

MINUTES
COUNCIL WORKSESSION

The City Council of the City of Mason City, Iowa, met in Worksession pursuant to law and rules of said Council, in the Mason City Room of the Mason City Public Library at 6:00 P.M., on October 22, 2024. The meeting was called to order by the Mayor and on roll being called, there were present, Mayor Schickel in the Chair and the following Council Members: Masson, Jaszewski, Latham, Adams. Absent: Lee and Symonds.

1. Planning Session for Southbridge Mall Development:

Administrator Burnett stated he would be requesting Council's input on the following:

- 1) Should the City hold onto the mall or not.
- 2) Council's priorities regarding what should go into the space.
- 3) Review the current leasing and discuss the financial aspect of that.
- 4) Look at future action items regarding what the next steps should be.

Should the City Retain Ownership of the Mall: Burnett stated the first item to discuss was whether or not the City should hold onto the mall as a community asset, advising there were many constraints with selling it off to a developer because of the Multipurpose Arena and the Hotel and understanding those constraints and how important this was to the continued development of the downtown he believed it would make sense to retain community ownership.

Jaszewski asked how it would be managed with Burnett stating right now there was a Mall Manager. That Manager was a city employee, and that decision had been made quickly, emphasizing she was doing a fantastic job and provided continuity.

Masson asked if there were other city employees working there with Burnett stating the custodians and security personnel, adding they were temporary employees while the manager was full-time.

Masson pointed out if the city did want to sell it who would want to buy it, emphasizing the options were limited and believed the city should retain ownership at this time while being careful of the cashflow. He also stated getting more stores in the mall was positive and indicated more stability with Burnett adding he had seen more interest and activity was on-going.

Adams requested an explanation on the property taxes if the city retained ownership with Burnett stating the city paid taxes on property not used for public purposes so the city was paying taxes right now.

Adams questioned if the Convention Center would be taxed or non-taxed with Burnett stating he believed it would be taxed because most of it would be for private purposes.

Adams asked if the city would receive 40% of the taxes back if the city owned the mall outright with Burnett concurring.

Latham stated once the mall was filled it would help the Plaza area and stressed a bowling alley would be a big draw. He also stated he definitely did not want to sell the mall because the city

would have to give it away to a developer and we would be in the same position we are now.

Jaszewski questioned how much the city had invested in repairs with Burnett outlining the costs.

Masson asked for clarification that this did not include the Bergo Mini Mall with Burnett stating that was a separate entity and not part of this.

Masson mentioned originally the mall was on two lots and asked if it was now combined with Burnett stating the Multipurpose and offices were separated off and the mall itself was two parcels, so the total was three.

Adams asked if there had been any local interest in purchasing the mall with Burnett stating no.

Adams stated that would be the only way he would consider selling it and thought it would be smart to hold onto it with Jaszewski agreeing.

It was the consensus of a majority of the Council to retain ownership of the mall.

2. Council's priorities regarding what should go into that space: Burnett stated there was significant space and reviewed the new leases and map that he handed out to the Council. He referred to conference center and theater and how and why they were constrained. He commented on the desirable areas on the map and then identified what he understood to be Council's priority within those spaces which was a bowling alley, a theatre, restaurants, young family play space, pickleball, arcade and incubator.

Adams asked how long the current leases were with Burnett providing an overview.

Adams stated he wanted to be clear that anyone who wanted to be in the mall, should be in the mall and mentioned the recent owner was on the right track for entertainment and arcades and inquired if Burnett had conversations with anyone who was interested in those items with Burnett stating there had been several conversations with persons regarding a bowling alley.

Adams inquired how a bowling alley would look and who would pay for it with Burnett stating he would kick that down the road a bit until there was an opportunity to fully investigate that, advising there were partners they could bring in but believed it would have to be incentivized and would obviously be a long-term lease.

Adams questioned what he meant by incubators with Burnett stating it was a great opportunity for a start-up business and a great space to do that whether it was retail or a restaurant.

Latham stated he agreed with Adams comments, but stressed they should be good quality tenants and regarding the incubators he thought there should be a designated area. He also mentioned he would like a bowling alley, was interested in pickleball courts and possibly a sky-zone trampoline park for children.

Masson asked how big the bowling alley would be with Burnett stating greater than 10,000 square feet and less than 20,000 square feet and Latham stating per his research, between 15,000 to 20,000 square feet.

Jaszewski questioned if there would be a premium price for certain spots with Burnett stating absolutely.

Jaszewski questioned who would be responsible for any improvements with Burnett citing as an example the Gyro space and how they had paid for and installed a gas line they needed.

Jaszewski stated the Council needed to look at businesses that would complement entertainment with Burnett concurring but emphasizing he would discourage office space in the mall.

Masson referred to the map and asked how much the space at 404 and 407 would go for with Burnett stating roughly \$1.00 a square foot and Latham stating an interior space would run about \$1,500 a month with no exterior access.

Mayor Schickel stated he liked the idea of bowling, pickleball and a theatre and was intrigued by the entrepreneurial space and partnership with NIACC and the schools.

Adams asked if there was enough population to support the types of businesses the Council was discussing with Burnett stating the bowling alley had the population to support it and was not an unreasonable expectation and same with an arcade. Regarding the theatre, it was another form of entertainment, but he would doubt it would show first run movies and suggested possibly hosting the independent film festival and things along those lines. He also stated there was support for restaurants and obviously the more done to create an entertainment center downtown the better. The only one difficult to answer and requiring more research would be a trampoline park and pickleball court, adding that was an exploding sport, but did not really produce much rent so from a cash flow perspective, he would be cautious of that, noting it was more of an amenity base.

3. Current Leasing and Finance: Hinson stated the city was operating at a loss of \$18,000 in revenue and a little over \$40,000 in expenses per month for mall operations (does not include the arena) and Burnett stated factoring in property taxes the city was at \$22,000 in deficit per month, however there was a clear path to getting it to cash flow, but it required getting the spaces activated and the idea of this Worksession was to get things planned out so it would eventually cash flow. He also mentioned the bowling alley was a very large expense and hence the reason to find a private developer.

The Mayor asked how Burnett felt the prospects were moving forward with Burnett stating it had been fairly reassuring to see the level of interest and believed the momentum would continue.

Adams questioned how much the maintenance expenses were a month with Burnett stating there has been some building work but the significant cost was staff, utilities and property taxes.

Adams asked if he was correct that the fuller the mall was the more staff would have to be added with Burnett concurring.

Adams requested assurance that if there was any type of city incentive it would have to go before the Council with Burnett concurring.

Next Steps: Burnett stated he had reached out to potential partners regarding the bowling alley knowing that had been a primary target for most of the Council and thought the next step would be an RFP for a bowling alley/family entertainment center space. Also, he mentioned there had been a lot of interest in the theatre and asked if the Council agreed with staff putting together a potential plan for activating one of those spaces with the Mayor and Council concurring.

Latham urged the Council to keep moving forward and keep the enthusiasm going and thought the bowling alley and theatre were great.

Burnett urged the Council to come forward if they have anything else to discuss at any time.

The Mayor adjourned the meeting at 8:10 p.m.

Bill Schickel, Mayor

ATTEST:

Aaron Burnett, City Clerk