

20 YEARS OF BUILDING A BETTER BARNESVILLE

1991 2011

Accomplishments & Activities of the Barnesville Economic Development Authority



- **\$1.7 Million in Grant Awards**
- **50+ New Businesses**
- **24% Population Increase**
- **237 New Homes**



The Marketing Arm of the City



The year was 1989. Barnesville, like most small towns around the state and region was coming off a tough decade. Mortgage rates had been at a record high and it had been years since a new house had been built.

The century old buildings in downtown Barnesville were starting to show their age. Along with many vacant storefronts, a majority of the other buildings were badly in need of roof repairs or new storefronts.

Fortunately for Barnesville, a group of positive community leaders chose to see opportunity in the situation and began taking proactive steps to insure that Barnesville would not become one of those small towns that just dried up and withered away.

REVIVING AN OLD IDEA

Among that group were Ken Just and Mike Farrell. It was while on a fishing trip to Canada that Ken told Mike that he had been thinking that Barnesville should regenerate the Barnesville Development Corporation in an effort to initiate some economic development projects.

It was back in the 1950's that the Barnesville Development Corporation (BDC) was founded primarily to raise monies to help start the Gateway Potato Flake Plant. Over the years, the group had become inactive, but it appeared the time was right for a new group of community leaders to look for ways to grow the community.

BARNESVILLE EDA

With a new board of directors in place, the BDC, a private for-profit group, started researching economic development opportunities. In May 1989, the City of Barnesville agreed to establish an Economic Development Authority (EDA).

This new partnership between the City of Barnesville and community leaders who volunteered their time and expertise was to become a key to many strategic initiatives over the next two decades.

THE VISION

With declining enrollment, several school districts in the region had consolidated and other districts were

considering that option. Barnesville leaders agreed that the best way to avoid consolidation was to stabilize the enrollment at the school. It was felt the best strategy to do that was to attract more young families to the community.



NEW MARKETING INITIATIVE

One of the first things the new board did was to enlist the services of Rick Killion, a Fargo marketing consultant.

Rick put together a marketing plan which included a series of TV commercials and printed materials which showcased successful Barnesvillians including Dean Tonsfeldt, Jim Bergeson and Dar Hines and positioned Barnesville as a "Bedroom Community" for young families looking for a great place to raise their families.

While this concept may have raised some controversy, board members quickly embraced the idea as a way to ward off school consolidation talks if we could attract more kids to the district.

And so, the newly founded EDA was off to fast start.

CUTTING EDGE IDEAS

In the years that followed, Barnesville earned a reputation for aggressive efforts to market the community. They were the first town in the area to have a booth at the Home Show and one of the first to have a website. From free lots to free utilities, bringing real estate agents to Barnesville in limos for tours and lunch, the goal was always to educate folks about the opportunities in Barnesville!



MEDIA CAMPAIGNS

in cooperation with local developers

1993	\$12,800	TV
1994	\$18,000	Radio and TV
1995	\$17,000	TV
1996	\$12,000	TV
1997	\$11,000	TV
1998	\$11,000	TV
1999	\$10,000	TV
2000	\$ 7,000	TV
2001	\$10,000	TV
2002	\$10,000	TV
2003	\$ 9,000	TV
2004	\$ 9,000	TV
2007	\$10,000	TV and Web
2008	\$ 2,500	Web
2009	\$ 5,000	Radio
2010	\$12,000	TV
2011	\$ 2,000	TV

"I've worked in Barnesville in the real estate business for the past 12 years and I feel the EDA has done an excellent job promoting Barnesville as a place to call home!"

Cindy Sillerud
Broker/Owner
Priority Real Estate LLC



Tackling Distressed Properties

One of the niches the EDA has filled over the past 20 years has been dealing with challenging problems. Staff have become experts at navigating the complex maze of petroleum clean-up sites as well as demolishing a variety of decrepit buildings and returning the sites back to the public sector.

The City takes pride in an aggressive property maintenance program, however there are often times when property owners walk away, or the private sector is unwilling to tackle the challenges at hand.

JERRY'S SERVICE

When this former gas station property went tax-forfeit, it was clear that the EDA would need to step up to the plate to remove the old gas tanks. During that process, contamination was discovered which the EDA was required to report and clean-up. Staff was able to obtain a \$34,000 grant from the Minnesota Petro Fund and after the clean-up was completed the property was sold to be used as an automotive repair shop.

OLD LUMBERYARD

Sometimes buildings outlive their useful life. Such was the case with the old lumberyard building which stood just to the south of Midwest Bank. Vacant for many years, except for the mice and other rodents that called it home, the building was certainly an eyesore on Barnesville's Main Street.

After purchasing the building, the EDA worked with the Ottertail Valley Railroad and the Barnesville Fire Department to do a controlled burn of the property. In addition they were able to secure a \$10,000 grant from West Central Initiative to cover the cost of demolition.

After cleaning up the property, grass was planted. Hopes are that one day this prime property can be used to construct a new building.

MIDWEST BANK

In 1997 when Midwest Bank made the decision to open a branch office in Barnesville they knew that they wanted to be located in the heart of downtown. Through the help of the EDA, a site with an abandoned brick apartment building was identified as the prime location. With the use of Tax Increment

Financing, the building was purchased and demolished to make way for the construction of the new Midwest Bank building.

FIRE MUSEUM

Several times over the years the EDA has played an important role in redevelopment through the acceptance of donated property. The site of the Barnesville Fire Museum was previously Buffalo River Antiques. After accepting this property from the McNab family, the building was demolished and transferred to the Barnesville Fire Department to construct the new museum.

DONATED PROPERTIES

In addition to this property, the EDA has acquired several other distressed properties in the community.

The building currently owned by Advantage Realtors, with Barnesville Eye Clinic as a tenant, was donated to the EDA by the Vorachek family. Ted duCharme purchased the building from the EDA and in turn was able to use a \$30,000 grant to totally rehab the building.

When the basement of a small home on north Front Street filled with water, the EDA stepped to the plate, demolished the structure and is marketing the parcel for new commercial construction.

"As a downtown property owner, I appreciate all the EDA's efforts to deal with distressed downtown properties. Their efforts have helped attract customers and retain my property value."

Bob Albright
State Farm Insurance



EDA Focus on Single and Multi-Family Housing Growth



The cornerstone of the EDA's economic development efforts has been and continues to be housing. As the new marketing efforts created interest from young families, with that came a demand for new housing.

RESTORING THE CONFIDENCE

With reluctance on the part of local builders to build spec homes having been left sitting on specs in the 80's, the Barnesville Development Corporation stepped up to the plate. The group built a spec home, which quickly sold; restoring the confidence of local builders that there was once again a market and an opportunity to make money building homes in Barnesville.

By the mid 90's housing was booming, in fact, in both 1999 and 2002, Barnesville saw the construction of 25 homes each year.

ENTRY LEVEL HOUSING

In 1997, Midwest Regional Development, out of Fergus Falls, approached city leaders with a plan to create a new single family housing development in the southeast section of town, targeted at young families. Working with the City, a tax increment financing district was created which over time has reimbursed the developer for some of their upfront costs.

Today phase one is totally built out with 59 single family homes, and streets are filled with strollers and kids riding their bikes to baseball games.

SCHOOL CONNECTION

In most cases quality schools are number one as families search for a new community to call home. Over the years,

Barnesville Schools have earned a strong reputation for being one of the best schools in the region. This coupled with other community assets has positioned Barnesville as the "bedroom community of choice".

While the EDA's initial marketing efforts were focused on avoiding a school consolidation, today, our schools are facing a space crunch due to the large number of new elementary students.



MOVE-UP MARKET

One of the things that has been consistent for decades is the role that the Del Peterson family has played both as a developer and a builder in the community.

The EDA has been grateful to everything they've done, through thick and

NEW APARTMENT

In 1997, the EDA was pleased to provide Tax Increment Financing to help support the construction of the 12 unit Sandstone Apartments on Barnesville's west side. Targeted at low to moderate income individuals, the 2 and 3 bedroom units have been popular.



Each of the options allow people to stay in the community rather than leaving to find a particular type of housing.

This is a Win-Win. Not only are the people happier when they are able to stay here with their friends and neighbors, but the local beneficiaries are also the churches and businesses who continue to benefit from the established relationship with these customers.

thin. Because of the amount of investment necessary, many small towns find it difficult to attract developers. Twice the EDA has introduced innovative deferral programs on special assessments as a way to encourage proactive growth.



EXISTING HOUSING

While building new homes increases the City's tax base, maintaining the demand for existing homes is critical. The EDA has worked closely with local realtors to develop incentive programs to attract buyers to Barnesville. In addition to other marketing efforts to create top-of-mind awareness of the community.

One of the keys to a thriving community is ensuring that there are different types of housing to meet the needs of young and old and everyone in between.

HOUSING STUDY

While the EDA suspected that more housing options were needed for the mature market, more than a guess is needed for a developer to invest \$1 million plus.

In 2000, with a \$2,500 grant from West Central Initiative, the EDA contracted with Maxfield Research for a Comprehensive Housing Study. The study, which was updated in 2010, showed demand for both an assisted living facility as well as rental townhome units targeted at seniors.

ASSISTED LIVING

Using the housing study as leverage, the EDA was able to identify a developer from Detroit Lakes who built the 8 unit Golden Manor Assisted Living.

RENTAL TOWNHOMES

Just to the east, TIF assistance was provided for the 12 unit Blue Eagle Townhomes which offer 2 and 3 bedroom units with attached garages.

TWINHOMES

In 2011, the EDA helped to establish a connection with Anderson Development and Kim Peterson for the construction of three twinhome units in the new Del Acres-Gilbertson Addition.

"From beginning to end, the EDA and its staff were immensely helpful. Their professional and timely assistance was INVALUABLE."

-Robert Sefkow
Heartland developer



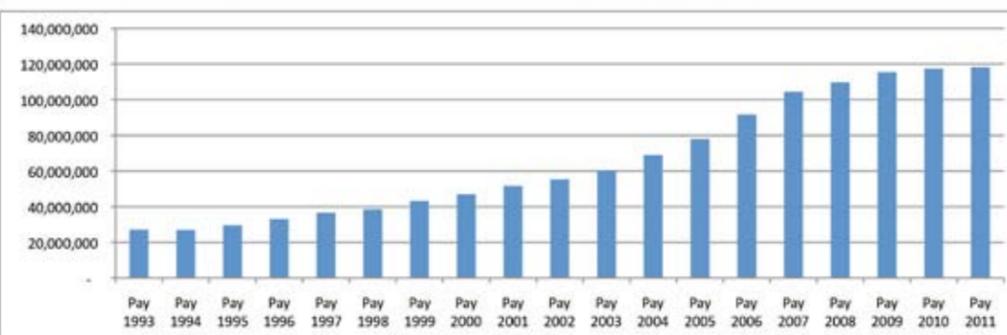
THE TAX IMPACT

While Barnesville may have been one of the first small towns to use housing as an economic development tool the idea has caught on quickly.

New homes create new tax base for a community and new utility customers, both of which create a continuous revenue stream. New housing has helped to increase taxable market value.

BARNESVILLE'S TAXABLE MARKET VALUE 1993-2010

League of Minnesota Cities



BY THE NUMBERS 1991-2011

POPULATION GROWTH

1990	2,066	
2000	2,173	+ 5%
2010	2,563	+ 18%

SCHOOL ENROLLMENT

1991-835	1992-818	1993-828
1994-816	1995-838	1996-828
1997-822	1998-814	1999-794
2000-770	2001-760	2002-753
2003-750	2004-769	2005-752
2006-775	2007-799	2008-798
2009-771	2010-797	2011-839

NEW DEVELOPMENTS

Del Acres 6th	9 lots
Del Acres 7th	34 lots
Del Acres 8th	24 lots
Del Acres 9th	25 lots
Heartland -	59 lots
Stoneridge	25 lots
Del Acres-Gilbertson	36 lots

NUMBER OF NEW HOMES BUILT

1991- 2	1992- 3	1993- 4
1994- 6	1995- 9	1996-12
1997- 9	1998-15	1999-25
2000-13	2001-15	2002-25
2003-19	2004-18	2005-17
2006-17	2007- 8	2008- 6
2009- 5	2010- 1	2011- 8

Business Start-up Assistance

NEW BUSINESSES 1991-2011

Agassiz Valley Grain
Aid Association for Lutherans
American Residential Mortgage
Anderson Auto Body
Anytime Fitness
Barnesville Auto Care
Barnesville Automotive Service Center
Barnesville Box Office
Barnesville Car Wash
Barnesville Chiropractic Clinic
Barnesville Eye Clinic
Barnesville Homes
Barnesville Veterinary Clinic
Berg Auto Body
Big Bob's
Brian's Affordable Computing
CM Repair
Carlson Staining
Century 21 Real Estate
Corinne Slininger Massage
Crafts & Consignment
Designs by Becky
DH Vacuum
Ehler's Computer Repair
Front Porch Crafts
Front Street Village Antiques
Golden Manor Assisted Living
Hair Etcetera
Hayden Collision & Classics
HBW Insurance
Hometown Bakery & Coffee Shop
J & B Meats
Jackson-Hewitt Tax Service
JLC Pallet
Kossick Photography
Lampy Ready Mix
Lewis's Bar and Grill
little d's Pizzeria
Little Shop of Flowers
Lodestar Transport Services
Midwest Bank
Mitzels by the Creek
Mostue's Advantage Realty
Nelson Welding
Ockhardt Photography
Ohnstad Twitchell Law Office
Ole & Lena's
Pam's Café
Park Region Co-op
Peterson Painting & Staining
Prairieview Coffee Company
Priority Real Estate
Progressive Homebuilders
Public Auto Wholesalers
Raz Taz Upholstery
Reed's Custom Cabinets
Rehab Plus
Rick's Tires & Towing
Son-Rise Bakery
Subway
Suz Dance Corner
Svigen Law Firm
Valley Fresh Bakery
Y-Knot Construction

Although community leaders recognize the important role that new housing starts plays in terms of bringing young families to the community, generating new utility customers and increasing tax base, they were equally focused on the business side of the equation.

Brad Field, past president of the Barnesville Wells Fargo, who has the distinction of being the only person who has served on the EDA Board continuously for the past 20 years, is quick to point to those efforts.

"Over the past 20 years, the EDA has been a consistent supporter of small business in the Barnesville community. Through the office of the Executive Director, the EDA has provided expertise on how to start a business, market a business, expand a business and provide access to gap financing through the Barnesville Revolving Loan Pool."

NEW BUSINESS RECRUITMENT

With a limited budget, the EDA has worked hard to attract larger businesses to the area. Over the years, several large regional manufacturers have taken a close look at Barnesville and efforts continue in this area.

MAIN STREET PROGRAM

In 1990, former small business owner Dar Hines, heard about a new program designed to help revitalize small communities and encouraged the EDA to look into bringing that to Barnesville. On May 1, 1991 the Barnesville Main Street Program was founded. 20 years later the program is the longest running program in the state of Minnesota. Just think of all the events and activities we wouldn't have without Main Street!

BUSINESS ASSISTANCE

While the EDA office can't guarantee that every business will succeed, staff and board members are committed to increasing the survival rate.

The EDA continues to look for innovative and cost effective ways to help businesses succeed. Assistance

can range from strategic planning to marketing, property acquisition to loans.

Over the last 20 years there have been over 50 new business start-ups in the Barnesville area. While not all are still in business today, the number is start-ups is a sign of community vitality.



"The EDA was critical in getting my business off the ground. Not many communities are as progressive with local business initiatives. Having a business can-do attitude in Barnesville makes all the difference."

CJ Holl
Subway Owner

Business Expansion Tools

TAX INCREMENT FINANCING

While other cities used TIF for years, it wasn't until 1996 that Barnesville discovered what a powerful tool TIF can be to encourage growth and development in the community. Since that time, three business TIF districts have been established; to build the Tesoro convenience store, to construct Midwest Bank and to rebuild Dean's Bulk Service after the devastating fire in 2003.

SMALL CITIES GRANTS

While other communities in the area have applied unsuccessfully to be awarded a Small Cities Grant from the State of Minnesota, Barnesville, through the efforts of the EDA office has received two grant awards totalling \$1.6 million enabling 26 downtown building owners to make badly needed repairs to their buildings.

INFRASTRUCTURE GRANTS

Depending on each unique situation, the EDA's connections to state and federal agencies are tapped to meet the specific needs of a business.

When DBS Inc. rebuilt their facility, the EDA was able to secure a \$40,000 grant to extend a new water main to the building allowing the building to be sprinkled.

In 2008 when the Barnesville Child Day Care Center needed to expand, the EDA again played a role in helping the Center secure a \$25,000 grant from USDA Rural Development.

COMMERCIAL PARK

Started in 1997 to provide start-up businesses shovel ready building sites, only 3 lots now remain unsold with construction of the new BRRWD being planned for this summer.

REVOLVING LOAN FUND

Access to low interest loans is very important to both start-up businesses as well as expanding businesses.

Dr. Sean Wahl, who used the fund when he built his new building and added the fitness center said "The Revolving Loan Fund is a great tool for existing businesses looking to expand. I found working with the EDA to be a very simple process."

Since 1991, 15 businesses in the Barnesville area have accessed a total of \$175,000 from the fund:

Barnesville Automotive Service
Barnesville Chiropractic Clinic
Barnesville Dairy Queen
Barnesville Homes
Berg Auto Body
Farmer's Co-op Oil
Golden Manor
J & B Meats
JLC Pallet & Exchange
Lien-2 Bakery
Progressive Homebuilders
Poppel Salvage
Salber & Associates
Subway

"After a devastating fire destroyed our business in February of 2003, the City and EDA partnered with us to extend a new water main to the business while keeping the rebuild on schedule. Their quick response to a critical need ensured DBS could stay in business and expand its business in the future."

Dean Tonsfeldt
DBS Founder

"The EDA has assisted us with everything from strategic planning to helping us make major decisions such as forming Agassiz Valley Grain; to proper permitting and grant applications. Without their assistance many of these accomplishments would not have been achieved."

Paul Jorgenson
Rothsay Farmer's Co-op





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POSTAL CUSTOMER

RESHAPING THE VISION

Just as in 1989, a new group of energetic community leaders are stepping up to the plate to volunteer and leave their mark on the community. Among them are Eric Newell, a team manager at Microsoft who was elected EDA Board Chair in January 2010 and Eric Spilde, the Director of Financial Planning for Doosan in West Fargo.

Just as the community is constantly changing, so must the EDA.

While the group remains committed in their efforts to reach out and engage young families, the tools we use to do that are changing. Newell was a leading proponent of creating a Facebook page and incorporating a blog into the website, both of which have now become new tools in the the City's marketing arsenal.

In the months ahead, the group plans to engage in strategic discussions with business owners and the school district into ways we can better work together in growing the community.

In addition to these efforts, the EDA continues to partner with many other

community groups, whether it be Habitat for Humanity, the Barnesville Area Community Fund or providing staff for the Leadership Barnesville program.

Mike Farrell, who in 1989 was the first Chairman of the revitalized EDC Board and today remains active in the community believes the EDA has made a difference.

"It has been exciting to see the growth in students at the school and the increased population of the community, including the large number of families with professional careers in the Fargo-Moorhead area."

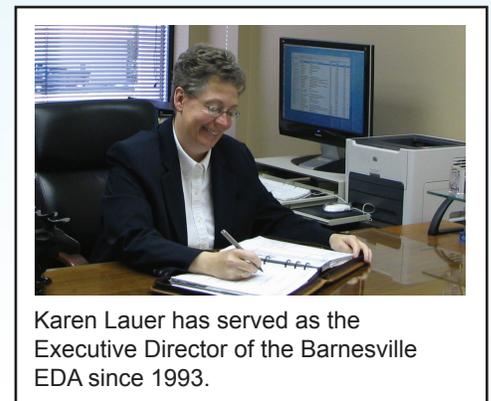
LOOKING TO THE FUTURE

While the soft economy in recent years and higher gas prices have created challenges both in terms of residential and business growth, the future is bright.

One thing that remains even more solid than in 1989 is the EDA's commitment to take steps to insure Barnesville never becomes a small town that dries up and dies, but is rather the benchmark for successful small communities.

The Mission of the Barnesville EDA:

To grow the greater Barnesville area as a family friendly community with an excellent school system and services to support its citizens.



Karen Lauer has served as the Executive Director of the Barnesville EDA since 1993.



2011 Barnesville EDA Board of Directors: Del Ellefson - City Council representative; Don Goedtke, Eric Newell - Board Chair; Gene Prim, Jaye Abarr - EDC representative; Brad Field - Secretary; Eric Spilde - Vice Chair; Darin Allmaras - City Council representative