MINUTES

Mankato City Council
Regular Meeting
September 14, 2026 - 6 p.m.
IGC - Council Chambers

1. **Call Meeting to Order**

Roll Call

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

Members Excused: Kevin Mettler.

Staff Present: City Manager Susan Arntz, Administrative Services Director Parker Skophammer, Community Development Director Mark Konz, Public Safety Director Jeremy Clifton, Economic Development Coordinator Courtney Kramlinger, and City Clerk Renae Kopischke.

Pledge of Allegiance

2. **Approval of Agenda**

Ms. Arntz noted changes to the Consent Calendar which included the removal of item 5.E. and the addition of items 5.BB., and 5.CC., and under Council Business the addition of 8.B. Mr. McLaughlin moved and Ms. Hatanpa seconded a motion to approve the agenda as amended. The motion carried unanimously.

3. **Approval of Minutes**

Mr. Dieken and Ms. Hatanpa seconded a motion to approve the minutes of the Regular Meeting of August 24, 2026, as written. The motion carried unanimously.

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

Paul Shneider, representing Crusader Holdings, LLC, owner of Loyola Catholic School, raised concerns about the proposed development's parking and access arrangements referencing Council item 6.B. He clarified that there is no parking agreement currently in place with Loyola and noted concerns about event parking. He also referenced the amended development's provision for unlimited parking and the proposed use of off-site parking at the Kato Ballroom. He asked the Council to ensure there are effective mechanisms to monitor Southwest Minnesota Housing Partnership's (SWMHP's) commitments and recommendations, noting that the development is complex and has undergone several changes. He also raised concerns about the stairs connecting the property to 4th Street. Although the stairs were expected to remain open, Loyola received a letter stating that it could no longer access SWMHP property, including the stairs.

Sophia Hoiseth urged the Council to broaden its definition of community safety beyond traditional public safety and emergency response. She highlighted priorities such as safe rental housing, homelessness prevention, neighborhood relations, community engagement, substance-use prevention, and addressing problems before they become emergencies. She noted that prevention efforts currently rely heavily on small grants and specialized funding, such as CDBG and opioid settlement funds, and encouraged the city to make prevention a more substantial and sustained municipal investment. She also suggested exploring a dedicated community safety fund, emphasizing the role of local organizations in connecting people with resources before they reach a crisis point.

5. **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.

Mayor Massad pulled item 5.X. and Mr. McLaughlin pulled item 5.Y. Ms. Hatanpa moved and Ms. Melby-Kelley seconded a motion to approve the Consent Calendar as amended. With all members voting in favor, the motion carried.

A. Motion approving appointment to the Heritage Preservation Commission.

B. Motion approving Proclamation designating September 17-23, 2026, as Constitution Week in the City of Mankato.

C. Motion approving a Temporary On-Sale Intoxicating Liquor License to Children's Museum of Southern Minnesota, 224 Lamm Street, on October 1, 2026.

D. Resolution approving application to conduct off-site gambling on October 1, 2026, for Mankato Area Youth Baseball Association (MAYBA) at Loose Moose Saloon and Conference Center, 119 South Front Street.

E. ~~Motion approving application for an On-Sale 3.2 Percent Malt Liquor License for Rishiv Hospitality, LLC DBA Baymont by Wyndham, 2120 US Hwy 169 North, Mankato (also known as 51578 US Hwy 169).~~

F. Resolution approving application for Mankato Area Hockey Association (MAHA) to conduct lawful gambling at Legends Bar and Grill, 1910 Premier Drive, Mankato.

G. Resolution amending the City of Mankato Fee Schedule related to Rental Licensing.

H. Resolution authorizing the City Manager to execute the Master Subscriber Agreement for Minnesota Court Data services on behalf of the City of Mankato.

I. Resolution approving conveyance of a parcel from the Minnesota Department of Transportation (MnDOT) containing the Military Monument within the Trunk Highway 22 corridor.

J. Motion canceling September 14, 2026, as the date of public hearing for consideration of a variance from Chapter 10, Article II, Division 5, Sec. 10-169 of the Mankato City Code to decrease the rear yard setback from the code required 66 feet to 11.2 feet in the R-3, Limited Multiple Dwelling District and for a Conditional Use Permit to allow a 16-unit congregate micro-apartment addition for the operation of supportive recovery housing (1429 3rd Avenue); by request of Kody Schendel.

K. Resolution approving the Final Plat review of Ironwood Estates No. 2 (1004 and 1008 Applewood Court); by request of Bolton and Menk.

L. Resolution amending Resolution R-2026-0824-210 authorizing the City Manager to execute the grant agreement for the Airport Traffic Control Tower Construction under the Federal Contract Tower Program.

M. Resolution authorizing the City Manager to execute the grant agreement for the Airport Traffic Control Tower Construction under the Congressionally Directed Spending Grants-In-Aid Airports.

N. Report on Change Order 1 for Capital Improvement Project 10839; Public Works Center Welding Bay Exhaust and Tool Replacement.

O. Report on Change Order 1 for Capital Improvement Project 11031; Public Safety Center App Bay Garage Door Replacement.

P. Report on Change Order 2 for Capital Improvement Project 11100; Mayo Clinic Health System Event Center Arena Audio System Improvements.

Q. Resolution considering bids on Capital Improvement Project 11159; Fire Station 3 HVAC and Restroom Remodel.

R. Resolution considering bids on Capital Improvement Project 11213; 2026 Lead Service Line Replacement Project - Phase 1.

S. Resolution authorizing the City Manager to enter into an agreement with Bolton & Menk, Inc. to provide professional engineering services for Capital Improvement Project 11121; Long Street and Emerson Lane.

T. Resolution considering bids on Capital Improvement Project 11231; Tourtellotte Pickleball Court Reconstruction.

U. Resolution accepting feasibility report, ordering plans, and authorizing bids for Capital Improvement Project 11238; Balcerzak Water Tower Rehabilitation.

V. Resolution directing Traffic Control Change for all way stop conditions at the intersection of Dane Street and Marsh Street (west leg).

W. Resolution authorizing the acceptance of funds from the Spark Good Local Partnership grant program.

X. Mr. Clifton thanked Derek Dosedel for the generous donation and recognized he was present at the meeting.

Mr. Dieken moved and Ms. Hatanpa seconded a motion to approve the Resolution authorizing the acceptance of Guardian Angel Devices donated to the Mankato Department of Public Safety. The motion carried unanimously.

Y. Mr. McLaughlin asked that a summary be provided related to the use of the funds.

Mr. Clifton replied that the purpose of the grant program is to support community-focused initiatives throughout Minnesota. He stated that eligible applicants may receive up to $2,500 in grant funding. He explained that if

awarded, the Mankato Department of Public Safety intends to use the grant funding to provide holiday meals to Mankato families in need by purchasing and distributing food to local families during the holiday season.

Mr. McLaughlin moved and Ms. Hatanpa seconded a motion to approve the Resolution authorizing the application for the Minnesota Chiefs of Police Foundation Community Partnership Grant Program. The motion carried unanimously.

Z. Resolution authorizing the purchase of four heavy equipment units previously identified in the 2026 Budget.

AA. Set September 28, 2026, as the date of public hearing for consideration of tax abatement and business subsidy agreement for Old Town Riverfront Properties, LLC.

BB. Resolution to execute the grant and award the Airport Taxiway A/D/E Reconstruction and Enhanced Taxiway Markings Project.

CC. Resolution to execute the grant and finalize the purchase to Replace the Airport Snow Removal Truck and Plow (Unit 91).

6. **Planning Commission**

A. Mr. Konz reported that Rolls-Royce is requesting review of an amendment to the existing conditional use permit. He stated that on October 14, 2025, the Council approved the installation of an above-ground 1,000-gallon HVO/Diesel tank, and the applicant has made plans to increase the size of the tank to a 2,000-gallon HVO/Diesel tank. All other previously approved site improvements and conditions of the Conditional Use Permit will remain unchanged.

Mr. Konz explained that the applicant plans to use the building for the assembly of low-power range (LPR) engine-generator sets. He noted that three above-ground storage tanks are proposed for the site; an existing 1,000-pound liquid propane tank will remain in place; a 200-gallon diesel fuel tank will be relocated to the Southwest corner of the site near the new access drive, and a new 2,000-gallon split diesel/HVO tank with pump will be installed north of the building. He mentioned that all tanks will be double-walled, self-contained units, thereby meeting Minnesota Pollution Control Agency (MPCA) and City requirements. He added that notification of installation must be submitted to the MPCA, and it has been acknowledged that fire permits and any additional required permits will be obtained. If onsite fueling of vehicles occurs, the transfer area must comply with MPCA standards.

Mr. Dieken moved and Mr. Laven seconded a motion to approve the Resolution approving an amended Conditional Use Permit to allow the installation of one, 2,000-gallon HVO/diesel above-ground tank in the P-I, Planned Industrial District (304 Lundin Boulevard); by request of Rolls-Royce Solutions America, Inc. The motion carried unanimously.

B. Mr. Konz indicated that Southwest Minnesota Housing Partnership is requesting an amendment to the previous planned unit development that was approved by the Council on May 11, 2026. He commented that the current application includes the use of Scheid Hall and approval to implement parking and associated infrastructure on the subject property. He summarized the amended request which includes the residential re-use of Scheid Hall for up to five residential units with floor plans reflecting one unit on the lower level, two units on the second level, and two units on the third level. Each unit contains two bedrooms, a bathroom, kitchen, living room and dining room. Parking will be provided for each unit at 1.5 stalls per unit. No exterior improvements are currently proposed. He commented that a total of 126 additional parking stalls are planned to be constructed.

Mr. Konz reviewed the original request and parking, which provided 113 compliant parking stalls; however, with the amendment and the addition of 126 new stalls, there would be a total of 239 parking stalls. He mentioned that, based on the analysis, 231 are required.

Mr. Konz stated that the applicant proposes underground stormwater management that is in compliance with the MPCA standards and will be in place at the completion of the parking lot. He added that the applicant continues to work with the city regarding traffic for the development and agrees to be a willing petitioner should issues arise.

Discussion on the parking and the use of the road that is closed as well as the steps that are located on private property. It was noted that the road is not maintained and is not in good condition, and that there is signage on the steps indicating using at your own risk.

Mr. Laven moved and Mr. Dieken seconded a motion to approve the Resolution approving an amendment to the previously approved Planned Unit Development to allow for the usage of Scheid Hall and to allow for parking lot and related infrastructure improvements at the property (170 Good Counsel Drive); by request of Southwest Minnesota Housing Partnership . The motion carried unanimously.

7. **Public Hearings**

A. Mr. Konz reported that the proposed Metcon Addition would create a new public cul-de-sac, Ponderosa Court, along with three new lots in Block 1 ranging from 1.64 to 2.41 acres, and two outlots. He indicated that Lots 1 and 2 would access Ponderosa Court, while Lot 2 could eventually have shared secondary access with Lot 3 from Adams Street if Adams Street is not connected to Madison Avenue before that access is needed. He noted that the project also includes a dedicated turn lane on Adams Street, continuation of the existing bike lane, sidewalks along Ponderosa Court, and utility and drainage easements. He stated Evergreen Drive is being platted for a potential future connection but would not be constructed at this time. A condition would require the applicant to support full roadway improvements to Evergreen Drive if access or safety issues arise at the Adams Street or Ponderosa Court intersections.

Mr. Konz explained that the property was recently annexed into the City and is currently zoned T, Transition, which does not permit new development without rezoning; thus, the applicant is requesting a zoning mix of M-1, Light Industrial and B-3, Highway Business. The M-1 zoning would generally apply to the parcels east of Ponderosa Court, where Met-Con plans to construct an office and shop on Lot 2, while the western outlots would be zoned B-3. Outlot B would contain a public stormwater retention pond and eventually be dedicated to the City under a development agreement. He added that the requested zoning is consistent with the City's future land use plan, which identifies the area for Highway Commercial and Industrial Commercial uses.

Mayor Massad opened the public hearing. There being no one wishing to speak, Mayor Massad closed the public hearing.

Mr. Laven moved and Ms. Hatanpa seconded a motion approving the Preliminary Plat of Metcon Addition, and Ordinance rezoning the subject property from T, Transition, to B-3, Highway Commercial and M-1, Light Industrial District (Part of the Southwest Quarter of Section 11, Township 108 North Range 26 West, Blue Earth County); by request of Scott Brown . The motion carried unanimously.

B. Mr. Konz stated that Kody Schendel is requesting a variance from Chapter 10, Section 10-1463 of the Mankato City Code to allow two mechanical units to project up to 10 feet into the required 15.8-foot building setback at 1422 2nd Avenue, the Wrestling Brotherhood facility. The Code currently allows mechanical units to project no more than three feet into the required yard.

Mr. Konz reviewed the statutory criteria for granting a variance, noting that the request must demonstrate practical difficulties related to reasonableness, uniqueness, and preservation of the essential character of the area. He noted that affirmative findings are required for each factor and that economic considerations alone do not constitute practical difficulties.

Staff held an administrative hearing on August 26, 2026. No additional comments regarding the variance request were received.

Mayor Massad opened the public hearing. There being no one wishing to speak, Mayor Massad closed the public hearing.

Mr. Dieken moved and Mr. McLaughlin seconded a motion to approve the Resolution approving a variance from Chapter 10, Article X, Division 1, Sec.10-1463 of the Mankato City Code to increase the allowable mechanical projection into a required yard from 3 feet to 10 feet in the R-3, Limited Multiple Dwelling District (1422 2nd Avenue); by request of Kody Schendel. The motion carried unanimously.

C. Mr. Konz reported that RJC Rental Properties LLC is requesting the rezoning of 1618, 1620, and 1622 3rd Avenue from M-1, Light Industrial, to R-3, Limited Multiple-Family Dwelling. He stated that the proposed rezoning is consistent with the surrounding neighborhoods and the City's land use plan, which designates the subject properties and adjacent neighborhood as "Medium Density Residential."

Mr. Konz noted that residential properties surround the subject site, including properties across 3rd Avenue. He explained that the property to the east is zoned R-1, One-Family Dwelling, while the property to the north, occupied by Mankato Makerspace, remains zoned M-1, Light Industrial. If approved, any future uses of the properties would be required to comply with R-3 district standards.

Mr. Konz further explained that the applicant intends to subsequently request a conditional use permit for an intensive outpatient treatment program at 1618 3rd Avenue. The conditional use permit is not part of the current review. The applicant indicated that no significant property updates are anticipated at 1618 3rd Avenue, as the prior use was similar. The intended use of 1620 3rd Avenue is for storage and/or parking, with potential demolition of the existing structure in the future. The property at 1622 3rd Avenue is planned to return to use as a rental dwelling for five unrelated individuals, with modifications made as necessary to obtain rental licensure.

Mayor Massad opened the public hearing. There being no one wishing to speak, Mayor Massad closed the public hearing.

Ms. Hatanpa moved and Mr. Laven seconded a motion to approve the Ordinance rezoning the subject property from M-1, Light Industrial, to R-3, Limited Multiple Dwelling District (1618, 1620 and 1622 3rd Avenue); by request of RJC Rental Properties LLC. The motion carried unanimously.

D. Ms. Kramlinger explained that on May 27, 2025, the Council adopted the City of Mankato's 2025–2029 Consolidated Plan for the use of Community Development Block Grant (CDBG) funding. She stated that the plan outlines how anticipated annual funding from the U.S. Department of Housing and Urban Development (HUD) will be used in accordance with CDBG requirements and provides the framework for each year's action plan. She commented that the 2025 program year ran from July 1, 2025, through June 30, 2026. Staff completed the required Consolidated Annual Performance Evaluation Report (CAPER), which summarizes completed activities, including projects carried over from prior years, as well as activities that remain underway. She noted that the City has up to eight years to expend funds from each program year.

Ms. Kramlinger indicated that Federal CDBG regulations require two public hearings annually. The first reviews the upcoming year's Action Plan and, when applicable, the Consolidated Plan; this hearing was held on May 27, 2025. The second reviews the City's performance during the previous program year and is the purpose of the September 14, 2026, hearing. She mentioned that the CAPER was made available for public comment beginning August 28, 2026, through September 13, 2026, with no comments received.

Mayor Massad opened the public hearing. There being no one wishing to speak, Mayor Massad closed the public hearing.

Mr. Laven moved and Mr. McLaughlin seconded a motion to approve the Motion authorizing submittal of the Consolidated Annual Performance Evaluation Report (CAPER) for the Community Development Block Grant (CDBG) Program. The motion carried unanimously.

8. **Council Business**

A. Ms. Arntz stated that the Council has discussed the 2027-2028 Budget Document, and received information regarding the General fund, Debt Service fund, Transit fund, and Economic Development fund tax levies. She explained that the Preliminary Levy for Fiscal Year 2027 must be certified by September 30, 2026, to both Blue Earth and Nicollet counties, and may be decreased at a future date; however, it may not be increased.

Mr. Skophammer reported that the proposed total levy increase is $1,330,000, and the proposed tax rate for 2027 is 41.54%, which compares to 40.69% for 2026. He noted that the growth in estimated tax capacity is $1,884,359. He indicated that the total levy has been presented at $27,700,000. It was noted that the Public Hearing for the Proposed Final Budget is scheduled for Monday, December 7, 2026.

Brief discussion regarding diesel costs and if the budget would be able to absorb the costs. It was noted that this was taken into consideration and built into the budget.

Mr. Dieken moved and Mr. Laven seconded a motion approving the Resolution adopting the Preliminary Property Tax Levy payable in 2027. The motion carried unanimously.

B. Ms. Arntz reported that the Federal Aviation Administration (FAA) awarded the City of Mankato $11,511,971 in discretionary grant funding toward eligible construction costs for the Air Traffic Control Tower. She stated that combined with state and local funding, the award reduces the remaining federal project funding gap to approximately $3.3 million. She noted that the additional $1.265 million in state funding would reduce the City's potential unfunded project risk to approximately $2.03 million.

Ms. Arntz explained that the project has an estimated total cost of $31.57 million and is approximately 94% funded to date. She indicated that the FAA grant requires work to begin within six months of grant execution and expenditures to be completed within four years. Staff indicated the project could proceed in phases, with Knutson Construction developing "usable units of work" and a guaranteed maximum price for each phase.

Ms. Arntz commented that Mankato has been advised to pursue additional FAA funding in 2027 to address the remaining funding gap. She mentioned that the earliest potential availability of that funding is April 2027, with applications due in October 2026. She added that to meet the required April 2029 operational readiness date, groundbreaking would be targeted for spring 2027, with substantial completion targeted for summer 2028.

Staff also reported that declining the FAA grant would effectively remove Mankato from the FAA Air Traffic Control program at this time and would require the City to repay approximately $3.1 million in previously incurred FAA-funded design costs.
Ms. Arntz stated that the FAA funding is supported through the Airport & Airway Trust Fund, which is authorized through September 30, 2028. Staff stated that the Trust Fund is considered a stable funding source based on its revenue structure and existing reserves.

The Council was presented with two options:

- Accept the $11,511,971 FAA discretionary grant, pursue additional grant funding, and proceed with the project while assuming approximately $2.03 million in unfunded project risk.
- Decline the grant, effectively canceling the project and requiring repayment of approximately $3.1 million in FAA-funded project costs.

Ms. Arntz noted that the FAA requires the executed grant agreement to be transmitted by September 17, 2026.

Discussion on the time it has taken to secure funding as well as the funding amounts.

Mr. Dieken moved and Mr. Laven seconded a motion to approve the Resolution authorizing the City Manager to execute the grant agreement for the Airport Traffic Control Tower Construction under the discretionary Airport Improvement Program. The motion carried unanimously.

9. **Reports and Miscellaneous Business**

View all city committee meetings by clicking on our City Calendar

Council Community Investment Plan Bus Tour, September 17, 2026, 5 p.m.

Regular Council Meeting, September 28, 2026, 6 p.m., Council Chambers (with Work Session to follow)

Community Investment Plan Open House, October 1, 2026, 6 p.m. to 7:30 p.m., Council Chambers

10. **Adjournment**

There being no further business, Mr. Dieken moved and Mr. Laven seconded a motion to adjourn. With all members voting in favor, the meeting adjourned at 7:03 p.m.

Minutes Approved.

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Mayor Massad

ATTEST:

_____
Renae Kopischke
City Clerk