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Milaca

T. Fisher

M. Zins

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MILACA, MINNESOTA

FINAL REPORT

Prepared by:

Thomas Fisher
Minnesota Design Center
University of Minnesota

Molly Zins
Regional Sustainable Development Partnership
University of Minnesota

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University of Minnesota
University Office Plaza, Suite 440
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EXECUTIVE SUMMARY

The City of Milaca, Minnesota, successfully completed a proposal to the Empowering Small Minnesota Communities (ESMC) program for a tactical-action grant to help the city develop the land that it owned near the intersection of highway 169 and state route 23 as part of a mixed-use retail and industrial park called Milaca Junction. The ESMC team of Tom Fisher and Molly Zins worked closely with city leadership, primarily Mayor Dave Dillan and City Manager Tammy Pfaff, to hold a series of community workshops with the public and property owners to identify what city residents and business owners would like to see there. The ESMC team also helped identify possible funding sources for some of the infrastructure. The site has since been laid out, platted, and has lots up for sale.

Figure 1.1 The site of Milaca Junction and the current development there.

INTRODUCTION

In January 2024, the City of Milaca made an Empowering Small Minnesota Communities (ESMC) proposal for help in the development of an industrial park on land that the city had purchased at the intersection of Highway 169 and State Route 23. Three different businesses had contacted the city about expanding to the community, but they did not have the space to do so. The city did not want those businesses to go elsewhere, which is why it had prioritized the industrial park, while also serving other community needs.

The city has a lot of community assets and partners, and it also serves as the county seat for Milaca County. MNDOT's redevelopment of Highway 23 through town also promised to increase access to the community and the city hopes to make the downtown more livable, walkable and usable. The city also has an extensive hiking, cross-country skiing, and mountain bike trail system on land close to the downtown and it has invested heavily in its parks along the Rum River that's used a lot by community members and is a big draw for visitors.

Figure 1.2 The Rum River in Milaca

With a tag line “Gateway to the North,” Milaca also sees ongoing improvements to Highway 169 making the city and the Milaca Junction development attractive to people heading north to the state’s recreational lakes. There will be no stoplights from Elk River to Milaca, and even now, people can travel from Maple Grove to Milaca in under 50 min or from Milaca to Target Field in a little over an hour. The ESMC project expanded its focus beyond development of Milaca Junction to explore how the city might leverage its outdoor assets and key location to attract more business and recreational activity.

COMMUNITY ENGAGEMENT

With leadership of Mayor Dave Dillan and City Manager Tammy Pfaff, and the involvement of many business and civic leaders, the ESMC team, in partnership with the City, participated in some engagement events to hear what the broader community would like to see in Milaca. The goal was to include as many community members as possible in the process and to hear how the city could design new, welcoming community spaces for all. The city had done community visioning sessions with broad engagement and input in the past, with good results, and it saw the ESMC project as an opportunity to go through that process again.

There was a project-kickoff meeting, with a site visit from the ESMC team to meet key community members, on July 1, 2024. From that, the ESMC team developed a scope that included an asset-identification and idea-generation process to see how the highway 23 construction plans and the industrial park can be part of a larger strategy for the city. The goals of this work were: 1. To identify the assets that the city has to build on and how those assets can be leveraged for community development, 2. To help the city identify sustainable infrastructure projects that might compete for funding, and 3. To engage the city in considering how these projects can help achieve the goals that it has identified.

The first community engagement event coincided with the season-opener “Pizza Bowl” football game on August 30, 2024, where the ESMC team placed a giant map of the city on the floor of the school’s commons, with free pizza donated by Heggies Pizza. The goal was to gather the ideas of young people and families about what they liked about their community, what and where they saw its greatest assets, and what they would like to see happen in the city in the future. The event drew about 50 people. (See Appendix A for responses.)

Figure 1.3 Community “Pizza Bowl” event, August 30, 2024

On October 4, 2024, the ESMC team also had an outdoor table at the homecoming football game tailgate party, where community members gave their ideas in the form of Post-it notes on a map of the city, about what they loved about Milaca and what they would like to see there. About 100 people participated in that event. (See Appendix B for responses.)

Figure 1.4 Community engagement event, October 4, 2024

Then, on November 19, 2024, the group held a Milaca Junction Workshop, where about 20 property owners and local business leaders met with the City and the ESMC team to talk about what they wanted to see at the Junction, with small group discussions and a report-out at the end of the meeting. (See Appendix C for responses.)

Figure 1.5 Milaca Junction Workshop, November 19, 2024

IMPLEMENTATION

From that meeting, the City decided to form a smaller Milaca Junction work group, with eight members of that group meeting on January 21, 2025, to explore potential grant opportunities. The ESMC project provided the City with a $5,000 grant in addition to making its Grants Library available to the City, with help in identifying possible funding sources for Milaca Junction, some of which the City pursued. For example, the City also received $10,000 from the Initiative Foundation's Economic Development Workforce Grant program. (See Appendix D for potential grant funding.)

The City decided in March 2025 to move ahead with the development of the Milaca Junction Addition Property, after discussion in a special city council meeting to gather community input. The 13 acres of Milaca Junction has been platted, with plans to extend utilities to the site and to build a road in order to put 12 lots on the market. The lots range from one to four acres to accommodate a range of businesses, and their prices range from $100,000 to $250,000 depending on size, visibility and grading requirements. The city will require developers to begin construction within a set time frame or forfeit the property to prevent land-banking that might stifle the development. While the infrastructure will cost a lot, the City expects to recover that investment through the sales of property, which are currently listed by Samuel Johnson and brokered by Parcel Real Estate Inc.

Figure 1.6 Milaca Junction sales brochure and potential development

While the ESMC work related to Milaca Junction was completed in November 2025, the community engagement process indicated a strong interest in the community for further discussions related to the downtown and to a possible regional park. In September, the City began contacting parties potentially interested in the regional park idea and the ESMC team remains in contact with the City about a possible Milaca Downtown design workshop, the date for which has yet to be determined.

One reason that some communities thrive while others do not, has to do with their willingness to change, their eagerness to leverage their assets, and their openness to new ideas. Milaca's leadership, its business community, and its residents all demonstrated those qualities throughout this project, and because of that, we know that the City of Milaca has a very bright future ahead.

APPENDIX A

What do you most love about Milaca?

- Knowing people
- Small town living but close to big cities
- Marching band, music, art
- Parks, people
- Multiple parks, community events, safety for our kids
- Good neighbors
- Fly-in breakfast
- Mayor Grandpa Dave
- Ice cream shop, superman ice cream
- Small town fell, safety for our kids, "It takes a village" to raise kids, and I love this village
- Rec park
- Splash pad

What do you think are the community's greatest assets?

- Parks, golf course, schools/teachers, churches, industry
- Golf course
- Free recreation splash pad, ice rink, parks, movies in parks, skate park, etc.
- Parade
- We love our school and our teachers, Thank you!
- Community Christian school, Go CCS
- Free community kids' events
- Marching bands
- The trails for biking, hiking, cross-country skiing
- Parks, trail system, band shell
- All the community support
- School parks
- Archery range

Where do you see possibilities for Milaca?

- Nice welcome to Milaca signs coming into town, visible welcome sign by Kochs
- Expand industrial to by unclaimed freight
- Tube rentals at rec park in the summer for river floating
- Fix potholes in the road
- Continue to involve the youth in ideas and events
- Bike lanes
- Safety for motorized wheelchair users using Milaca streets
- Continue the sidewalk on 23 to Snap Fitness and Kochs

What would you love to see in Milaca in 10 years?

- Big name country concert
- Rec center
- Community pool/water park
- Like the idea of a field house that the community could use, this was proposed a few years ago
- Trailhead parking and rec park
- More business
- Wellness center like Mora
- Expanded activity building, rec center, improving trailhead junction to N/S, E/W trails for biking
- Turn riverfront park into a fenced-in dog park

Responses on the map:

- On 23: Slower speed by Kochs

- On Central Ave: Residential development of Anfinson property with view of Rum River Valley
- An outdoor pool, fair

- At 169 and 23: Apartments, hotel upgrade and pool, more restaurants

- Along Rum River: Natural sand pool diverted from Rum River
- Community center/field house
- Combine rec park and tank park
- Adventure park

- By golf course: Kayak canoe tubing entry
- New clubhouse, with great food and patio
- Another park, like purple park that has walking area around it

APPENDIX B

What would you love to see in Milaca in 10 years?

Retail ideas

- Target
- Pet store
- Scheels
- Mall
- Fleet Farm
- Nike store
- Spiderman store
- Bookstore
- Toy Store
- Nerf store
- Aldi's
- Car wash that works
- Walmart
- Another grocery store
- Touch less car wash
- Lego store

Food-related ideas

- Coffee in school cafeteria at lunch time
- Pizza Ranch
- Pizza Hut
- Canes
- Starbucks
- Caribou
- Candy Store
- Chipotle, Taco Bell, McDonalds
- Another Place/Restaurant to eat
- Food Court

Recreational ideas

- Miniature golf course
- A real water park
- Walking and Biking Path to the gym
- Parks, Better park for school
- Public pool with waterslides
- Soccer Pitch
- Martial Arts Studio
- Field house
- The skate park
- Soccer field
- Ice hockey field
- Archery Range
- Nike Track
- Walking and bike trails

- Mini Golf

Entertainment ideas

- Farms
- Zoo
- Petting zoo
- Movie theater
- An all-age hang out building
- Train Bridge
- Youth Activity Center
- Auditorium
- Community center to have events (shows, concerts, bingo)
- Arboretum

Services

- Homeless Shelter
- Better street sweepers

APPENDIX C

What are you interested in seeing at the Junction?

- Hearing from high school students: fast food, Taco bell, Caribou/Starbucks
- Employment opportunities
- Front door to the community
- Expand youth experiences/employment opportunities
- More retail to encourage people to stop (while they have to wait 20 min for an EV charge)
- 9+ acres for retail
- Top 1, 2 or 3 for traffic counts with hwy 23 & 169 intersection
- What's best for Milaca
- Fleet Farm, people shopping on their way up north
- Farmer's Market
- Holiday/theme market
- Photo op (kitschy experience families can plan on each time they pass through)
- River routes "designated water trails"

What would cause people to stop at the Junction? And/or what will meet the community's needs?

- Seasonal attractions i.e. Bentleyville
- Marketing, marketing, marketing
- Retention - focus on businesses who are already here in addition to attracting new businesses
- Small business retailers
- Cabinet makers - woodworkers looking for space
- Unique dining experience (i.e. brewery, winery, coffee shop) - can also draw people to bike trails and parks
- Safe routes connecting to downtown center
- Broadband
- Truck wash
- Restaurant
- Outdoor water park (similar to Mora's)
- Unique experience/feel for families to stop "this is what our family does on the way up north"
- For teens, stuff to do movie theatre, mini golf, shopping, e-scooters, arcade, escape room
- Farmer's Market
- Walking trails - love the paved trail at Rec Park
- Running trails - from the Junction down to Rec Park
- Maintain sidewalks
- Recommend having Phil draw up 3 schematics, thinking about both production and retail
- Campers/boats parking spaces
- Dog walking area
- Night lighting

- Make the exit accessible/ easy to stop
- Signage - help people know what's there
- Shared marketing
- Pop ups for small businesses without storefront - the school could build the sheds (as is done in some other communities)
- Special events
- At Rec Park: log rolling and signage about the logging history of the area
- There is a lot of misconception about Milaca being an old farming community

APPENDIX D

Rural energy efficiency

- https://www.rd.usda.gov/inflation-reduction-act/rural-energy-america-program-reap
- https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans/mn
- https://mn.gov/commerce/energy/consumer/energy-programs/on-site-energy-storage-systems.jsp
- https://minnpace.com/ (Property Assessed Clean Energy)
- Rural Energy for America Program Energy Audit & Renewable Energy Development Assistance Grants in Minnesota: https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-energy-audit-renewable-energy-development-assistance-grants/mn

Transportation

- https://www.dot.state.mn.us/iija-match/index.html
- https://grants.gov/search-results-detail/351205?utm_source=substack&utm_medium=email
  (RAISE – rebuilding American Infrastructure with Sustainability and Equity) 2025?
- Small Cities Development Program:
  https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp

Clean Water / Stormwater

- https://www.pca.state.mn.us/grants-and-loans/clean-water-partnership-loans
- https://www.pca.state.mn.us/grants-and-loans/environmental-assistance-loans
- https://www.pca.state.mn.us/grants-and-loans/small-business-environmental-improvement-loans
- https://www.rd.usda.gov/programs-services/water-environmental-programs/water-waste-disposal-loan-grant-program/mn
- https://www.pca.state.mn.us/grants-and-loans/implementation-grants-for-stormwater-resilience

- WaterSMART Grants: Water and Energy Efficiency Grants for Fiscal Year 2024: https://www.grants.gov/search-results-detail/350982?utm_source=substack&utm_medium=email

Assistance to small communities

- https://mn.gov/commerce/energy/consumer/energy-programs/state-competitiveness-fund.jsp
- https://www.lmc.org/resources/grant-navigator/
- https://mn.gov/deed/government/financial-assistance/community-funding/small-cities.jsp
- Community Facilities Direct Loan & Grant Program in Minnesota: https://www.rd.usda.gov/programs-services/community-facilities/community-facilities-direct-loan-grant-program/mn

Recreation / natural resources assistance

- https://www.dnr.state.mn.us/grants/recreation/outdoor_rec.html
- https://www.lccmr.mn.gov/

Small Businesses

- Small business environmental improvement loans: https://www.pca.state.mn.us/grants-and-loans/small-business-environmental-improvement-loans
- Notice of Funding Opportunity: Small-Scale Supplier Projects: https://www.nist.gov/chips/incentives-funding-opportunities/notice-funding-opportunity-small-scale-supplier-projects