

Pursuant to due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the North Mankato Police Annex on February 25, 2019. Mayor Dehen called the meeting to order at 1:00 p.m. The following were present for roll call: Mayor Dehen, Council Members Oachs, Steiner, and Norland, City Administrator Harrenstein, Finance Director McCann, and City Clerk Van Genderen. Absent: Council Member Whitlock.

Indoor Recreation Financial Feasibility-Norm Gill, Pinnacle Sports

City Administrator Harrenstein introduced Norm Gill from Pinnacle Sports; the outside consultant was contacted to provide an expert analysis of the proposed facility. Pinnacle Sports has built over 40 facilities and provided studies for well over 100 facilities.

Mr. Gill reported his company analyzed the market and combined that with a review of the client's goals before providing the report. Mr. Gill noted that about four years ago he was contacted by a North Mankato private group to study the construction of a sports facility, but the project was rejected. Mr. Gill reported because the project is for a municipality he made some assumptions including, capital costs covered by Sales Tax or State Funding, the land is free, no property tax and some operational costs are covered by the General Fund. He reported half of the overhead is labor but noted that a staff member who goes after events and promotes the facility full time would enhance its ability to generate revenue. He stated the report also attempted to tabulate utilization that will be required to meet demand and to grow into the facility.

The proposed facility has hard court for volleyball, basketball and futsal, and courts for tennis and pickleball. Mr. Gill reviewed two facility sizes, one that is 44,000 square feet and the other that is 88,000 square feet. He reported both would meet the current needs of the community although the smaller facility would require the vertical scheduling of the facility not the horizontal scheduling of activities. Most organizations would prefer horizontal scheduling of activities for ease of use with each activity. He reported the cost of the smaller facility would be approximately \$6-6.5 million, but the larger facility would provide more opportunity for facility use and growth. He stated the operational cost for the larger facility is negligible from the smaller facility but would include increased costs for electricity and labor. City Administrator Harrenstein reported the smaller facility does not meet the expectations of local user groups based on the interviews included in the feasibility study and does not meet the sports tourism expectations of the region or the Council.

Mr. Gill reviewed similar projects and suggested specific products for use in the project. He reported Pinnacle Sports recommended the use of Teraflex flooring instead of hardwood as the care and maintenance are less and users are satisfied with the flooring. Mayor Dehen requested clarification on the proposed construction materials. Mr. Gill reported the building would be a pre-engineered building. City Administrator Harrenstein reported the building is a large prefab building that would be designed for current user groups and would help the groups take their programs to the next level. He noted the user groups required a minimum of three courts and six tennis courts.

Mr. Gill reviewed the pro forma and noted that the information was based on his company's experience, community findings, hours required by users, and how much people are willing to pay to use the facility. The pro forma revealed a close to break-even model for the City after allowing the General Fund to absorb certain expenditures. City Administrator Harrenstein stated the facility could potentially be augmented by the Hotel/Motel Tax, Food and Beverage Tax, naming rights and sponsorships. The facility could be envisioned to provide a walking space, community space and a space for library programming. The next steps would be for staff to continue meeting with user groups and obtain letters of intent to firm up use and begin conceptual design work.

Mayor Dehen requested clarification on the proposed private group project that did not happen. Mr. Gill reported the group was interested in building the facility and partnering with the City to lease

the space to cover their investment. The projected City expenditures to lease the building was not feasible.

Mayor Dehen requested clarification on seating for spectators. Mr. Gill reported there would be room to provide comfortable seating for events. Council Member Oachs requested clarification on estimated costs. Mr. Gill reported the 44,000 square foot building would cost approximately \$6-6.5 million and the 88,000 square foot building would cost over \$10 million. With no further questions from the Council, City Administrator Harrenstein reported staff would continue to verify specifications from user groups. Mayor Dehen requested the Pinnacle report be brought before Council.

Solar Garden Subscription Program

Finance Director McCann reported the Solar Garden Subscription program proposal would be presented by Erica Forsman and Jane Qualey from US/Solar. Ms. Forsman reported US Solar is a Minnesota company and was presenting a local subscription project for the City to consider. The North Mankato agreement summary included a standard form 25-year subscription agreement with a subscription rate of a penny-off discount structure and cancellation options at year 10 and 20. The projected North Mankato savings over 25 years is \$94,224. Mayor Dehen requested clarification on responsibility for disposal of solar panels when they have degraded. Ms. Forsman reported the responsibility for the disposal and recycling of the solar panels would be US/Solar.

Council Member Oachs requested the potential use of text messages and emails to announce snow emergencies.

Mayor Dehen closed the Council Work Session at 2:22 p.m.

Mayor

City Clerk