

SPECIAL ARLINGTON CITY COUNCIL & JOINT EDA
MEETING MINUTES
MARCH 9, 2010

The Special Council meeting was called to order at 5:00 p.m. by Mayor Kreft.

Council Members Present: Mayor Kreft, Pederson, Pichelmann, Reetz, Vrklan, Wills
Council Members Absent: None

The Special EDA meeting was called to order at 5:00 p.m. by President Lundstrom.

EDA Members Present: President Lundstrom, Krueger, Noack, Sorenson, Councilmember Vrklan,
Councilmember Pichelmann
EDA Members Absent: Feterl

Also Present: City Administrator Jaunich, EDA Director Schultz, Attorney Arneson, Consultant Smith-
Strack

Adm. Jaunich stated that this was a working meeting to discuss Industrial Park Development Opportunities. He stated that City Staff/EDA has been working with UFC on a proposed project.

Mayor Kreft listed the potential parties as being: United Farmers Cooperative (UFC), Arlington EDA, property owner with property for sale, Sibley County, Seneca Foods, local farmers. He stated that they would be working within the ramifications and rules of the Orderly Annexation Agreement and City of Arlington's Comprehensive Plan.

Dir. Schultz gave a brief history on the elevator property. It was said that the usefulness of the facilities are outdated (not equipped to handle larger equipment such as semi-trucks, etc.) and UFC doesn't plan to stick any more money into fixing them up; plus there is no room for expansion of any kind with the ensuing railroad upgrades.

Schultz commented that UFC would like to move the existing facilities to a new location and has begun looking at several sites in and around Arlington, some of which do not fit their long-range plans/needs. One site they are very interested in is the Rosenfeld (farm) property just south of city limits. Adm. Jaunich commented that the property was originally setup to be auctioned off, but has since gone into bankruptcy (chapter 12). Attorney Arneson explained how chapter 12 bankruptcy works. He also talked about eminent domain.

Some discussion was held on how this property could be utilized to accommodate UFC's needs (access from County Road 9, railroad access, future expansion) and also in conjunction with the City's Comprehensive Plan (goals/visions, future development, etc.). Smith-Strack noted that if this site is chosen, not all of it lies within the Orderly Annexation Area (OAA), but this could be worked through at a later date. She pointed out some advantages the City/EDA would have as it relates to the Comp Plan such as increase and/or diversify the tax base and business retention. She added that this would also open the potential for new transportation routes (connect Hwy 5 and Cty Rd 17 in an east-west fashion south of city limits).

Adm. Jaunich talked about the costs associated with the proposed project (purchase of land, extension of utilities, etc.). He stated that the property consisted of 126 acres. The city engineer had drafted a map showing the extension of utilities to the property (approximately 3,000 feet).

Dir. Schultz talked about the Business Development Public Infrastructure (BDPI) Grant program offered through MN Dept. of Employment and Economic Development (DEED) and how it could be used in conjunction with the proposed project for UFC.

Smith-Strack commented on some potential obstacles the City needs to consider before moving forward with the proposed project, such as is the soil conducive to urban development; are there any potential contaminants on site; whether wetlands need to be remediated or credits purchased. She stated that one of the first things done in any development scenario is to do a Phase 1- Environmental Analysis-basically determine what's on/under the ground and how it fits into proposed uses of the property. She stated another thing to consider is what type of bankruptcy is it: liquidation-being forced by the creditor or voluntary-protection of the farmer/restructuring. Smith-Strack reiterated that communications should be kept open with UFC and/or partnering with them through the entire process.

Considerable discussion was held on what exactly the City's role was with this project and what steps (if any) should be taken next. Some preliminary information was reviewed related to a tax abatement analysis or TIF analysis associated with the proposed project.

Mayor Kreft commented on how Seneca Foods played into the proposed project. He stated that at the local level Seneca Foods was interested (in the farm land), but at the corporate level they were not.

Various concerns/questions about the project were addressed, including what should be done with the existing site. It appeared that everyone was in agreement to move forward and work with UFC. Attorney Arneson was going to research the matter (bankruptcy) further and report back.

Motion by Noack, seconded by Krueger, and passed by unanimous vote to adjourn the Special EDA meeting.

Motion by Wills, seconded by Pederson, and passed by unanimous vote to adjourn the Special Council meeting at 6:27 pm.

City Council:

EDA:

Mayor James Kreft

President Mark Lundstrom

City Administrator Matthew Jaunich

EDA Director Denny Schultz