

**ARLINGTON CITY COUNCIL
SPECIAL WORKSHOP MEETING AGENDA
MARCH 20, 2017 AT 5:30 P.M.
COUNCIL CHAMBERS**

1. Call to Order

DISCUSSION ITEMS

2. Discussion: Seneca Property Purchase.
3. Adjournment

**ARLINGTON CITY COUNCIL
SPECIAL WORKSHOP MEETING MINUTES
MARCH 20, 2017**

The special meeting was called to order at 5:45 p.m., Mayor Richard Nagel presiding.

Members present: Battcher, Cowell, Hatlestad, Heiland, Jaszewski, Mayor Nagel

Members absent: None

Also present: City Adm. Liza Donabauer, Attorney Ross Arneson, EDA Director Holly Kreft

Mayor Nagel stated the purpose of the special meeting was to discuss the Seneca Property purchase.

Adm. Donabauer stated that the City was notified that Seneca Foods has received an offer to purchase their property; and the City now has 10 days to decide if it wants to pursue the purchase agreement it has in place or let it go. It was noted that the potential new buyer was aware of the Purchase Agreement between the City and Seneca. Seneca had indicated that they had not received any negative feedback from the buyer about the Agreement; and that if the City chose not to move forward with the purchase at this time, that there was no guarantee, but the new buyer might be willing to work with the City at a later date. It was noted that regardless of what happens with the City or potential new buyer, Seneca will be moving forward with the decommissioning process of the (silage) settlement pond. It was also noted that if the City decided not to move forward with the purchase, the agreement would be considered void and the City would get its \$10,000 earnest money back.

EDA Dir. Kreft explained that that the City had acquired land along Hwy 5; the intent was to development an industrial park with access from the highway. MnDOT will not allow access from the highway; making the property landlocked at this time. The City entered into a purchase agreement with Seneca Foods for additional land, which included the gravel road that does have access from Hwy 5.

Kreft commented that the City has three options to consider:

- 1) Execute the purchase agreement with Seneca;
- 2) Allow the purchase agreement to lapse and attempt to negotiate a purchase with the new owner;
- 3) Do nothing and continue to rent the land for agricultural use or consider selling the existing industrial park property as it is off the tax rolls and not viable as an industrial park without access (not benefiting the City at this time).

Kreft commented that DEED has a program available for the development of industrial parks in rural Minnesota. Currently there is no funding available, but funds (approximately \$18 million) are included in the current bonding bill, which the status won't be known until spring. This funding would be available for infrastructure and site improvements, not land purchase. Funds to purchase the land would be available through an interfund loan from the City's electrical fund. It was noted that the City was unaware of any businesses wanting to locate within the industrial park at this time.

Attorney Arneson provided a little bit of history on the property also. He stated that the adjacent property owner to the west (Doehling) had expressed interest in allowing the City access through their property. The City engineer informed the City that it was cost prohibitive to extend city utilities this way.

Hatlestad expressed concern about chasing away a potential occupant/business if the City moves forward with the purchase with Seneca. Kreft commented that the new buyer was aware of the situation and it did not seem to matter to them. Battcher commented that the City could release the purchase agreement and attempt to work with the new owner on what the City originally wanted: an easement over the property or purchase only the land (2-3 acres) needed to access the industrial park. Heiland questioned what happens if the City decides not to move forward with the purchase and the purchase agreement with the potential new buyer also falls through, would that extend the City's Agreement with Seneca? Attorney Arneson wasn't completely sure, but thought so. Considerable discussion was held, no action was taken.

Motion by Heiland, seconded by Hatlestad, and passed by unanimous vote to adjourn the meeting at 6:20 pm.

City Administrator Liza M. Donabauer

Mayor Richard Nagel