

**BIG LAKE CITY COUNCIL, AND  
BIG LAKE ECONOMIC DEVELOPMENT AUTHORITY  
SPECIAL JOINT WORKSHOP MINUTES**

**JANUARY 7, 2014**

**1. CALL TO ORDER**

Mayor Danielowski called the meeting to order at 6:00 p.m.

**2. ROLL CALL**

Council Members present: Dick Backlund, Raeanne Danielowski, Seth Hansen, and Mike Wallen. Nick Christenson was absent.

BLEDA Members present: Greg Green, Doug Hayes, and Duane Langsdorf, Norm Leslie, and Steve Pflerhaar. Jim Dickinson and Dave Gast were absent.

Also present: City Administrator Todd Bodem, City Clerk Gina Wolbeck, Finance Director Jessica Green, Economic Development Manager Heidi Steinmetz, Assistant City Engineer Jared Voge from Bolton and Menk, Inc., Sherburne County Administrator Steve Taylor, and Sherburne County Assessor/Economic Development Specialist Dan Weber. Senator Mary Kiffmeyer arrived at 6:06 p.m.

**3. PROPOSED AGENDA**

Council Member Wallen motioned to adopt the proposed Agenda as presented. Seconded by Council Member Hansen, unanimous ayes, agenda adopted.

**4. PROJECT OVERVIEW**

Todd Bodem provided a project overview for the Big Lake Rail Park concept. Bodem noted that this project was first brought to the City in 2009. The Big Lake Regional Rail Park is a proposed 270+/- acre industrial park served by rail and is located on the eastern edge of the City of Big Lake, Minnesota. The proposed goal of the Park would be to provide top-tier rail shipping options for large industrial and warehouse firms that desire to locate on the western periphery of the Minneapolis-St. Paul metropolitan area.

**5. PROJECT HISTORY**

Heidi Steinmetz reviewed the Regional Park and Community Owned Spur Feasibility Report that was completed for the City and BLEDA in 2009. Also discussed was the City of Becker's existing rail spur. Steinmetz also noted that a Rail Park Steering Committee was formed in 2011. Staff reviewed the City's efforts in applying for State and Federal Grants. Two State grants from the Transportation Economic Development (TED) Grant program

and the two Federal Grants from the Transportation Investment Generating Economic Recovery (TIGER). Staff clarified that all four grants were unsuccessful in receiving funds. Staff reviewed the hard dollar costs the City has invested in the proposed rail park project. Not including staff time, the City has invested approximately \$90,000 to date which paid for the 2009 Feasibility Report compilation, applications to four grant programs, application to the MN Rail Service Improvement Loan Program, and towards consulting services. Steve Taylor questioned why the four grants were unsuccessful. Bodem noted that we haven't had a strong developer to support the grant applications. Taylor reviewed the two primary ways the County has to support Economic Development. The County has used Tax Abatement and an Economic Development fund which has been in hiatus for approximately 6 to 7 years. Taylor noted that designation of those funds have not been allocated by the County Board. Taylor explained that the County wants to be sure that the EDA and the Council are on the same page as far as moving forward with this project, and explained that the County will be here in a support role and that they have approved a Resolution of Support, but that the Resolution had no financial strings attached to it.

## **6. PROJECT RELATION TO CITY COUNCIL & BLEDA GOALS**

Board Members reviewed their goals for a future rail park. Mayor Raeanne Danielowski stated that she is looking at the project to set Big Lake apart from surrounding areas, and that it is our chance to grow our industrial park, enhance job creation, and grow into the future. BLEDA Chair Doug Hayes noted that the cost and investment is substantial and stated his concern that we are going into this project alone right now. Hayes suggested we take it slow and put ourselves in a good position. Hayes also discussed that we are a 25% tax partner in this project and questioned where the other 75% is. Hayes stated that we need to build this coalition and that we should focus on establishing a viable developer. Hayes noted that he feels this project is still a great idea and that the dollars involved in this type of project can cloud our judgement. Council Member Seth Hansen stated that he does see the benefit of the project, but also recognized that four grant applications have already failed and questioned if it is in the best interest of the City to continue to invest dollars in something that possibly isn't going to happen. Council Member Dick Backlund stated that he supports the project but feels we need to move fulltime towards finding a developer. BLEDA Member Norm Leslie stated that if we really want this project to happen, we have to find developers. If we get the developers and the interest, then we should proceed. Leslie also stated that we need to clarify who has ownership of this land, and determine if Burlington Northern wants to partner in this project. Leslie also questioned if we have enough land secured. Council Member Mike Wallen asked if are willing to gamble on the "build it and they will come" concept. Wallen clarified that the City just had a 9.22% Levy increase due to our debt obligations, which this is the first year that we have actually allocated for capital improvements and reminded members that there are many more City projects that still need to be addressed. Wallen stated that he doesn't feel that there are dollars available from regional partners even though this project is being marketed as a regional project. Wallen also questioned what it is that we want to accomplish by putting in a Rail Park, and stated that he isn't convinced with the forecasted job creation of 1,000 jobs. BLEDA Member Duane Langsdorf stated that housing taxes won't help the tax base in the City, but that business creation will. Langsdorf noted that we need to take a step

back and make sure we have all the facts on this project. Langsdorf also explained that money is a major factor on this project and that more players in the game need to step up to the plate. BLEDA Member Steve Pflighaar stated that the BLEDA definitely can't be 25% financially responsible for the project. BLEDA Member Greg Green stated that he understands the concept of the rail park, but is concerned that it won't have the impact that some people are forecasting. Green noted that he feels we should be focusing on our current empty building situation as it would create some positive momentum to start to fill in some of the current empty sites.

Senator Mary Kiffmeyer reviewed bills that she has carried for the City, and the times she has testified on the City's behalf. BNSF has stated that if the City completes the portal, it would show them how serious Big Lake is about the project. Kiffmeyer reviewed that State and Federal grants are competitive and identified that we have scored well in our applications. Kiffmeyer also stated she feels that the City does not have the heart for its own project or a sense of what this project can be. Kiffmeyer recognized that the City is carrying tremendous debt and understands what that debt is taking out of their operating budget. Kiffmeyer stated that she doesn't want to spend anymore of her time if the City isn't committed to the project. Officials need to pull together but she doesn't sense a common ground on the rail park concept. Kiffmeyer stated that she feels that a rail spur would generate further construction in the City.

## **7. NEXT STEPS**

Jessica Green stated that Council and BLEDA officials know that a project of this size would require a significant levy increase and she cannot support that at this time. Kiffmeyer clarified that Rail Spurs are generally funded by the City.

The Consensus of officials was to not spend any further dollars on grant applications unless an actual developer surfaces with a viable project within the project area, and to continue to leave the rail park at the bottom of the City and BLEDA Goals.

Wallen noted that we are looking for people to step up on the project, and we need an anchor tenant. Mayor Danielowski stated that she recognizes that we should not raise our levy for any risk, but also feels that there would be a reward for the completion of the rail park. Danielowski also stated that she wanted the project to have a regional component to it, and agreed with Bodem that we need a developer to step up. Langsdorf clarified that the City's debt load was done with good intentions for the betterment of Big Lake. Dan Weber discussed that the housing market is starting to recover, and noted that residential values are expected to increase by 10% next year.

Board Members stated their appreciation for all of Senator Kiffmeyer's efforts.

**8. ADJOURN**

BLEDA Member Langsdorf motioned to adjourn at 7:25 p.m. Seconded by Council Member Wallen, unanimous ayes, motion carried.

Gina Wolbeck  
Recorder

01/22/14  
Date Approved By Council