

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on October 26, 2020. Mayor Dehen called the meeting to order at 12:00 pm. The following were present remotely through Zoom for roll call: Council Members Oachs, Whitlock, Steiner, Norland, and Mayor Dehen, City Administrator Harrenstein, Finance Director McCann, Library Director Heintz, Caswell Sports Director Tostenson, and City Clerk Van Genderen. Citizen monitoring was available through a conference call.

### **Caswell Park Economic Impact**

Caswell Sports Director Tostenson reported the 2020 season started late due to the COVID-19 pandemic. The first nine scheduled events were canceled due to covid with an estimated loss of economic impact of \$2.58 million.

Caswell opened for play on June 20, 2020, and proceeded to host 14 events over 32 days of tournament play. A total of 573 teams visited Caswell Park, with 64 teams from out of state. A total of 13,867-day visitors and 6,472 overnight visitors resulted in an estimated economic impact of \$4,346,476.

Caswell Sports Director Tostenson reported a significant factor in the decline in economic impact was the cancellation of events in the first half of the 2020 season and the closing of the Canadian border, which did not allow 22 teams to compete in Minnesota. Caswell Park and its staff were responsive to tournament directors' needs and hosted last-minute events and multiple events one weekend.

Caswell Sports Director Tostenson stated in the fall of 2019, Caswell Sports became the facilitator of adult softball and continued into 2020. They offered both adult softball and sand volleyball. The start of the season was delayed until June 29 and ran into the first week of September. There was a reduced number of teams due to COVID-19.

Caswell Sports Director Tostenson indicated the 2021 season schedule is set, but COVID-19 things may change.

Mayor Dehen requested an update on the Somali soccer league that Caswell Sports is supporting. Caswell Sports Director Tostenson reported the league is doing well and was scheduled to have their championship tournament last weekend. Due to the snow, it has been rescheduled to the weekend of October 31, 2020.

City Administrator Harrenstein thanked the Council for stepping forward and allowing Caswell Sports to reopen. The \$4million in economic impact for 2020 is very important for the community, and the park performed well.

### **Swim Facility Economic Impact**

Library Director Katie Heintz appeared before Council and reported that the North Mankato Swim Facility saw a record number of visitors in 2020. The facility was open for 74 days between June 15 and Labor Day Weekend. There were many procedural changes due to COVID-19. Operating at only 50% capacity, the facility still saw 42,072 visitors in 2020 for an average of 568 daily users. The facility began additional programming, including toddler time, 21+ Adult Swim Nights, Swimming Lessons, and Adult Fitness Swim. These events will be expanded in 2021. A total of 927 family, single, additional family member/babysitter, and punch passes were purchased in 2020. A total of 546 swimming lessons were taught with total revenue of \$22,355.47. The facility hosted three swim nights with an average attendance of approximately 300 guests and total revenue between ticket sales, beer sales, and concessions of \$16,936. The facility also began Adult Fitness classes later in the fall after the temperature had cooled, and the events were not as successful as anticipated. Still, the staff has additional ideas to try in 2021. The facility hosted toddler times in July and August on Monday,

Wednesday, Friday, and Saturday mornings from 10:00-11:45 am. The events were well attended, although later in the season, the cold deterred some participants and canceled others. A total of 21 birthday parties were hosted by the swim facility and included ten tickets, a reserved space in the warming house, food and drink tickets, and cake or cupcakes. The parties had gross revenue of \$4,060. Concessions had a record year with \$84,240 in sales. The facility provided 61 jobs in 2020, and the staff is anticipating additional hires in 2021.

Mayor Dehen thanked staff for their work and reported the increase in visitors is nearly 4x more than the 2018 attendance. He requested clarification on the Autism Summer Camp. Library Director Heintz said the facility worked with a group to establish a time for kids with autism to come into the facility before regular open hours. The group was only able to attend one time, but all the participants had a wonderful time. The facility plans to continue the program next year.

Council Member Whitlock stated in 2017 that when discussing upgrading the facility began, there were concerns about the viability of proposed upgrades. Still, the facility has proven to be a great asset to the community.

The discussion was held concerning plans to offer sponsorship opportunities at the pool, including banners and sponsorship of additional adult nights and family nights.

### **Recreation, Special Revenue, and Economic Development Proposed Budget 2021**

Finance Director McCann reported this would be the final budget Work Session presentation. Finance Director McCann reviewed the Swim Facility, which is currently a part of the General Fund but has been removed for a closer review. He reviewed the proposed 2021 budget, which included \$227,182 for personnel, \$80,425 for supplies, and \$53,573 for services and charges. The budget anticipates \$356,268 from sales tax, passes, lessons, concessions, and contributions. Total expenditures are expected at \$365,797 for a deficit of \$9,529, managed by a transfer. City Administrator Harrenstein reported the pool performed better in 2020 than anticipated with the challenges presented by COVID-19. He suggested moving the Fund out of the General Fund into its own Fund. Mayor Dehen requested Council preference on the proposed move, and Council Member Oachs, Steiner, and Mayor Dehen preferred a separate fund. Simultaneously, Council Member Whitlock would like to see it remain a part of the General Fund, and Council Member Norland was unsure. City Administrator Harrenstein reported the staff would provide additional information to the Council concerning moving the Fund.

Finance Director McCann reviewed the Caswell Fund, which has an estimated revenue of \$560,887, which includes a transfer in of \$70,000. Expenditures are estimated at \$546,570. He commented that cash is building in the Fund, and with the bonding bill passed in the legislation, additional information will be brought forward. City Administrator Harrenstein reported the proposed budget is planned on a complete 2021 schedule without COVID-19 interruptions. He noted the bonding appropriation is for Caswell Park and includes the soccer complex. The soccer agreement with Mankato United Soccer has worked well. Still, with the bonding appropriation, discussions will be held to consider funding of proposed upgrades and how Mankato United Soccer works with the City on the Capital upgrades.

Finance Director McCann reviewed the Library Endowment Fund, which has a total revenue of \$53,250 and total expenditures of \$53,250. The Fund was created from a donation from the Glen A. Taylor Foundation to fund library programming. Transfers into the Fund are used to support programming. Mayor Dehen asked Library Director Heintz if she had enough funds to support her increased programming. Director Heintz reported she was comfortable with the number.

Finance Director McCann reviewed the Local Option Sales Tax Fund which had a proposed revenue of \$600,000 and proposed expenditures at \$593,503. He reported the Sales Tax collected in

2018 was \$583,694, and in 2019, \$679,219 was collected. Mayor Dehen requested clarification on if COVID-19 has significantly decreased the sales tax collection in 2020. Finance Director McCann reported there had not been a significant decrease, probably due to the collection of internet sales taxes. A discussion was held concerning the Fund and proposed funds to match the Caswell Park Bonding of 2 million dollars.

Finance Director McCann reviewed the Gambling 10% Fund. The Fund is used to account for the 10% gambling revenues generated from non-profit gambling operations within the City. The funds are then donated to other non-profits and service groups in the area. In 2021 estimated revenue is anticipated at \$32,000 and expenditures at \$17,000. The donations list is outlined in the detail.

Finance Director McCann reviewed the Joint Economic Development Fund, which was started as a collaboration between the North Mankato Port Authority and BENCO Electric Cooperative to develop the North Port Industrial Park in 1990. The Fund is used to acquire and develop the property and all associated costs with the Northport Industrial Park. Total estimated revenues for 2021 are \$11,594, and the total estimated expenditures are \$62,000, which includes property tax for the land owned by the Port Authority. The City continues to work with interested investors but does not anticipate a land sale in 2021 but is looking at 2022 to sell land potentially. City Administrator Harrenstein commented that a lift station will need to be built to accommodate additional growth and is part of the NW Development Plan, but negotiations with landowners are on hold. Mayor Dehen noted D&K is working on an additional expansion.

Finance Director McCann reported the Federal Revolving Loan Fund began in 1986 as a business loan from the State to Coloplast. The loan was repaid to the City of North Mankato to establish a revolving loan program for future businesses to apply. The program is tied to the rules and regulations of the federal government. He reported six active loans with repayments totaling at the end of 2019 of \$851,579, and the cash balance continues to grow. The program was a part of the Federal HUD program but has recently been moved to a State managed program. City Administrator Harrenstein commented that the funds' use might be expanded to include Mainstreet projects or other state-approved projects. Council Member Oachs requested clarification on if the funds could be used for putting up low-income housing. City Administrator Harrenstein reported the state might be interested in using the funds in that manner. Mayor Dehen mentioned maybe it could be used in cooperation with SCC and their proposed low-income housing project.

Finance Director McCann reviewed the Local Revolving Loan Fund, which is more flexible than the Federal Revolving Loan Fund. The Fund provides loans for between \$10,000 and \$100,000. The Fund also supports the Northside Revival Loans of up to \$25,000. The COVID-19 loans were issued out of this Fund, and those loans now total \$134,400. He did report the City is anticipating a Northside Revival loan in 2021.

Finance Director McCann reviewed the TIF District Funds. He reported TIF is a public financing tool as governed by State Statute. The use of TIF is done to achieve development and redevelopment goals as overseen by the North Mankato Port Authority in collaboration with private investors to deliver a long-term benefit to North Mankato. When a TIF District is created, a base valuation of the property in the district is established. All taxing authorities (City, County, School district, etc.) continue to receive tax revenue from the based valuation. Taxes from the increase in property value (increment) go to the TIF district. This increment can be used to pay debt service, upfront development costs for additional improvements, or individual projects on a "pay-as-you-go" basis. After the TIF District is decertified, no more increment is dedicated, and the full taxes go back to the taxing authorities. The City has ten active districts, with three (Ziegler Caterpillar, LJP Waste Solutions, and Lindsay Windows) being decertified in 2021. In 2019, the Port Authority approved the Belgrade Avenue Redevelopment District.

**Capital Improvement Plan 2021**

Finance Director McCann reported the Five-Year Capital Improvement plan is estimated at \$32,451,520, the total value of projects identified in the 2021-2025 CIP, which is nearly \$3.2 million larger than the 2020-2024 CIP. The 2021 G.O. improvement projects were reduced from \$2.6 million to \$1.5 million in the 2021-2025 CIP due to projected shortfalls in the debt service funds due to the COVID-19 pandemic impacts. The 2021-2025 CIP includes the \$2 million in State bonding dollars toward Caswell Park improvements; this amount could increase if the City wants to have matching funds toward additional improvements. Other projects contained in the 2021-2025 CIP include the Belgrade Ave. TIF improvements, a potential sales tax funding project toward the Caswell Indoor Recreation Facility, various street improvements, and staggering large ravine improvement projects when necessary. Specific items to note include an increase in the Capital Facilities and Equipment Replacement of \$215,330, a decrease of \$525,000 in the Pavement Management plan due to the completion of a larger project in 2020, a \$330,000 decrease in the Parks Management Plan due to budget cuts, a \$296,400 decrease in the Water Fund improvements due to less planned activity and a goal to build cash to complete larger projects in the out years, an increase of \$118,500 in the Sewer Fund due to the purchase of a vehicle and additional capital set-asides and a \$4,006,000 increase in the significant capital improvements due to the Caswell Park Improvements. City Administrator Harrenstein commented that the proposed 2021-2025 CIP includes \$1.675 million in G.O. projects as requested by Council. Staff is recommending Cliff Court, Harrison Avenue, and the Belgrade Avenue TIF improvements. The projects will allow a reduction in the tax rate of .7%, and staff will prepare additional information for discussion concerning the tax rate. Mayor Dehen requested clarification on the LorRay Drive extension out to the Reserve. City Engineer Sarff reported staff applied for the competitive STP Funds to complete the project but was not awarded the funds. He noted staff would prepare an application for a state-funded Local Road Improvement project to see if dollars could be awarded through those funds.

A discussion was held if the Council was interested in an additional Council Work Session to discuss all the information received over the past few meetings. Council will meet on November 9, 2020, for additional discussion.

Council Member Norland moved, seconded by Council Member Whitlock, to close the meeting at 1:35 pm.

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Mayor

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City Clerk