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 June 1, 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 Oachs, Peterson, Whitlock, Steiner, 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 Oachs moved, seconded by Council Member Steiner, to approve the agenda as presented. Vote on the motion: Whitlock, Steiner, Oachs, Peterson, and Carlson aye, no nays. Motion carried.

Approval of Council Minutes from the May 18, 2026, Council Meeting.

Council Member Steiner moved, seconded by Council Member Peterson, to approve the May 18, 2026, Council Meeting Minutes as presented. Vote on the motion: Whitlock, Steiner, Oachs, Peterson, and Carlson aye, no nays. Motion carried.

Public Comments on Agenda Items

Tom Hagen, 927 Lake Street, appeared before the Council and asked whether the Guaranteed Maximum Price (GMP) for the Public Works Facility would truly represent the maximum project cost, and whether cost increases could occur only through approved change orders. He noted several items that were not included in the project budget, including a dog pound, exercise room, equipment, solar panels, and Industry Court. He expressed concern about the uncertainty facing taxpayers and questioned whether these items would ultimately be funded through other budgets. Finance Director Ryan explained that Industry Court is included in the 2026 budget as a separate project and is not part of the Public Works Facility budget. Mayor Carlson inquired about the status of the proposed solar panels. Public Works Director Arnold stated that the City had hoped to utilize grant funding for the solar installation; however, most available grants are intended for retrofitting existing facilities rather than new construction. As a result, the City plans to evaluate adding solar panels at a later date. Director Arnold further explained that the bond proceeds are restricted to the construction of the Public Works Facility and cannot be used for unrelated purposes. He noted that the contractor, RW Carlstrom, assumes the risk for cost overruns under the GMP contract and that contingencies have been incorporated into the project budget. He stated that project costs would increase only if the Council approved change orders, and that other project components could be considered separately in the future. Finance Director Ryan added that excess funds could be used to repay the bonds, although early repayment may result in penalties. Council Member Whitlock asked whether the geothermal system remained part of the project. Director Arnold reported that the original estimate for the geothermal system was approximately $350,000, but bids were closer to $1 million. As a result, the geothermal component was removed from the project and may be reconsidered in the future if grant funding becomes available. Mayor Carlson commented that, while he is not an expert on geothermal systems, discussions with industry professionals suggested that the benefits in North Mankato may be less significant than in other climates.

Benton Bakke, appeared before the Council and noted a typographical error in one of the resolutions. He offered to proofread Council packets if the City would compensate him for the service.

He also questioned whether installing solar panels on the Public Works Facility after completion of the facility, so the City could access grants that support retrofitting solar panels onto existing facilities, could create concerns with grant eligibility requirements or be perceived as circumventing program rules. Additionally, he referenced the Guaranteed Maximum Price agreement and emphasized the importance of ensuring that project costs do not increase beyond approved change orders. He expressed concern about the potential impact of rising fuel costs and encouraged the City to avoid incurring additional project expenses. He also voiced concerns regarding the building's reliance on fossil fuels for heating.

Danielle Bollman, 515 Page Avenue, asked whether the City could pay off the bonds early if sufficient funds became available. City Administrator McCann responded that the bonds could not be redeemed immediately and would generally need to remain outstanding for approximately 10 years before early repayment could occur. He further noted that interest obligations and any applicable redemption provisions would need to be considered when evaluating early bond repayment.

Joe Tougas, 928 Lake Street, appeared before the Council and asked whether the decision could be reconsidered or the project temporarily paused, citing concerns about the financial pressures currently facing taxpayers.

Consent Agenda

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

A. Bills and Appropriations.
B. Res. No. 63-26 Donations/Contributions/Grants.
C. Approved Audio Permit for June 12, 2026, from 7 pm to 10 pm at Spinners Bar and Grill.

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

Business Items

Res. No. 64-26 Approving Mn/DOT Contract No. 1062262 Appointing Mn/DOT as the City's Agent in Accepting Federal Aid Funds in Conjunction with the 2026 Belgrade Avenue Improvement Project, SP 150-114-006, STBG 5226(127) City Project No. 23-02 CEF.

City Engineer Sarff reported that the City received $1,224,640 in federal funding through the Surface Transportation Program for the 2026 Belgrade Avenue Improvement Project. The federal funding is included in the State Transportation Improvement Program (STIP) for fiscal year 2027, which begins in 2026. The City elected to start the construction of the project in the spring of 2026, prior to the start of the federal fiscal year, to correspond with the closure of the Vet's Bridge project. The agreement included in the packet designates the Minnesota Department of Transportation (MnDOT) as the City's agent to accept and hold the federal funds until October 1, 2026, at which time the City can request the funds.

Council Member Oachs moved, seconded by Council Member Steiner to Adopt Res. No. 64-26 Approving Mn/DOT Contract No. 1062262 Appointing Mn/DOT as the City's Agent in Accepting Federal Aid Funds in Conjunction with the 2026 Belgrade Avenue Improvement Project, SP 150-114-006, STBG 5226(127) City Project No. 23-02 CEF. Vote on the motion: Whitlock, Steiner, Oachs, Peterson, and Carlson aye, no nays. Motion carried.

Res. No. 65-26 Approving Guaranteed Maximum Price and Authorizing Construction for the North Mankato Public Works Facility Project.

Public Works Director Arnold invited representatives from RW Carlstrom to present the proposed Guaranteed Maximum Price (GMP) for the Public Works Facility project. Anna Grabau-Femling from RW Carlstrom reported that the City and RW Carlstrom reviewed 34 bid packages and identified approximately $1.85 million in project modifications to reduce costs. Cost-saving measures included reducing the site size, modifying foundation and landscaping elements, converting portions of the exterior from precast concrete to masonry construction, reducing painting, eliminating the geothermal system, and revising portions of the lighting package. The proposed GMP was presented at $21,505,625.

Mayor Carlson asked about the difference in quality between precast concrete and masonry construction. Ms. Grabau-Femling stated that the materials provide a similar appearance and level of quality, with the primary difference being that masonry is constructed on-site while precast components are manufactured off-site and installed at the project location.

Council Member Oachs expressed concerns regarding the overall project cost, staffing assumptions, and building design. She questioned whether the facility was being designed around realistic staffing projections and asked for clarification regarding the number of offices, workstations, meeting rooms, reception area, wellness room, and locker room facilities. Public Works Director Arnold explained that five offices will be occupied immediately by existing staff, with an additional office reserved for potential future needs. He stated that the open office areas and reception space were designed to provide flexibility for future growth and operational needs. The wellness room was described as a small multipurpose space that could be used for private meetings, nursing mothers, or employees needing a quiet area. Separate locker room facilities were included to accommodate both male and female employees, including seasonal staff.

Council Member Oachs also questioned the need for multiple meeting rooms and whether existing City facilities could be utilized instead. Director Arnold responded that the larger meeting room would be used for department-wide meetings and daily work assignments, while smaller meeting rooms would support division-level meetings and could also be made available to other departments or the public when needed.

Discussion also focused on project costs that are not included in the GMP, including the dog pound, solar installation, geothermal system, furniture, equipment, and other project-related expenses. Council Member Oachs expressed concern that previously discussed project components had been removed or deferred and questioned whether costs were being shifted to future budgets rather than eliminated.

Director Arnold explained that the GMP applies only to the work covered under RW Carlstrom's contract and does not include certain City-provided items. He stated that additional project-related costs remain under evaluation and have not yet been finalized. He noted that the dog pound is being reviewed for potential cost reductions, that the building will be designed to accommodate future solar installation if grant funding becomes available, and that the geothermal system was removed after bids significantly exceeded original estimates. He added that some deferred project components could be reconsidered in the future if funding remains available.

Director Arnold and RW Carlstrom representatives reviewed the major cost reductions incorporated into the GMP, including savings related to exterior materials, painting, site work, electrical systems, and removal of the geothermal system. Ms. Anna also noted that additional savings were achieved through modifications to soil stabilization, storm sewer infrastructure, and other site improvements.

Council Member Oachs stated that while she appreciated the efforts to reduce costs, she was concerned that the Council had not been involved in discussions regarding the modifications and believed additional time should be provided for public and Council review of the project. She expressed concern that the project's total cost had exceeded earlier estimates and questioned whether sufficient cost-saving measures had been explored.

Director Arnold thanked RW Carlstrom for maintaining cost controls throughout the design process and noted that, unlike previous renovation projects, the facility is a new construction project with fewer unknown conditions. He stated that the City and the contractor are confident in their ability to manage costs and remain within the GMP. He further explained that RW Carlstrom assumes the risk of most project cost overruns under the GMP structure and that any unused contingency funds would be returned to the City at project completion.

Council Member Oachs clarified that her concerns related to the project costs and process rather than the quality of RW Carlstrom's work.

Council Member Whitlock moved, seconded by Council Member Peterson to Adopt Res. No. 65-26 Approving Guaranteed Maximum Price and Authorizing Construction for the North Mankato Public Works Facility Project. Vote on the motion: Whitlock, Peterson, and Carlson aye, Steiner and Oachs, nay. Motion carried.

Res. No. 66-26 Approving the Purchase of Property from the Port Authority and Authorizing Execution of Related Documents.

Council Member Peterson moved, seconded by Council Member Whitlock to Adopt Res. No. 66-26 Approving the Purchase of Property from the Port Authority and Authorizing Execution of Related Documents. Vote on the motion: Whitlock, Peterson, and Carlson aye, Steiner and Oachs, nay. Motion carried.

Public Comments-Other City Matters

Tom Hagen, 927 Lake Street, appeared before the Council and expressed concerns regarding the cost of the proposed Public Works Facility, suggesting the project be scaled back. He thanked the Council for establishing the Light Pole Committee and advocated for the creation of additional committees or commissions to assist with other City matters.

Danielle Bollman, 515 Page Avenue, appeared before the Council and thanked Council Member Oachs for her comments and concerns regarding the Public Works Building project. She expressed her belief that the project should be scaled back and encouraged the City to consider different approaches to financing and project development rather than relying on traditional methods. She referenced the discussion of past precedent during a previous conversation regarding financing for the Public Works Building.

Benton Bakke appeared before the Council and referenced the City’s response included in an earlier Council packet regarding his request for the creation of a Climate Action Commission. He reviewed portions of the response and requested that the Council reconsider establishing a commission to support the City's climate action initiatives.

Peter Garner, 805 Center Street, appeared before Council and stated that it was good to see deliberation on the Public Works Facility. He indicated it was important to provide details and maintain transparency to the public.

City Administrator and Staff Comments

Public Works Director Arnold reminded Council and audience members that the street light demonstration could be viewed again after the Council Meeting. He indicated that it might be a community decision.

City Administrator McCann thanked the Twin Rivers Council for Arts for hosting the first CityArt in the Alley on Saturday. He noted the next event will be June 18th from 4 to 7 pm.

City Administrator McCann thanked all who attended the North Mankato Taylor Library Summer Reading Program kickoff. And encouraged everyone to read.

City Administrator McCann welcomed everyone to Caswell for the Minnesota State High School Girls Softball Tournament.

The Belgrade Avenue Reconstruction Project is currently ahead of schedule, and the Range Street intersection is expected to reopen in about two weeks.

City Administrator McCann reported the Farmers' Market will begin on June 8th from 3 to 6 p.m.

City Administrator McCann reported that Hard Hats on Belgrade will be held June 11th from 4 to 7 p.m. It is an event hosted by Greater Mankato Growth and invites people to Belgrade Avenue to explore businesses and see the progress on the reconstruction of Belgrade Avenue.

City Administrator McCann invited residents to the June 13th Let's Pollinate Celebration from 9 am to noon at Spring Lake Park.

Mayor and Council Comments

Council Member Peterson requested an update on the Marie Lane Lift Station project. Public Works Director Arnold reported that the project is progressing well. He stated that construction has advanced approximately as far down Lookout Drive as anticipated and that crews will continue directional drilling to complete the project.

Council Member Oachs thanked RW Carlstrom for its work on the Public Works Facility and clarified that her previous comments were not intended to reflect on the company's performance or integrity. She also noted that work on Belgrade Avenue is progressing well and expressed appreciation to the construction crews for their efforts.

Council Member Steiner concurred with Council Member Oachs' comments regarding RW Carlstrom's work and stated that his concerns relate to the overall project cost.

Council Member Whitlock stated that he believed the discussion regarding streetlight color temperature and wattage should be referred to the Traffic and Safety Committee for review.

Mayor Carlson expressed enthusiasm for the softball tournament being held at Caswell Park and noted the long history of the tournament at that location.

Mayor Carlson also commented that he has neither stated nor heard anyone state that a project or issue should be handled a certain way simply because it has always been done that way.

Mayor Carlson reported that he recently met with representatives of a company that installs aftermarket dimming systems for street lighting.

Mayor Carlson stated that information regarding changes to the membership structure of the Port Authority Commission would be reviewed, along with applicable state guidelines, for future consideration.

At 8:15 p.m., on a motion by Council Member Steiner, seconded by Council Member Oachs, the Council Meeting adjourned.

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Mayor

_____
City Clerk