City of St. Francis

2016 Economic Development Plan

A City of Progress, Pride, and Possibilities

Prepared by:

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INTRODUCTION AND EXECUTIVE SUMMARY

This report outlines background economic development fundamentals, and examines local economic development opportunities, in the City of St. Francis. The report is intended to examine the city's context, identify issues, examine industry expectations, establish site specific solutions to development issues, evaluate opportunities for future development, create a framework for prioritizing investment, and identify programs and policies to assist the City in accomplishing general economic development goals.

The report takes a look at demographic and employment trends that establish the following:

- St. Francis residents face some of the longest commuting times in not only the state but also the country.

- St. Francis residents work in the City at a greater rate than most metro communities.

- St. Francis has a lower per capita number of jobs in the community that most other area cities.

While the community has grown residentially, the limited transportation network, complicated by a more robust transportation network serving competitive locations, has and will likely continue to restrict common large-scale retail and industrial growth. With this in mind, general locational factors are identified that are commonly used when businesses are in the process of selecting sites for new business location. The report also includes commentary from experience commercial and industrial development professionals, giving a real-world perspective on economic development in St. Francis. From this information, the following conclusions are drawn:

- The City should outline expectations for commercial/industrial development that align with the City's context including smaller scale industrial development that is less reliant on expansive transportation systems.

- The City should continue to encourage additional residential growth and retail commercial to support and serve the local population.

- Available sites should be prepared for development, as much as feasible.

With the concepts above in mind, a review of local sites is included, highlighting development opportunities, and identifying potential resources and constraints present in the community. With this summary, the report provides a site prioritization form that can be used for examining both the identified sites as well as future properties that are targeted for consideration.

The report also discusses alternative industrial development options, possible programs for expanding commercial opportunities, and possible economic development tools for use by the

community. Included is how the City may establish prudent financial assistance programs and set policies for implementation.
Finally, a series of action items are identified to assist in the following efforts:

- Industrial development and job creation. The City should evaluate options for industrial development to create jobs while also examining possible alternative local growth sectors.

- Resolve development issues. The City should identify issues with individual properties that limit efficient development possibilities and establish action steps that can be taken to correct problems.

- Assistance for area businesses. Programs and policies that may improve the health of existing businesses and initiate job creation from the existing business community should be initiated.

- Identify additional necessary planning efforts and next steps. Some necessary steps need to be further evaluated prior to being undertaken. The City needs to identify these activities and plan for the future.

The action steps identified will assist the City in addressing issues facing the community and place the City in a competitive position for the future.

DEMOGRAPHICS AND EMPLOYMENT STATISTICS

This section is intended to give information on demographics and employment statistics for the City of St. Francis. All data is from the US Census Bureau. Data from 2013 and 2014 is from the US Census Bureau's community surveys. Demographic data provides a baseline understanding of who comprises the market for local retail goods and services, as well as the labor supply for local manufacturing. When placed in context of the region, it is also helpful in creating an understanding for where local strengths and weaknesses may lie in both market opportunity and business attraction.

Population Trends

The City of St. Francis experienced a large amount of residential growth in the 1980's through the early 2000's. The recent housing market recession has slowed this growth. St. Francis grew at a higher rate than the other area cities through the 1980's and 1990's. In the 2000's, St. Francis continued growing but at a lesser rate. Since 2010, St. Francis has slowed to minimal growth, much like the other cities in the area.

Figure 1 - Population Growth Since 1980

Jurisdiction	Pop. 1980	Pop. 1990 (% Increase)	Pop. 2000 (% Increase)	Pop. 2010 (% Increase)	Pop. 2014 (% Increase)
Anoka County	195,998	243,641 (24%)	298,084 (22%)	330,844 (11%)	342,612 est. (4%)
Cambridge	3,287	5,329 (62%)	5,636 (6%)	8,138 (44%)	8,323 est. (2%)
East Bethel	6,626	8,050 (21%)	10,941 (36%)	11,626 (6%)	11,591 est. (0%)
Elk River	6,785	11,143 (64%)	16,447 (48%)	22,334 (36%)	23,746 est. (6%)
Isanti	858	1,228 (43%)	2,324 (89%)	5,251 (126%)	5,424 est. (3%)
Isanti County	23,600	25,921 (10%)	31,287 (21%)	37,351 (19%)	38,413 est. (3%)
Nowthen	1,976	2,401 (22%)	3,557 (48%)	4,443 (25%)	4,496 est. (1%)
Oak Grove	3,926	5,441 (39%)	6,903 (27%)	8,031 (16%)	8,337 est. (4%)
St Francis	1,184	2,538 (114%)	4,910 (93%)	7,218 (47%)	7,296 est. (1%)

The population gains during this period appear to be related to people moving to St. Francis that commute to other cities for work. The City is surrounded by communities with limited urban utilities and/or space to expand. This made St. Francis a relatively viable option as a location for

residential growth on the edge of the Metropolitan Area. The slowing of the new residential construction markets in recent years has slowed the growth of the City. Evidence for most of these new residents being commuters to jobs elsewhere is seen in the commuting times and job location data below.

The Geography of Local Employment

As an edge suburban community, St. Francis residents face some of the longest mean commuting times in Minnesota at 37.8 minutes (see Figure 2). The area around the Isanti-Anoka County line even has commute times similar to counties on the outskirts of the Boston (Plymouth 32.4 minutes), San Francisco (Contra Costa 33.3), Los Angeles (Riverside 32.0), and Washington D.C. (Orange, Virginia 39.9) metropolitan areas, which are known for some of the longest mean commute times in the country.

Figure 2
Mean Commute Times - 2014

Location	Mean Travel Time To Work (Minutes)
Andover	29.8
Cambridge	27.4
East Bethel	38.2
Elk River	30.0
Isanti	37.5
Nowthen	30.9
Oak Grove	33.7
Princeton	27.0
St. Francis	37.8
Zimmerman	33.6
State of Minnesota	23.0
Anoka County	28.0
Isanti County	33.5

In 2000, the mean commuting time was 35.9 minutes for St. Francis, 21.9 minutes for the entire state, 27.3 minutes for Anoka County, and 32.6 minutes for Isanti County. This is an increase of about 5% for the City, which is slightly more than the increase for Anoka or Isanti Counties.

People who live in St. Francis commute to several different destinations throughout the area. Minneapolis is the destination for 10% of all commuters from the City with Coon Rapids as the second most likely destination at almost 7%. Most commuters work in either Minneapolis or other suburban communities in and around the North Twin Cities Metropolitan Area.

The table below (showing just the top ten job locations for St. Francis residents) constitutes nearly half of all jobs held by local residents.

Figure 3 Job Location for Workers from St. Francis – 2013 – Top 10		
Work Location	**Number**	**Percent**
Minneapolis	408	10%
Coon Rapids	280	6.9%
St. Francis	268	6.6%
Anoka	256	6.3%
Blaine	204	5%
Fridley	184	4.5%
St. Paul	127	3.1%
Plymouth	106	2.6%
Ramsey	98	2.4%
Roseville	84	2.1%

The long commute time may also be explained by there being fewer jobs per capita in the City of St. Francis than in many other area communities. This is most likely due to the growth of the City over the last few decades as a commuter residential community.

Figure 4 – Jobs Per Capita – 2013 – Selected Area Cities			
Location	**Jobs**	**Population**	**Jobs per Capita**
Princeton	3,299	4,694	0.70
Cambridge	5,624	8,222	0.69
Elk River	10,416	23,447	0.44
Blaine	24,992	60,407	0.41
Wyoming	2,747	7,750	0.35
Zimmerman	1,191	5,256	0.22
Ramsey	4,928	24,935	0.20
Isanti	983	5,397	0.18
St. Francis	1,313	8,222	0.16
Andover	3,877	31,709	0.12
Nowthen	406	4,500	0.09
Oak Grove	602	8,185	0.07
East Bethel	846	11,607	0.07
Anoka County	106,752	339,534	0.31
Isanti County	9,678	38,204	0.25

The third most common place to work for local residents is in the City itself. Over one in five jobs in the City are filled by residents. Workers in St. Francis also commonly come from nearby communities like Oak Grove, East Bethel, and Andover. St. Francis generally has a higher rate of jobs filled in the community from residents of the community. In the context of a large metropolitan area, there is always a larger portion of a community that works in neighboring cities. Outstate Minnesota cities have a higher portion of workers who reside in their cities (Thief River Falls 40%, Worthington 50%) than mostly residential suburbs (Medina 3%, Ham Lake 4.8%). From this data, in the North Metro and environs, St. Francis has a higher rate of jobs filled by local residents.

The tables below show two different data sets. The first (Figure 5) provides a comparison of how many local jobs are filled by local residents for nearby cities in the region. St. Francis tops this list, with 20.4% of the jobs in the City being held by St. Francis residents. The second table (Figure 6) identifies the location of residence for St. Francis-based jobs. These numbers show that St. Francis is likely to increase population at a greater rate than most area cities by adding new jobs.

Figure 5 - Percent of Jobs Filled by City Residents – 2013			
Jurisdiction	**Jobs in the City**	**Workers Residing in the City**	**Percent**
St Francis	1,313	268	20.4
Isanti	983	189	19.2
Cambridge	5,624	863	15.3
East Bethel	846	164	19.4
Ramsey	4,928	822	16.7
Elk River	8,334	2,082	20.0
Princeton	3,299	461	14.0
Zimmerman	1,191	129	10.8

Figure 6 Where People Who Work in St. Francis Reside – 2013 Top 10 Cities of Residence		
Home Location	**Number**	**Percent**
St. Francis	268	20.4%
Oak Grove	144	11.0%
East Bethel	107	8.1%
Andover	72	5.5%
Coon Rapids	49	3.7%
Nowthen	37	2.8%
Cambridge	34	2.6%
Ramsey	32	2.4%
Elk River	30	2.3%
Isanti	27	2.1%

Employment Sectors

It is also important to look at the industry sectors in which area workers are employed. These sectors are defined by the US Census Bureau and are groupings of similar jobs. This information shows how the job picture has shifted since 2000 for City residents. It provides insights into

what may be opportunities in under-represented sectors for job targets and also where the City may have an attractive employment pool for potential employers.

Figure 7 2000 – 2014 – Percentage of Workers by Industry Sector								
Industry	**Percent by Sector - 2000**				**Percent by Sector - 2014**			
	Minnesota	Anoka County	Isanti County	St. Francis	Minnesota	Anoka County	Isanti County	St. Francis
Agriculture	2.6	0.3	2.0	0.4	2.4	0.6	1.5	1.2
Construction	5.9	7.9	11.4	15.3	5.4	6.4	9.8	8.7
Manufacturing	16.3	20.7	21.6	22.9	13.6	16.7	16.2	17.3
Wholesale Trade	3.6	4.2	2.7	4.2	2.9	3.1	2.6	2.6
Retail	11.9	12.5	11.2	9.5	11.4	11.8	13.0	11.6
Transportation, Warehousing, Utilities	5.1	5.7	4.9	6.4	4.5	5.3	4.8	7.0
Information	2.5	2.3	2.0	0.7	1.9	1.6	0.9	0.7
Finance, insurance, real estate	7.2	7.1	4.4	6.2	7.1	7.5	4.9	6.5
Professional, scientific, management, administrative, and waste management services	8.8	8.8	5.4	6.7	9.7	9.8	6.0	6.8
Educational, health, social services	20.9	17.5	21.3	18.9	24.8	21.4	24.3	21.1
Arts, entertainment, recreation, accommodation, food service	7.2	5.1	4.7	4.0	8.3	7.5	7.0	8.6
Other services	4.6	4.6	4.6	3.2	4.5	4.9	5.1	5.8
Public Administration	3.4	3.3	3.8	1.5	3.5	3.5	3.9	2.2

St Francis residents working in the construction industry fell in this time period from 386 to 332, as the percentage of residents in this employment sector fell by almost half. The rate of manufacturing jobs also fell, but in a similar fashion as it did in Anoka and Isanti Counties. St. Francis still has a higher rate than the region for workers in this field. This would imply that a manufacturing firm would have a good base of employment in the City.

The number of residents working in the educational, health, and social services sector rose but is still behind the state and area county rates. This sector is a clear opportunity for growth, as facilities that care for the aging population become more necessary. As the primary urban community in Northern Anoka County, St. Francis will be in a unique position to capture more jobs in this sector. Retail jobs held by residents also rose and is now in line with other regional entities. As the population continues to increase in the City, this sector will likely continue to expand.

TRANSPORTATION SYSTEM

Highways and Roads

The City of St. Francis is served primarily by State Trunk Highway 47 for regional access. This highway runs from Minneapolis to Aitkin. From Anoka northward, it is primarily a two lane highway. The second most highly travelled corridor into the urban portion of the City is County Road 24 east of the Rum River, which eventually connects to Highway 65 east of Bethel.

The current State Highway 47 route used to be part of State Highway 56. There were portions of this highway south of St. Francis that were not paved until the late 1940's. The route of this highway was established as it is today in the early 1960's. Prior to that it came from the south near where it runs today but went further east into the Downtown District. The highway followed 229th Avenue to Rum River Boulevard to Ambassador Boulevard going northward then turned west just north of the current Middle School building. At the Pederson Drive intersection, it turned north and continued on the path it follows today. In the 1950's this highway was heavily traveled by people following Highway 56 north to Mille Lacs.

Until improvements to current Highway 47 were made, the primary roadway to St. Francis historically was from the east to Bridge Street. This traffic helped establish the Bridge Street corridor as the City's initial highway commercial business district.

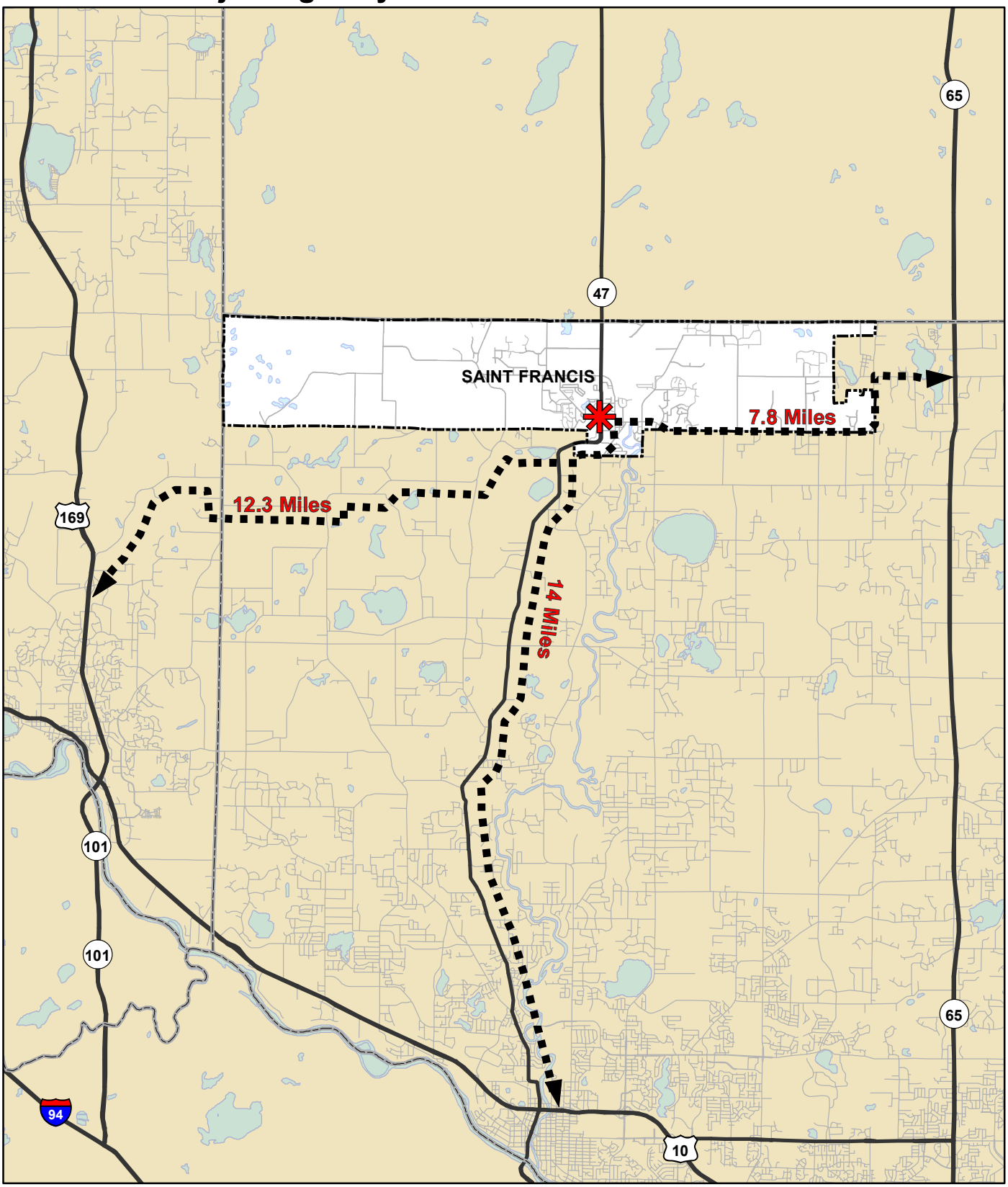
Today, the City is located between the two primary four lane highways in the area, State Highway 65 and US Highway 169, but has no direct frontage on either roadway. The City's distance to these primary regional arterials are shown on Figure 8. These roads were targets for higher levels of investment at earlier dates. Due to this, many of the area cities that are located on these highways have had greater long-term access to the regional transportation system which assisted in the establishment of commercial/industrial development at an earlier date which can be seen on Figure 9. Due to higher classification and use of these roadways, these cities have higher traffic counts for their highway oriented commercial businesses, as depicted on Figure 10.

St. Francis has focused its commercial and industrial development on the two higher travelled corridors into the City, Highway 47 (St. Francis Boulevard) and County Road 24 (Bridge Street and 229th Avenue). County 24 is a route that runs from St. Francis eastward to Bethel and eventually, Trunk Highway 65. This continues to be the pattern for the City as urbanized areas along these roadways are largely conserved and guided for commercial (especially retail) uses. The City should exhibit great care in shifting property from such a use in these areas, as there is limited space available.

Anoka County is currently making improvements to the Bridge Street and County Road 24 corridor. These improvements may improve the appearance and assist in the health of the businesses in this area long term. The City should continuously monitor other traffic improvements that may ease congestion and improve access to businesses including pedestrian corridors.

Figure 8

Distance to Major Highways



Source: NAC, Inc., Anoka County, MNDNR, MNDOT
Date: March 8, 2016

N
0 0.75 1.5 3 4.5 6
Miles

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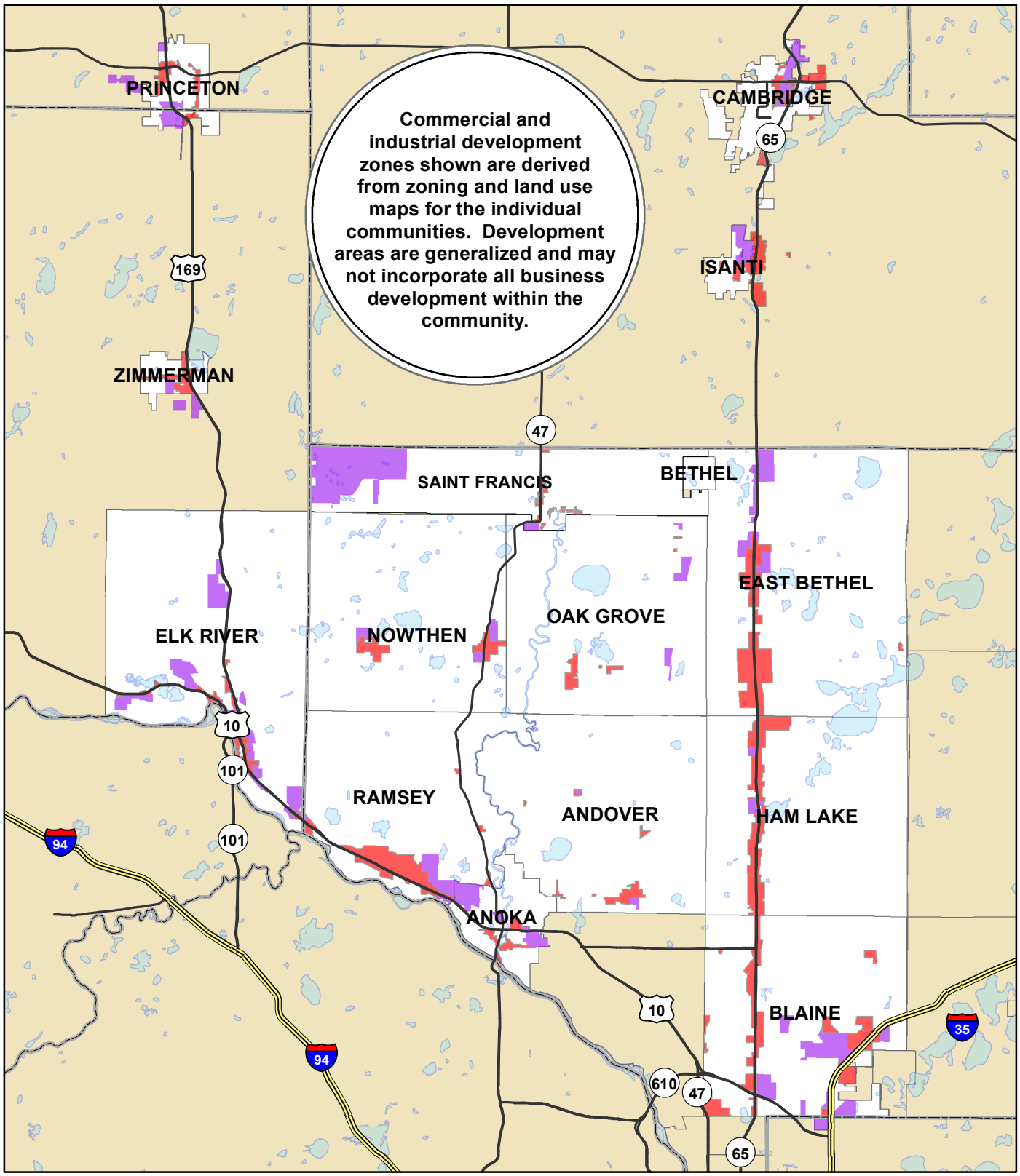
Figure 9

Regional Context



Source: NAC, Inc., Anoka County, MNDNR, MNDOT
Date: March 8, 2016

N 0 1.25 2.5 5 7.5 10 Miles

GENERALIZED DEVELOPMENT AREAS

- Commercial
- Industrial

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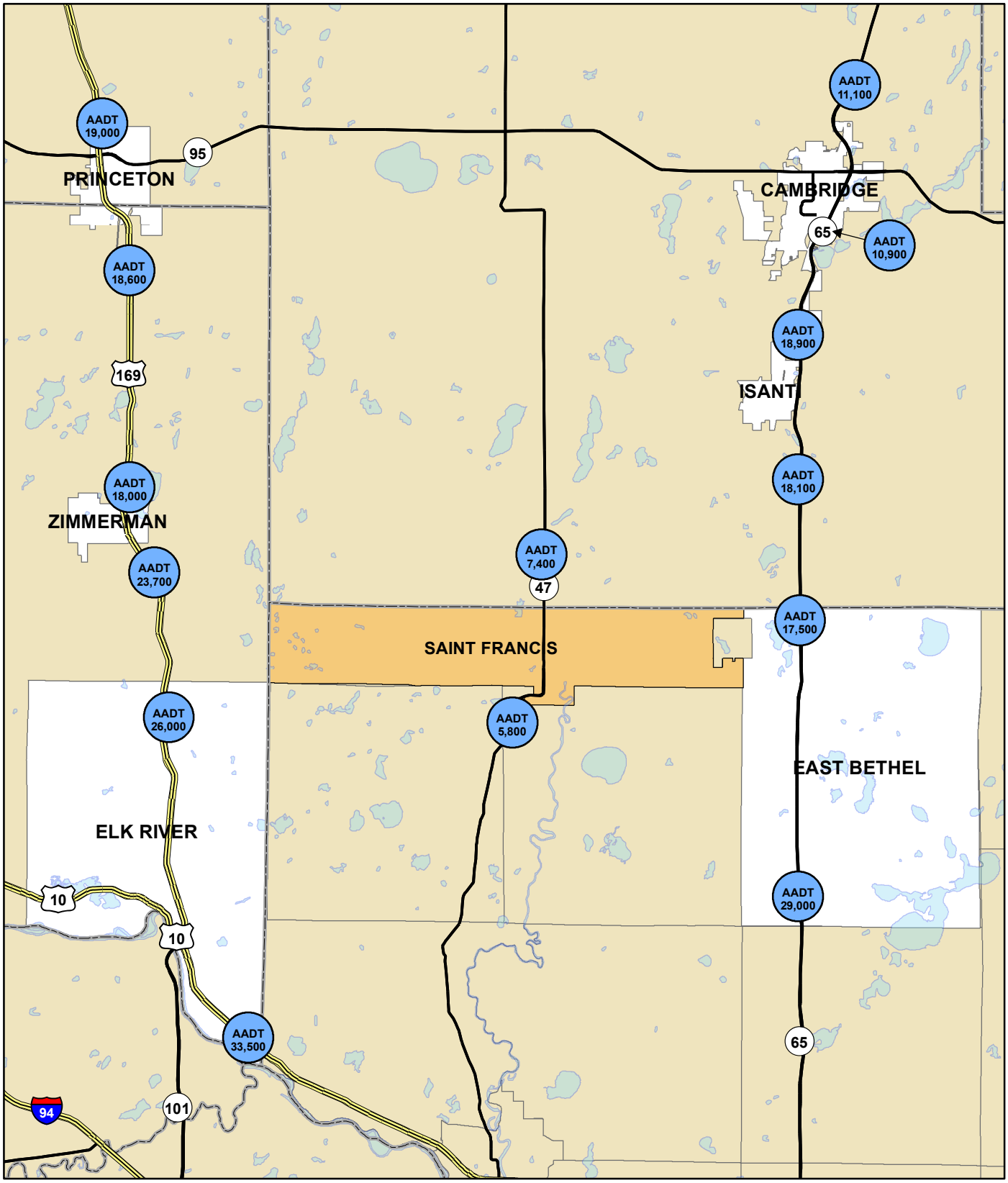
Figure 10

Regional Context - Annual Average Daily Traffic (AADT)



Source: NAC, Inc., Anoka County, MNDNR, MNDOT
Date: March 2, 2016

N 0 1 2 4 6 8 Miles

Road Class

- Interstate or US Highway
- Minnesota Trunk Highway

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The County has also developed a plan for the river crossing area at Bridge Street which includes access spacing requirements. The City should communicate with the County on potential conflicts any Downtown planning or commercial redevelopment may have with this plan and work together on potential resolutions.

Bridge Street Connection

Bridge Street currently terminates on its westerly end at Ambassador Boulevard. The school has facilities at this location between Ambassador Boulevard and Highway 47. The business community has expressed support for the connection of Bridge Street to Highway 47 as a priority. This would connect the City's commercial districts. The City should continue to work with the School District on this matter. This road connection would be a multi-jurisdictional project (City, School District, County, State), however it will be the City's responsibility to lead this effort as this connection would be initially a City road.

In 2005, the City participated in a study regarding the extension of Bridge Street to Highway 47. This study identified issues and possibilities. Further study was necessary to evaluate redevelopment opportunities and transportation design elements. The City could move forward on working with the other jurisdictions on the transportation elements (design, traffic flow, pedestrian ways, trail connections) and eventually develop a feasibility study. Through this process, the City will need to evaluate funding options.

The redevelopment portion that required further study could be done in conjunction with a broader downtown area plan. However, if these two efforts are not done within a similar timeframe, a separate review of this immediate portion of the corridor in regards to gateway design, architecture, and land use controls will need to be conducted.

In economic development theory, the concept of the "peak value intersection" is where a community's two highest travelled roads intersect. A city may ensure that this intersection is planned for and utilized for a high asset commercial use that generates traffic that benefits other commercial uses. It should be noted that there are currently a great number of public uses in this area that would need to be relocated to garner much of the economic benefit of such a connection.

Trail Development

The City has a bicycle and pedestrian trail plan that connects neighborhoods to parks and shopping areas. It may be advisable for the City to prioritize extension of trail corridors that would provide connectivity to business districts and key recreational assets for residents. A review of feasible trail corridors for construction should be completed with this in mind. For example, the City should evaluate trail construction options extending eastward from the business district on Bridge Street to the residences in the golf course area.

Railroads

In late 1890's, the Great Northern Railway planned a short cut to run to Duluth from the Twin Cities. The railroad put the line through Bethel instead of the established portion of St. Francis. As Cities in Minnesota transitioned from stagecoach and river towns to railroad towns, many small cities that had no rail lines began to recede in population. St. Francis showed resiliency due to some of the established industries, agriculture, and its location on the Rum River. The City's population began to slow in growth as some of the industries faded due to the lack of rail access and the underdeveloped road system in the area. The population began to decline over the 1920's (589 to 510 by 1930) but then began to rebound with improvements to the regional road infrastructure and by the 1960's the population was up to 739.

When St. Francis incorporated as a City, it included both the established part of the City and the rural areas. This included some limited frontage on the rail line. There have been plans for commuter trains running along these lines. One plan is the Bethel Corridor, which is intended to be a commuter train with multiple stations, including one in Bethel. There are no current planning endeavors related to this plan, at the moment. The other is the Northern Lights Express which would be a high speed train running from the Twin Cities to Duluth with a stop in Cambridge which is still in the planning phases. If study of the Bethel Corridor would re-engage, the City of St. Francis may wish to involve itself in the discussions. There could be benefits to the City related to station locations that may accommodate City residents. As planning for both rail endeavors may continue, the City may wish to be involved to ensure that these possible rail developments would not be prohibitive for undeveloped land in St. Francis.

Rail industrial development has become somewhat more popular of an industrial type in recent years. The use of rail lines for commuters and redevelopment opportunities for rail business parks in other areas has resulted in rail industrial development to be pushed further out to the fringes of the Metro Area. In recent years, cities like Norwood-Young America and Big Lake, as well as Isanti County on behalf of Braham, Cambridge, and Isanti have reviewed rail development possibilities. The City of St. Francis may have some possibilities with land south of Bethel. There are rural residential single family properties in this area but this is the only property available for rail in the City. The properties on the east side of the rail have limitations due to wetland constraints. However, rail industrial development can occupy more linear shapes towards the rail line. The City currently has no sewer and water in this area and if this is to be a possibility, the City may wish to work with the City of Bethel to ensure there are not regional concerns related to utilities, transportation, and land use conflicts.

COMMERCIAL / INDUSTRIAL SITE LOCATION SELECTION

Differing land uses have differing requirements when choosing their preferred site locations. Traffic, access, visibility, landscape features, and proximity to surrounding land uses of same or different type can all impact the relative attraction of any particular piece of real estate.

When considering economic development activities within the city, it is important to understand the factors at play in site selection so the city can tailor its efforts to those projects most likely to be successful.

Generally, there are three levels of location analysis that businesses commonly use when choosing locations for their business activities. The first is Regional analysis, which is a broad decision about what general markets to enter. For national and regional businesses, this level of analysis takes into account market and supplier locations, and broad demographic considerations including wage levels, labor supply, and regional economic conditions.

The second level is Trade Area analysis. Once a region is chosen for business location, the specific trade area within the region must be identified. Depending on the scope and market of the business, trade areas will vary greatly. For convenience retail goods, the trade area is generally very compact, with limited overlap between competitive enterprises. Unique goods or services, sometimes referred to as “shoppers” goods, can have extensive trade areas.

For a localized economic development plan such as this one for St. Francis, these first two levels of business location are less relevant. A business seeking to locate in the St. Francis has already made the Regional and Trade Area level decisions. As such, potential business location decisions within the city are being made at the Site Selection level.

Site Selection factors fall into two large categories, depending upon whether the business entity can be classified as an industrial or commercial/retail business. Industrial businesses are those for which the products of their business are generally intended for other business entities. In some cases, such business may manufacture or warehouse components of products which are then shipped to retail locations. In other cases, an industrial concern may be processing raw materials, the products of which are then further refined and utilized by other industrial entities. In either case, the industrial classification is given when its products are not (generally) distributed to the end user.

The tables used below are adapted from academic journals and texts, summarizing the factors most commonly affecting Commercial and Industrial business location.

Common examples of industrial businesses would be manufacturers which acquire resources materials from others, and assemble or otherwise process the materials into a usable product, which are in turn sent to retail facilities for sale; or warehousing, which stores goods or materials for transshipment to either retail locations or to other industrial locations for further processing.

Commercial service firms such as contractors that provide services off-site, and may do some related fabrication at their location, are also typically classified as industrial, since the end user

conducts the transaction not at the business location, but elsewhere (usually where the service is being consumed).

Figure 11 – Common Site Selection Factors for Industrial Development	
Factor	**Explanation**
Transportation	Transportation factors encompass several considerations: Access or proximity of rail facilities, including sidings and terminals; Access to arterial highway locations, and dependence on heavy or intermediate trucking for shipping and receiving operations; Adequacy of warehousing and storage facilities; Shipping costs for incoming raw materials and outgoing finished goods transport.
Labor Supply	Labor supply factors measure the relative skilled or unskilled labor needs in comparison to the supply of available skills, and proximity within the labor market area; Education levels of labor within the market area; training opportunities and proximity to re-training or continuing education facilities; Union activity in the market area.
Raw Materials	Raw Materials are those materials (and equipment) that are needed to perform the function of the business, whether that may be a manufacturing, assembly, processing, fabrication, service, or storage operation. Factors to consider include: Proximity to supplies and raw materials, and the level of turnover in usage of such supplies; Costs of freight for in-shipments; Quantity of in-shipments and storage availability.
End Markets	Proximity of the business to end-user markets affects the cost of the products or services provided by the industrial facility. Factors included are: Existing and potential end-market locations; End-market growth potential; Shipping costs to end-markets, or facilities needed for further processing.
Industrial Site	For the specific site location, site development and on-going costs must be considered. These include: Accessibility of land, and level of current site and building improvements; Space for future expansion; Access to capital and lending institutions; Local industrial development activities and projects. Soils suitability for building, site improvements, or waste treatment.
Utilities	An underlying suitability factor is access to utility services necessary for operation. It is important to understand both current utility capacity, and future demands on the system that will serve the prospective business. Utility factors include: Sanitary waste treatment; Public water supply; Environmental impacts, treatment, and regulatory process; Electrical service demands; Industrial or hazardous waste treatment facilities and costs; Natural gas service and supply;

Source: Badri, Journal of Business & Public Affairs, Volume 1, Issue 2, 2007

Commercial or Retail business entities produce products and services which are delivered to the end user, usually on the site in question. They may acquire their goods from other producers or warehouse locations, or they may process them on-site as a part of their retail transaction. The most common defining aspect of retail commercial businesses (whether goods or services) is the delivery is made to the end user on site, and/or the business transaction occurs on site.

Figure 12 – Common Site Selection Factors for Commercial/Retail Development	
Factor	**Explanation**
Strength of Interception	The ability to intercept customers as they move from place to place within the trade area. Shops located on routes popular with shoppers (for example routes between transit or other major centers, or major commuting corridors) will have stronger ability to intercept shoppers than other locations. Shops located between anchor store locations will also benefit from additional traffic as shoppers move between them.
Cumulative Attraction	The degree of pull that results from similar and/or complementary retailers locating together. The existence of leisure, social, business, and other attractors is also important as they have the ability to generate additional impulse trade for stores.
Compatibility	The degree to which stores in close proximity are likely to interchange customers. This is more likely to occur where the merchandise mix of the stores is complementary, as can be the case with separate stores sell clothing, shoes, and jewelry. The degree of compatibility is enhanced if the stores also have similar pricing strategies. Competing stores may also be considered compatible where they satisfy the need for comparison shopping for customers.
Competitive Locations	Not all competition is benign, and therefore it is important to take into account the size, number and type of competing stores and their relative locations to a proposed retail site, as they are likely to directly impact the sales potential of the new facility.
Accessibility	A key determinant of customer patronage, and hence new sites need to be evaluated in terms of their closeness to (and size of) transit, parking, or arterial roadways. Customer safety and security are also important considerations, as close proximity of traffic and lack of pedestrian crossings can deter many potential customers.
Suitability	For the purpose of business suitability, the factors located above have to be measured against the relative costs of doing business in locations that score high or low on these scales. Operational costs (such as extraordinary infrastructure improvements, high rents, or other high operating costs) can quickly offset the advantages for these factors.

Source: Varley/Rafiq, Principles of Retailing, 2nd Edition, 2014, Pulgrave MacMillan

Examples of commercial/retail businesses would include grocery stores (a classic “convenience” style business category) or clothing (a classic “shopper’s goods” business category). Also included would be hospitality businesses such as restaurants, and personal and professional service businesses, such as hair salons (in the case of personal service), or a bank (professional).

For St. Francis, focusing on attracting those businesses, whether industrial or commercial in nature, that are best able to utilize the factors that are present locally will yield the most efficient return on its efforts in economic development. Attracting businesses that are not suited to the site will most often prove difficult, and efforts will not likely be fruitful. Moreover, when such efforts are successful, they have a higher potential of leading to short-lived enterprise, leaving the community with empty sites or buildings after a time.

INTERVIEWS WITH COMMERCIAL / INDUSTRIAL DEVELOPERS

One of the most valuable resources in understanding local economic development opportunities is found in the development industry – those entities that regularly work in matching new commercial or industrial interests to local real estate in nearby areas. In evaluating the economic development potential of St. Francis, the following commercial and industrial developers were contacted to gain their insight into the obstacles and opportunities presented by the City:

Ebert Construction
Greg Hayes, Vice President of Real Estate and Development

Ebert Construction is located in Corcoran, Minnesota and specializes in commercial and industrial land development and building construction, established in 1968. Ebert Construction has 47 years of experience in commercial development.

Kinghorn Construction
Grady Kinghorn, CEO

Kinghorn Construction specializes in Minnesota commercial design build in both the public and private sectors. With over 35 years of experience, Kinghorn offers experience and expertise in the following services:

- Design/Build
- Site Selection
- Land Development
- Concept Planning
- Budgeting
- Construction Management

Bauer Design/Build
Mike Bauer, Founder and President

Bauer Design/Build is located in Delano and specializes in commercial and industrial design, build, and construction management, primarily in Minnesota. Mike has over 33 years of experience and expertise in economic development.

In addition to providing their insights on the City's economic development strategies, each of these firms expressed an interest in being a resource for the City or a business in its desire to assist commercial and industrial growth in the community.

Location

The location of St. Francis within Anoka County competes for economic development with the communities of Anoka, Ramsey, and Elk River, among others. These cities have larger populations and proximity to major travel routes that grant a potential competitive advantage

over St. Francis. Each of these communities currently offer a larger variety of retail and service providers, offering residents a broad variety of shopping choices.

The developers interviewed each indicated that St. Francis must recognize its market constraints and promote economic development that builds on the community's strengths (quality of life, affordable housing, attractive environment, local labor force, available land, work closer to where you live).

St. Francis is not likely to become a destination commercial location. Transportation constraints, primarily due to the layout of the State Trunk Highway system, limit the long-term potential for shoppers' goods retailing. The interviewees suggest that the City's focus should key on local markets and retailers and service providers that address the needs of the growing population of the City and surrounding area. They strongly recommend that St. Francis continue to promote residential growth as a means of adding consumers to the local markets and expanding the local labor force. The City should look to add business and industries that complement existing businesses.

Transportation Logistics

According to the developers interviewed, transportation logistics is a critical feature in locating a potential business. This broad category includes street systems, travel routes, traffic volumes, site access, and parking.

The major travel routes through St. Francis are State Highway 47 and County Highways 24 and 28. These two lane highways serve as arterials that handle both local and pass through traffic. Commercial land use will seek locations that have proximity and good site access to these major streets, as well as visibility and convenient parking. Traffic volumes will also influence site selection.

Industrial development requires street and highway systems that can accommodate large truck deliveries and shipping with convenient and efficient connections to major travel routes in order to provide contact with suppliers and customers. Streets must provide the capacity to handle truck weights, traffic volumes, and turning maneuvers.

In assessing St. Francis' traffic logistics, the developers suggested that large distribution warehouses or industries with large trucking needs would not likely choose St. Francis as a location. These industries will look for locations along major State highways like U.S. Highway 169, State Highway101, Trunk Highway 65, and U.S. Highway 10.

The developers suggest marketing St. Francis to smaller industries that are less reliant on trucking. They suggest marketing St. Francis to industries by promoting its strong local labor force and the opportunity to avoid long commutes into the Metro Area allowing people to work close to their homes.

Utility Infrastructure

The developers indicated that sites should be ready for development for a City to be successful in promoting industrial development. They indicated that the time table for selecting and developing the site does not afford a prospective business to wait for City improvements. In this regard, the City must have sites available with street and utility infrastructure to allow the development process to move quickly. Seldom does a prospective business have more than 12 months to select a site, construct a building, and relocate.

As such, sites that are not immediately ready will often not be considered in a business site selection process. In establishing industrial sites, the City must be cautious in the timing and cost of improvements. Premature development may leave a property owner or City with land holding costs that are burdensome if the new growth is not immediately forthcoming.

The developers also emphasized the need for industrial properties to have access to reliable electrical power and strong internet access. This is needed to accommodate contemporary industrial uses.

Project Feasibility

The developers interviewed stressed that the economic development project costs must be reasonable. In their experience, the following factors must be considered:

1. *Land Price.* The real estate boom of the early 2000s have set some unreal expectations for land prices. Land prices must be realistic and affordable to potential businesses. To be competitive, improved land lots having access to an improved public street and municipal utilities must be priced to buy. The developers indicated that commercial land must fall below $8.00 per square foot or less. Industrial land prices should not exceed $3.00 per square foot. These land prices reflect average sites in a smaller community not having premium location features.

2. *Utility Connection and Availability Fees.* Most cities charge both utility connection fees and utility available (SAC/WAC) as an upfront permit fee. High SAC/WAC fees can stress the construction budgets of small projects. In this light, the developers indicated that these charges must be reasonable. The City may investigate means by which the charges may be collected over time rather than an upfront charge.

Development Review

Each of the developers are experienced with City development process and City regulations. In discussing development review, each provided the following insights for a successful project review:

1. The City should have clearly defined expectations for both its commercial and industrial development (type of uses, architectural standards, zoning standards). This allows the developer to understand the project and the community and avoid unexpected surprises. Developers are not afraid of quality performance standards. Instead, most developers are much more concerned about unexpected delays in development approvals, as financing and tenant decisions are keyed to the timeline.
2. The City should have a clearly defined review schedule to allow a developer to program their work and have an expectation of approval timing.
3. The City should have some means for zoning flexibility such as planned unit development to allow the City and developer to address unique business needs or site issues.
4. If the City offers any type of financial assistance, this should be identified outlining the type of projects eligible for assistance, requirements for requesting assistance, and schedule within the review process to approve any financial assistance. This may include permit fee reductions, assessing SAC/WAC fees to avoid upfront payments, tax increment financing, or tax abatement.

Types of Businesses

Based on the developers' perceptions of St. Francis, we asked what type of businesses should the City pursue and how should the City promote economic development. Their comments are as follows:

1. The City should target smaller industries with 5,000 to 50,000 square foot building needs.
2. Commercial retailers and service providers will be dependent on local markets. The City should promote additional residential growth and invest in amenities that continue to promote a high quality of life.
3. Promote St. Francis on its strengths:
    a. Quality of life.
    b. Attractive housing.
    c. Attractive environment features (Rum River).
    d. Promote industries through quality work force, short commuter travel, work closer to home.

e. Provide affordable commercial land prices.

f. Quality utilities and services.

4. Outline the City's commercial and industrial expectations:

   a. Identify locations for commercial and industrial land uses.

   b. Define the types of businesses that the City wishes to attract.

   c. Establish zoning that defines the use and design performance standards of the City.

   d. Outline review process through schedule and review steps. Outline methods to allow flexibility from strict zoning standards.

5. Work with local property owners to define needed site improvements and establish reasonable land prices. Keep an inventory of lots and sales information.

6. Define available public assistance tools and what projects may be eligible for assistance.

Each of these developers have worked throughout Minnesota and have the capability of assisting a local business or business interested in St. Francis in site development. In our discussions with the developers, they indicated that they may provide additional private sector assistance to prospective businesses through build to lease or lease to own construction. This private financing alternative can be an opportunity for startup businesses that may not be able to fully finance all development costs. The City should retain these contacts as well as other local builders to assist in both marketing St. Francis and managing projects.

POTENTIAL DEVELOPMENT AND REDEVELOPMENT SITES

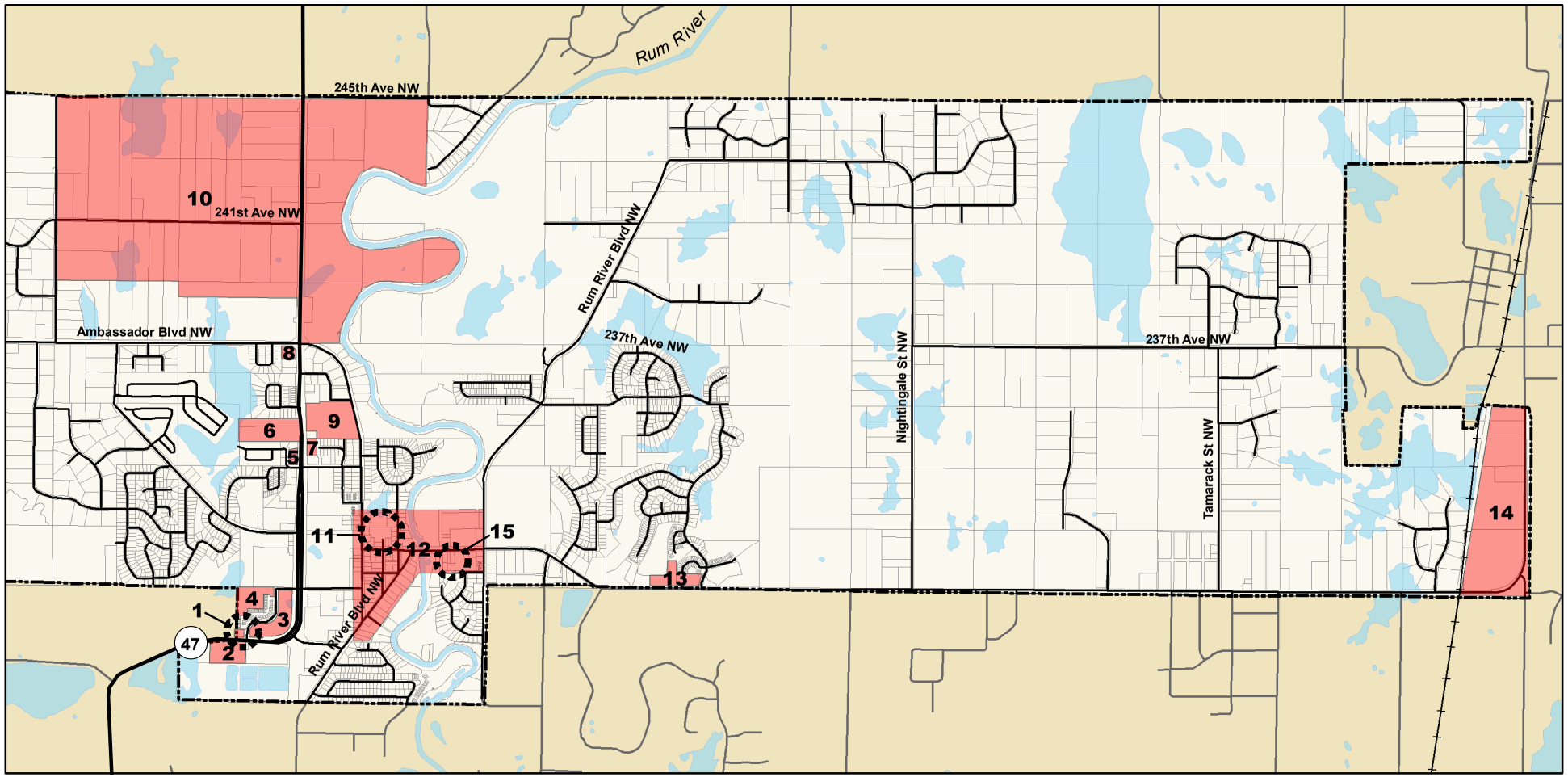
The City of St. Francis has limited land available in the current urban service area for new development. The City has long had a policy of incremental growth. This leaves a few sites within the current urban service area for new development and then several sites adjacent to the urban service area that were identified in the Comprehensive Plan as near and longer term development targets.

Currently, the City has no parcels zoned for industrial uses that have infrastructure to the property. There are a few commercial parcels available but many have limitations. There are also properties that could be targets for redevelopment that would free up land for new uses. This section is intended to highlight certain parcels that representative of the available development opportunities. It is the nature of lists such as this one that they cannot be perfectly inclusive, and changing market conditions alter these options on a constant basis. Nonetheless, the following options, and potentially others like them, provide alternatives for near-term economic development focus.

The properties selected for this analysis were identified in comments received from City Officials, the local business community, and property owners, as well as a developable land analysis. The properties are shown on the map in Figure 13. Comments regarding specific properties are advisory in nature and not intended to reflect any formal pending proposal. The City needs to explore what tasks are necessary to assist in maximizing the development potential of certain properties that may have disadvantages and decide what role to take in advancing the completion of these tasks.

Figure 13

City of St. Francis Development & Redevelopment Opportunities



Source: NAC, Inc., Anoka County, MnGeo WMS Service, MNDNR, MNDOT
Date: March 8, 2016

N 0 0.25 0.5 1 1.5 2 Miles

DEVELOPMENT AREAS

1) 4201 St. Francis Blvd.
2) 4140 St. Francis Blvd.
3) Hwy 47 Curve
4) Meadows of St. Francis 2nd
5) 4020 233rd Ave.
6) 23358 St. Francis Blvd.
7) Aztec Rd. and 233rd Ln.
8) Ambassador Blvd. & Hwy 47
9) 23465 St. Francis Blvd.
10) North 47 Area
11) 3731 Bridge St.
12) Downtown Area
13) 2761 229th Ave.
14) South Bethel Area Rail Properties
15) 3518 Bridge St.

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4201 St. Francis Boulevard
This property was acquired by the City involving the use of Community Development Block Grant funds. The project was identified for senior housing. Since that time, the City has zoned the property to be commercial. In order to transfer the site, the City needs to do a project that meets the terms of the grant, repay the fund, or transfer funds to a different project.

It is about 1 acre in size and is located on the intersection of Cree St and Highway 47 on the south side of the City. The site access would most likely need to be from Cree Street. Due to its size, it has some limitations for many commercial uses.

4140 St. Francis Boulevard
This may be identified as a potential redevelopment project. It is currently an auto salvage business that is zoned for an industrial use. It is to the west of the City's new Police and Public Works facility. This is a main entrance into the City and it might be a good idea to have a more attractive business in this location.

The property has a depth of only approximately 475 feet, which could render it too narrow for splitting into larger industrial tracts with a road in the center. It may be more of a site for two larger industrial parcels that share an access point. It may also be an ideal location for relocation and consolidation of other City facilities. Deeper analysis would need to be done on this site to see what programs this type of redevelopment would qualify for and if there would be environmental concerns.

Highway 47 Curve Property
This is an unaddressed property on the west side of Highway 47. It was part of the Meadows of St. Francis development and is zoned for a commercial use. The access would need to be from Cree Street in the rear. It is privately owned. The parcel would need to be replatted in order to be utilized as a development site, as it is currently an outlot. There are wetlands on the property that may limit the site's development potential. There are residential properties across the street from the site, which would require consideration of the use compatibility in many cases.

Meadows of St Francis 2nd Addition
This property was originally the second phase of the Meadows of St. Francis townhome development and is zoned for a high density residential use. It was recently replatted as one lot for a treatment center. If this use never materializes, a similar institutional type use may be appropriate or the City may need to consider what other uses may fit on this site and review or modify land use controls accordingly.

4020 233rd Avenue

The property at this location is an abandoned gas station and car wash. The City caused to have the gas tanks removed as part of an enforcement action. An inspection was conducted to determine if the site qualifies for a redevelopment tax increment finance district. The site qualified and the City may either work with the property owner or future property owners to redevelop the site or purchase the site and pursue projects and other funds. The property owner has indicated that they would like to sell the site and use the potential for this financial assistance as a marketing tool. At this stage, the City could focus on assisting the property owner in selling the site and activating the TIF district.

There are three parcels associated with this site. One parcel houses the gas station, the other the car wash, and the third is vacant. Between the vacant parcel and the car wash parcel, there is a City owned underground utility line that may make incorporation of the vacant northern portion of the site difficult. If this is the case, the City may wish to get involved to relocate this utility line. Another options would be to assist in a land swap with the property to the north if a Cree Street extension is found to be necessary.

The Pollution Control Agency has stated that a redevelopment may require classification as a brownfield redevelopment site. It is understood that a project that does not require significant excavation would be preferred.

23358 St. Francis Boulevard
This site is two parcels of about 14 acres total with frontage on Highway 47 and zoned commercial. The access to this site will most likely need to be a right-in and right-out barring changes to the configuration of Highway 47 access controls in this area. The alternative would be for the City to work with the property owner and the property owner to the south to arrange for an extension of Cree Street into the site. If not, the City could possibly entertain this site for a use more aligned with the access limitations such as residential, industrial, or institutional.

Aztec Road and 233rd Lane
The property north of the liquor store is owned by the City and zoned commercial. It is about 1.8 acres in size and fronts on Highway 47. There is a storm pond on the north side of the lot. Access has been provided through the Aztec Road extension and also a drive from the liquor store property to Highway 47. The site is an outlot and would need to be platted to become a buildable site. If the City would like to sell this property, it may be advisable to determine fair market value, plat, and market the property for sale.

Ambassador and 47 Parcel
This 1.8 acre site on the southwest corner of Highway 47 and Ambassador Boulevard. is privately owned and zoned commercial. Access would need to be derived from Ambassador Boulevard, most likely. The site has no known constraints.

23465 St. Francis Boulevard
The property at this address extends from Highway 47 to the Rum River. It is on both sides of Ambassador Boulevard and is privately owned. It is guided for both residential and commercial land uses. It totals about 30 acres in size, with about 17 being west of Ambassador. This west side of the property is zoned General Commercial along Highway 47, Business Park along Ambassador, and higher density residential along the south side of the property. Business Park uses may include light industrial and there are other light industrial uses in this area. It may merit reviewing this site for these types of uses.

The eastern portion of the site is guided and zoned for single family residential.

There are other privately owned properties to the north and any internal road design should address the access issues for these properties, if they were to redevelop.

North 47 Sewer Expansion Area
Prior to the last comprehensive plan update, the City reviewed possibilities of extending utilities north along Highway 47 to provide for additional commercial, industrial, and residential development areas. The City established a trunk area fee related to recovering costs for any installation of infrastructure. No feasibility study or financial analysis has been conducted up to this point.

If the City were to wish to pursue this expansion area, several decisions would need to be made. The City would need to discuss public or private ownership of the industrial portion. Also, the City would need to analyze how to handle the costs of this project. Then the zoning issues related to the existing rural residential properties would need to be evaluated. More information on this is area and plan is available later in this document.

3731 Bridge Street
This parcel is north of Bridge Street where Woodbine St. could continue northward. The City owns land north of this site that could be incorporated into any development. It is zoned for a commercial use. In the recent past, the City has discussed concepts for housing on this parcel to fulfil the comprehensive plan goal of providing for higher density residential uses at the perimeter of the downtown area. It was also discussed that this parcel could provide for additional parking for downtown businesses, which would fulfil another goal.

The site is about 3 acres and the City land is about another 3 acres but most of the City's property is wetland/pond areas. An extension of Woodbine St into this property would require the City to find a way to connect to Ambassador Boulevard. The City may wish to review this to be prepared for any future development of this property.

Downtown Area

The City should review the Downtown Area and itemize potential redevelopment and development opportunities. It may also be advisable to create separate building standards for this area to create a cohesive downtown appearance. There are numerous houses within this district and the continuation and/or expansion of housing should be reviewed. Market studies to determine what commercial uses may likely succeed in this area would be appropriate.

2761 229th Avenue

There are three parcels between the golf course clubhouse and Arrowhead Drive. The westerly two properties do not have access to sewer. All three are currently guided for a commercial land use and zoned PUD. Within the PUD District it references that these parcels must follow the General Commercial standards and uses. One of the parcels has a non-conforming accessory building on it. The City should review these parcels for adequacy as commercial development sites and determine costs to provide utilities. If the parcels cannot sustain commercial development, other options could be explored such as institutional or residential uses. The western parcel appears to be in a state of tax forfeiture. The City may wish to purchase this property in order to control it and ensure that it is used with the property to the east.

Bethel Area Rail Properties
There is property along the railroad tracks south of Bethel. These properties are currently used for residential. The total land area is about 70 acres between University Ave Ext and the railroad. After deducting wetlands, it appears to be about 50 net acres in size. The City may wish to monitor trends in rail industrial and review if this site is feasible for such development. The City may also wish to work cooperatively with Bethel for future land uses in this location or other areas around Bethel in St. Francis. A review of land use controls for this would be warranted if such steps are taken.

3518 Bridge Street
The City owns a collection of parcels at 3518 Bridge Street that used to house a public works facility and water tower. Now vacant, this approximately 3 acre site is zoned for primarily a commercial use. Its location adjacent to County parkland on the river makes this a desirous site for a use that can capitalize on its unique location. The City needs to replat this property and give the site a singular zoning designation. Despite being on a major commercial corridor, the City may wish to explore a higher density housing development on the site in order to provide more residential customers for the area businesses.

The access to the site should also be reviewed. There may be opportunities to share access with the property to the east, which has been identified as long term full access in the County Transportation Plans. The property to the east has some usable land adjacent to this site that is separated from their site by a wetland. The City may wish to explore adding this property to increase the buildable area.

When prioritizing efforts for development and redevelopment, the City should ensure that projects are prioritized in a well thought out manner. The City Council, Economic Development Authority, and Planning Commission may all have recommended projects that are viewed as general priorities. City Staff may have recommendations for which projects to pursue first based on feasibility and funding and if City Officials have certain projects which are viewed as high priorities this should be communicated.

For redevelopment activities and smaller development projects that may have perceived benefit to individual property owners, it may be advisable to conduct an analysis of projects in order to demonstrate that projects with the highest community value are being tackled first. The goals of redevelopment activities are generally to eradicate blighted conditions, encourage valued business development opportunities, and to improve the public uses within the City such as resolving traffic issues, parking, recreation, establishing pedestrian ways, etc. Using the redevelopment prioritization matrix (Figure 14) may assist in the Council, Economic Development Authority, or other such group in creating rankings for which projects to handle first using these criteria. This exercise is especially helpful when a group cannot mutually decide on which property to tackle first. The idea behind this matrix, is to have decision makers rank all properties by each category and use the average rank to determine a priority order.

Figure 14 – Sample Redevelopment Prioritization Matrix

Site ID	Site Description	Tax Value	Blight	Public Value	Econ Dev Value	Political Value	Site Character	TOTAL	AVERAGE	OVERALL RANK

Tax Value	Price per square foot based on tax value divided by total available parcel.
Blight	Overall condition of the property.
Public Value	Public use - pedestrian or traffic safety value, parking, recreational opportunities
Economic Development	Value to existing businesses or perceived attractiveness of outside investors
Political Value	Perceived ease of acquisition negotiations and public perception if pursued
Site Character	Visibility, access to/from major roadways, adjacent land uses, proximity of utilities

IDENTIFYING INDUSTRIAL OPPORTUNITIES

Industrial development is an important component for cities to increase the employment base in the community. As noted in the demographic analysis, the City is likely to capture more residents than a typical metro area community. The jobs provided may lead to new housing for workers and new commercial development. The City currently does not have any industrially guided parcels available for development. All sites would need to be redeveloped, have utilities extended, or rezoned. In order to evaluate the likely options for providing industrial land, some identified options are explored further.

North Highway 47 Expansion Area

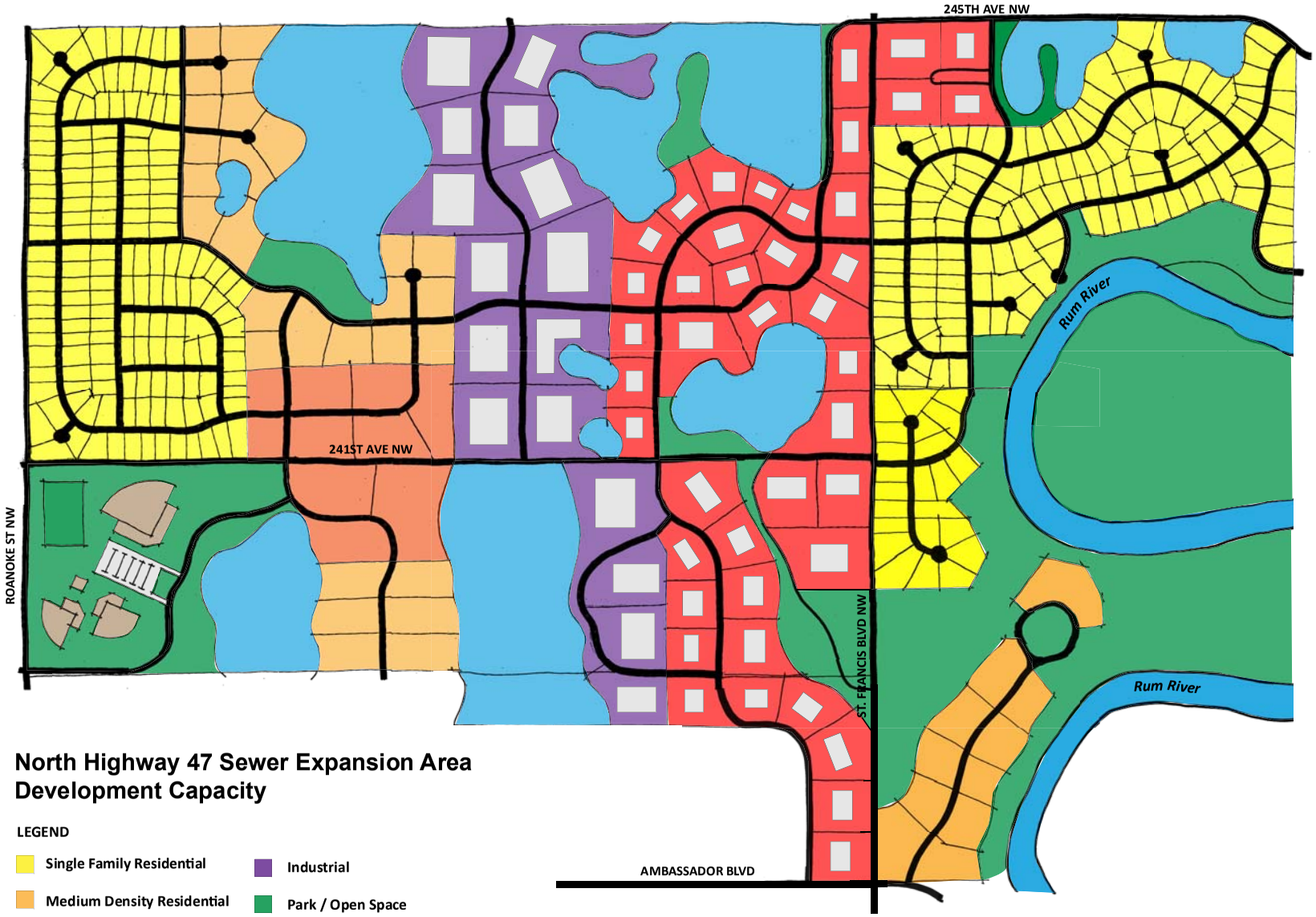
As noted earlier in this document, the City has discussed extended utilities northward along Highway 47 to open up land for development. The City identified the parcels that would be included in the development area in the Comprehensive Plan and a trunk area. Initial estimates of utility extension costs were developed as well as trunk area fees.

Figure 15 is a full build out scenario of this area. The development pattern is based on the City's current Comprehensive Land Use Plan. Based on this layout, the City may wish to review land use locations and breaks, and if more of certain uses are desired. Within this full build-out scenario, it would appear that the City could expect about 85 acres of commercial, 62 acres of industrial, 354 single family parcels, 160 medium density residential units, and 440 high density residential units.

If the City were to wish to potentially pursue this utility extension, there should be a decision making process initiated. The primary impetus behind this utility extension was to open up land for industrial development along 241st Avenue. Many area cities (Cambridge, Isanti, Princeton, Braham) have city owned industrial parks. St. Francis would need to decide if the City is to do the same and provide lots for industrial development or if the goal is for the private market to provide for this type of development. If the private market is to provide this type of land use, the City may wish to wait until the development demand results in a proposed project.

If the City is to operate the industrial park or to otherwise decide to take the lead in the provision of utilities, a deeper evaluation would be necessary. In order to evaluate this option, the City should have the City Engineer provide current estimated costs on all infrastructure improvements necessary for this development including roads and utilities. Estimated property acquisition costs should be factored into this, as well. This information then should be reviewed by the City's financial consultant to discuss appropriate funding measures.

Figure 15



North Highway 47 Sewer Expansion Area Development Capacity

LEGEND

- Single Family Residential
- Medium Density Residential
- High Density Residential
- Commercial
- Industrial
- Park / Open Space
- Wetlands / Waterways

0 300 600 900 1,200 FT

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The City should also conduct a land absorption analysis to how long it would take to fill the parcels. An industrial market study could also be conducted. There are a many industrial lots available in the area and knowing ahead of time on what to expect for use of the City's lots is of the utmost of importance prior to making a large investment. With the limitations for industrial development in this area, it would be ideal to ensure that the industrial development would be feasible. It is also ideal to identify how long the City may need to carry the financial burden of this project, depending upon the funding measure pursued.

If the City decides to go forward with this plan imminently, the zoning controls should be evaluated for this area. This could avoid new rural residential homes being built in the future development area or for incompatible parcels to be created.

Industrial Alternatives

If the analysis of the North Highway 47 Expansion Area does not prove it to be a feasible project, at this time, the City has alternatives. The City can review the zoning of difficult to develop commercial parcels for use as industrial sites where appropriate. This can be achieved by use of the City's Business Park District which allows for a mix of commercial, institutional, and light industrial uses.

One possibility would be to use the property at 24365 St. Francis Boulevard as identified on Figure 16. The City could preserve the Highway 47 frontage for commercial uses and develop the remainder west of Ambassador Boulevard as light industrial. A similar decision making process would need to be gone through with estimated engineering costs, a financial analysis, and a market review or absorption analysis. However, this area already has services to the site which would make the project less costly. The industrial lots would likely be smaller, which may not be an issue for the potential users of the lots at this site as smaller users are likely the target for the City. In order to accommodate this, the City may need to re-guide and rezone the properties for a light industrial use and remove the residential component from this parcel.

Another option would be to use the search for new industrial property as an impetus to have the redevelopment of the auto salvage yard. This property is zoned and guided for and industrial use.

As mentioned in the Transportation Section, a third option would be to work with Bethel and establish a rail based industrial park in the southeast corner of the City as identified on Figure 17. Rail industrial has become more popular within the region (Isanti County has conducted a study to find feasible sites for such a development). While the property the City has along the rail line is occupied by rural residential uses, the properties along the east side of the tracks appears to have enough space for some limited development, if the wetlands are not too much of an obstacle. Utilities are not available to the site, currently. Also, the City's land use plan identifies this area as a rural land use.

Industrial Alternative

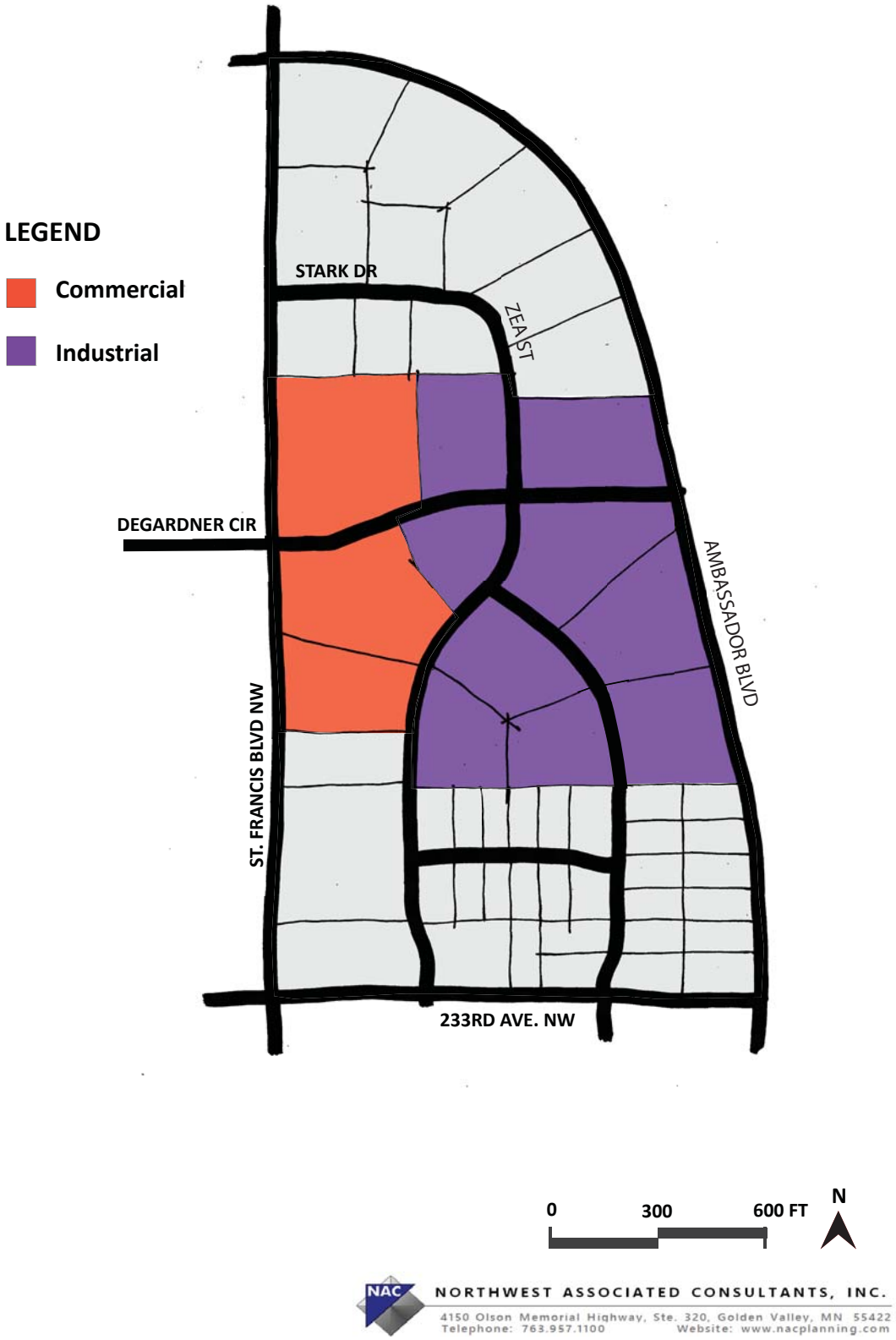

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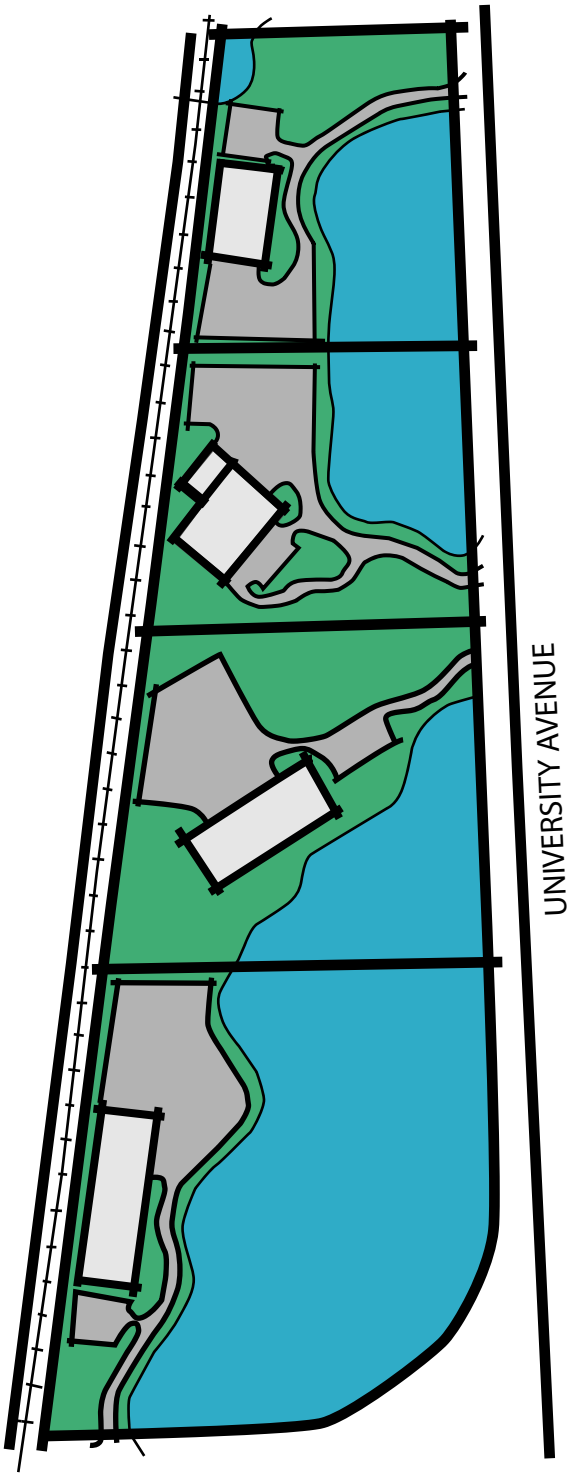
Figure 17

South Bethel Rail Alternative



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With the limitation and difficulties that the City has found with expanding industrial uses, a focus could be made on retention and expansion of existing industrial businesses. The City has a few light industrial type businesses that may be interested in expansion or relocation in the future. A line of communication should be maintained with these businesses in order to make sure the City is ahead of their needs, which may be assisted by a business retention and expansion program. Also, if existing home based businesses in the City and/or neighboring communities are thriving and growing, they will need places to relocate and the City may wish to put itself in a position where these needs are known and can be accommodated. Therefore, keeping track of these businesses may be a productive activity.

One area of concern often voiced when discussing the development of industrial uses is that of building materials. Some communities relax standards in order to attract more possible targets. Others try to keep building standards higher to increase investment in their sites. A survey of City Officials found that there is a distinct preference on adhering to existing building standards.

ASSESSING COMMERCIAL OPPORTUNITIES

Area business owners were contacted to provide an opportunity for their insight into local retail conditions, issues, and opportunities. The input received has been incorporated throughout this plan. There were several specific comments that merit highlighting. The local business community voiced concern about the cost of expansion and maintenance of their buildings. They also expressed concerns about fees and regulations. Lack of advertising opportunities in the area were also noted. Some mentioned that the City needs to keep on top of illegal home based businesses that compete with businesses that invest in commercial structures. Another concern was that the City should focus on identifying and targeting businesses that are not already present in the community and not focus on competition for existing businesses.

To assist existing businesses, the City may establish a mixed sector business retention and expansion program. To start a program like this, the City may survey existing businesses, find out their needs, and develop strategies to accommodate these needs. The University of Minnesota Extension Service helps many area communities with these endeavors. The City may also set up a program independently.

Another program that commonly assists existing businesses is the creation of a revolving loan fund. This allows the City to loan funds to businesses for specific needs, such as façade improvements, at lower costs and rates. The City may offer the program to area businesses that are known to have needs and help them improve or expand their businesses.

In surveying opinions from business owners and City officials, there were several types of commercial businesses stated as missing from the community with restaurants being common. However, there was also concern expressed relating to marketing towards businesses that may not succeed. Many area cities conduct market research to determine types of commercial businesses that are missing from a community that would likely locate and thrive in the community. These studies can focus on specific areas such as a downtown or a broader area. The University of Minnesota Extension Service provides programs such as Market Area Profiles and Retail Trade Analyses. These programs analyze the communities' businesses and retail trade areas to identify opportunities for growth, business targets, and local market gaps. The City may also retain a market research company for a more customized approach to research and analysis.

Some comments received also made suggestions regarding capitalizing on the City's assets for new business opportunities. This would include exploration of the potential for tourism, outdoor activities, use of the river, and improvements to the historic areas of the City. If the City were to conduct market research, these factors could be further explored. Also, the City should make such endeavors a priority when discussing planning, parks, and transportation.

In the existing Comprehensive Plan, the City identified a goal of preparing a detailed program for the Downtown. This included market research, analysis of the housing opportunities in the area, and development of building standards. As mentioned in the transportation section, the City has discussed connecting Bridge Street to Highway 47. This would provide greater access to the Downtown and provide improved circulation for the other commercial areas of the City.

The City should keep an open dialogue with the School District about their space needs and facility planning. If the School were to need to relocate certain elements in the future, it could be done in a fashion that is mutually beneficial to both jurisdictions. Moreover, the School District is an important employer in the City, and just like with commercial or industrial employers, a good open dialogue to identify needs and goals should be included as part of any implementation strategy.

ECONOMIC DEVELOPMENT TOOLS

There are a variety of tools available to the City in order to pursue economic development activities. These tools can be used to help the City achieve economic development goals and create equitable scenarios for implementation of economic development policies. In order to utilize these financial tools, the City should review the business subsidy policy to ensure the financial assistance and participation the City may give in projects is meeting community goals. For example, the City should set clear policies to be met for any project receiving a business subsidy such as notable job creation, targeted redevelopment, or infrastructure improvements. If using these tools, the City should ensure proper consultation with a financial advisor for monitoring and reporting purposes.

Tax Increment Financing

Tax increment financing (TIF) is a very common economic development tool. The increment is the value of the property after a project versus before a project. The difference in taxes generated is captured and used to refund costs associated with the project. TIF districts can be created for industrial (job creation), redevelopment, and other such projects. Retail commercial uses do not typically qualify unless involved in redevelopment.

The purpose of TIF is to generally create an environment where a project may happen that otherwise would not. For example, the cost of razing a blighted building and constructing a new one is higher than just building on a vacant lot. A city may create a TIF district to create an incentive for the costlier redevelopment project.

The taxes captured by a TIF district are the taxes from the city, school district, and county. Notice is required to be given to the county prior to the initiation of the district.

Tax Abatement

Tax abatement is a program similar to tax increment financing where a city may capture only the city's portion of the tax increment and not include the county and school district, unless consented to do so. Abatement was created in 1997 in order to compete with TIF as a more simplified and flexible tool for cities. The duration for an abatement is typically shorter than for a TIF and there are lower limits but there are fewer requirements.

Revolving Loan Funds

Revolving loan funds typically make money available for small businesses to start, relocate, or expand. Cities place money available in a fund to be used for loans for approved activities and when funds are repaid, the city has more money available to be loaned out. Many times a city will make money available to businesses that have trouble attaining other forms of financing.

Funds are commonly used for the acquisition of fixed assets such as equipment, machinery, or buildings.

Building Improvement Fund

In cities with historic areas or distressed commercial properties, it is somewhat common to initiate a building or façade improvement program. These programs typically make money available to qualifying businesses to make improvements to the visual exterior of their buildings. Programs such as this may either be loans or grants or even possibly loans that can become forgiven when certain. The cities benefit because the exterior of the buildings are improved creating a better environment for business.

Grants

There are numerous sources of grants that cities may pursue for economic development activities. Grants are most effective when being used for identified projects that the City is committed to pursuing and has a well thought out program for implementation in a manner that meets the goals of the grant.

Community Development Block Grants (CDBG) from the Housing and Urban Development Department (HUD) are available through the County HRA. CBGG programs are required to meet national goals and generally benefit low to moderate income people. The City has used CDBG in the past for cleanup of blighted properties. It is important when pursuing funds from this program to consider how the property would be put to use in a manner consistent with HUD goals.

The Minnesota Department of Employment and Economic Development (DEED) offers grants and assistance to cities for business development, infrastructure, redevelopment, and other such activities. Not all programs are available to the City of St. Francis due to the City being in the Metropolitan Area. Most programs will require matching funds and a firm commitment from the City to move forward on a project. As the City begins identifying projects to pursue, discussions with DEED on possible assistance could be beneficial.

Fee Flexibilities

Many communities recognize that their fee structure may put them at a competitive disadvantage. When the collection of fees is necessary to offset community costs, this places the city in a difficult position. One option that some cities explore is waiving or flexibilities with fees. For example, a city may collect the sewer and water access charges or trunk fees over a number of years instead of at the time of a building permit. Another option would be to waive the fees and establish a tax increment or abatement district to repay the city. Before undertaking

any such flexibilities, a city should adopt a policy to create the parameters for when this is acceptable.

Marketing

The City should establish a cohesive and coordinated marketing program. For economic development purposes, the City should use similar logos and slogans as is used for regular municipal business which creates positive consistent messaging.

For the purposes of marketing properties, many cities establish internet pages or printed sheets with city property for sale. If the City were to establish this, it may be advisable to include private property from interested owners, as well, with their contact information. Currently, there are several property owners of vacant commercial land that have said they would appreciate the City assisting in these types of efforts.

The Department of Employment and Economic Development offers “shovel ready” certifications for property. There are certain key pieces of information that need to be supplied in order to get this certification. Once the certification has been granted, DEED places the sites on their website and assists in property marketing.

RECOMMENDATIONS AND ACTION STEPS

From the research done and the review of conditions in the City, there appear to be some general issues facing the City of St. Francis:

- The population growth in the City has slowed with the residential housing market.
- City residents face long commuting times.
- The City has fewer jobs per capita than similar cities.
- Other area cities have higher classification transportation infrastructure serving their communities.
- Job growth is difficult to achieve due to the lack of industrial land available for immediate development.

The information also identified a few strengths that St. Francis has:

- The residential growth despite the long commute times shows that many find the City to be a good place to live.
- The City has utility capabilities greater than the neighboring communities which presents a market area that goes beyond city limits.
- Higher percentage of workers in the City live in the City than in other area cities.

The City could continue on the path that it's been going and try to grow by being a high quality residential community. As the primary sewered community in this portion of the County, that has generally worked for the City up to this point. As residential growth has occurred, commercial businesses have followed. However, if the City were to wish to take a more proactive approach to solving problems that have impeded development over the years, it would be recommended to initiate the following actions.

Industrial Development / Job Creation

If the City considers job growth to be an important goal, the possibility of opening up property for industrial development should be considered. The City should discuss if it wants to own an industrial park or simply make land available. An analysis should be conducted on the North Highway 47 Area:

- Estimate costs of extending utilities, rebuilding roads, and purchasing land.

- Conduct a preliminary financial analysis to determine funding possibilities.

- Conduct a market study and/or land absorption analysis to see what market there is and how long it would take utilize the land.

If at this point, the project is still possible. The City should proceed to doing a formal feasibility study and finalize the financial analysis. If at any point, the project proves infeasible or too costly, the City may wish to do the same analysis on expanding the Stark Drive area business park.

Once available land is identified, the City should start to market to smaller industrial users that are less dependent on trucking and transportation.

Alternatively, the City should also seek to find high employment businesses in likely employment growth sectors such as education, health, and social services. The employment numbers should be monitored to find sector trends that may benefit the City.

Resolve Development Issues

There are several parcels in the City that are in the City's sewer district that have issues hindering efficient and cost-effective development. The City move forward and take steps to resolve these issues or to identify potential solutions. The following actions will assist in this endeavor and assist in creating sites that are prepared for development:

- Repay or transfer CDBG money from 4201 St. Francis Boulevard or explore uses that meet the program goals.
- Analyze programs for redeveloping 4140 St. Francis Boulevard.
- If the project in the Meadows of St. Francis 2nd Addition fails to materialize, identify a similar type of employer, as the health/social services sector seems as a likely job growth target for the City, and work with the property owner to establish this use.
- Work with the property owner at 4020 233rd Ave to establish a redevelopment TIF District. If no progress can be made, the City may wish to explore purchasing the site.
- Review possibilities for an extension of Cree Street northward to 23358 St. Francis Boulevard. If no access improvements or street extensions are possible for this site, the City should analyze potential alternative land uses.
- Design the expected road and utility layout for 23465 St. Francis Boulevard and adjacent properties.
- The City should final plat the outlot at Aztec Rd and 233rd Ave and market it for sale.
- The zoning for 3731 Bridge Street should be reviewed for the highest and best use of the land. A road layout for a northerly extension of Woodbine St should be designed.
- The City should design and establish costs for providing utilities to the properties near 2761 229th Ave.
- The City should replat the properties at 3518 Bridge St and decide on the access location.

Assist Area Businesses

The existing business community is a key asset for the City. Expansion of existing businesses is found by many communities to be a key method to initiate job growth. The following steps may be made:

- Develop a mixed sector business retention and expansion plan.
- Establish a revolving loan fund.
- Keep track of home based businesses for assistance in relocation when necessary and to ensure unfair competition does not come from illegal businesses.
- Assist in finding advertising opportunities.
- Ensure rules, regulations, and fees are not too stifling.

Additional Planning Efforts and Next Steps

In addition to the above identified tasks, there are key areas that require more planning or research. These efforts will assist in both short and long term program development:

- Create a focused plan for the Downtown Area.
- Conduct a market area profile, retail trade analysis, or a community-wide commercial market study.
- Focus on trail planning and construction from residential neighborhoods to commercial areas.
- Renew Bridge Street Extension Study, work with School and other jurisdictions to move forward to a feasibility report or other identified next stage.
- Discuss future facility planning with the School District.
- Discuss potential opportunities to collaborate with the City of Bethel on job creation.
- Ensure the City is marketing itself in a coordinated and effective fashion.
- Update housing market studies to monitor changes to find opportunities to reinitiate residential growth.
- Develop a current business subsidy policy that reflects community goals.
- Develop a policy for fee flexibilities related to assessment of upfront development costs.

While conducting all of the above efforts, the City should be mindful of industrial and commercial development realities. The City should also focus on its strengths and not merely imitate other area communities' efforts. It is a unique community that can keep its sense of place while positioning itself for responsible growth.