



AGENDA

**Economic Development Authority
Monday, April 14, 2025
(following the Council Meeting at 6 p.m.)
IGC/Atrium - Mankato Room**

1. **Call Meeting to Order**

2. **Approval of Agenda**

3. **Approval of Minutes**

Economic Development Authority Meeting of March 10, 2025

4. **Economic Development Authority Business**

1. Resolution accepting feasibility report and ordering project for Capital Improvement Project 11139; Orness Plaza Heat Pumps Phase 3.
2. Resolution considering bids on Lead-Based Paint Risk Assessments for Public Housing Properties.

5. **Reports/EDA Comments**

6. **Adjournment**

Economic Development Authority

Meeting Date: 04/14/2025

Title: Minutes

Submitted By: Renae Kopischke, City Clerk

Agenda Item:

Economic Development Authority Meeting of March 10, 2025

Attachments

Minutes



MINUTES

**Mankato Economic Development Authority
Regular Meeting
March 10, 2025 - 6:37 p.m.
IGC - Mankato Room**

1. **Call Meeting to Order**

Members Present: Mike Laven, Dennis Dieken, Michael McLaughlin, Jenn Melby-Kelley, Jessica Hatanpa, and Chair Najwa Massad.

Members Excused: Kevin Mettler.

Staff Present: Executive Director Susan Arntz, Community Development Director Mark Konz, Associate Director of Housing and Economic Development Nancy Bokelmann, and City Clerk Renae Kopischke.

2. **Approval of Agenda**

Mr. Dieken moved and McLaughlin seconded a motion to approve the agenda as written.
The motion carried unanimously.

3. **Approval of Minutes**

Ms. Melby-Kelley moved and Mr. McLaughlin seconded a motion to approve the Economic Development Authority minutes of the Regular Meeting of February 10, 2025, as written.
The motion carried unanimously.

4. **Economic Development Authority Business**

- A. Ms. Bokelmann reported that the Mankato EDA has been requested to consider the consolidation of the Pipestone HRA's Housing Choice Voucher Program (HCV) made up of 53 vouchers, which would allow the vouchers to be utilized in Pipestone County or Blue Earth County.

Ms. Bokelmann stated that to consolidate the vouchers, a contractual agreement with the Pipestone HRA will be established to assist the EDA in the administration of applicants interested in vouchers in Pipestone County. She explained that the EDA will contract services with the Pipestone HRA to conduct necessary inspections and assist in connecting with participants during the certification process, providing reasonable accommodation as needed due to the distance between our jurisdictions. She noted that vouchers not being utilized in Pipestone will have access to the EDA's current waitlist; however, a Pipestone preference would be utilized and prioritize families that could be served under contract with the Pipestone HRA.

Ms. Bokelmann indicated that currently, the Mankato EDA is using 100% of the program budget for 89% of the allocated vouchers; thus, the additional vouchers will assist the EDA in serving families on the waiting list (currently 917 families). She pointed out that the EDA has also applied for 25 Bridges vouchers through MN Housing and anticipates 80–90 vouchers through MN Housing’s Bring It Home Voucher Program. She added that the additional vouchers expand affordable housing opportunities in the community and are supported by the Affordable Housing Action Plan and the Strategic Plan for the city.

Ms. Melby-Kelley moved and Mr. Dieken seconded the motion approving the Resolution authorizing Letter of Intent to HUD for consolidation of the Pipestone HRA Housing Choice Voucher Program . The motion carried unanimously.

- B. Ms. Bokelmann indicated that Minnesota Housing has authority under Minnesota Statute 462A.2095 to establish and administer a statewide rental assistance program that provides tenant-based and project-based rental assistance and announced the availability of funding to eligible Housing Choice Voucher program administrators and Tribal Nations in the state to provide direct rental assistance under the Bring It Home Rental Assistance Program Request for Proposals; applications are due April 21, 2025.

Ms. Bokelmann stated that Minnesota Housing will make every effort to ensure coverage of all geographies within Minnesota so that all low-income renter households have an opportunity for assistance. She explained that program administrators may partner to deliver the rental assistance in another Service Area and must enter into a Memorandum of Agreement (MOA) that describes how they will work together to achieve the agreed goals and objectives. She noted that MOAs may be used to increase geographic coverage, reduce financial limitations placed on smaller housing authorities, or fill gaps by program administrators that choose not to participate in the program.

Ms. Bokelmann reported that on August 16, 2024, the EDA was allocated \$728,393.00 for 60-81 rental Vouchers at a minimum level that could be provided by Minnesota Housing through their competitive application process. She stated that the minimum grant amounts established for each Housing Choice Voucher program administrator in the state used the average Housing Assistance Payments provided by HUD and multiplied them by eligible households identified using the Census Bureau’s American Community. She added that the program provides grants to program administrators for the purpose of providing tenant or project-based rental assistance directly to housing providers for eligible households using already established administrative policies and procedures under the Program. She noted that eligible uses are Start-Up Costs, Administrative Fees and Housing Assistance Payments.

Ms. Bokelmann reviewed the eligibility requirements and indicated that after initial eligibility, Program Administrators may use additional screening criteria to determine a household’s qualification and prioritization for the program using their already established administrative policies. She stated that priority for rental assistance must be given to households with children 18 years of age and under, and annual incomes of up to 30% of the area's median income.

Mr. McLaughlin moved and Mr. Dieken seconded a motion approving the Resolution authorizing application to the Minnesota Housing Bring It Home Rental Assistance Program Request for Proposals . The motion carried unanimously.

- C. Ms. Bokelmann indicated that the memorandum of understanding details the roles and responsibilities of the grantee: Mankato Economic Development Authority; a non-profit housing sponsor: Cherry Ridge Apartments, owned by the Southwest Minnesota Housing Partnership; and a service provider: Blue Earth County Human Services; in meeting the specific requirements of the Continuum of Care Program as detailed in U.S. Department of Housing and Urban Development grant agreements and in 24 CFR Part 578 - Continuum of Care Program for Cherry Ridge Apartments in Mankato, Minnesota.

Ms. Bokelmann reported that the program was built on the premise that housing and services need to be connected to ensure the stability of housing for this population. She noted that the EDA, Southwest Minnesota Housing Partnership (SWMHP), and Blue Earth County work together to provide rental assistance and supportive services using the Housing First approach to assist eight (8) DedicatedPLUS households to find and maintain permanent affordable housing. She commented that DedicatedPLUS is a permanent supportive housing (PH-PSH) project serving individuals and families that meet one of certain criteria at project entry. She summarized the criteria.

Ms. Bokelmann explained that the Continuum of Care Funding provides supportive services dollars to be used at sponsor properties within the EDA service area of the City of Mankato and Blue Earth County. She mentioned that SWMHP is our Sponsor, owning Cherry Ridge Apartments, Sibley Parkway Apartments and Homestead Apartments. She stated that primary rental assistance has been tied to the redevelopment of Cherry Ridge Apartments but can include other locations as needed, and the EDA provides 8 project-based vouchers under the Housing Choice Voucher program as a program match to the Continuum of Care funding.

Ms. Melby-Kelley moved and Mr. McLaughlin seconded a motion approving the Resolution authorizing the Executive Director to enter into a Memorandum of Understanding with the Southwest MN Housing Partnership and Blue Earth County Human Services for the administration of Continuum of Care funding at Cherry Ridge Apartments. The motion carried unanimously.

- D. Ms. Bokelmann stated that on March 10, 2025, the Housing and Redevelopment Authority met and approved the conveyance of public housing properties to the City of Mankato and the Economic Development Authority of Mankato (EDA). She commented that the EDA operates the public housing portfolio and approved the disposition of units from the Section 9 public housing portfolio and approved the disposition of units from Section 9 Public Housing into a long-term, Project-Based, Section 8 Housing Choice Voucher rental assistance that provides a stable and predictable annual subsidy. She noted that the application for Section 18 disposition of 49 scattered site units was approved by the EDA on December 11, 2023; the application for Section 18 disposition was approved by the US Department of Housing and Urban Development (HUD) on September 5, 2024, and tenant protection project-based vouchers were provided to the EDA. She stated that it is anticipated that the conversion will be completed in March 2025, with the remaining 130 units seeking disposition approval later this year.

Ms. Bokelmann concluded that under the disposition, all the units will be subject to a Declaration of Restricted Use Agreement requiring the rental properties to serve low-income households for a term of 30 years, with such a use agreement to be recorded covenant running with the land and binding on successors and assigns of the City.

Mr. Laven moved and Ms. Hatanpa seconded a motion approving the Resolution approving the acquisition of certain property owned by the Housing and Redevelopment Authority of Mankato. The motion carried unanimously.

5. **Reports/EDA Comments**

None.

6. **Adjournment**

There being no further business, Ms. Melby-Kelley moved and Mr. Laven seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 6:53 p.m.

Prepared by:

Approved by:

Renae Kopischke
City Clerk

Najwa Massad
Chair



AGENDA RECOMMENDATION

Economic Development Authority

4. 1.

Meeting Date: 04/14/2025

Agenda Item:

Resolution accepting feasibility report and ordering project for Capital Improvement Project 11139; Orness Plaza Heat Pumps Phase 3.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

Orness Plaza was originally constructed in 1971 with a major renovation taking place in 2011 and 2012. As part of the renovations, energy-efficient heating, ventilation, and air conditioning components were installed for energy conservation. Components included geothermal wells located throughout the grounds, redesigned controls for the existing rooftop HVAC units, and individual heat pumps within each unit. Orness contains 114 individual heat pump units throughout the building, including all 101 residential units and common spaces utilized by the residents as well as staff areas that equate to 13 units.

Phase 1 of the project replaced 69 of the 114 units that are present at Orness Plaza; units replaced during this phase were exclusively residential units. Phase 2 of the project replaced the remaining 32 residential units and 5 units that serve common areas in the building. Staff have done extensive research to determine the cause of the failure and, unfortunately, the nature of how the heat pump works reduces the lifespan of the equipment to less than that of a normal household furnace. On average, a heat pump in this configuration can last between 10–15 years, with an average household furnace lasting between 15–20 years.

Suggested improvements in this final phase include the replacement of eight remaining heat pump units that reside in the ceilings of offices and common areas that were installed in conjunction with the remodel in 2011. Removal, salvage, and replacement of ceiling tiles and grid will be required to complete the installation of the remaining units. This phase of the project will complete the replacement of all heat pumps original to the remodel project in 2011. Phase 3 of the project is proposed to be funded by the 2025 City of Mankato EDA Housing Capital Budget; the approved budget for the project is \$120,000. The estimated cost of the necessary improvements is \$118,800. The recommended improvements to Orness Plaza are being proposed for the summer or fall of 2025, depending upon lead times for the new equipment.

The estimated costs and funding sources for the project are as follows:

ITEM		COST
Rem./Repl. Heat Pumps		\$108,000.00
TOTAL CONSTRUCTION		\$108,000.00
Construction Contingency		\$10,800.00
TOTAL PROJECT COST		\$118,800.00
FUNDING SOURCE	AMOUNT	PERCENT
2025 Housing Capital Fund	\$118,800.00	100%
TOTAL FUNDS	\$118,800.00	100%

Staff recommends the Economic Development Authority accept the project feasibility report, order city staff to prepare final plans and specifications, and instruct the Executive Director to advertise for bids in accordance with the requirements of law.

Attachments

11139 Resolution
11139 Feasibility Report

**RESOLUTION RECEIVING FEASIBILITY REPORT, ORDERING IMPROVEMENT,
PREPARATION OF PLANS, SPECIFICATIONS, AND ORDERING ADVERTISEMENT
FOR BIDS ON IMPROVEMENT NUMBER 11139, WITHOUT PETITION**

WHEREAS, a report has been prepared by city staff with reference to Improvement Number 11139, the replacement of heat pumps at Orness Plaza by removing and installing new heat pumps in common areas and that this report was received by the Authority on the 14th day of April, 2025, and

WHEREAS, the report provides information regarding whether the proposed improvement is necessary, cost-effective, and feasible; whether it should be made as proposed or in connection with some other improvement; the estimated cost of the improvement as recommended; and

NOW THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF MANKATO, MINNESOTA:

1. The authority hereby orders the improvement of such heat pump replacements in accordance with the report.
2. That plans and specifications be prepared by city staff of Mankato, Minnesota, for such improvement, pursuant to the direction of the Authority, are hereby approved and a copy shall be filed with the city clerk of Mankato.
3. The Executive Director is hereby instructed to advertise for the bids in accordance with the requirement of law.

Roll call vote required:

Council Members Voting For:

Council Members Voting Against:

This resolution shall become effective upon its adoption.

Passed this 14th day of April, 2025

Najwa Massad
Board Chair

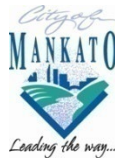
ATTEST: _____
Susan MH Arntz
Executive Director

ORNESS PLAZA HEAT PUMPS – PHASE 3

Project Feasibility Report

City Project No. 11139

April 14, 2025



Project Feasibility Report

Orness Plaza Heat Pumps – Phase 3

City Project #11139

City of Mankato EDA

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Project Feasibility Report

Orness Plaza Heat Pumps – Phase 3

City Project #11139

City of Mankato EDA

II. PROJECT CONTACTS

TITLE	NAME	PHONE	EMAIL
Mayor	Najwa Massad	507.387.9693	nmassad@mankatomn.gov
Councilor at Large	Mike Laven	507.720.8674	mlaven@mankatomn.gov
Councilor Ward 1	Michael McLaughlin	507.720.1093	mmclaughlin@mankatomn.gov
Councilor Ward 2	Dennis Dieken	507.720.1817	ddieken@mankatomn.gov
Councilor Ward 3	Kevin Mettler	507.995.0070	kmettler@mankatomn.gov
Councilor Ward 4	Jenn Melby-Kelley	507.720.2502	jmelby-kelley@mankatomn.gov
Councilor Ward 5	Jessica Hatanpa	507.613.8067	jhatanpa@mankatomn.gov
City Manager	Susan Arntz	507.387.8695	sarntz@mankatomn.gov
Director of Admin. Services	Parker Skophammer	507.387.8739	pskophammer@mankatomn.gov
Facilities Manager	Jim Tatge	507.387.8504	jtatge@mankatomn.gov
Facilities Supervisor	Luke Pederson	507.387.8595	lpederson@mankatomn.gov

Project Feasibility Report

Orness Plaza Heat Pumps – Phase 3

City Project #11139

City of Mankato EDA

III. EXECUTIVE SUMMARY

Phase 1 of the project replaced 69 of the 114 units that are present at Orness Plaza; units replaced during this phase were exclusively in residential units. Phase 2 of the project replaced the remaining 32 residential units and 5 units that serve common areas in the building. Staff have done extensive research to determine the cause of failure and unfortunately the nature of how the heat pump works reduces the lifespan of the equipment to less than of a normal household furnace. On average, a heat pump in this configuration can last between 10-15 years with an average household furnace lasting between 15-20 years.

Suggested improvements in this final phase include the replacement of 8 remaining heat pump units that reside in the ceilings of offices and common areas that were installed in conjunction with the remodel in 2011. Removal, salvage, and replacement of ceiling tiles and grid will be required to complete installation of the remaining units. This phase of the project will complete the replacement of all heat pumps original to the remodel project in 2011.

The estimated cost of these necessary improvements is approximately \$118,800.

From a building maintenance standpoint, the proposed improvements are necessary, cost effective, and feasible. This can best be accomplished by letting competitive bids for the work. It is recommended that the Authority accept this project feasibility report so bidding process for this project can be commenced as soon as possible due to lead times on new heat pumps being between 8-10 weeks.

IV. PROJECT INTRODUCTION

The recommended project to remove and replace 8 heat pumps at Orness Plaza in Mankato, MN is being proposed for the summer/fall of 2025. The Economic Development Authority has authorized the preparation of a project feasibility report to define the scope and determine the reasonableness of the project. The specific objectives of this preliminary feasibility report are to:

Evaluate the need for this project.

Determine the necessary improvements.

Provide information on the estimated costs for the proposed project.

Determine the project schedule.

Determine the feasibility of the proposed project.

This project, as proposed, involves removing and replacing 8 heat pump units at Orness Plaza. Specific items that will be included in the construction are as follows:

- Demolition, removal, and proper disposal of existing heat pumps at the identified units at Orness Plaza.
- Removal, salvaging, and reinstallation of ceiling grid at 8 unit replacement locations.
- Contractor to supply, install, and startup new heat pumps in the identified units per manufacturers specification.
- Building Automation Boards that sync the unit to the Building Automation system will be replaced.
- Belimo actuator and associated valving that controls the flow of glycol to the unit is to be replaced at each installation location.
- Acceptable replacement manufacturers are Climatemaster or "equal". Note that all other manufacturers must have prior written approval by the Owner/Project Contact during the

Project Feasibility Report

Orness Plaza Heat Pumps – Phase 3

City Project #11139

City of Mankato EDA

bidding phase to be considered for acceptance. Any other product/brand that meets the same technical and performance requirements will be given fair consideration.

- Existing supply/return air ducting, power supply, water in/out, systems controls (including thermostats), and condensate lines shall be utilized when installing new unit.
- If an alternative brand is bid contractor must ensure that new unit will fit properly in unit mechanical room and that all existing lines hooked up to the unit can be utilized; any reconfiguration that is needed is incidental to the installation of the new heat pump.
- Contractor shall provide EDA with as-built information after construction is complete.

V. APPROVALS/PERMITS

Approvals and permits are required from various agencies for the construction of the project. They include:

- Plumbing Permit

VI. PROJECT COST ESTIMATE AND FINANCING

Estimated projections for the cost of this project are summarized below.

ITEM	COST
Rem./Repl. Heat Pumps	\$108,000.00
TOTAL CONSTRUCTION	\$108,000.00
Construction Contingency	\$10,800.00
TOTAL PROJECT COST	\$118,800.00

Funding for the proposed improvements is shown in the table below.

FUNDING SOURCE	AMOUNT	PERCENT
2025 Housing Capital Fund	\$118,800.00	100%
TOTAL FUNDS	\$118,800.00	100%

VII. POSSIBLE SCHEDULE

The following is a possible schedule for the proposed improvements on at Orness Plaza:

04/18/2025	Bid Project
05/16/2025	Bid Opening
06/09/2025	Award Project
06/10/2025	Contractor orders Materials/Units
08/15/2025	Contractor receives delivery of heat pump units
11/07/2025	Project Completion and Closeout

Project Feasibility Report

Orness Plaza Heat Pumps – Phase 3

City Project #11139

City of Mankato EDA

VIII. CONCLUSION AND RECOMMENDATIONS

The existing conditions of the remaining heat pumps at Orness Plaza that have not been replaced are unfavorable with only further deteriorations to come. Currently the heat pump unit in the 5th Floor Library at Orness Plaza is not in service due to system failure and is awaiting replacement. If these HVAC improvements are not made, maintenance costs will continue to be an issue and further failure of the heat pumps will continue to occur. From a building maintenance standpoint, this project is cost effective, necessary, and feasible. The best way to accomplish this project is by letting competitive bids for the work. Feasibility is contingent upon Economic Development Authority findings with respect to project financing.

We recommend the Authority accept this project feasibility report, set a date for the preliminary assessment hearing, order the Facilities Manager to prepare final plans and specifications and instruct the Executive Director to advertise for bids in accordance with the requirement of law.

Project Feasibility Report

Orness Plaza Heat Pumps – Phase 3

City Project #11139

City of Mankato EDA

IX. APPENDIX

a. FIGURE 1 – UNIT REPLACEMENT SUMMARY AND PROJECT ESTIMATE

ORNESS PLAZA HEAT PUMPS PHASE 3 - LOCATIONS AND ESTIMATED COSTS OF HEAT PUMPS TO BE REPLACED

UNIT	MAKE	MODEL	TONNAGE	ESTIMATED COST PER UNIT
DINING E - HP 7	CLIMATEMASTER	TSH018BGN20CLPS	1.5	\$13,500
5TH LIBRARY	CLIMATEMASTER	TCH012AGN20CVSS	1	\$13,500
3RD LIBRARY	CLIMATEMASTER	TCH012AGN20CVSS	1	\$13,500
HOUSING/MAINT OFFICE - HP 1	CLIMATEMASTER	TCH015AGN20CVBS	1.25	\$13,500
FRONT LOBBY - HP 2	CLIMATEMASTER	TCH015AGN20CVBS	1.25	\$13,500
EXERCISE - HP 5	CLIMATEMASTER	TSH024AGN20CLBS	2	\$13,500
ELEVATOR ROOM - HP 3	CLIMATEMASTER	TCH015AGN20CVBS	1.25	\$13,500
KITCHEN - HP 6	CLIMATEMASTER	TCH009AGN20CVBS	0.75	\$13,500
			TOTAL	\$108,000



AGENDA RECOMMENDATION

Economic Development Authority

4. 2.

Meeting Date: 04/14/2025

Agenda Item:

Resolution considering bids on Lead-Based Paint Risk Assessments for Public Housing Properties.

Recommendation/Action(s):

Adoption of the attached resolution.

Summary:

The Mankato Public Housing units are required under the Housing Choice Voucher Project-Based rental assistance to complete Lead-Based Paint Risk Assessments as part of the conversion process. Two consultants submitted quotations for the project.

The purpose of the Lead Risk Assessment is to determine the presence or absence of lead-based paint hazards on the interior and exterior of buildings when renovation, demolition or conversions are planned. The lead risk assessment is to be conducted per HUD's Guidelines for evaluation and control of lead-based paint in housing, chapter 5, Risk Assessment and Reevaluation, 2012 edition.

Minnesota Lead Testers out of Wyoming MN submitted the apparent low quotation in the amount of \$54,280.00 with all documentation conforming to the bid requirements set forth by the authority and federal regulations. Facilities staff estimated the total project cost to be at \$54,280.00.

Staff recommend the Authority award the bid in the amount of \$54,280.00. Proposed funding for the project will come from the 2025 Mankato EDA Housing Operating Budget as amended.

Attachments

Resolution

Bid Tabulations

**RESOLUTION ACCEPTING BID ON
LEAD BASED PAINT RISK ASSESSMENTS**

WHEREAS, pursuant to an advertisement for bids for Lead Based Paint Risk Assessment for public housing conversion to Housing Choice Voucher Project-Based rental assistance, bids were received, opened, and tabulated according to the law, and the following bids were received complying with the advertisement:

Company Name	City, State	Bid Amount
Minnesota Lead Testers	Wyoming, MN	\$54,280.00
American Engineering Testing	St Paul, MN	\$154,574.02

AND WHEREAS, it appears that Minnesota Lead Testers of Wyoming, MN is the lowest responsible bidder.

NOW THEREFORE, BE IT RESOLVED BY THE ECONOMIC DEVELOPMENT AUTHORITY OF MANKATO, MINNESOTA:

1. The Executive Director is hereby authorized and directed to enter contract with Minnesota Lead Testers of Wyoming, MN in the name of the Economic Development Authority of Mankato, MN for the Lead-Based Paint Risk Assessments for the Public Housing properties being converted through Section 18 to Housing Choice Voucher Project-Based rental assistance.

This resolution shall become effective upon its adoption.

Passed this 14th day of April, 2025

Najwa Massad
Board Chair

ATTEST: _____
Susan MH Arntz
Executive Director

Mankato EDA

BID TABULATION

LEAD-BASED PAINT RISK ASSESSMENTS

Name	Total
Minnesota Lead Testers	\$54,280.00
American Engineering Testing	\$154,574.02