

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Council Chambers of the Municipal Building on November 5, 2012. Mayor Dehen called the meeting to order at 7 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for the meeting, Mayor Dehen, Council Members Steiner, Norland, Schindle and Freyberg, Interim Administrator Fischer, City Attorney Kennedy, Engineer Malm and City Clerk Gehrke. Absent: Finance Director Thorne.

Approval of Agenda

Council Member Steiner moved, seconded by Council Member Norland, to approve the agenda as presented. Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.

Approval of Minutes

Council Member Schindle moved, seconded by Council Member Norland, to approve the minutes of the Council Workshop of October 15, 2012 and the minutes of the Council meeting of October 15, 2012. Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.

Public Hearing, 7 p.m. – Proposed Modification of Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project

The Mayor opened the public hearing to consider the proposed modification of Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project. The public hearing notice was published in the official newspaper and the Affidavit of Publication was included in the packet.

Vanyo Moody, 200 Belgrade Avenue and developer of the Marigold Project, appeared before the Council and asked for approval to build an apartment building at the corner of Wheeler Avenue and Wall Street reporting there are 131 people on the waiting list for the 108-unit apartment building. Mr. Moody is asking for all approvals necessary contingent on receiving financing from the bank by December 31, 2012. He reported his team has been working on this project for 5 years and 8 months. The first building was completed in 2010 and includes 4 apartments and 1 business. In 2011 he proposed a 42-unit complex but due to cost per square foot, this project was not financially feasible. He presented a complete list of the amenities for this phase of the project reporting the proposed 108-unit apartment building would include 170 indoor heated parking stalls, 17 motorcycle stalls, 42 outside parking stalls, storage for 114 bicycles, 144 heated storage units, 23 straight-in parking stalls on the south side of Wheeler Avenue, computer/conference room, card/meeting room, lounge, club room, patio and reflecting pool with the building to be secured with cameras and a locked keyless fob.

Ed Tschida, Advance Resources for Development, appeared before the Council and presented a historical overview of the Marigold site and projects that were proposed since the establishment of Tax Increment Financing District No. IDD 1-8 in January 1990. He reported this District modification is subject to the provision of special legislation that authorized the City to expand the District, waive certain tax increment requirements limiting District expenditures and use District increment for previously incurred and future project expenditures. Mr. Tschida reported the legal reason for conducting this hearing is due to an increase in the proposed budget to fund eligible development costs for the Marigold Project. As part of the hearing process notification must be given to the school district and county 30 days prior to the hearing. A letter of waiver was received from the school district, and the County Auditor requested comments from the County Board and they had no concerns, however, the Board will not meet until Tuesday, November 13, 2012 to take formal action. Mr. Tschida requested that if the resolution approving the modification of Tax Increment Financing District No. IDD 1-8 is

adopted that it be effective upon receipt of the waiver from the County or the 30 days have lapsed.

Mr. Tschida recapped the cost of the project and the projected assessed market value. He reported the 108-unit apartment building is estimated to cost \$17 million and according to the Nicollet County Assessor's Office the estimated assessed value would be \$14 million. He gave a chronology of the Marigold site redevelopment project beginning in 1989 which included the designation of the Marigold site as part of Industrial Development District No. 1 to facilitate redeveloping property adjacent to Belgrade Avenue and continuing to the present time with the completion of Marigold Phase I and the proposed Marigold Phase 2.

Mr. Tschida recapped the Taxable General Obligation Bonds, Series 2001D which were refunded with Taxable General Obligation Tax Increment Bonds, Series 2010D. Currently the first Marigold Project pays taxes, which in turn pays a portion of the bonds. Also in the bonds is the FX Fusion Project which is paying off their portion of the bonds. He reported the proposal for the Marigold project does not put additional money into the project. This is a pay-as-you-go TIF district. The proposal for the Marigold Project does not incur additional debt. The amount of total tax increment financing is \$2,450,000 paid to the developer through the year 2027. He reported as the increment comes in on a semi-annual basis, the City takes their portion to pay the bonds and the administrative fees, and the dollars that remain are available for transfer to the developer. The Development Agreement states the developer gets paid only if the money is available to a maximum of \$2.45 million. The Development Agreement ends with the developer at the end of 2027. Since this is a pay-as-you-go TIF, there is no additional risk to the City. If the project is approved, it is likely the District would end about 9 years earlier and the outstanding bonds would be paid. One other component of the TIF is a fund transfer which is money the Port Authority has available to temporarily cash flow the bond payments with inter-fund loan transfers. The Port Authority reviewed and approved the Tax Increment Plan and has entered into an agreement with the developer for a pay-as-you-go TIF and cannot increase the debt to this project. As part of the agreement, the TIF District was negotiated until the end of 2027. At the end of the tax increment district the property returns to the regular tax rolls. The total amount available to the developer is \$2.45 million. Council Member Freyberg asked if the bond is in the name of the Port Authority or the City. Mr. Tschida reported the 2010D Bond is a General Obligation and is backed by the City. Council Member Schindle asked the price of the land that is being sold and was told the land sold for \$1. He also asked about the Wheeler Avenue improvements, and if they are going to be assessed. Interim Administrator Fischer reported this work will be done using utility and storm water funds. Engineer Malm reported the sewer and water lines are in good shape and have PVC pipe and the storm water line in Wheeler is in poor shape and is not being done because of the project but will be done at the same time as the project. He reported the street surface and storm water line will be new.

Bob Knutson, 987 Belvista Drive and President of the Port Authority, appeared before the Council and stated that during the life of the project which is approximately 15 years the City will collect \$4.1 million in property taxes and pay out \$2.4 million in TIF, and the balance is going to the benefit of the City. The City will not put out more money than we put in, it is a pay-as-you go project. Taxes still accrue even if the project goes bankrupt or switches owners so the City will still collect property taxes. The Port Authority has been looking at this lot for 20 years and has always had the opinion that we were at great risk of the City experiencing a deteriorating tax base. Once that happens, it will continue. The Port Authority feels strongly this project will solidify the vitality of downtown for decades to come. He stated that the interest rates are such that this project works but is concerned if interest rates go up, the City may not get a project in this area. The Port Authority has been putting money into the downtown to keep it going but even that is not enough. Tax Increment Financing has

been around for 40 years in the State of Minnesota and was originally passed for just this type of project. Footprints on these properties are so small and downtown redevelopment is extremely difficult to get started. He reported the Port Authority has been looking at this revised project since March 2012. Projects have been done to infill lots. From an efficiency standpoint, we still have streets to maintain and from an overall standpoint infill of lots is important. The project fits into the concept of what the Port Authority is trying to do to keep the downtown viable. Too many cities have nearly all of the businesses gone from their downtown. The Port Authority has waited 20 years to do this project and the options given to Van Moody were available to other developers.

Council Member Schindle asked about selling the land for \$1. Bob Knutson responded this is not like the land on the hill and in order to make the project work, the land is sold for \$1. Council Member Freyberg referenced the talk about blighted property, but he does not see blighted property but a commercial lot. Mr. Knutson stated the Port Authority doesn't believe the property is blighted but hard to move. Council Member Steiner reported this property has been available for 20 years and this is a viable project. Council Member Schindle asked why we are certifying the TIF until 2037 when it can be paid off in 2028. Mr. Tschida reported the TIF Plan allows for certifying the TIF until 2037, however, the Port Authority can shorten the time of the district.

Council Member Freyberg read an email from Mr. Tschida, Interim Administrator Fischer and himself in an effort to clear up the confusion as to whether the TIF is for \$2.5 million or \$6.5 million with Mr. Tschida stating the following: "According to the assumptions that I used in estimating the TIF, the total potential increment for the Marigold project over the life of the TIF is \$6,566,817 or the \$6.5 million that Bob is referring to. This is the maximum amount of tax increment generated by the project that could be used to pay project expenses. It is also the amount that is referenced in the tax increment financing plan. Separate from the numbers used in the TIF plan are the developer negotiations and the development agreement, which have identified a need for \$2,475,000 in pay-as-you-go TIF assistance for the Marigold Phase 2 project or the \$2.5 million referred to. In order to pay for the outstanding bonds as well as the Marigold Phase 2 improvements, the city would be required to commit approximately \$4,150,000 in tax increment. The cash flow projection that I prepared shows that this can be done with taxes payable through 2028. By contrast, the Marigold TIF is permitted to exist through taxes payable until 2037. However, based on the current negotiations the district would have met all of its obligations by 2028 and would not be required to use any increment past that point. The confusion is understandable because the TIF plan looks at the potential increment that can be used for project activities; while the actual amount to be used for project activities is determined through further negotiations. Attached is a copy of the cash flow that I have been using to negotiate the terms of the development agreement. This is a working document and is not part of the TIF plan. It requires some explanation in order to understand how the bond repayment and pay-as-you-go TIF work in concert to finance past and future project activities." In response to Council Member Freyberg's statement that the TIF Plan could be renegotiated at some point in time without revisiting the Council for approval of the \$6.5 million amount, Mr. Tschida responded: "The simple answer to that question is yes. This is due to the fact that the City of North Mankato has an established port authority, which has statutory rights and responsibilities with regard to tax increment financing and the development process in general. Following is an excerpt from tax increment financing law speaking to this issue: **Minnesota Statute 469.175, subdivision 3(3)(c) states, "When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing."** There are a number of checks in the system intended to guide the development process including Council representation on the Port Authority, local development policies and guidelines, other statutory limitations on how tax increment financing can be used and implementation of projects through development agreements. Finally, the Port Authority exists and operates at the discretion of the City

Council.” Mayor Dehen reported an agreement is in place with the developer for TIF which will reimburse qualified expenses for the Marigold Project in the amount of \$2.45 million.

The following individuals appeared before the Council:

Jim Whitlock, 332 Belgrade Avenue and President of Business on Belgrade

Mr. Whitlock reported in 2004 the Business on Belgrade Association was formed for the following reasons to create an atmosphere for business and identified three main points: 1) Density of population, 2) Ample parking and 3) Reducing the speed on Belgrade. He reported that with the flood control project in 1965, the downtown area lost numerous homes and businesses and two blocks of residential homes were lost and density of population. The Central Business District has been in economic decline and remained that way for 41 years. In November 2006 a ½ cent sales tax was voted in and part of these funds were earmarked for CBD redevelopment. This was the first step in revitalizing the Central Business District. He stated that 47 years after losing population, we have an opportunity to recapture population, which is vertical instead of horizontal. He stated the project is needed, fits and is the vision for beautiful lower North Mankato.

Barb Church, 102 E. Wheeler

Ms. Church stated that since the rehabilitation of Wheeler Avenue and the construction of Marigold 1, her three dogs refuse to drink the water. She stated her concern that the water lines were not being replaced along with this project. She also asked how much was paid for the preparation of the Marigold site up to the present time. She stated she is not in favor of putting a 108-unit apartment building on a 2-acre lot and referenced the project she did with balloons to show a large project on a small lot. She wants a firm number of how much taxes will go up if the project does not go through. Ms. Church also wanted to know what recourse the residents have if there is damage to their homes. She expressed her concern about the traffic on Belgrade and the increase in traffic this will cause on the Wall Street extension. Ms. Church reported she attended the Planning Commission meeting and said the Planning Commission seemed totally unprepared to deal with this project. She said the citizens of North Mankato are looking at the Port Authority and City Council to have the wisdom and courage to stop this project and fully evaluate the plan for this area stating their decision will affect this City for many years to come. The joint meeting where questions could be answered was never held and there are too many questions to go through with this project.

John Hurd, 732 Garfield Avenue

Mr. Hurd reported he is a general contractor and looks at building and his objection is based on what is already there, Marigold Building Phase 1. He asked why that building was put so close to the road and then cantilevered out, oriented away from the street when all the rest of the buildings are oriented toward the street. He stated it does not feel welcoming. When he asked the architect for one distinctive feature of the building, the architect could not come up with one. He asked who the watchdog is for these projects and stated his surprise that this whole concept about the size came up so late in the game.

Tom Hagen, 927 Lake Street

Mr. Hagen stated we have heard a lot about the positives of this project but no one has talked about the liabilities. He reported he was on the committee for the Mankato downtown revitalization 40 years ago and tried to convince Mankato not to go through with the plan of removing the old buildings. Many Mankato staff and residents regret the changes made in the Mankato downtown 40 years ago. He stated the greatest asset of North Mankato is its sense of place; we are Mayberry, not the Jetsons. He stated this is what draws the citizens, this sense of belonging. Mr. Hagen reported he was a co-chair of

the Renaissance Committee of E2020 and the Marigold Project is not what the urban village concept envisioned. He stated he has developed 4 properties and was recognized by the State with the Stewardship Award. He believes we can do a lot more with this property. The economy is now just beginning to turn and he feels something far more interesting and more suitable to North Mankato will come along. Mr. Hagen also stated he would be willing to pay slightly higher taxes to pay the bonds versus looking at an ugly 6-story building for the next 40 years. He stated that if the City works with the developer and comes up with a better plan, he is not against the development, just would like a better proposal.

Bess Tsaouse, 136 Mary Circle

Ms. Tsaouse stated many concerns have been raised but the main reason for the controversy is that there is no strategic plan in place. She asked what we want North Mankato to look like 20 years from now. When she asked about a strategic plan she was informed the zoning code is the plan. She stated that if the plan equals the code, the Marigold Project does not fit. Having a strategic plan in place would be helpful for new Administration and would provide a rationale for changes. The I & S downtown planning study is not intended to be a strategic plan, the purpose of the study is not to provide specific guidelines but to provide loose framework. She asked if the goal is to increase density is a large building the only way to achieve this goal. She reported that Chuck Malone who is based in Brainerd, speaks on how small towns can deal with many of the issues they are facing. She doesn't understand how the City can make decisions without a solid idea for the entire community. She stated that a pro-active strategic plan would give citizens an idea of what to expect in the future and asked the Council to deny approval of the Marigold project. She urged the Council to begin the process of creating a strategic plan as soon as possible.

Kim Spears, 916 South Avenue

Mr. Spears stated he feels we are being railroaded on this project. He reported he has been to the Planning Commission and the Port Authority Commission meetings and he has four points: 1) there is no bank financing in place, asked when we will receive the financing and if the City plans to proceed without it. He also referenced the tax increment financing given to Corey Brunton for the property at 422 Belgrade and asked when that project would be proceeding; 2) Mr. Moody asserts this project is not feasible without 6 stories but has the City reviewed it; 3) He has doubt that this project could fill up and asked if the City has seen the waiting list of 131 people. He referred to Northfield Crossing which is a commercial development and apartments that is mostly vacant and now owned by the bank. He stated that if the bank gets tired of paying the taxes, the city will own it. 4) Mr. Spears stated the request for the conditional use permit does not limit it to six stories. If the CUP is approved, he asked the Council to make one of the conditions that it is 6 stories and only 6 stories. The Planning Commission passed it on to City Council without recommendation and he is not in favor of throwing good money after bad.

Ted Collins, 846 Lyndale Street

Mr. Collins reported he has lived at this address for 8 years. He reported what is being offered by Mr. Moody is difficult because of the size, it could be a nice wholesome place or an eyesore; 6-stories seem to be out of context for the area, maybe better suited for upper North Mankato. He stated there is no good way for ingress or egress in the area because it is landlocked. Unless the building is constructed so that it works with the other buildings it may make the other buildings look bad.

Stacy Straka, City Center Partnership

Stacy Straka stated she was appearing before the Council on behalf of the Board of Governors for City Center Partnership. She reported the Marigold Project was vetted by the CCP Advocacy Committee to ensure it properly aligns with the City Center Renaissance Plan, the CCP Strategic Plan

and other points of consideration used by the committee. Their recommendation was submitted to the CCP Board of Governors on October 23, 2012. The Board of Governors voted to support the concept and scope of the Marigold Project as the Board believes: 1) This project will provide increased resiliency to the Belgrade area businesses through the increase in residential density; 2) Encouragement of higher density along the Belgrade corridor is appropriate since it is already an area of higher density; 3) The general massing and size of this project is not without precedent as there are some larger residential complexes that are within a few stories above or below the height of the Marigold Project; and 4) The project aligns with their organization's vision of maintaining a vibrant City Center in both North Mankato and Mankato.

Eric Harriman, 408-1/2 Wheeler Avenue

Eric Harriman stated complex housing stock is of critical importance to any urban environment and that this project is one piece of the puzzle. Mr. Harriman spoke of people who over the past 60 years have vacated downtowns which then lost their vibrancy. He asked the Council to look at the two largest population tracks: Baby boomers who have been trending back to urban environments because they want to downsize to apartments or condos and the millennials, those under 30, who have never had the economic security and cannot afford the suburban lifestyle. He stated they will leave the City to find the urban environment which is growing faster than suburban environments. He stated that as a resident of this community he is fully supportive of proactive growth, public incentives and supportive of this project and he asked the Council to support the Marigold Project.

Tom Rieff, 2059 Sundance Lane

Mr. Rieff stated part of the controversy of this project is "Not in My Backyard." He stated he is not opposed to the infill of this site. He asked if this project is something we need or just something to fill the empty lot. He asked what the economic advantage and social benefit to the City and whether people are just being shuffled around or are 200 new people coming to North Mankato. He asked the Council to deny the resolution modifying the TIF District until a satisfactory plan can be worked out with the neighborhood.

John Todtleben, 522 Lyndale Street

Mr. Todtleben found it interesting that many who commented do not live in the area. Being a resident of the area he stated his support of this project, the alternative of a vacant lot will help the value of his property. He doesn't believe the site is blighted but the peripheral area around lot is getting blighted. The neighborhood he moved into 13 years ago is going away. He is not opposed to change and the building may not look like the other buildings but the future is going to be different. Not all new buildings will look like the old downtown and a way should be found to have the building fit into the area. There is enough of a buffer and he believes the building will not be as intrusive as some may think. He stated he likes the building and would rather live near it than a vacant lot.

Phil Henry, 1300 Noretta Drive

Mr. Henry thanked Council Member Freyberg for bringing up the amount of \$6.5 million. He asked the Council to take more time to consider this project. He believes by approving this there is a possibility of greater debt to the City.

Dave Arnold, 1028 Oak Terrace and Port Authority Member

Mr. Arnold reported the Port Authority went to painstaking efforts to make sure there was no financial liability and no financial reason for the City of North Mankato not to do this project but a lot of reasons to do it; that when the tax increment financing is done, the taxes generated will have the positive effect of lowering everyone's taxes. He also addressed what was said about this being jammed

down our throats. He stated this is not a new project, the Port Authority and City has been talking about the Marigold site for 20 years. The Port Authority has gone to great effort to improve the look of downtown North Mankato. He asked residents to come over the bridge and see the enormous improvement reporting this just didn't happen and added that fixing up old buildings comes with its share of controversy also. Mr. Arnold stated he heard that some citizens want us to have the courage and wisdom to deny the project but he asked the Council to have the courage and wisdom to move this project forward for the greater good. Council Member Freyberg stated he did not find out about Marigold 2.5 until the Mayor requested a meeting. He requested a Joint Council/Port Authority Workshop and asked why this meeting was turned down. Mr. Arnold reported that virtually every project has the element that seems like its jammed down our throats because many developers don't want their project published before it is ready to go before the Port Authority and Council.

Derrick Zimmerman, 238 Belgrade Avenue

Mr. Zimmerman stated as a business owner on Belgrade, he echoed the supportive comments for the project and feels it would have a positive impact on lower North Mankato and North Mankato as a whole. He feels there are more reasons to support the project than not to support the project.

Vanyo Moody, 200 Belgrade

Vanyo Moody stated the City owes \$1.3 million for clearing this site. The Nicollet County Assessor's Office estimates that this project will have taxes annually of \$245,000. He reported that his project will repay the \$1.3 million bond and the balance of the tax increment financing is pay-as-you-go and once the tax increment financing is done the taxes will go to the City, ISD 77 and County. Two projects in Mankato are going up and have a large amount of land. He has worked 5 years and 8 months because he believes in North Mankato. He asked everyone to look at amenities of the project and to review the plans stating the project does fit in with Marigold Phase 1 and other businesses in the Central Business District.

Matt Atwood, Atwood Management

Mr. Atwood reported he has been entrusted with the Marigold Project and has heard a lot of numbers but one number we are forgetting is the 200 people that will make this property their residence, 200 people who want to be a resident of North Mankato. Mr. Atwood also stated that he is unable to release the waiting list because that is private information.

Ken Braun, Vice President of Doran Construction

Mr. Braun reported Doran Construction is the general contractor for the Marigold project. He reported they have been working with Mr. Moody on this project since the beginning of the year looking at different cost models and stated this type of urban infill project is being done all over the Twin Cities and Duluth. He spoke of construction disruption and stated this project is not going to be put on any pilings and will not have poundings and vibrations. He stated his company has built projects like this within 5' of another building without any damage to other structures or utilities. He also spoke of vehicular and pedestrian safety and reported it is their number one priority.

Bryan Paulsen, Paulsen Architects

Mr. Paulsen appeared before the Council to respond to questions about the architecture of the Marigold apartment building and stated the materials used were to lighten the frame. They looked at alternative materials, i.e. masonry, but concluded the efface product is the most compatible material and a good transition with the historic buildings on Belgrade Avenue.

Vanyo Moody, 200 Belgrade Avenue

Mr. Moody addressed the cost of the property being \$1. He reported the value of the property is basically the down payment to start the project.

With no one else appearing the Mayor closed the public hearing.

Resolution Approving Tax Increment Financing District No. IDD 1-8 Modification (Marigold Redevelopment Project)

Mayor Dehen read the resolution approving TIF District No. IDD 1-8 Modification (Marigold Redevelopment Project). **Council Member Steiner moved, seconded by Council Member Norland, to adopt the resolution approving Tax Increment Financing District No. IDD 1-8 Modification (Marigold Redevelopment Project).** Council Member Freyberg reported he is unable to support this project for numerous reasons and referenced the resolution speaking of blight, creating jobs and conforming to the general plan for development of the City. He stated there is not blight, no jobs are being created and the City does not have a plan for development of the City. He reported another reason he cannot support this project is that a letter of financing from the bank has not yet been received. He spoke to School Superintendent Sheri Allen regarding tax increment financing and what is going on with schools and referenced the law in California that made tax increment financing illegal because of the high cost. He stated that it was incredible that we are considering TIF for this project and that he has been a business owner for many years and has never taken any assistance to run his business.

Council Member Schindle stated he cannot support this project because of the length of TIF until 2037, selling the land for \$1, the project is not generating jobs and he does not know if the subcontractors and the materials will be local.

Council Member Steiner stated Mr. Moody has taken a lot of risk and has put a great deal of money in this project. He stated that he appreciates everyone's comments and concerns and that he lives across the street from an 8-story building. He believes that due diligence has been done and he thinks it is time to go forward with the project. Council Member Schindle asked if he had no problem with a \$6.5 million TIF.

Council Member Norland reported an agreement with the developer limits the amount of tax increment financing to \$2.45 million. Some discussion was held about previous Port Authority projects and their failure and success. Discussion was held regarding the request for information on the total cost of the Marigold property to date that has not yet been received from the Finance Director.

Mayor Dehen stated the length of district is set by statute and that is why it goes out to 2037. He stated this item could be tabled until we have a signed agreement with the developer and the financing letter from the bank is received. He stated he believes this redevelopment fulfills the but-for test requirements, that it wouldn't happen without tax increment financing and that we are saddled by decisions made by earlier councils.

Council Member Schindle reference the Community Development Fund that was created to hire a full-time employee. He asked for a print-out of where those funds are being expended and if part of that fund would be able to pay the debt on the \$1.3 million bond. He asked if the length of the TIF could be renegotiated. Mr. Tschida reported the Port Authority could review the TIF and recommend amending the document to modify the length of the TIF. Discussion was held to table this item until there is a date certain on the agreement with the developer and the letter of financing from the bank has

been received. Attorney Kennedy reported a motion to table the item would take precedence over the earlier motion. **Council Member Steiner moved, seconded by Council Member Norland to table the Resolution Approving Tax Increment Financing District No. IDD 1-8 Modification (Marigold Development Project). Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.**

Schedule Joint Council/Port Authority Meeting

Council Member Freyberg stated this project is really tying up City Council's time, we are not even close to finalizing the budget, no City Administrator hired, election tomorrow, may have new Councilors, unfortunate that this was brought forward and should have been put off until after the first of the year. The City Clerk was directed to set up Joint Council/Port Authority meeting in the evening within the next two weeks.

Correspondence

Thank-You Letter from Great ArfWalk Committee

The Mayor presented a letter from the Great ArfWalk Committee thanking the City for their contribution to the 8th Annual Great ArfWalk Festival.

Open the Meeting to the Public for the First Time

Bess Tsaouse, 136 Mary Circle

Bess Tsaouse, 136 Mary Circle, appeared before the Council and asked what the amount of taxes the citizens would incur if the Marigold Project is not approved. Mayor Dehen reported this item would be brought to the next meeting.

Consent Agenda

Council Member Freyberg moved, seconded by Council Member Norland, to approve the Consent Agenda which includes:

- A. Res. No. 66-12 Declaring Costs to be Assessed for Municipal Charges – 1800 Timm Road.
- B. Res. No. 67-12 Declaring Costs to be Assessed for Municipal Charges – Fairbanks and Kodiak Drive.
- C. Res. No. 68-12 Approving Donations/Contributions.
- D. Parade Permit for St. Paul's Lutheran Church Family Fun Run, Saturday, November 17, 2012 from 10 a.m. to 11 a.m., Spring Lake Park, Sherman Street, Monroe Avenue, Garfield Avenue, Page Avenue and Wheeler Avenue.
- E. Audio and Large Group Permit for March of Dimes Annual Walk, Wheeler Park, April 28, 2013, from 12:30 p.m. to 5 p.m.
- F. Parade Permit for March of Dimes March for Babies, April 28, 2013 from 2 p.m. to 4 p.m.

Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.

Staff Reports

City Planner

Minutes of October 29, 2012 Special Planning Commission Meeting

The Council accepted the minutes of the October 29, 2012 Special Planning Commission meeting.

CU-3-12 Conditional Use Permit Request to Construct Apartment Building at 400 Wall Street Exceeding 3 Stories or 45 Feet in Height

Planner Fischer presented a request from Vanyo Moody for a conditional use permit to construct an apartment building in the Central Business District which exceeds 3 stories or 45 feet in height. Some discussion was held regarding the height limit and the number of stories for this apartment building. **Council Member Steiner moved, seconded by Council Member Norland, to approve CU-3-12 Conditional Use Permit request to construct an apartment building at 400 Wall Street not to exceed 6 stories or 68 feet in height.** Council Member Schindle hopes future Councils look at setbacks in the Central Business District and expressed his concerns about allowing a 6-story building across the street from a residential area and is not in favor of the project for these reasons. Mayor Dehen reported one of the tasks for the new City Administrator is to create a Long-Term Strategic Plan. **Vote on the motion: Steiner, Norland and Dehen, aye; Schindle and Freyberg, nay. Motion carried.**

Interim City Administrator**Approve 2013 Library Services and Bookmobile Services Contracts Between Nicollet County Library Board and City of North Mankato**

Interim Administrator Fischer presented the 2013 Library Services and Bookmobile Services Contracts between the Nicollet County Library Board and the City of North Mankato. He gave an overview of the funding for the library and bookmobile since 2008 reporting there are no changes in the library or bookmobile funding from the current 2012 funding of \$44,594 for the library and \$10,000 for the bookmobile. **Council Member Schindle moved, seconded by Council Member Norland, to approve the 2013 Library Services and Bookmobile Services Contracts between the Nicollet County Library Board and the City of North Mankato. Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.**

Joint Powers Agreement between Governmental Units in the Mankato/North Mankato Urban and Urbanizing Area

Interim Administrator Fischer reported that on March 27, 2012, the Mankato/North Mankato area was designated as an urbanized area of more than 50,000 people. Under Federal Law, all such urbanized areas must have a designated Metropolitan Planning Organization (MPO) and that the governance of any MPO is through a Joint Powers Agreement. The governmental units included for this urbanized area are the Cities of Mankato, North Mankato, Eagle Lake and Skyline, the Counties of Blue Earth and Nicollet and the Townships of Belgrade, Le Ray, Lime, Mankato and South Bend. As part of the Agreements, it is required to appoint a City Council Member to the Policy Board and a City staff member to the Technical Advisory Board. **Council Member Norland moved, seconded by Council Member Schindle, to approve the Joint Powers Agreement between Governmental Units in the Mankato/North Mankato Urban and Urbanizing Area. Vote on the Resolution: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.**

Charitable Gambling Fund Distribution

Interim Administrator Fischer presented recommendations for disbursement of the 10% charitable gambling funds for 2012. A total of \$15,000 is available for distribution. The following disbursements were recommended: Echo Food Shelf - \$1,000; YMCA Youth in Government - \$500; Lancers Band - \$500; Holiday Sharing Tree - \$500; LEEP - \$500; West, East, Loyola Graduation Parties - \$500; Boy Scouts of America Troop 29 - \$500; Girl Scouts of America - \$500; School District 77 student activities - \$500; Community Services Summer Parks Programs - \$500; STRIVE - \$2,000; YMCA Big Brother, Big Sister - \$500; Toys for Tots - \$500; South Central College Foundation - \$1,300; North Mankato Elementary P.T.O. - \$1,000; Dakota Meadows Middle School Public

Achievement Program - \$500; Children’s Museum of Southern Minnesota - \$1,000; Santa Anonymus - \$500; MAGFA Softball - \$500; MNMYF Football - \$500; Mankato United Soccer - \$500; Mankato Area Lacrosse Program - \$500; for a total of \$14,800. **Council Member Norland moved, seconded by Council Member Steiner; to approve the disbursement of 10% charitable gambling funds as recommended. Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.**

Caswell Park Fees for 2013

Interim Administrator Fischer reported after reviewing and comparing Caswell Park fees to the City of Mankato’s fee schedule for their softball fields, staff recommends increases for maintenance fees from \$35 per field, per day to \$40 per field, per day; striping and dragging fees from \$6 per field, per time to \$8 per field, per time; with all other fees remaining at the 2012 fee level for Caswell Park for 2013. Fees for the South Central College softball fields will remain at the 2012 level. It is recommended Diamond Dry increase from \$10 to \$11 for both Caswell Park and South Central College fields. Discussion was held regarding increasing the maintenance fees for Caswell Park to \$50 per field, per day. **Council Member Steiner moved, seconded by Council Member Schindle, to approve the Caswell Park Fees for 2013 as follows:**

Maintenance Fee	\$50.00 per field, per day
Striping Fee	\$8.00 per field, per time
Dragging Fee	\$8.00 per field, per time
Diamond Dry	\$11.00 per bag
Light Fee	\$20.00 per hour, per field
Deposit	\$100.00 per tournament
SCC Fields	
Maintenance Fee	\$20.00 per field for dragging and striping
Diamond Dry	\$11.00 per bag
Deposit	\$100.00 per tournament

Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen; aye; no nays. Motion carried.

City Clerk

City Clerk Gehrke reported the polls will be open from 7 a.m. to 8 p.m. on Tuesday, November 6, 2012 for the General Election. The precinct finder may be found on the City’s website at www.northmankato.com and was published in the *Free Press* on Monday, November 5, 2012.

Finance Director

Due to the absence of the Finance Director, no action was taken on the proposal for Professional Auditing Services. This item will be moved to the November 19, 2012 Council agenda for consideration.

**City Engineer
Update of Projects**

City Engineer Malm reported the 14/41 roundabout will be opening later this week.

Report from Council Members**Council Member Norland**

Council Member Norland reported in doing research on higher density development, she found an excellent article from the National Multi Housing Council regarding myths and facts relating to higher density development. She will forward the article to the City Council. Council Member Norland noted that one of the findings reported that adjacent property values do not plummet when a high-density building is placed near residential housing.

Council Member Schindle**Minutes of Traffic & Safety Committee Meeting of October 31, 2012**

Council Member Schindle reported the Traffic & Safety Committee met on October 31, 2012, to consider three items of business. The first item was a review of the striping of LorRay Drive between Eagle Ridge Lane and Timm Road that was previously reviewed in May 2012 with a request to review the plan again in the fall of 2012. He reported the City Engineer presented a striping plan which allows limited parking on this section of LorRay Drive. The Traffic & Safety Committee recommended the implementation of the alternate striping plan as presented by the City Engineer with review of the striping in the future as area development occurs. **Council Member Schindle moved, seconded by Council Member Steiner, to approve the implementation of the alternate striping plan as presented by the City Engineer with review of the striping in the future as area development occurs. Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen; aye; no nays. Motion carried.**

The second item of business was a request for "STOP" signs at the intersection of Lake Street and Garfield Avenue. Staff reported a request was received from the resident at 705 Lake Street to add "STOP" signs at this intersection in an effort to slow traffic speeds. The resident indicated his concerns for heavy truck traffic and vehicle speeds on Lake Street. The Traffic & Safety Committee recommended the purchase of a second portable electronic speed display sign which could be used in this area as well as moved to other areas as needed. Interim Administrator Fischer reported the cost of a portable speed limit sign would be in the approximate amount of \$3,500. The purchase of the portable electronic speed display sign was referred to a future Council Budget Workshop.

The third item of business was a request from a resident at 413 Range Street for an electronic speed sign on Range Street, speed limit and "Slow Children at Play" signs in an alley and to formally name the alley as "Old Brickyard Alley." The Traffic & Safety Committee recommended denial of the requests.

Council Member Freyberg

Council Member Freyberg presented an update of the City Administrator hiring process. He reported that to date 32 applications have been received, the pre-screening process has started, reviewed 2/3 of the applications and he will be meeting with Bonnie Bennett on Friday at 1:30 p.m. to start the interview process. The Committee has heard from some potential candidates that they are waiting until after the election to apply.

Report from Mayor

Mayor Dehen reported the next "Coffee with the Council" will be held from 10-11 a.m. on Saturday, November 10, 2012 at Kwik Trip, 1740 Commerce Drive.

The Mayor encouraged everyone to vote on Tuesday, November 6, 2012 at the General Election.

The Mayor reported several events will be held on Veterans' Day, Sunday, November 11, 2012 beginning at 8:30 a.m. - Veterans' Memorial Place, 9 a.m. - Korean War Memorial, 10 a.m. - WWII Memorial, 11 a.m. - WWI Memorial and 12:10 - Vietnam War Memorial. An event based on the veterans' map will be held to help families at 1 p.m. beginning at the VFW.

The Mayor reported that he along with Mayor Coleman and Mayor Anderson will be hosting an event at the North Mankato Police Annex Community Room on Tuesday, November 13, 2012 to thank Legislators for Local Government Aid.

Open the Meeting to the Public for the Second Time

Douglas Schaller, 55656 Hemlock Road

Mr. Schaller appeared before the Council and reported their Township Board will be voting on the MPO. He stated he owns property in the CBD in lower North Mankato and noted the City's zoning ordinance does not allow for apartments in the CBD, that this unit would fall in the R-3 zoning district, that apartments should not exceed 12 units and ground coverage should not be more than 50 percent of the lot, and the building should not exceed 3 stories. He stated that variances need to be considered for this project. The City Attorney and City Planner will review this matter.

Heather Milton, 244 W. Wheeler Avenue

Ms. Milton voiced concern about side yard setbacks for the Marigold Project and her concern that no overall long-term strategic plan is in place. She asked that the Council not look at City Code lightly when making decisions about this project.

Bess Tsaouse, 136 Mary Circle

Bess Tsaouse, 136 Mary Circle, appeared before the Council and asked if the City Code is available on the website. She further stated the city's website is very hard to navigate and suggested the City make the website easier to navigate and more transparent. Ms. Tsaouse asked if the Interview Committee for the City Administrator position could ask the applicants what type of experience they have in strategic planning. She suggested the Committee gather questions from the general public to be asked of the applicants during the interview process.

Barb Church, 102 E. Wheeler Avenue

Ms. Church again appeared before the Council and stated they made a wise decision to pause the Marigold Project until additional answers are received.

Vanyo Moody, 200 Belgrade

The speed limit sign installed at the entrance of Belgrade Avenue has been very effective at slowing down the traffic. Mr. Moody asked if the "Yield" sign at the exit of Highway 169 heading west onto Belgrade Avenue could be changed to a "STOP" sign since cars move very fast at this exit. Engineer Malm reported this is a free-right turn lane and under the jurisdiction of the State of Minnesota. Mr. Moody also asked if it was possible to get a crosswalk close to the bridge since it is a long distance between crosswalks. Engineer Malm reported that marked crosswalks at uncontrolled locations make pedestrians feel safe; however, the drivers ignore the crosswalks. His advice is to use only the crosswalks at the controlled locations. In response to a request from Van Moody to lower the speed to 25 mph on Belgrade, Engineer Malm reported signs are ineffective at slowing traffic down; vehicles go at a speed they feel are safe.

Mr. Moody stated there will be employees at the apartment building and it will generate sales tax from apartment residents because of the dollars spent at restaurants and other businesses.

Bills and Appropriations

Council Member Steiner moved, seconded by Council Member Norland, to approve all bills and appropriations in the amounts of \$28,902.91 and \$677,911.73. Vote on the motion: Steiner, Norland, Schindle, Freyberg and Dehen, aye; no nays. Motion carried.

There being no further business, the meeting was adjourned at 9:57 p.m.

Mayor

City Clerk