

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on September 19, 2022. Mayor Dehen called the meeting to order at 7:00 pm, asking everyone to join the Pledge of Allegiance. The following were present for roll call: Council Members Oachs, Steiner, Whitlock, Norland, City Administrator McCann, Interim Finance Director Ryan, Community Development Director Fischer, Police Chief Gullickson, and City Clerk Van Genderen.

Approval of Agenda

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

Proclamation

WHEREAS, September 17, 2022, marks the two-hundred-thirty-fifth anniversary of the framing of the Constitution of the United States of America by the Constitutional Convention; and

WHEREAS, it is fitting and proper to accord official recognition to this magnificent document and its memorable anniversary, to the patriotic celebrations which will commemorate it; and

WHEREAS, Public Law 915 guarantees the issuing of a proclamation each year by the President of the United States of America designating September 17 through 23 as Constitution Week.

NOW THEREFORE I, Mark Dehen, Mayor of North Mankato, by virtue of the power vested in me as Mayor of the City of North Mankato, do hereby proclaim September 17 through 23 as:

CONSTITUTION WEEK

And ask our citizens to reaffirm the ideals the Framers of the Constitution had in 1787 by vigilantly protecting the freedoms guaranteed to us through this guardian of our liberties.

Approval of Council Minutes from September 6, 2022, Council Meeting.

Council Member Steiner moved, seconded by Council Member Oachs, to approve the Council Meeting Minutes of September 6, 2022. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Approval of Council Work Session Minutes from September 12, 2022, Council Work Session.

Council Member Oachs moved, seconded by Council Member Norland, to approve the Council Work Session Meeting Minutes of September 12, 2022. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Public Hearing, 7 pm Consider an Ordinance of the City of North Mankato, Minnesota, Regulating the Sales, Testing, Manufacturing, and Possession of Products Containing THC, Cannabis, or Cannabinoids.

Attorney Chris Kennedy appeared before Council and noted an error in one of the definitions that would need to be corrected.

Barb Church, 102 Wheeler Avenue, appeared before Council and stated she believed it would be best if the City of North Mankato did what the City of Mankato was doing.

The co-owner of Tip-Top Tobacco, 1710 Commerce Drive, appeared before Council and noted the ordinance allows random searches of businesses without a warrant and wanted to know if it was legal. He also questioned why HHC products were banned as they were not mentioned when THC Vape products were banned.

With no one appearing, Mayor Dehen closed the Public Hearing.

Public Hearing, 7 pm City of North Mankato Minnesota Notice of Public Hearing Regarding Proposed Property Tax Abatements.

City Administrator McCann reported that the developers Marty Walgenbach and Bob Beadell were present to answer questions concerning the proposed development.

Marty Walgenbach reported that their development group, 230 Nicollet Avenue, LLC worked on the infill project 235 Belgrade Avenue and was interested in developing the lot behind that development. The plan is to create a nine-unit complex and provide additional parking for the community. Bob Beadell noted that the project would provide five extra parking stalls for the City.

Tammy Omdal, Northland Securities, appeared before Council as the City's bond counsel and financial advisor. She noted that the developer was seeking gap financing of \$200,000. Tax abatement is a financial tool the City can use to assist developers. Tax Abatement would forego the increase of City taxes for the two identified parcels of 235 Belgrade Avenue and 230 Nicollet. So any taxes above what would currently be paid would become the financing tool. The abatement would act like a pay-as-you-go TIF, and the abatement would be paid to the developers. The estimated tax increase would occur in 2025 at a \$16,000 increase. The abatement would be for a maximum of 12 years or \$200,000. Mayor Dehen asked if the abatement would be on all taxes or just the City's portion. Ms. Omdal reported it would be only on the City's portion of taxes, meaning the County and the school district would receive their increased taxes.

Barb Church, 102 Wheeler Avenue, appeared before Council and stated that while the abatement does not raise taxes, it takes money from where you would typically spend the taxes, so the City may need to increase taxes to cover it. Ms. Church also requested information on the amount of taxes in abatement. Ms. Church asked for clarification on if the apartments were market rate or low income.

Consent Agenda

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

- A. Bills and Appropriations.
- B. Res. No. 79-22 Approving Donations/Contributions/Grants.
- C. Res. No. 80-22 Declaring Surplus Vehicles and Equipment.
- D. Res. No. 81-22 Appointing Election Judges for the General Election.
- E. Approved Parade Permit for Cross Country Meet at Caswell Soccer Complex/Benson Park on September 27, 2022, and October 12, 2022, from 3 pm to 7 pm.
- F. Approved Audio permit for KEYC, SCC, and City of North Mankato Block Party on September 27, 2022, from 11 am to 2 pm at 1920 Lee Boulevard.

Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Public Comments Concerning Business Items on the Agenda.

Barb Church, 102 Wheeler Avenue, appeared before the Council and stated she hoped Council would set the preliminary levy at 7.67% due to inflation, taxes, and other reasons. She suggested the Council consider going even lower.

Business Items

Ordinance No. 152, Fourth Series, an Ordinance Regulating the Sales, Testing, Manufacturing, and Possession of Products Containing THC, Cannabis, or Cannabinoids.

City Attorney Kennedy reported that while North Mankato is close to Mankato, it does not mean the City needs to do what they do. The Council can make its own decisions. He reported he did believe the legislature would pass additional legislation concerning THC but stated the Council could update the ordinance at that time. Attorney Kennedy responded to the public hearing comment concerning the police not being required to have a warrant to search premises. He stated it would not violate fourth amendment rights because the assumption would be a business, not a private home. The ordinance would align with what the City can do for businesses that serve or sell alcohol or cigarettes. He noted that HHC regulations follow state statutes, which remains somewhat unclear. Police Chief Gullickson reported that HHC is HexaHydroCannabinol, a chemical derivative that is still a cannabinoid. Because it is a cannabinoid, it falls under the regulations, even if it is not called out.

Council Member Norland said she thought passing regulations would be appropriate. Council Member Oachs asked if North Mankato knew Mankato's position on Cannabinoids. Police Chief Gullickson reported they were making it illegal for anyone under the age of 21 to possess cannabinoids but were not planning on permitting or licensing the sale.

Mayor Dehen requested clarification on where the product could be sold and whether the City would limit the sale to commercial businesses. He wanted to ensure consumers would get what they paid for and not be scammed.

Police Chief Gullickson reported there were two items the Council would need to decide. First, how many licenses would be allowed in North Mankato? Second, how restrictive does the Council want to be concerning the businesses allowed to sell? He noted the Ordinance does prohibit the sale of THC at both on-sale and off-sale intoxicating liquor stores. By State Statutes, off-sale liquor stores may not sell THC products, but on-sale would be allowed.

Council discussed the number of licenses with a consensus of approximately ten licenses. A discussion was held concerning if the Ordinance should limit the sale of THC to commercial businesses eliminating the option for home businesses selling the products.

Council Member Oachs moved, seconded by Council Member Steiner to table Ordinance No. 152, Fourth Series, an Ordinance Regulating the Sales, Testing, Manufacturing, and Possession of Products Containing THS, Cannabis or Cannabinoids. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Res. No. 82-22 Approving Property Tax Abatements and Authorizing Execution of a Tax Abatement Agreement.

Mayor Dehen commented that the City is using the abatement tax process because the TIF would not work in this situation. He noted that the funds would be used for soil corrections. Council Member Oachs requested clarification on if the housing would be market rate or closer to affordable housing. Mr. Beadell reported it would not be considered affordable housing but would be market rate. Mayor Dehen stated that tax abatement had not been used for housing before. Still, the City has a history of using tax abatement for other projects, including Spring Lake Park Swim Facility, the autism center, and Caswell Park, to name a few. City Administrator McCann reported that the 235 Belgrade

project and the bonds for the Caswell Park improvement tied up funds, so the tax abatement made the best assistance option. Mayor Dehen stated it would function similarly to a pay-as-you-go TIF.

Council Member Norland moved, seconded by Council Member Steiner, to Adopt Res. No. 82-22 Approving Property Tax Abatements and Authorizing Execution of a Tax Abatement Agreement. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Res. No. 83-22 Approving a Proposed Preliminary Tax Levy.

Interim Finance Director Ryan said the resolution would set the maximum tax levy. The Council could decide to decrease the preliminary levy. Ms. Ryan reported that staff recommended the 7.67% increase, which would reduce the tax rate by 3.75% and allow for the addition of one police officer. Included in the options is a 10.4% increase which would decrease the tax rate by 2.6% and allow for two new police officers and additional funding for the park department. Other options included a 13.2% levy or a flat tax rate. Ms. Ryan noted that a public hearing would be held on December 5, 2022, to allow the public to speak about the levy. Council Member Norland said that she thought it would be good to build a reserve considering the state of the economy and was interested in discussing the 13.2% levy. Council Member Steiner stated he thought option three would be too high and favored option 1 or 2. Council Member Oachs said the City could consider option 2 with a tax levy of 10.4% to fund the two new police officers. Mayor Dehen stated he believed option 2 with a tax levy of 10.4% to support the two new police officers, but maybe the staff could decrease from a 10.4% tax levy while still funding the police officers but cutting out the extra funding for the parks. The continued discussion consisted of setting the tax levy at 10.4% and considering a reduction before the final tax levy is adopted in December.

Council Member Steiner moved, seconded by Council Member Oachs, to adopt Res. No. 83-22 Approving a Proposed Tax Levy Using the 10.4% Tax Levy. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Res. No. 84-22 Setting Public Hearing on Code of Ordinance Amendments Chapter 54: Stormwater, Chapter 92: Health and Safety; Nuisances, Chapter 155: Subdivision Regulations, and Chapter 156: Zoning Code.

City Engineer Sarff reported that the State completed its update of the MS4 Permit, and the City must make changes to its ordinances to comply with the new requirements. Changes include but are not limited to changes in language concerning land disturbances in the City, Post Construction Stormwater management, and salt storage.

City Engineer Sarff reported that the City's MS4 Stormwater Pollution Prevention Plan also requires an update and will be considered at the next Council Meeting.

Council Member Steiner moved, seconded by Council Member Norland, to Adopt Res. No. 84-22 Setting Public Hearing on Code of Ordinance Amendments Chapter 54: Stormwater, Chapter 92: Health and Safety; Nuisances, Chapter 155: Subdivision Regulations, and Chapter 156: Zoning Code. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Res. No. 85-22 Approving the Sale of Real Estate.

Community Development Director Fischer reported that the resolution would approve the sale of 702 Range Street to Habitat for Humanity Southern, Minnesota. The owners of 702 Range Street

approached the City to see if the City was interested in purchasing the home due to its poor condition. The City negotiated a price of \$20,000 and hired a contractor to remove the house for \$11,000. The City then negotiated the sale of the land to Habitat for Humanity Southern Minnesota for \$40,000. The Resolution would authorize the deal.

Council Member Steiner moved, seconded by Council Member Norland, to Adopt Res. No. 85-22 Approving the Sale of Real Estate. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Res. No. 86-22 Accepting Bid Marvin Boulevard Lift Station Forcemain Replacement Project No. 22-04 A.

City Engineer Sarff reported that bids were opened on Tuesday, September 13th, at 11:00 am for the project. Only one bid was received in the amount of \$161,258.81 by GM Contracting, LLC, from Lake Crystal, MN. The low bid is approximately 17% below the Engineers' Estimate of \$194,000. The project involves installing a sanitary sewer pressure pipe (force main) from the Martin Boulevard lift station to the Carol Court lift station. The new pipe will be installed using directional drilling methods as the route runs along lot lines adjacent to a ravine. Based on previous performance by GM Contracting staff recommended that the bid be awarded for \$161,258.81. Council Member Whitlock requested clarification on whether a property considered for development could be connected to the system using the Marvin Boulevard Lift Station. City Engineer Sarff reported that a new lift station would need to be built due to the location and elevation of the property.

Council Member Steiner moved, seconded by Council Member Oachs, to Adopt Res. No. 86-22 Accepting Bid Marvin Boulevard Lift Station Forcemain Replacement Project No. 22-04 A. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Res. No. 87-22 Amending the Contract for the Collection of Residential Solid Waste and Recyclable Materials in North Mankato.

City Administrator McCann reported that West Central Sanitation attended a Council Work Session and presented an option to amend working hours to accommodate increased costs. The amending working hours would allow West Central to begin collection at 4 am and reduce the number of days from 4 to 3 days. The cost-saving efforts would prevent the company from raising costs. Council Member Norland requested clarification on the contract max increases for West Central. City Administrator McCann reported it was capped at 2%, and the contract runs through 2024. Council Member Norland stated she would be open to raising rates to decrease the stress on the employees of West Central. Mayor Dehen noted that would be a discussion on the budget, and the current topic is the amendment to the schedule. Council Member Oachs thanked West Central for their creativity in finding alternative ways to save money and provide for their employees.

Council Member Steiner moved, seconded by Council Member Whitlock, to adopt Res. No. 87-22 Amending the Contract for the Collection of Residential Solid Waste and Recyclable Materials in North Mankato. Vote on the motion Whitlock, Steiner, Norland, Oachs, and Dehen aye, no nays. Motion carried.

Open Forum

None.

City Administrator and Staff Comments

City Administrator McCann invited everyone to two-in-person “Brewing New Ideas” public engagement sessions. One will be held on Wednesday, September 28th, from 6-8 pm at the Mankato Brewery. The other will be on Wednesday, October 19th, from 6-8 pm at the Spring Lake Park Warming House. Residents may also provide input by taking a survey on the website from 12 am to 4 pm on the day of each session.

City Administrator McCann reported that a Community Block Party would be held on September 27th from 11 am to 2 pm in the green space at South Central College.

City Administrator McCann reported that the Splash Pad’s last open day would be Sunday, September 25th, from 9 am to 9 pm.

Caswell Construction continues and is on schedule.

Music in the Park will be held at Wheeler Park on Thursday, September 22nd, and September 29th from 5:30 pm to 7:30 pm.

Party on the Prairie will be held at Benson Park on Saturday, October 1st, from 2:00 pm to 7:00 pm.

City Administrator McCann reported that Fall Drop Off would take place October 6-8 from 7:00 am to 5:00 pm and October 9 from 7 am to noon at the Public Works yard at 610 Webster Avenue.

Community Development Director Fischer reported there would be a road closure on Lor Ray Drive the week of October 3rd to accommodate the tie-in of utilities for the new Starbucks and Chipotle.

Mayor and Council Comments

Council Member Oachs noted that the signal at the top of Lee Boulevard had been back-ordered for three to four weeks.

Mayor Dehen thanked everyone that came out for Symphony on the Prairie and Bier on Belgrade. He invited everyone to Pam Diterman’s VINE Faith in Action Retirement celebration on October 18th.

At 8:07 pm, on a motion by Council Member Norland, seconded by Council Member Steiner, the Council Meeting was adjourned.

Mayor

City Clerk