He addressed the question concerning the MPCA. He noted that the MPCA will not allow the construction of a new building on the current site. The City could remodel, but building would require removing all the waste below the current site, with an estimated removal cost of $10 million. Public Works Director Arnold reported that the wider bridge in Spring Lake Park, which allows mowers to cross, added 2-3% to the construction cost for a bridge that needed to be replaced due to crumbling and decay. The new bridge eliminated a safety hazard.

Administrative Services Manager-City Clerk Van Genderen welcomed April Larson as the new Communications and Outreach Coordinator.

Finance Director Ryan welcomed Maddison Merges to the Finance Department as the new Account Technician-Payable.

City Administrator McCann invited everyone to participate in the medallion hunt that coincides with Bells on Belgrade and the Winter Wonderland Parade on Saturday, December 6th.

City Administrator McCann invited everyone to join TextMyGov to get snow alerts.

Mayor and Council Comments

Council Member Whitlock thanked the staff for plowing.

Council Member Peterson thanked the plow drivers for their work.

Mayor Carlson noted the City is working on budgeting in repairs and maintenance when considering projects. He thanked the staff for plowing and invited everyone out to Bells on Belgrade.

At 8:40 p.m., on a motion by Council Member Steiner, seconded by Council Member Whitlock, the Council Meeting adjourned.

_____
Mayor

_____
City Clerk