



MINUTES

**Mankato City Council
Regular Meeting
April 14, 2025 - 6 p.m.
IGC - Mankato Room**

1. **Call Meeting to Order**

Roll Call

Members Present: Dennis Dieken, Jenn Melby-Kelley, Jessica Hatanpa, Kevin Mettler, Mike Laven, and Mayor Najwa Massad.

Members Excused: Michael McLaughlin.

Staff Present: City Manager Susan Arntz, Community Development Director Mark Konz, Public Safety Director Jeremy Clifton, Associate Director of Housing and Economic Development Nancy Bokelmann, and City Clerk Renae Kopischke.

Pledge of Allegiance

2. **Approval of Agenda**

The addition of item 6.X. under the Consent Calendar: Motion approving On-sale intoxicating, Sunday, Non-enclosed Premise (Patio), Liquor License renewal for Weggys on Campus. Ms. Hatanpa moved and Ms. Melby-Kelley seconded a motion to approve the agenda as amended. The motion carried unanimously.

3. **Approval of Minutes**

Mr. Dieken moved and Mr. Mettler seconded a motion to approve the minutes of the Regular Meeting of March 24, 2025, as written. The motion carried unanimously.

4. **Appearances, Recognition, and Proclamations**

Presentation of Citizen and Employee Service Recognition Awards

5. **Public Open Forum (15 Minutes)**

No one spoke.

6. **Consent Calendar**

NOTE: All items listed under the Consent Calendar will be enacted by one motion. There will be no separate discussion of these items. If a Council Member wishes to discuss any of these items, they may ask that the item be removed from the Consent Calendar. Removed item(s) will be discussed and acted upon by separate motion.

Mr. Laven moved and Ms. Hatanpa seconded a motion to approve the Consent Calendar as amended, adding item 6.X. With all members voting in favor, the motion carried.

- A. Motion approving Proclamation designating April 25, 2025, as Arbor Day and May as Arbor Month in the City of Mankato.
- B. Motion approving appointments to Committees.
- C. Motion approving on-sale Intoxicating liquor license (Class B), Sunday, Non-enclosed Premise (Patio), and optional 2 a.m. closing for MLJB Companies LLC, DBA "The 507" at 526 South Front Street (change in ownership).
- D. Motion approving the donation of two punch passes for Tourtellotte Pool to Bridges Community School.
- E. Motion approving Camp Host Agreement for annual seasonal services at Land of Memories Campground.
- F. Resolution adopting negotiated changes to 2025-2026 LELS (Commander) Labor Contract.
- G. Report on project and motion approving change orders for All Seasons Arena.
- H. Resolution considering bids on Capital Improvement Project 11138; Mayo Clinic Health System Event Center Arena Lobby and Concourse Roof Replacement.
- I. Resolution authorizing the City Manager to enter into a three-year Lease Agreement with Diamond Dreams, LLC and Northwoods League, Inc. for the use of ISG Field at Franklin Rogers Park.

- J. Resolution authorizing the City Manager to enter into an operator's agreement with the Mankato Family YMCA for the operation of Tourtellotte Pool.
- K. Motion approving the Preliminary Plat of ADM Mankato First Addition. The subject property is located at 2019 3rd Avenue; by request of Archer-Daniels Midland Company.
- L. Resolution approving a Conditional Use permit to allow the operation of a daycare center in the B-3, Highway Business District. The subject property is located at 1720 Bassett Drive; by request of Mary Ssegirinya.
- M. Resolution approving a Conditional Use Permit to allow operations outside a completely enclosed structure to accommodate a playground system in the B-1, Community Business District. The subject property is located at 1701 Adams Street, by request of Caravel Autism Center.
- N. Resolution approving a Certificate of Design Compliance for the construction of a new structure in the Highway Gateway Overlay District. The subject property is located at 1600 North Victory Drive; by request of Web Construction.
- O. Resolution approving a Conditional Use Permit to allow a medical clinic in the R-4, High Density Residential District. The subject property is described as a portion of Lot 1, Block 1, Southeast Village Subdivision (103 Homestead Road); by request of Growth Holdings, LLC.
- P. Resolution extending the previous approval of a Conditional Use Permit to allow a drive-thru between the building and the property frontage in the Highway Gateway Overlay District, and for a Certificate of Design Compliance for a new structure in the Highway Gateway Overlay District. The subject property is described as Lot 4, Block 2, Mills Addition (1811 Premier Drive); by request of Mankato Chicken, LLC d/b/a Popeyes.
- Q. Resolution authorizing City Manager to submit a Contamination Cleanup Grant application to the Minnesota Department of Employment and Economic Development for 751 Poplar Street.
- R. Resolution considering bids on Capital Improvement Project 11078; W 7th Street.
- S. Resolution accepting Federal Transportation Grants for the Trunk Highway 169 Project.

- T. Set April 28, 2025, as the date of public hearing on an Ordinance adopting and enacting a new Code for the City of Mankato, providing for the repeal of certain ordinances not included therein; providing a penalty for the violation thereof; providing for the manner of amending such Code; and providing when such code and ordinance shall become effective.
- U. Set May 12, 2025, as the date of public hearing to review a Land Use Plan amendment to change the guided land use from Light Industrial to Medium Density Residential. The subject properties are described as part of Blocks 7-10, Columbia Park Addition, City of Mankato, and Blocks 23-24, Germania Park Add, City of Mankato (8th Avenue in Germania Park neighborhood between Harper and Cleveland Avenue); by request of Brett Skilbred.
- V. Set May 12, 2025, as date of public hearing for the 2025-2029 Community Development Block Grant (CDBG) Consolidated Plan, including the 2025 CDBG Action Plan.
- W. Set May 12, 2025, as the date of public hearing to review a Land Use Plan amendment to change the guided land use from Heavy Industrial to Office Residential. The subject properties are described as part of Block 17, Oakwood Addition, City of Mankato (Blue Earth County PIDs R010813253001, R010813253002, R010813253010, etal, 750 Linder); by request of Trellis.
- X. Motion approving On-sale intoxicating, Sunday, Non-enclosed Premise (Patio), Liquor License renewal for Weggys on Campus, 1600 Warren Street, Suite 13.

7. **Public Hearings**

- A. Ms. Kramlinger reported that on February 10, 2025, the Economic Development Authority (EDA) reviewed a development proposal from MAH BKS, LLC (the “Developer”) and adopted a motion directing staff to prepare tax increment documents and to set a date for a public hearing. She stated that the proposal involved demolishing the existing substandard building and constructing a new, two-story commercial office building comprised of 6,784 square feet. She noted that the estimated total project cost is \$2,346,220 and construction is expected to occur in 2025 and 2026 and would create up to 25 full-time equivalent jobs. She mentioned that the Council approved a certificate of design compliance and a variance to reduce the front yard building setback for the redevelopment project on February 24, 2025.

Ms. Kramlinger indicated that the Developer is requesting pay-as-you-go tax increment financing (TIF) from the city through the creation of a redevelopment TIF district. She summarized the proposed uses of TIF assistance for the project. She stated that the Developer would be eligible to

receive an increment annually on a pay-as-you-go basis, from the remaining increment that is not retained for the City's 5% admin retainage. She explained that the anticipated principal value of the pay-as-you-go note for the Developer's project costs is \$161,072, plus 5% carrying interest costs, and the TIF projections assume the Developer will receive TIF reimbursement in the amount of \$16,294 annually in the years 2028-2042.

Ms. Kramlinger indicated that the city would not upfront the funds as that would require either internal city debt financing or bond issuance. Instead, the Developer would receive two payments per year after the property taxes are paid for a term of 15 years or less, depending on if the reimbursable costs are repaid earlier, which is referred to as pay-as-you-go reimbursement. She added that during the term of the reimbursement, the local taxing jurisdictions will still collect and retain the taxes associated with the original tax capacity as part of ad valorem taxes.

Ms. Kramlinger touched on the extraordinary costs which would make this project unfeasible without some level of assistance. She noted that any project utilizing TIF must pass a "but for" test, which is to say that "but for" TIF, the project would not be feasible, or in other words, the project would not happen without TIF. She commented that, due to the higher cost associated with redevelopment of an existing site, such as the redevelopment of 830 North Broad Street, the project will not move forward without TIF.

Ms. Kramlinger explained that if the project doesn't proceed, property taxes will likely remain around \$2,744 per year for the site (based on 2024 property taxes). She indicated that if the TIF district is approved, the base property tax will remain as is and be collected and distributed to the taxing jurisdictions (state, county, city, and school district) throughout the duration of the TIF district (in this case, 15 years) and the increment generated by the new building, which is projected to be \$26,000 per year, will be captured and reimbursed to the city and Developer for eligible costs and up to a maximum amount as approved by the Council. She stated that the city would receive a 5% fee to cover the administrative costs of the district, and at the end of the 15-year term, the full property taxes go onto the ad valorem tax rolls and become part of the city's general fund.

Ms. Kramlinger concluded that the repayment of the tax increment is contingent on the available tax increment generated by the project, which means that if there is a "shortfall" or tax increment is not generated as contemplated, the city is not financially responsible for the difference or the "shortfall."

Ms. Hatanpa moved and Ms. Melby-Kelley seconded a motion to approve the Resolutions establishing Development District No. 48 and Tax Increment District No. 48-1 – MAH BKS, LLC (830 North Broad Street). The motion carried unanimously.

8. Licenses

- A. Ms. Kopischke stated that this is a unique situation in that there is a current rental license (00889) on the property located at 217 East Spring Street that was originally approved over 38 years ago for four one-bedroom units and is considered a legal non-conforming grandfathered license. She stated that system notes indicate that two additional rooms in one of the units must not be used as bedrooms as they do not meet the egress window requirements. She noted that the owner has submitted a new application requesting the approval of the two additional rooms which changes the density of the license, making it four units: three one-bedroom and one three-bedroom.

Ms. Kopischke referred to the inspection sheets on file from 2009, 2013, and 2016, signed by both the inspector and the owner, that reflect the license being for four one-bedroom units. She added that there are also no records of any building permits being obtained for any work on the property, including an egress window. She stated that per City Code, Section 5.42, Subd. 4.D.:

Changes or alterations to the dwelling unit are prohibited that would increase the potential occupancy of the dwelling from what was approved when the rental license was issued. Such prohibited changes to the dwelling unit include expanding or adding bedrooms or any other changes that, under Chapter 13 of the Mankato City Code or Minnesota State Building Code, would result in allowing additional occupants from what was approved at the time the rental license was issued.

Ms. Kopischke indicated that the property has four one-bedroom units and is considered a legal non-conforming use in the R-2 Zoning District. She commented that the property is “grandfathered” as far as rental licensing; thus, if the license were to be canceled or lapse, a new license would need to be applied for and, based on our review, it would not be eligible for a rental license as under the current code, the following would apply:

- Since the property is located in the R-2 One- and Two-Family Dwelling District, rentals in the R-2 Zoning District are allowed to be rented/leased to occupancy associated with a family or two unrelated (Family-traditional or Family-functional).
- Non-conformity-According to Mankato City Code Section 10.14, Subd. 4, properties in the R-2 zoning district must have a minimum lot area of 8,000 square feet to allow for two-family dwelling units. As such, a four-plex, which consists of more than two dwelling units, would not be permitted in the R-2 district, as it exceeds the density allowed for this zoning. Therefore, a four-plex would not be allowed within the subject zoning district.

- Mankato City Code Section 13.18 states that rentals in the R-2 zoning district require 2, hard-surfaced, off-street parking be provided for each dwelling unit. The subject property does not have any off-street parking stalls that the city is aware of.

Ms. Kopischke commented that relating to the reference to County records, in recent contact with Blue Earth County it appears that the property has not been inspected by the County and that the listing of “6 bedrooms” was an estimate based on the structure, etc. She referred to an attached copy of the sketch of the property from the Beacon that notes: 4 UNITS; BD COUNT UNKNOWN.

Ms. Kopischke stated that it is not known when the egress window was installed as there was no permit obtained; however, the two additional rooms have been used as bedrooms per our inspection for renewal this year and the information received by the owner. She noted that the owner is in the process of selling the property and claims that this is when the occupancy issue came to light, even though the city records have always reflected four units with one bedroom in each unit.

Ms. Kopischke mentioned that per Section 5.03, Subd. 2. a written notice of appeal has been received related to the denial of the occupancy of the two additional bedrooms (based on the current code), and the Council is to review the decision to determine whether the action was correct. The Council may, in connection with its review of the action, either affirm, reverse or modify the actions.

Tom Dunn, 323 Maple Island Road, Burnsville, owner of the property at 217 East Spring Street, stated that they did not know that the license didn't include the three-bedroom unit until they were in the process of selling the property. He noted that the apartment has been constantly occupied as a three-bedroom since at least 1971. He mentioned the former use of the property and how the structure has not been altered. He touched on how the income for the property would be less if the unit was not allowed to be used as a three-bedroom. He felt that the three-bedroom unit should have been grandfathered in at rental license inception and how it always existed. He requested that the license be amended to reflect six bedrooms.

Brief discussion on occupancy, lot size, availability of off-street parking, and how no permit was pulled for the egress window installation.

Mr. Laven moved and Ms. Hatanpa seconded a motion to affirm the denial at 217 East Spring Street for the addition of two bedrooms to one of the units. The motion carried unanimously.

9. **City Manager's Report**

None.

10. **Reports of City Council Members**

Mr. Laven provided an update from the One Watershed, One Plan meeting.

11. **Miscellaneous Business**

View all city committee meetings by clicking on our [City Calendar](#)

Regular Council Meeting, April 28, 2025, 6 p.m., Mankato Room (with Work Session to follow)

Work Session, May 5, 2025, 6 p.m., Minnesota River Room

Regular Council Meeting, Date, May 12, 2025, 6 p.m., Mankato Room (with EDA to follow if needed)

12. **Adjournment**

There being no further business before the Council, Mr. Laven moved and Mr. Mettler seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 6:42 p.m.

Minutes Approved.

Mayor Massad

ATTEST:

Renae Kopischke
City Clerk