

City of Mankato, Minnesota

Development District Plan

for

Development District No. 48

(Broad Street Redevelopment Project)

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Prepared by:

**BAKER TILLY MUNICIPAL ADVISORS, LLC
30 East Seventh Street, Suite 3025
Saint Paul, MN 55101
(651) 223-3000
*WWW.BAKERTILLY.COM***

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INTRODUCTION

Section A Background

The City of Mankato (the "City") has received an application for financial assistance from MAH BKS, LLC (the "developer") for redevelopment of 3 properties including 2 vacant lots and a third lot with a substandard building to include construction of a new two-story multi-tenant commercial office building. This redevelopment is consistent with the City's planning and zoning regulations. The aerial photograph and map in Section C - Development District No. 48 Map shows the location and boundaries of the proposed development district area. Creation of Development District No. 48 allows the use of tax increment financing to fund eligible redevelopment costs.

Section B Definitions

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of Mankato, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City; also referred to as the "Governing Body".

"Development" means the redevelopment, by the Developer, of the existing blighted building and the creation of a commercial office building.

"Development District" means a specific area within the corporate limits of a municipality, which has been so designated and separately numbered by the governing body.

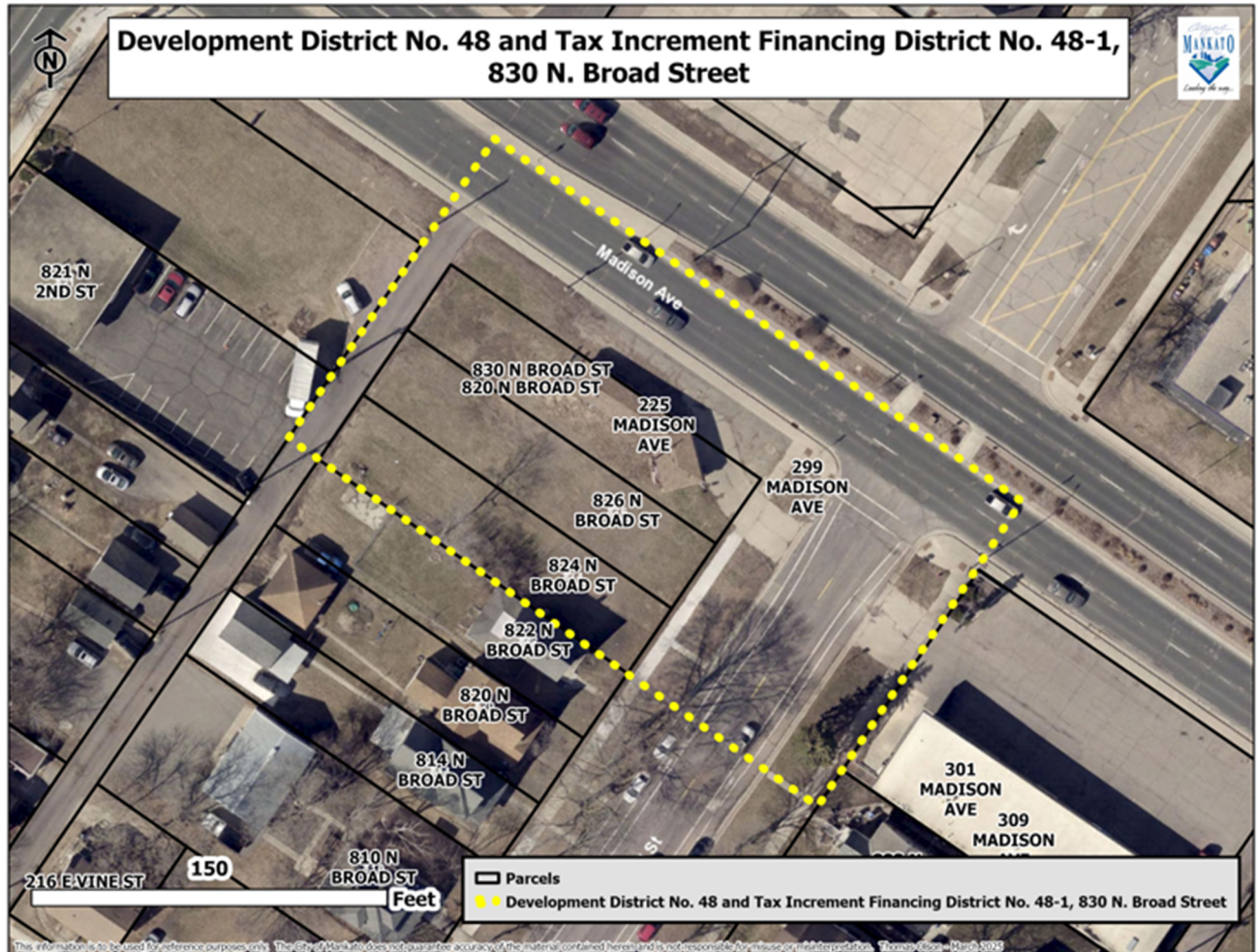
"Development Program" means the Development Program for the Development District No. 48 prepared pursuant to the provisions of Minnesota Statutes, Chapter 469, which provides an outline for the development or redevelopment of the area and is sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses; and (2) to indicate general land uses and general standards of development or redevelopment.

"Project Area" means the geographic area of the Development District as defined in Minnesota Statutes, section 469.125, subdivision 9.

"TIF District" or "District" means a contiguous or noncontiguous geographic area within a project delimited in the tax increment district financing plan, as provided by Minnesota Statutes, section 469.174, subdivision 9, for the purpose of financing redevelopment, or housing or economic development in municipalities through the use of tax increment generated from the captured net tax capacity in the tax increment financing district.

Section C Development District No. 48 Map

Boundaries of Development District No. 48 and the boundary of TIF District No. 48-1 are shown below.



Section D Purpose of Development District

Development District No. 48 is being undertaken pursuant to Minnesota Statutes, sections 469.124 to 469.134, in order to give the City Council the ability to carry out activities to address redevelopment through the elimination of blight in order to promote and maintain the health, safety, and welfare of the citizens.

In proposing the creation of Development District No. 48, the City is considering the financing of Project improvements using tax increment financing and other financing sources. Prior to commitment of any City financial assistance for Project activities within the Development District, the City will require evidence of the need as well as a sound financial plan showing Project economic feasibility.

DEVELOPMENT DISTRICT NO. 48 DEVELOPMENT PROGRAM

Section A Basis for Proposing Project

Mankato's planning process has identified needs and opportunities within the Development District for commercial redevelopment. The establishment of the Development Districts meets community needs, which have been identified through a detailed planning process including recommendations of the Community Development Director and the Economic Development Authority.

Section B Project Eligibility

The Development District Act, Minnesota Statutes, sections 469.124 to 469.133, requires that areas proposed for development district designation must be found to be located in areas of the community that are "already built up". For the following reasons, the proposed Development District qualifies:

1. The vicinity of the Development District is urban. Existing land uses in the vicinity include a commercial, office. Zoning in the vicinity corresponds to the land use pattern.
2. City sanitary sewer, storm sewer, and water lines are available throughout the Development District and surrounding vicinity.
3. The vicinity of the Development District includes existing City streets and roadways.
4. The City's comprehensive plan has designated the Development District as an area for mixed-use development.

Minnesota Statutes, section 469.126, subdivision 2, in part, authorizes a municipality to accomplish the following activities: "Within these districts the municipality may adopt a development program consistent with which the municipality may acquire, construct, reconstruct, improve, alter, extend, operate, maintain or promote developments aimed at improving the physical facilities, quality of life and quality of transportation. The municipality may acquire land or easements through negotiation or through powers of eminent domain."

Activities proposed within Development District No. 48 will assist private property redevelopment to include construction of a new multi-tenant commercial office building, which accomplishes the goals of preventing blight, creating employment opportunities, enhancing the tax base, and improving the general economy of the community and state.

Section C Boundary Description

Development District No. 48 includes parcels R01.09.07.426.010 (824 N Broad Street), R01.09.07.426.009 (826 N Broad Street) and R01.09.07.426.008, (830 N Broad Street). The area encompassed by the Development District shall also include the entirety of all street or utility right-of-ways located upon or adjacent to the property described above.

Section D Development Proposal

The proposed project is the redevelopment and demolition of an existing structurally substandard building. The proposed development is a two-story multi-tenant commercial office building. The developer will be undertaking the demolition and construction of the new building with construction projected to occur in the spring/summer of 2025 and be completed in 2026.

The level of private investment associated with the redevelopment is approximately \$1,631,111. Financing of specific activities with tax increment revenues and other public and private sources of funds will occur following the review and approval of the project, Development District Plan, Tax Increment Financing Plan, and Development Agreement by the City.

Section E Development District Goals and Objectives

The Council determines that it is necessary, desirable, and in the public interest to establish, designate, develop, and administer a development district in the City pursuant to the provisions of Minnesota Statutes, sections 469.124 to 469.133, inclusive. The Council further determines that the funding of the necessary activities and improvements in the Development District may be financed through a wide array of funding mechanisms, including tax increment financing, and other appropriate sources. Before involving itself in financing Project activities or a development, the City shall determine financial feasibility of the Project or development. Any City financed public or private activity shall demonstrate how said financing is repaid if it is a loan. In the case of a grant or tax increment financing, the benefits to the community, such as job opportunities and increased tax base shall be demonstrated.

The City seeks high-quality development that provides job opportunities, housing opportunities, and tax base enhancement. To achieve this outcome, the City proposed review of the Development District and subsequent development activities in accordance with the following:

Redevelopment Goals:

1. To encourage and support alternative development patterns, which allow for a mixture of uses for retail, residential, and office to co-exist in the same areas, within nodes or urban villages.
2. Promote and secure the prompt development of property in the Project in a manner consistent with the City's zoning ordinance, with the City's planning commission, and with a minimal adverse impact on the environment.
3. Promote and secure additional employment opportunities within the City for residents of the City and the surrounding area, thereby improving living standards and preventing unemployment and the loss of skilled and unskilled labor and other human resources.
4. Provide increased employment opportunities and as much as possible seek businesses which employ the unemployed and under-employed.
5. Secure the increase of property subject to taxation by the City, Independent School District No. 77, Blue Earth County, and any other taxing jurisdictions to enable such entities to pay for public improvements, and governmental services and programs required to be provided by them.

6. Promote infill development.
7. Assure that land uses shall be final and operated within the building with no outside storage.
8. Assure that such developments will have adequate off-street parking.
9. Encourage open-air configuration of developments.
10. Ensure inclusion of amenities such as fountains and street furniture, which are conducive to the intended use of casual browsing.
11. Require that off-street parking shall be provided so as to not result in residential streets being used for parking.
12. Require that outdoor seating areas associated with eating and drinking establishments shall be reviewed in terms of hours of occupancy and location to adjacent residential properties.
13. Street designs should encourage pedestrian connections to assure that a pedestrian network is provided to these areas.
14. Assure that flexibility in regard to City parking standards shall be examined, when the reuse of existing buildings or areas is being considered.
15. Require that Urban Design Guidelines shall be implemented with new developments.
16. Encourage mixed-use elements, including storefront retail with vertical mixed-uses, such as residential or office.

Locational Criteria:

1. Areas adjacent to existing High Density Residential Development, Commercial, or Industrial Districts.
2. Areas adjacent to principal arterials or connections to a principle arterial via minor arterial or collector streets, railroad, or airports accessible to such without passing through less intense land uses.
3. Areas served by public transportation.

Policies:

1. Allow Zoning Ordinance/Subdivision Regulation Flexibility.
2. Allow limited home occupations to be monitored and regulated.
3. Monitor and regulate performance standards of the facilities.
4. Ensure site(s) provides sufficient parking.

5. Ensure compliance with the City Sidewalk Ordinances.
6. Ensure conformity with adopted plans and policies of the City, including the City of Mankato Strategic Plan, the Old Town Master Plan, and the Economic Development Policy.

Section F Project Activities

The City envisions the development of the Project Area in accordance with the Comprehensive Plan for the City, the zoning and subdivision ordinances, this Plan and such development proposals as may be submitted, provide individual proposals conform to the above plans and regulations.

Minnesota Statutes, sections 469.124 to 469.133, authorizes the City a broad array of powers to undertake a Project. The City will perform all Project activities pursuant to the statute and in doing so anticipates that the following activities may be undertaken:

1. Acquisition. The City may acquire property for the development of public improvements and private projects. Land acquisition will be completed within the requirements of the Uniform Acquisition and Relocation Act.
2. Site preparation and construction of buildings. Properties acquired by the City may be prepared for development, which may include street, curb, gutter, bituminous, flood prevention improvements, subsoil correction, and the establishment of greenways, walkways, and common access corridors. In addition, the City may choose to construct new facilities.
3. Incentives for private development. The City may provide financial incentives for the redevelopment and/or expansion of mixed-use developments.
4. Public improvements. The City may construct public facilities such as streets, traffic signals, sanitary sewer, storm drainage improvements, including the separation of storm and sanitary sewers, waterlines, parking, and such other facilities, as it deems necessary and desirable for the implementation of the Project.
5. Maintenance. Maintenance of improvements undertaken by the City may include the improvements of public lighting, streetscaping, parking, signs, traffic control devices, and pedestrian improvements.

Section G Conformance with Plan for the City

The City Council, by approval of this Plan, believes that the establishment and implementation of Development District No. 48 meets the intent of City plans, policies, and ordinances by maintaining the quality of existing development, and improving the quality of life through orderly planned improvements. Financing for the development activities will be made available through tax increment revenues generated within Tax Increment Financing District No. 48-1. The proposed activities and expenditures of funds conform to allowable activities delineated and approved for the tax increment district.

Section H Procedure for Making Modifications in an Approved Development District

The Development District Plan may be modified by the governing body of the City of Mankato, Minnesota, pursuant to the applicable provisions of Minnesota Statutes, sections 469.124 to 469.133, inclusive.

Section I Open Space to be Created

The Development District is an area that is partially developed. The Project activities in the Development District will not result in the creation of additional open space.

Section J Proposed Reuse of Property

Ownership of property in the Development District will be by private parties and by the City. Redevelopment within the Development District will consist of public and private activities.

Section K Environmental Controls

The environmental controls to be applied in connection with the execution of the development program shall consist of the applicable ordinances of the City, and the applicable provisions of Minnesota Statutes.

Section L Maintenance and Operation of Public Improvements and Administration of the Development District

Upon completion of the Development District's activities, the public improvements shall be owned and maintained by the City.

Pursuant to Minnesota Statutes, section 469.131, the City Council designates the Economic Development Authority to administer the ongoing activities of the Development District.

Section M Required Documents

The City will review developers' proposals to determine conformance with this Plan and applicable rules, regulations laws, and ordinances. To facilitate this effort, the following documents shall be submitted for approval: site plan, construction, mechanical and electrical system drawings, landscaping plan, grading and storm drainage plans, utility network and site correction plans, lighting system plan, signage system plan, and any other drawings or narrative deemed necessary by the developer and/or City staff to demonstrate the conformance of the development with the design standards.

Section N Developer's Obligations

Development of properties in the Project Area will use the following general guidelines:

1. Development of the Project Area in accordance with this Plan.

2. Commencement and completion of the building and improvements in the Project Area within a reasonable period as determined by the City.
3. Not to discriminate based on race, color, sex, creed, or national origin on the lease or occupancy of the Development.
4. All public and private utility services such as water, sewer, gas, electric, and telephone serving parcels of land under this Plan shall be placed underground except where physical conditions would prohibit such placement of utilities.

Section O Project Financing

For the City to undertake in assisting the Development the use of tax increment financing may be considered. Minnesota Statutes, Chapter 469, authorizes tax increment financing for development activities when a project created pursuant to Chapter 469 exists. Public and private financing will be important to the overall success of the Development. It is the intent of the City to use tax increment financing to leverage private investment and to ensure that the Development is undertaken and operated in a successful manner.