

**City of Sandstone**  
**EDA Meeting Minutes**  
**February 28, 2018**

**CALL TO ORDER:** 6:00 p.m.

**ROLL CALL:** Kester, Spartz, Franklin, Devlin, Palmer and LaBounty

Members absent: Warner

Staff present: Administrator George and Recording Secretary Nelson

Others present: None

**APPROVE AGENDA**

**Motion Devlin, second Palmer to approve the agenda with the addition of Certificates of Completions.**

**Motion carried 6-0.**

**APPROVE MINUTES**

**Motion Devlin, second Franklin to approve January 24, 2018 meeting minutes. Motion carried 6-0.**

**PUBLIC HEARING:** None

**NEW BUSINESS:**

Industrial Park Rail Access Evaluation Proposal

Karl Schuettler (Northspan) and the Administrator spoke with Justin Pearson, Regional Manager, Economic Development, with BNSF, about steps the City should be taking to attract a development that can utilize rail in the industrial park. Pearson stated that BNSF will work with the City through the process. The biggest expense will be adding a main line turn out switch. BNSF will install it, but the expense will be the responsibility of the City. Recent estimates have been in the \$1 million range.

The first step in the process is to have a rail layout plan done. Greg Anderson, SEH, was asked to prepare a proposal. The cost of the rail layout plan is \$8,950 and would be beneficial for marketing Sandstone as a place to build a business. This rail would be for industrial use. Acreage may be needed on the east and south of the City's current holdings. The money for the survey would come from the EDA fund which has about \$25,000 earmarked for special services. The housing study is also coming out of this fund. There is another \$3,000 in the budget for miscellaneous expenses and \$1,500 for downtown grants.

EDA Members were concerned that if this study is done, the City might roll forward into putting in the spur and spending the money when Lundorff Drive has not been paid off. **Motion Devlin, second Spartz to deny the proposal to have the rail layout plan done.** Some of the EDA Members were concerned about building before there is a business seriously interested in locating in the industrial park that would need a rail spur. It was the consensus of the EDA that if this plan is developed, it be used to attract developers but no rail construction will take place at this time. The question was asked as to SEH's ability to suggest resources for funding. The question was raised about a buyer wanting the lot nearest the railroad but not planning to use the rail. Would the City sell? Sandstone has the land that can be used – it's not hemmed in as some other smaller cities are. The EDA examined the map and noted how much land Sandstone owns south of the railroad.

**Mayor Spartz called for a vote on the motion. Devlin, aye; Spartz, Franklin, Palmer, Kester, LaBounty, nay. Motion failed 1-5.**

**Motion Franklin, second Devlin to contract with SEH to have the rail layout plan done for the amount of \$8,950. Motion carried 6-0.**

Great Lakes Management – Heater Replacements

Lorien Mueller, Senior Director of Property Management, contacted the Administrator and informed her that the heater in the foyer of the Senior Apartments needs to be replaced, as well as the heaters in the entryways of Townhome pods 118 and 107. Quotes were received from Quality Home & Sports Center of \$8,000 for the Senior Apartments and \$3,000 for the two Townhome pods. The item was reported for the EDA's information only, as the Administrator approved the work so that it could be done without delay.

Certificates of Completion

Certificates of Completion for North Pine Area Hospital District and Essentia Health Sandstone Medical, LLC have been drawn up. These are part of the development agreement that after all parts of the projects are completed, the EDA and City Council adopt the certificate of completion to be recorded in the County Recorder's office. There are parts of the Golden Horizons project that are not complete; therefore, a Certificate of Completion cannot be submitted at this time.

**Motion Devlin, second Spartz to approve the Certificates of Completion contingent that the temporary hospital sign has been removed. Motion carried 6-0.**

**CONTINUING BUSINESS:**

EDA Business Breakfast

The EDA had set April 4 as the date for the EDA Business Breakfast; however, there is a possibility that Congressman Rick Nolan could attend if it were held on April 5. This was discussed at a Council Meeting and the Council agreed to move the date to April 5. Lori Loew has agreed to cater the event.

The Administrator hopes this is the first step of building communication lines between the businesses and the City. She would like to survey the businesses, determine their needs, and discover ways to help them achieve their goals. Studies have shown that businesses often miss out of the opportunity to expand. To that end, the Administrator distributed a draft of said survey. She asked the EDA Members to read through it and offer their opinions and suggestions. Some commented on the length and another mentioned the reticence of businesses to answer some of the questions. Staff continues to work on plans for the breakfast. A tentative agenda includes:

- Karl Schuettler – Tools for Business Success
- Jordan Zeller, ECRDC – various programs/services available
- Rebecca Perrotti, Central MN Jobs & Training Services
- Small Cities Development Program
- City Updates

The Administrator would like to plan a ribbon cutting event for the Professional/Light Industrial Business Park following the Business Breakfast. Invitees would include:

- Congressman Rick Nolan & Staff
- Senator Amy Klubuchar & Staff
- Representative Jason Rarick
- Senator Tony Lourey
- Essentia Health Sandstone personnel
- North Pine Area Hospital District personnel
- Members Co-Op Credit Union personnel

Gateway Clinic personnel  
Thrifty White Drug personnel  
Golden Horizons Assisted Living personnel  
City Council, EDA, Planning Commission, Park Commission  
Greg Anderson, SEH  
RL Larson  
The community at large

## Various Updates

The following updates were provided:

- Karl (Northspan) spoke with a contact he has at the Duluth Port Authority. This person said that Sandstone is a great potential location for a manufacturer – with or without rail access. Being an hour from major railroads, Duluth and the Twin Cities is a “big selling point”. We should stay in touch with this person and work with the Port Authority as plans start to develop.
- NLX – The long-awaited FONSI (Finding of No Significant Impact) has been signed. This is the final step that was needed to put the project in line for receiving grant money. The Sandstone NLX flyer has been updated (attached). We can start getting this out and collecting letters of support for having a maintenance facility here in Sandstone.
- Opportunity Zones – A collaborative effort between DEED, Minnesota Housing, and the MN Department of Revenue. Tax incentives are used in low-income urban and rural communities to draw long-term investment to areas that are in the most economic need. According to the Opportunity Zone Census Tract map, Sandstone is included in the “Most Distressed” areas in Pine County. The County is hoping to put together information that would help to prioritize Pine County. Local decision-makers are asked to explain how the following principles lead them to their 1st, 2nd and 3rd rank choices:
  - Needs of the low-income community and other partners serving the zone including data about the unemployment rate, high poverty rate and low median income
  - Potential for positive impact to further equity and inclusion
  - Commitment(s) to support the zone by industry, education, nonprofits and governments including ongoing collaborations (i.e. promise zones, empowerment zones and renewal communities)
  - Development possibilities within the zone in the next 5 years including affordable and workforce housing and economic development
  - Engagement with organizations who have indicated an interest in creating Opportunity Funds
  - Businesses and emerging businesses with investment potential in the zone
  - Potential positive impact the zone could have on the most distressed communities

Schuettler and the Administrator worked together to provide responses to these items to the County.

- Know our neighbors – It could be beneficial to explore businesses within the I-35 corridor, just to learn what they do and how they move or store product. This would not be done with the intent to try to “steal” them away from the communities they are currently in, but to learn more about them to see if there is anything we have to offer that could supplement or help them in their business.
- CoCoa Corporation – Mayor Spartz, EDA Member LaBounty, and the Administrator sat in on the webinar that was provided on February 6th to learn more about the company and what they are looking for. Basically, they are looking for a public-private partnership to solve a community-wide problem (which we do not have). The problems they are addressing include the handling of manure, farming

waste, and large amounts of food waste. Their customer base is mostly the large farms, which we also do not have. They are looking for loans, grants, investors, and the plant would be owned by the “community” (i.e., the City). So, it was determined that this endeavor is not a good fit for Sandstone.

- Governor’s Deer Hunting Opener – The Administrator met with representatives from Pine City and Hinckley to talk about how to maximize the tourists that will be around for the event and also to promote our area. They are talking about having tokens of some sort available in the stores of each community. People will visit the stores/establishments and collect the tokens, with a culminating event in the evening; such as, Purse Bingo. The next meeting is March 16th.
- International Economic Development Conference – Mayor Spartz and the Administrator attended this event in Mora. One of the speakers was from the MN Trade Office, which is the export development arm of the State. There was also a panel discussion with 3 business owners from Mora and one from Sweden. It was fascinating and inspiring to learn about how these businesses have been able to expand, offering their products all over the world.

**ADJOURN**

**Motion Devlin, second Spartz to adjourn at 6:51 p.m. Motion carried 6-0.**

---

Phillip Kester, Chair

---

Kathy George, Executive Director