

City of Sandstone
EDA Meeting Minutes
December 16, 2019

CALL TO ORDER: 6:00 p.m.

ROLL CALL: Kester, Spartz, Anderson, Palmer, Riley, Gaede

Members absent: LaBounty

Staff present: Executive Director George

Others present: Oliver Dykstra with the Pine County Courier, Mark Jacobs with Dovetail Partners, Karl Schuettler and Amanda Vuicich with The Northspan Group

PLEDGE OF ALLEGIANCE:

Council, guests and staff recite pledge of allegiance.

APPROVE AGENDA

Motion Palmer, second Spartz to approve the agenda as presented. Motion carried 6-0.

APPROVE MINUTES

Motion Spartz, second Gaede to approve the minutes of the October 23, 2019 Regular EDA Meeting.

Motion carried 6-0.

PUBLIC HEARINGS / PRESENTATIONS:

Dovetail Partners – ATV Training/Obstacle Course Feasibility Study

Mark Jacobs was present on behalf of Dovetail Partners to provide an update on the feasibility study process. Jacobs provided a written report containing composite data and a sampling of comments received during the public comment period, which ended December 13th. An open house was held on December 3rd, and about 30 people attended. Jacobs received 18 surveys from participants. Results of the 18 surveys show 50% support the project (9 respondents); 44.4% oppose the project (8 respondents); and 5.5% are neutral (1 respondent).

Jacobs reviewed the report and various comments with the EDA. He noted that the Carlton County Riders ATV club might be interested in helping to maintain the course, if it is established. He also stated that, should the project move forward, the DNR would be involved in the design of the course. An Environmental Assessment Worksheet (EAW) would likely be required. Jacobs talked about other similar courses, such as Axtel in McGregor and the Soo Pits. EDA members asked about noise. Jacobs stated that was a concern with the Axtel project as well. He stated that noise levels will be tested and he doesn't think it will be a problem due to the surrounding trees.

When asked if the KREEC site was a good site for this project, Jacobs stated that there are challenges on the property. For example, he wouldn't recommend the course goes beyond a certain elevation due to erosion concerns and the steep slopes. He suggested the EDA look for opportunities to connect to the existing trail systems. EDA members stated they might be interested in going to look at some of these other courses. Jacobs noted that Aitkin County installed counters in Axtel and that over 1,000 visits are made there each month. The course has been very good for existing businesses (gas stations, restaurants, parts stores, hotel, campgrounds).

Jacobs stated that the next steps include his team looking at the comments gathered and then making recommendations. There was discussion about Old Military Road being designated as a trail for access to the

course. Jacobs will be looking into requirements to mitigate damage to soils, erosion control, etc. He stated that there will likely be economic impacts. EDA members asked Jacobs to put together a rough design / map of a potential course, which would make it easier for people to visualize the project.

NEW BUSINESS: None

CONTINUING BUSINESS:

The Northspan Group – Karl Schuettler and Amanda Vuicich

Schuettler and Vuicich presented a written report to the EDA with the Business Retention and Expansion Results and Recommendations. This Fall, 15 local business owners visited with Schuettler and Vuicich. The report includes a lot of statistics and details gathered from these visits. Overall, the businesses are stable and evolving with the times while shying away from dramatic changes, owned by individuals with strong local roots, adapting to workforce challenges through higher wages and pipeline creation, concerned about high taxes and crime, and interested in finding ways to make a more welcoming community.

Based on the feedback received, Schuettler made the following recommendations:

- Encourage the formation of a tourism board that emphasizes the area’s natural assets
- Improve community wayfinding to highlight access points to the Kettle River and downtown business district
- Aggressively pursue efforts to clean up blighted properties
- Consider possible incentives for business improvements
- Plan proactively for changes in the downtown core

Schuettler then presented a written report entitled “Cluster and Rail Study”. The purpose of the study was to assess Sandstone’s economic base and explore the potential of a rail spur in the business park. A target industry analysis was conducted to identify current clusters in Sandstone, assessing growth opportunities. Rail-served industries in and around the Sandstone area were explored. Surveys were then conducted to explore interest in rail service. The written report goes into great detail on the process and the findings.

Based on the findings of the study, Schuettler made five recommendations to the EDA:

- Do not prioritize rail, but leave the option open, if possible
- Cultivate a regional tourism attraction effort
- Target new investment instead of internal relocation
- Emphasize Sandstone’s innovative potential
- Continue to expand transportation options

EDA Members thanked Schuettler and Vuicich and noted that they are eager to spend some time thoroughly reading both reports.

Various Updates

- Shovel Ready Status of the Business Park: The Shovel Ready Certification from DEED was received on November 5th. DEED has determined that the business park is best suited for small food processing and general commercial/industrial uses. Deputy Clerk/Utility Billing Leaha Jackson is working on marketing info for DEED’s website, as well as the listing in LOIS (locationone.com). This process has

been over 2.5 years in the making. Jackson has done an outstanding job!!

- NLX Alliance – Phil Kester and Lenny Bonander attended a field hearing in Duluth before the Minnesota House Transportation Committee on December 11th. The Committee received a lengthy presentation on NLX. Individuals were encouraged to sign up to testify, which Bonander did. Kester noted that most of the Committee members seemed in favor of the NLX project.

On November 4th, Frank Loetterle of MN DOT stopped at City Hall for a visit. He stated that NLX is considering the option of leasing rail cars, rather than buying them, in order to reduce costs. If they go in that direction, they will not need a maintenance facility. At least, not initially. It is believed that Sandstone would still have a boarding platform.

- Freight and Logistics Symposium: Executive Director George attended this ½ day event on Friday, December 6th, in NE Minneapolis. She was able to network and talk to people in the freight world. She provided the following comments, which she has also shared with Schuettler:
 - Apparently, Lee Muinich did a project through the Humphrey Institute on freight modeling. Schuettler knows Muinich and will contact him about making a presentation to the GPS 45::93 group.
 - George spoke with a consultant who did an intermodal study for Sherburn County – looking at economic impact, etc. It may be beneficial to work with Pine County to see if we would benefit from a similar study, or perhaps working with the four counties that make up GPS 45::93 to see if they are interested in a regional study.
 - George spoke with the President of the Minnesota Trucking Association, John Hausladen. She talked about what she’s hearing from the Duluth and MPLS areas regarding growth/expansion/sprawl, etc. He said that he actually thinks trucking on I-35 is declining. He suggested we talk to Halvor Lines (Superior), Jeff Foster Trucking (Superior), Kivi Bros (Duluth), and Valley Cartage (Hudson, WI) to get their take on East Central MN possibilities (or lack thereof).
 - George also talked to Jason Grev of Enbridge and gave him our Business Park brochure.
 - George thinks the EDA should move forward with BNSF’s certification plan for our rail layout / business park. She will look into that a little more and see what is required.
- The Rock:
 - The attorneys are having trouble personally serving Manoucher Rostamkhani with the Summons & Complaint. Therefore, service by publication has begun. The first publication was December 5th, making the last publication the 19th, which is when the attorneys will file the affidavit of publication. On December 26th, service will be deemed completed under the rules. Once service is completed, Manoucher has 20 days to file an answer (until January 15th). At that point, if he has not filed an answer, the default hearing process can begin.
 - Our Request for Proposals is out, looking for a developer to work with us and prepare a Super RFP to Minnesota Housing Finance Agency, which is due in June. The MHFA process is

important because this is where we find out if we will get the housing tax credits, the historic tax credits, and any other credits/loans/grants for the project. Proposals are due December 20th. Interviews are scheduled for January 10th (assuming we receive proposals). With selection of the developer to occur on or before January 22nd. **Motion Riley, second Anderson, to set a Special EDA Meeting for 2:00 p.m. on Friday, January 10th, to conduct interviews of developers. Motion passed 6-0.**

- We received a proposal of \$24,500 to repair deteriorated areas on the roof. The contractor was in the midst of the work when the Thanksgiving snow storm hit. They also discovered that there is a portion of the roof that is no longer intact – additional construction work is needed to shore up the roof so that the repair work can continue. Streets & Parks Supervisor Hiler is working on getting quotes for this work.
- Wild River Properties: Since closing on the sale and paying off the bond, the City has received some additional funds:
 - \$376,623.40 from Great Lakes Management to close out their fund
 - \$49,332.37 from US Bank from the 2012AB Bond payoff

Tom Opatz recently sold the Townhomes to Scott Kirchner, who set up Wild River Townhomes, LLC on November 5th.

- Opportunity Exchange: Information Request – we received an e-mail from Thomas Denomme about our business park – offering to help us find funding for projects. George responded with information about our business park and also about The Rock.
- Old Gateway Clinic property: apparently this property is being offered for sale for \$1. We received this e-mail through our City website:

WE ARE SELLING 204 LUNDORFF DR FOR \$1 IF ANYONE IS INTERESTED PLEASE CONTACT ME ASAP Email Address: kyle.hynes@cbre.com

- Surveys / Comps: George met with Kelly Lindstrom (commercial appraiser) on October 29th to review all the City / EDA owned properties that we are interested in selling. Lindstrom will also conduct comparisons on our Business Park lots to determine what the asking price should be. It will take a while for her to pull all the information together for us.
- Day Care Center:
 - George and others have been meeting with Anna Reiser on the specifics of the day care center in the John Wright Building.
 - They also met with an architect on October 23rd who will be helping with the overall redesign of the building.
 - Lundberg Plumbing & Heating has also been on site helping with the mechanical aspects of the building.
 - On November 7th, a line from the sprinkler system broke and flooded the corridor and classrooms where the day care center will be. An insurance claim has been filed. The insurance company will cover the cost to repair the flood damage. ServiceMaster has completed the demo/cleanup work that was necessary. George is working with ServiceMaster and contractors

on the repairs.

- East Central School District is considering the possibility of adding a day care center on their school campus. It is not anticipated that this effort, if it moves forward, will hurt the City's project in any way.
- GPS 45::93
 - GPS hosted a Familiarization Tour on November 18th at Utepils in NE Minneapolis. The goal of these tours is to meet with realtors and site selectors and let them know what East Central Minnesota has to offer. GPS previously held one up in Duluth in July. At the Minneapolis event, several attendees expressed their desire or interest in expanding into Chisago or Isanti Counties.
 - George will serve as President of the organization in 2020.
- On November 6th, Spartz, Kester and George met with Jordan Zeller and Bob Voss from East Central Regional Development Commission (ECRDC). Zeller and Voss periodically travel the region and provide updates on available resources.
- EDA members reviewed a draft promotion of Sandstone for the 2020 Hinckley Visitor's Guide. Several comments and recommendations were made, which will be relayed to Tim Williams, Executive Director of the Hinckley Convention & Visitors Bureau.

ADJOURN

Motion Palmer, second Riley to adjourn at 8:30 p.m. Motion carried 6-0.

Phillip Kester, President

Kathy George, Executive Director