

## **COUNCIL MINUTES October 21, 2013**

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 October 21, 2013. 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 Spears, Steiner, Norland and Freyberg, Administrator Harrenstein, Attorney Kennedy, Planner Fischer, Public Works Director Swanson, 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: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

### **Approval of Minutes**

**Council Member Norland moved, seconded by Council Member Steiner, to approve the minutes of the Council Workshop of October 7, 2013 and the Council meeting of October 7, 2013. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

### **Continuation of Public Hearing, 7 p.m. – Assessment Roll for Project No. 10-01ABCDEF, CSAH 41/Carlson Drive/Howard Drive Improvements**

Mayor Dehen opened the public hearing to consider the assessment roll for Project No. 10-01 ABCDEF, CSAH 41/Carlson Drive/Howard Drive Improvements. Engineer Malm presented a PowerPoint presentation detailing the project location, the project background, the improvements which included sanitary sewer, watermain, stormwater management, paving, curb and gutter, sidewalk, trail and CSAH 41 connection to TH 14/CSAH 41 Interchange. He reported the total project cost of \$8,447,438 included construction, right-of-way costs and engineering with the City share \$4,144,200, Nicollet County Share \$3,056,238 and Federal Aid of \$1,236,000. The amount to be assessed as published was \$4,105,532.78. Engineer Malm reviewed the Minnesota Statute which requires that an assessment must be based on property value increase as a result of the improvements. He reported the City has records of property sales prior to installation of improvements of \$20,000 per acre and post installation of improvements at \$50,000 per acre which shows improvements provide an increase in property value of \$30,000 per acre after all improvements are complete. Engineer Malm defined the assessments reporting all proposed assessments are either prepaid or deferred. The prepaid assessments were included in property that has been sold. The deferred assessments are three categories: 1) Deferred until sold; 2) Deferred until annexed; and 3) Deferred until annexed and future improvements are completed. The “deferred until sold” parcels are currently developable and within City limits; owned by the Port Authority and the assessments will be collected upon sale of the property. The “deferred until annexed” are parcels that are currently developable but are not in the City limits at this time. The “deferred until annexed and future improvements are completed” are parcels outside the City limits and are not yet developable because they require additional utility or street/utility improvements to develop. Engineer Malm presented a proposed modification to the published assessment roll to eliminate the “deferred until annexed and future improvements are completed” category. It is proposed to assess these parcels at a future date when future improvements are constructed. He reported this is a minimal change since assessments were already deferred without interest until future improvements were completed. The proposed revised amount to be assessed is \$3,435,491.66. Attorney Kennedy reported the proposed changes are decreasing the assessments and therefore the notices sent to property owners are acceptable. Barb Church, 102 E. Wheeler Avenue, appeared before the Council and asked how the City will pay for the project that will not be assessed. Attorney Kennedy reported those

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assessments would have been deferred until annexation and other improvements occurred. In response to Ms. Church's second question about capturing these assessments at a future date, Administrator Harrenstein reported that systems are in place in the Finance and City Clerk's offices to ensure the assessments will be certified to the County. With no one else appearing before the Council, the Mayor closed this portion of the meeting.

### **Consent Agenda**

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

1. Bills and Appropriations.
2. Res. No. 67-13 Approving Donations/Contributions/Grants.
3. License Agreement between City of North Mankato and Arnold's South, LLC.

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

### **Public Comments**

#### **Phil Henry, 1300 Noretta Drive**

Phil Henry, 1300 Noretta Drive, appeared before the Council and asked a question about Item D on the agenda and how the City was going to finance a new arena.

#### **Barb Church, 102 E. Wheeler Avenue**

Barb Church, 102 E. Wheeler Avenue, appeared before the Council and reported the study engaged by the City of Mankato regarding the noise level from the concerts at Riverfront Park should be available by the end of October. The study should include suggestions to mitigate the problem.

Ms. Church also requested the economic development policies be discussed with those individuals who were part of the economic development sessions.

#### **Sheri Allen, ISD 77 Superintendent – Presentation of Referendum Bond**

Sheri Allen, ISD 77 Superintendent, and Tom Rekstein, Treasurer of the Mankato School Board, appeared before the Council and gave a PowerPoint presentation regarding the 2013 Bond Referendum. Superintendent Allen gave an overview of the Mankato Area Public Schools, the referendum planning process and future projected enrollment. She reported the Minnesota Commissioner of Education has reviewed the required documentation and has judged the project to be educationally and economically advisable. The referendum projects include a new middle school on the east side, an addition to Dakota Meadows Middle School, renovations to East High School, Garfield School and West High School cafeteria. Superintendent Allen reported the School District received more than \$67,000 in LEED Certification rebates for Rosa Parks as a "green" school. She also reported the required site size for the new middle school is 44 to 49 acres plus 1 acre for each 100 students enrolled. An area has been identified but no site will be selected until after a vote on the referendum. She presented property tax impacts and reported the 1991 Dakota Meadows bond came off the tax rolls in 2013 and the proposed 2014 school levy will decrease 5.88 percent. Additional information and a property tax calculator is available on the ISD 77 website [www.isd77.org](http://www.isd77.org). Election Day is Tuesday, November 5, 2013 with the polls open from 7 a.m. to 8 p.m. Voting locations can be found by visiting <http://pollfinder.sos.state.mn.us/>.

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### Business Items

#### **Res. No. 68-13 Adopting Revised Assessment Roll for Project No. 10-01ABCDEF, CSAH 41/Carlson Drive/Howard Drive Improvements**

Attorney Kennedy reported that the resolution adopting the revised assessment roll reflects the property found to be benefited by the improvement in the amount of the assessment levied against it and that such assessment increases the value of the property by the assessment amount. Mr. Kennedy spoke of the value of the base land price of property recently purchased in this area and the sale price of land after improvements have been completed. He reported the City may employ an appraiser at some future date to determine the value of the property, but a City record of recent purchases and sales verify the post-improvement value of the property at \$50,000 per acre. He reported that the legal standard to be followed is “special benefit” to the property to be assessed. “Special Benefit” was defined as the difference between the market value of the land prior to improvements and market value of the land after completion of the improvements. By voting to approve the assessment the Council is, in effect, stating they believe each assessed property received a “special benefit” equal to or greater than the amount assessed. **Council Member Norland moved, seconded by Council Member Steiner, to adopt Resolution No. 68-13 Adopting Revised Assessment Roll for Project No. 10-01ABCDEF, CSAH 41/Carlson Drive/Howard Drive Improvements. Vote on the Resolution: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

#### **CU-1-13, Conditional Use Permit Request to Install a Wireless Communication Tower at 1119 Center Street**

Planner Fischer presented a request from Mankato Brewery and Verizon Wireless to construct a 120-foot high monopole wireless communications tower at 1119 Center Street. He indicated that cellular towers are listed as conditional uses in M-1, Light Industrial districts. Steve Fester, agent for Verizon, was in attendance at the meeting to answer questions. Planner Fischer reported that past CUP requests for cellular towers have been granted at Arnold’s Implement, the north end of Lake Street and Northport Industrial Park. As proposed, the tower and equipment building would be securely enclosed within a 30’X40’ fence to prevent unauthorized access to the tower and the tower would offer Verizon and at least one additional wireless provider the opportunity to co-locate on the tower. The Planning Commission reviewed and recommended approval of CU-1-13 subject to the following conditions: 1) At the discretion of the City, the owner shall maintain the appearance of the tower; and 2) Remove tower and supporting equipment if no longer in use. **Council Member Freyberg moved, seconded by Council Member Steiner, to approve CU-1-13, installation of a wireless communication tower at 1119 Center Street, with the two conditions as recommended by the Planning Commission. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

#### **Set Public Hearing for 7 p.m. on Monday, November 18, 2013 to Consider Amendment to 2012-2013 HUD Action Plan**

Planner Fischer gave background information reporting that in May of 2012, the 2012-2013 Action Plan was approved by the City Council and HUD. The Plan allocated CDBG funds in the amount of \$95,000 to relocate the home addressed as 238 Nicollet Avenue to Christensen Street and rehabilitate it. The Nicollet Avenue property would then be used for downtown parking purposes. He reported that over the past year staff has been working with the owner of 238 Nicollet in preparation of an agreement to use CDBG funds to relocate and rehabilitate the home but the owner has not shown enough recent interest in the project. Since HUD requires the timely use of CDBG funds, staff believes it is in the best interest of the CDBG program to use funds for a different project. He reported staff has been approached by the owners of 710 Range Street regarding the purchase of their home. This home is next to a lot previously purchased with CDBG funds and due to its poor condition, would be demolished

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and replaced with a new single-family dwelling. Council Member Spears requested the changes in the HUD Action Plan be shown by striking out the old language and underscoring the new language.

**Council Member Freyberg moved, seconded by Council Member Norland, to set a public hearing for 7 p.m. on Monday, November 18, 2013 to Consider Amendment to the 2012-2013 HUD Action Plan. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

### **Consider Authorizing Discussions with MAHA and ASA Staff regarding Location and Financing of New Arena**

Administrator Harrenstein reported that in anticipation of the release of the All Seasons Arena study regarding a new ice rink and swim facility, he would like authorization to discuss location and financing of a new arena with the All Seasons Arena (ASA) and Mankato Area Hockey Association (MAHA) staff. He stated there is a growing commitment for recreational needs and it would be prudent to consider this as part of the Comprehensive Plan. Council Member Freyberg reported ASA recently commissioned the study from the Capital Reserve Fund. He also reported the ASA Board determined they were not going to fund a financial feasibility study but would ask the Mankato and North Mankato City Administration to complete this study. The study should be available by the end of this week. Administrator Harrenstein reported he had a conversation with Mr. Schumacher and he spoke very highly of Caswell Park and the soccer fields and what they have done for the community. **Council Member Norland moved, seconded by Council Member Steiner, to authorize discussion with MAHA and ASA staff regarding the location and financing of a new arena. Vote on the motion: Steiner, Norland, Freyberg and Dehen, aye; Spears nay. Motion carried.**

### **Update on Economic Development Policies, Structures and Approach**

Administrator Harrenstein asked Tony Schertler, Springsted, Inc. to appear before the Council. The Administrator presented a summary of the two sessions held with citizens and stakeholders on economic development policies. He reported the survey identified the City's strengths as follows: 1) Quality of Life – this including housing, parks, schools, healthcare and other regional amenities that attract businesses and individuals to the region; 2) Land and Location – Northport Industrial Park was recognized as an asset because of available land and excellent transportation access; 3) Flexible Process – North Mankato is recognized as an easy place to do business with competent staff willing to help businesses solve problems; and 4) Pro-Development – North Mankato is viewed as a pro-business community that embraces development.

Administrator Harrenstein reported the memo reviews the top three “issues or challenges” survey participants identified regarding the City's economic development activity as well as staff's recommendations for proceeding. A summary of survey results stated a lack of a Comprehensive Land Use Plan and clearly articulate guidelines for awarding incentives to businesses was cited as a weakness for the City. He reported the City currently has policies and procedures for the awarding of economic development incentives; however, participants described their concern with the policies in relation to the benefit received for the money invested, the process used to award the benefit and suggested new policies be adopted. He presented Economic Development Policies developed by Springsted Inc., City staff and the City's Bond Counsel which clearly articulate the guidelines for awarding incentives to businesses.

Tony Schertler, Springsted Inc., presented a series of actions that could be considered by the Council: Policies, Tools, Procedures and Organization. He spoke of the statutory requirements for loan programs, tax increment financing and tax abatement. He reported that tax increment financing requires

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a higher threshold and procedures be adopted for tax increment requiring applicants to put their request in writing. He spoke of pay-as-you-go TIF and stated this is a low risk option. He spoke of the necessary steps for applicants in order to receive these entitlements. The organizational aspect is separate of the other issues.

Discussion was held regarding the number of jobs required for Tax Increment Financing and Mr. Schertler responded with the State requirements, exceptions and different type of developments. The Administrator stated that business subsidy is a term that means one thing to developers but another thing in state statutes. Council Member Freyberg responded that he believes the job requirement item needs to be clarified.

Administrator Harrenstein reported the survey results shows a desire exists among survey participants to understand the role the Port Authority will play in future economic development activities and the transparency of its actions. He presented recommendations to address this issue: 1) Increase the number of City Council Members serving on the Port Authority; and 2) Amend the City Code and Port Authority By-Laws to automatically appoint City Council Members to the Port Authority for the length of the terms they are elected to serve. There are two vacancies on the Port Authority and another member's term will expire on December 31<sup>st</sup>. Appointing the remaining three City Council Members who do not currently serve on the Port Authority in addition to the two City Council Members who already serve on the Port Authority will vest the entire City Council and the two remaining Port Authority Members with complete responsibility for awarding business incentives. Mayor Dehen reported by putting the full Council on the Port Authority Commission it becomes more of an Economic Development Authority. Attorney Kennedy reports that this gives the City the best of both worlds by having the full Council and two business individuals. He stated that Julie Eddington of Kennedy & Graven, Inc. reported a change to the Port Authority Commissioner's terms requires an amendment to Section 32.30 of the City Code.

The Business Subsidy Policy was presented and reviewed. Administrator Harrenstein noted the Business Subsidy Act requires that a Business Subsidy Policy be adopted only after a public hearing by the City and any other authority providing business subsidies (Port). The amended Business Subsidy Policy must be sent to the State of Minnesota upon adoption. Discussion was held regarding guidelines for the use of tax abatement and tax increment financing for the City of North Mankato and the North Mankato Port Authority. The proposed Business Subsidy Policy will be available on the City's website at [www.northmankato.com](http://www.northmankato.com) under Economic Development. Stakeholders and residents may review and comment on the policy. The Administrator asked if he should bring the Business Subsidy Policy back to the Council for adoption. The Mayor asked that the policy be emailed to the participants and that an open house be held prior to the next Council meeting prior to adoption of the Business Subsidy Policy.

Administrator Harrenstein reported the third issue from the economic development survey was "Lack of Regional Involvement." He reported this finding is most likely linked to the City of North Mankato withdrawing from Greater Mankato Growth (GMG) and Visit Mankato (CVB). He also reported that earlier this year the City Council deferred action on joining the Regional Economic Development Alliance (REDA), a service of GMG until a new City Administrator was named. Since the City of North Mankato plays a significant role in maintaining the Metropolitan Statistical Area's (MSA) quality of life, employment base, continued opportunity for job growth and tax base, the region will be weaker without the City's involvement. The Administrator reviewed two options to address this issue: 1) The City Council could determine to restore North Mankato's membership into the GMG organization with all of the associated benefits it had upon leaving the organization in 2008 for an

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approximate cost of \$30,000; and 2) Maintain the status quo remaining a government member of GMG at an annual cost of \$696 per year and remain an ex-officio member of City Center Partnership with full voting rights and access to their programs and services including City Art at a cost of \$5,000 annually.

The Administrator prepared a resolution for Council adoption if it determines they wish to restore their membership into GMG, Inc. He read the resolution in its entirety as follows:

RESOLUTION APPROVING  
THE TERMS OF AGREEMENT BETWEEN THE CITY OF NORTH MANKATO AND GREATER MANKATO  
GROWTH, INC.

WHEREAS, the City of North Mankato has positioned the community for future success with economic development activity and planning; and

WHEREAS, the City of North Mankato recognizes the benefits these actions provide to the region and the benefits it derives from being a part of the Greater Mankato area; and

WHEREAS, to maximize all assets located in the region and to promote an atmosphere of cooperation in pursuit of economic development in the North Mankato-Mankato Metropolitan Statistical Area (MSA);

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, hereby directs its City Administrator to seek membership into Greater Mankato Growth, Inc. at a cost of \$2.19 per capita in exchange for the following:

1. A designated seat on GMG, Inc. Board of Directors reserved for the Mayor, City Council Member, or City Administrator as selected by the North Mankato City Council.
2. Full inclusion in the Greater Mankato Growth and the Regional Economic Development Alliance, including all "staff" interactions, business support, development and attraction services, positioning activity, materials and presentations, and on-demand support services to staff as desired in providing economic development services.
3. Quarterly updates from GMG and/or REDA staff on the organization's activities to promote the Northport Industrial Park which includes attending meetings of the City Council or Port Authority.
4. Agreement to issue joint statements on any successful business recruitments within the City of North Mankato.

BE IT FURTHER RESOLVED that the City Council of North Mankato seeks to approve such an agreement after successful negotiations have been completed.

It was recommended the resolution be amended to change "Approving the Terms of Agreement" to "Approving the Terms of Negotiation" between the City of North Mankato and Greater Mankato Growth, Inc.

### **Res. No. 69-13 Approving the Terms of Negotiation between the City of North Mankato and Greater Mankato Growth, Inc.**

**Council Member Norland moved, seconded by Mayor Dehen, to adopt amended Resolution No. 69-13 Approving the Terms of Negotiation between the City of North Mankato and Greater Mankato Growth, Inc. Vote on the Resolution: Spears, Norland, Freyberg and Dehen, aye; Steiner nay. Motion carried.**

### **Request for Proposals (RFP) for Professional Realty Services for Northport Industrial Park**

Council Member Freyberg stated that since the City has nearly \$8 million invested in improvements for the Northport Industrial Park, he believes a Request for Proposals (RFP) should be

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prepared to engage professional realty services to market the Northport Industrial Park property. **Council Member Freyberg moved, seconded by Council Member Spears, to authorize the preparation of a Request for Proposals (RFP) for Professional Realty Services to market property in Northport Industrial Park. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

### **Report from Mayor**

The Mayor thanked the Public Works Department for rebuilding the wall of the scenic overlook on Lookout Drive hill and for the successful fall drop off.

The Mayor reported a Halloween-themed meal will be held at Gus Johnson Plaza at 11 a.m. on Thursday, October 31, 2013.

### **Public Comments**

The Mayor opened the meeting to the public for the second time with no one appearing.

There being no further business, the meeting was adjourned at 9:03 p.m.

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Mayor

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City Clerk