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 January 20, 2026. 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, Oachs, 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.

Approval of Agenda

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

Approval of Council Minutes from the January 5, 2026, Council Meeting.

Mayor Carlson requested that the January 5, 2026, Council Minutes be modified to remove the extra voting information on Resolution 7-26.

Council Member Oachs moved, seconded by Council Member Peterson, to approve the amendment to the January 5, 2026, Council Meeting Minutes. Vote on the motion: Steiner, Peterson, Whitlock, and Carlson aye, Oachs abstain. Motion carried.

Council Member Peterson moved, seconded by Council Member Steiner, to approve the amended January 5, 2026, Council Meeting Minutes. Vote on the motion: Steiner, Peterson, Whitlock, and Carlson aye, Oachs abstain. Motion carried.

Public Hearing, 7 p.m. on Modifying the Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 within development District No. 2: Authorizing the Approval of a Business Subsidy and the Execution of a Development Agreement.

City Administrator McCann introduced the City's Financial Advisor, Tammy Omdal from Northland Securities. Ms. Omdal noted that in 2023, the City of North Mankato established Tax Increment Financing (TIF) District No. 2-1 and approved a TIF Plan in accordance with Minnesota law. The City now proposes to modify that plan after completing all required legal steps, including notifying affected taxing authorities and holding a public hearing.

The City previously entered into a development agreement with G2 Realty LLC to provide TIF assistance for the construction of a 120,000-square-foot warehouse and distribution facility. The developer now plans a 60,000-square-foot expansion and has requested additional TIF assistance. To support this expansion, the City and developer will enter into an amended and restated development agreement, which constitutes a business subsidy under state law. Ms. Omdal noted that the resolution would modify the authorized business subsidy and would increase the total to an amount not to exceed $1.66 million.

The resolution adopts the Modified TIF Plan, finds that the project would not occur without TIF assistance, and determines that the plan meets statutory requirements and serves a public purpose by supporting economic development, employment, and tax base growth.

Tom Hagen, 927 Lake Street, appeared before Council and asked, since the TIF is $1.6 million, will the district bring jobs to the City? Jason Hackerman from Gordini reported that the facility has already brought 35 new jobs to the area, and they plan on bringing in an additional 15 jobs, maybe more. He noted the original TIF added more jobs than were required under the original development agreement.

Public Comments

Tom Hagen, 927 Lake Street, appeared before the Council and stated he did not believe the proposed Public Works Building should move forward unless residents vote. He stated he thought the current facility could be reused or repurposed.

Lucy Lowry, 2263 Northridge Drive, appeared before Council and asked why there were architectural drawings for the proposed Public Works Building, as she did not believe the Council had approved the planning of the building.

Benton Bakke, appeared before Council and indicated he was concerned about increased taxes and indicated he did not believe the proposed Public Works Building should move forward.

Danielle Bollman, 515 Page Avenue, appeared before the Council and indicated she did not believe the Council was listening.

Consent Agenda

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

A. Bills and Appropriations.
B. Res. No. 10-26 Approving Donations/Contributions/Grants.
C. Approved Amendments to Resolution No. 7-26 to Conform to the Minnesota Board of Water and Soil Resources Language Requirements.
D. Approved a Temporary Liquor License for the American Legion Post 518 for an event at Fire Station No. 2 on February 21, 2026.
E. Approved a Parade Permit for River Valley ABATE of Minnesota on May 2, 2026, from 1:00 p.m. to 1:30 p.m.

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

Business Items

Res. No. 11-26 Modifying the Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 Within Development District No. 2: Authorizing the Approval of a Business Subsidy and the Execution of a Development Agreement.

Council Member Steiner moved, seconded by Council Member Peterson, to adopt Res. No. 11-26 Modifying the Tax Increment Financing Plan for Tax Increment Financing District No. 2-1 Within Development District No. 2: Authorizing the Approval of a Business Subsidy and the Execution of a Development Agreement. Vote on the motion: Steiner, Oachs, Peterson, Whitlock, and Carlson aye, no nays. Motion carried.

Res. No. 12-26 Authorizing Preparation of Preliminary Engineering Report for Northport Industrial Park Street.

City Engineer Sarff appeared before Council and reported that the resolution would order the preparation of a preliminary engineering report for the construction of a new City street in the Northport Industrial Park. The proposed street would be located along the east line of Northport No. 24 subdivision, which is the proposed public works facility site. The proposed improvements may include sanitary sewer improvements, watermain improvements, storm sewer improvements, street improvements, sidewalk improvements, street lighting, turf establishment, erosion control, and other related items. Since Nicollet County's access control policies limit the number and spacing of driveways on Timm Road (County State Aid Highway No. 6), the new street is required to provide

access to the adjacent undeveloped lots. The new street, sanitary sewer, and watermain improvements would also allow the undeveloped land in Northport No. 22 subdivision to be further subdivided. The estimated cost for the project is $1,265,000. It is anticipated that all or a portion of the cost would be assessed to the Port Authority and that a portionof the assessments would be recouped as the land is sold for development.

Council Member Oachs stated she did not like the idea of moving forward with this street, as it relies on the assumption that the proposed Public Works Facility will be built. City Administrator McCann stated the street would also service the undeveloped properties and that when the City has had streets built out, it is easier to attract businesses.

Council Member Peterson moved, seconded by Council Member Whitlock, to adopt the resolution. No. 12-26 Authorizing Preparation of Preliminary Engineering Report for Northport Industrial Park Street. Vote on the motion: Steiner, Peterson, Whitlock, and Carlson aye, Oachs nay. Motion carried.

Res. No. 13-26 Approving Advancement of Municipal State Aid Funds for Municipal Construction Projects.

City Engineer Sarff reported the resolution requests approval from the Minnesota Commissioner of Transportation for an advance of up to $1,977,223 from the Municipal State Aid Street Fund to help finance the City of North Mankato's share of two major roadway projects scheduled for construction in 2026. He reported that $987,200 would go toward the Belgrade Avenue project and $990,023 would go toward the City's portion of the MnDOT's Trunk Highway 169/Belgrade Avenue Interchange Project.

Council Member Oachs moved, seconded by Council Member Steiner, to adopt the resolution. No. 13-26 Approving Advancement of Municipal State Aid Funds for Municipal Construction Projects. Vote on the motion: Steiner, Oachs, Peterson, Whitlock, and Carlson aye, no nays. Motion carried.

Res. No. 14-26 Receiving Preliminary Engineering Report and Ordering the Preparation of Plans and Specifications for the Marie Lane Lift Station and Forcemain Improvement, Project No. 25-07 A.

City Engineer Sarff reported that the Marie lift station was constructed in 1981 to provide sanitary sewer service to the area north and south of Marie Lane and west of Allan Avenue. The lift station services approximately 130 acres and 192 residential properties. The system consists of two structures: a wet well and a dry well. The lift station structure and equipment are in reasonable condition due to the excellent maintenance provided by the staff. The Forcemain was also constructed in 1981, and the iron pipe is subject to corrosion. The proposed improvements include converting the existing wet well/dry well lift station to a submersible-type lift station. A bypass pumping system will be required to maintain service during the construction. The Marie Lane Lift Station Forcemain would also require improvements. The estimated project cost is $1,610,000.

Council Member Steiner moved, seconded by Council Member Whitlock, to adopt the resolution. No. 14-26 Receiving Preliminary Engineering Report and Ordering the Preparation of Plans and Specifications for the Marie Lane Lift Station and Forcemain Improvement, Project No. 25-07 A. Vote on the motion: Steiner, Oachs, Peterson, Whitlock, and Carlson aye, no nays. Motion carried.

Consider Res. No. 15-26 Regarding the 2026 Legislative Session.

City Administrator McCann reported that the resolution recognizes the long-term cost of service delivery associated with city services and focuses on maintaining a public utility system to provide quality water, treatment of wastewater, and management of the stormwater system. It mentions the extension of the local sales and use tax and bonding requests and looks to maintain a regional balance in financial resources. Council Member Oachs stated she supported the idea of direction for the legislative session, but did not support the local sales tax and did not want the inclusion of water, based on the idea of not supporting additional aquifer rights. Mayor Carlson stated he was fine with removing the sales tax reference but noted that the City should be able to request the water rights based on the capping of old wells and obtaining new wells. Mayor Carlson requested the removal of the extension of the sales and use tax in the resolution.

Council Member Steiner moved, seconded by Council Member Whitlock, to consider Res. No. 15-26 Regarding the 2026 Legislative Session. Vote on the motion: Steiner and Whitlock aye, Oachs, Peterson, and Carlson nay. Motion failed.

Consider Res. No. 16-26 Supporting the Authority to Increase and Extend a Local Sales Tax to Fund Specific Capital Improvements Providing Regional Benefit, to Establish the Duration of the Tax and the Revenue to be Raised by the Tax, and to Authorize the City to Issue Bonds Supported by the Sales Tax Revenue.

City Administrator McCann reported the resolution would move forward the City's ability to bring the sales tax question to the voters. He noted that the ISG survey showed 49% of residents supported, 32% did not support, and 19% were undecided on the extension and increase of the sales tax, along with the proposed construction of a recreation facility. He reported the resolution would allow the City to ask the legislature for an increase from 0.5% local option sales tax to 1.25% location option sales tax over the next 25 years for a proposed collection of approximately $50 million. If the legislature approves the increase, the City would need to create a question and submit that for addition to the November ballot. If the voters approve the referendum question, the Council would need to submit the implementation of the tax to the legislature before the start of the January 2027 legislative session.

Council Member Oachs reviewed the proposed increase, noting how the increase would affect different items sold within the city. She stated the overall impact would make the City less affordable to live in. The increased sales tax levy, along with the proposed Public Works facility and the pool repairs, adds to long-term costs and potentially increases the levy. Mayor Carlson stated he did not want to impose a sales tax without voter consent. Council Member Peterson noted that this would be the way to get it on the ballot. He noted the Council is in a difficult position. City Administrator McCann invited Dan Anderson from Taft Law to review the process. Mr. Anderson stated that there are multiple places where the City Council can stop the process. He noted the City could approve the resolution and, in the summer, decide not to put the question on the ballot. If the question is on the ballot and the voters say yes, the Council can still decide not implement the tax. Council Member Oachs stated she did not think the taxpayers should vote, as it is too much taxation. Council Member Whitlock stated that if the Council can not make a decision, it should die.

Council Member Peterson moved, seconded by Mayor Carlson, to consider the resolution. No. 16-26 Supporting the Authority to Increase and Extend a Local Sales Tax to Fund Specific Capital Improvements Providing Regional Benefit, to Establish the Duration of the Tax and the Revenue to be Raised by the Tax, and to Authorize the City to Issue Bonds Supported by the Sales Tax Revenue. Vote on the motion: Peterson aye, Steiner, Whitlock, Oachs, and Carlson nay. Motion failed.

Public Comments

Barb Church, 102 Wheeler Avenue, appeared before Council and stated she agreed with the failure of the local sales tax resolution and the legislative resolution. She indicated she thought the Council was duplicitous with the MPCA presentation after the vote on the Public Works Building. Ms. Church asked about the Police response to ICE activity.

Tom Hagen, 927 Lake Street, appeared before Council and challenged the City to counter ICE activity.

Lucy Lowry, 2263 Northridge Drive, appeared before Council and noted the library donation from Ralph and Kimberly Haefner was in memory of Terry Haefner, who was a long-time volunteer at the library. The library recently renamed the basement as the Terry Haefner wing in remembrance of all of his work moving books up and down from the basement.

Benton Bakke, appeared before the Council and stated he thought the Council was not respectful to Council Member Oachs.

Danielle Bollman, 515 Page Avenue, appeared before Council and requested consideration on how the Police managed ICE in the City, and indicated she believed women were not treated well.

City Administrator and Staff Comments

Police Chief Gullickson appeared before the Council and reviewed his department's plans for interaction with ICE if there is ICE activity in the City. He noted the North Mankato Police Department does not participate in programs to assist with civil immigration laws. He noted the NMPD is charged with local and state criminal law enforcement, and they do not ask about immigration status. He noted the department has created a packet of information for distribution. If ICE is active in the City and the Police are called, they will respond to the situation and verify, de-escalate, assist with traffic control, act as a source of connection, document the incident, and a police report will be created. He noted the Police cannot interfere, impede, obstruct, or prohibit ICE from conducting their legal operations, as it would be considered a crime.

City Administrator McCann noted that the Library will be closed on Wednesday, January 28th, due to the future installation of new computers the library is receiving as a donation.

City Administrator McCann invited residents to the MnDOT Veteran's Memorial Bridge and Hwy 169 Belgrade Interchange Project Public Meeting oN Tuesday, January 27, 2026, at the Blue Earth County Library from 3:30-5:30 p.m.

City Administrator McCann invited residents and hockey teams to the Anthony Ford Pond Hockey Tournament, which will be held at Spring Lake Park on January 31-February 1.

Mayor and Council Comments

Council Member Oachs stated she would not be running for reelection. She noted that she thought the Council should not have voted on the bonding for the proposed public works facility without her presence. She stated she did not believe all of her questions had been answered, and the whole process had been rushed. She noted she is in favor of providing a safe place for staff to work, but indicated her concern is the fiscal responsibility.

Mayor Carlson stated he recognized residents want to be heard but asked for respectful interactions, to focus on policy, not individuals, and to cool off before revisiting the same conversation. He stated it was important for residents to verify before attacking.

At 8:36 p.m., on a motion by Council Member Peterson, seconded by Council Member Steiner, the Council Meeting adjourned.

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Mayor

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City Clerk