

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on August 8, 2022. Mayor Dehen called the meeting to order at 12:00 pm. The following were present for roll call: Council Members Whitlock, Steiner, Norland, Oachs, City Administrator McCann, Police Chief Gullickson, and City Clerk Van Genderen.

Receive Information on the All-Seasons Arena Facility Needs

City Administrator McCann introduced Mankato City Manager Susan Arntz, who appeared before the council to provide information and analysis on the All-Seasons Arena (ASA) needs. Manager Arntz reported the City of Mankato became the operator of ASA in November 2020. After an eighteen-month assessment, three primary challenges need to be addressed, including replacement of systems, establishing a Joint Powers Agreement (JPA), revenue adjustments, and capital structure.

A review of the organization revealed that in 1985 the cities of Mankato, North Mankato, Skyline, and the counties of Blue Earth and Nicollet assumed ownership of the Mankato Ice palace property from Mankato Area Arena, Inc. The partners agreed that the ASA is an asset to their citizens and continues to be an asset creating a positive economic impact for the region. Manager Arntz reviewed the rink conditions. The south rink was constructed in 1973 and had a Direct R-22 refrigeration system; in 2005, significant improvements were completed, but the vessels, piping, pumper drums, etc., were not replaced, and these parts are 49 years old. Direct refrigeration systems are expected to be useful for 25 years. The north rink was added in 1998 and had an Indirect R-22 refrigeration system. Indirect R-22 refrigeration systems have a 20-year life expectancy, and the north rink is 24 years old. On January 1, 2020, a ban was placed on the production and import of R-22, and only recycled R-22 is available. On January 1, 2030, there will be a ban on all remaining production and import to the U.S. of all HCFCs or hydrochlorofluorocarbon. In 2016 the school district contracted with B32 to complete a report concerning rink conditions. The board reviewed the report but did not formulate a plan. B32 has provided updates, but action has not been taken. When they took over as operator, Mankato City Staff engaged ISG to complete a facility needs report to understand the full needs of the facility and create a comprehensive plan. The current proposed plan includes replacing the south and north rink and moving to an ammonia-based system with a longer life expectancy and a lower cost of operation. Ms. Arntz reported the ASA board had reviewed potential contingency plans if the ice systems failed. Ms. Arntz reviewed the proposed project schedule, including design in 2022- 2023, review and issuance of bids in 2023, beginning construction at the end of 2024, and bond for the project in 2024 with payments beginning in 2025. The estimated cost for rink improvement is \$5,700,722, which would increase North Mankato's annual payment from \$14,375 to \$112,202. ISG facility report identified projects as immediate, short-term, or long-term priorities. Improvements included mechanical and plumbing, site and grounds, electrical and technology, and architectural and structural. An estimated total of \$3,876,340 projects were identified. Immediate improvements made up \$2,729,100, short-term made up \$1,089,740 and long-term made up the remaining \$57,500. The ASA Board has not prioritized the potential projects and will review them in September as part of the review of the ASA budget. North Mankato's portion of the facility needs is 21.883% of the project based on the planned apportionment. Mankato Manager Arntz outlined the challenges and next steps, which included informing ASA owner communities of the existing condition of the asset, working with the partners on ice system plans and financing, working with partners on the development of a plan for the facility's capital improvement needs and continuing to explore possible additional partners for the improvement.

Council Member Norland thanked Mankato for the information and requested clarification concerning plans for the future of the board and facility. She mentioned former City Council Member Freyberg had indicated the commission was working on an improvement plan. Mankato Manager

Arntz reported the ASA had a debt of over \$876,000, and the partners all contributed funds toward the debt payment, but in 2020 the debt was paid off. The partners did not continue to contribute funds that could have been used for future projects.

Mayor Dehen requested clarification on the proposed new ice if it would be the same as the civic center. Manager Arntz reported it would be the same, and the civic center's experience could be used to assist if requested.

A discussion was held concerning the condition of the facility, with everyone agreeing work needs to be done to bring the facility up to code and provide a more attractive asset.

Mayor Dehen requested clarification on when North Mankato could anticipate the increased payment for the improvements.

Manager Arntz noted the ASA Board is trying to keep the regional partners, but Eagle Lake has indicated its intention to leave the organization.

City Administrator McCann requested additional information on the anticipated increase to North Mankato's current contribution as the contribution would impact the levy. Mayor Dehen suggested building equity to help cash flow some of the improvements. Manager Arntz indicated it would be a board decision on the work, but she would provide information to City Administrator McCann to help with budgeting. Manager Arntz also indicated work was being done to locate additional partners.

Attorney Kennedy suggested the development of a new joint powers agreement to assist with future conversations concerning payments and partners entering or exiting the organization.

City Administrator McCann introduced Eric Boelter and Josh Sherburn from the Mankato Area Hockey Association. Eric Boelter thanked the Council for contributing and indicated they would appreciate the continued support.

Cannabis Legislation

Police Chief Gullickson reviewed information concerning the legal definition of cannabis and indicated that Tetrahydrocannabinol (THC) is a naturally occurring substance in both hemp and marijuana. Delta-9 THC is the psychoactive component in marijuana that causes a high. Delta-9 THC occurs in hemp, just in lower concentrations. He reported that Delta-9 THC can now be sold in Minnesota with a few restrictions from the State.

The sale of edible cannabinoid products containing Delta-9 THC is legal to persons over 21 years old. Regulations include edibles that cannot contain more than 5 mg per gummy of any THC and 50 mg per package of any THC. Cannabinoid products cannot be sold in packaging that looks like candy.

Police Chief Gullickson reported that any business could sell edible cannabinoids except off-sale intoxicating liquor stores based on the current laws in place for off-sale. The State does allow cities to regulate the sale of cannabinoids. Some cities have created a moratorium on the sale of cannabinoids to allow time to study the sale. He indicated City Attorney Kennedy and staff have prepared a draft ordinance for consideration. The ordinance would require a license to operate with a background check before a business can sell cannabinoids. The ordinance also provides for the prosecution of those who possess cannabinoids under the age of 21. The ordinance also limits the City to five licenses, and City staff is seeking guidance on the number of allowed licenses. The ordinance also prohibits the sale of consumable cannabinoids at both on-sale and off-sale intoxicating liquor license- holding businesses.

Police Chief Gullickson stated the Council could proceed with either a moratorium or the passage of the proposed ordinance with guidance from the Council. A discussion was held concerning whether to proceed with a moratorium or the ordinance. It was determined to bring back both a

moratorium ordinance and the proposed cannabinoid ordinance and gather information from residents and see how other cities are proceeding. The ordinances would be brought back before Council to consider setting a public hearing at the next Council Meeting.

Council Member Norland moved, seconded by Council Member Oachs, to adjourn the Council Work Session at 12:54 pm.

Mayor

City Clerk