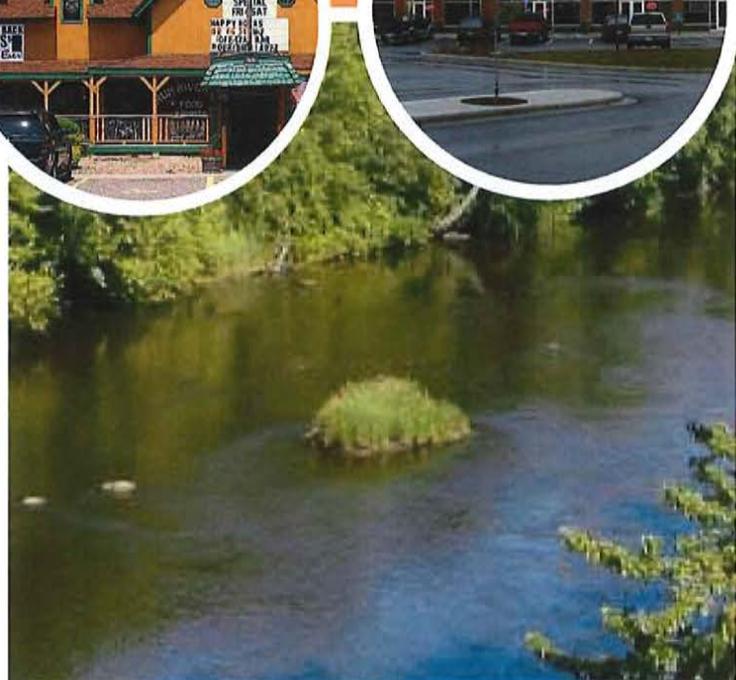




2016 Economic Development Plan

A CITY OF PROGRESS,
PRIDE, AND POSSIBILITIES



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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION AND EXECUTIVE SUMMARY	1
DEMOGRAPHICS AND EMPLOYMENT STATISTICS	3
Population Trends	3
The Geography of Local Employment	4
Employment Sectors	6
TRANSPORTATION SYSTEM	9
Highways and Roads	9
Bridge Street Connection	13
Trail Development	13
Railroads	14
COMMERCIAL/INDUSTRIAL SITE LOCATION SELECTION	15
INTERVIEWS WITH COMMERCIAL/INDUSTRIAL DEVELOPERS	19
Location	19
Transportation Logistics	20
Utility Infrastructure	21
Project Feasibility	21
Development Review	22
Types of Businesses	22
POTENTIAL DEVELOPMENT AND REDEVELOPMENT SITES	24
4201 St. Francis Boulevard	26
4140 St. Francis Boulevard	26
Highway 47 Curve Property	27
Meadows of St. Francis 2 nd Addition	27
4020 233 rd Avenue	28
23358 St. Francis Boulevard	29
Aztec Road and 233 rd Lane	29
Ambassador and 47 Parcel	30
23465 St. Francis Boulevard	30
North 47 Sewer Expansion Area	31
3731 Bridge Street	31
Downtown Area	32
2761 229 th Avenue	32
Bethel Area Rail Properties	33
3518 Bridge Street	33
IDENTIFYING INDUSTRIAL OPPORTUNITIES	36
North Highway 47 Expansion Area	36
Industrial Alternatives	38

	<u>Page</u>
ASSESSING COMMERCIAL OPPORTUNITIES	42
ECONOMIC DEVELOPMENT TOOLS	44
Tax Increment Financing	44
Tax Abatement	44
Revolving Loan Funds	44
Building Improvement Fund	45
Grants	45
Fee Flexibilities	45
Marketing	46
RECOMMENDATIONS AND ACTION STEPS	47
Industrial Development / Job Creation	47
Resolve Development Issues	48
Assist Area Businesses	49
Additional Planning Efforts and Next Steps	49
 LIST OF FIGURES:	
1 Population Growth Since 1980	3
2 Mean Commute Times – 2014	4
3 Job Location for Workers from St. Francis 2013 – Top 10	5
4 Jobs Per Capita 2013 – Selected Area Cities	5
5 Percent of Jobs Filled by City Residents 2013	6
6 Where People Who Work in St. Francis Reside 2013 – Top 10 Cities	6
7 2000-2014 Percentage of Workers by Industry Sector	7
8 Distance to Major Highways	10
9 Regional Context	11
10 Regional Context – Annual Average Daily Traffic (AADT)	12
11 Common Site Selection Factors for Industrial Development	16
12 Common Site Selection Factors for Commercial/Retail Development	17
13 St. Francis Development and Redevelopment Opportunities	25
14 Sample Redevelopment Prioritization Matrix	35
15 North Highway 47 Sewer Expansion Area Development Capacity	37
16 Industrial Alternative	39
17 South Bethel Rail Alternative	40

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 than 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.

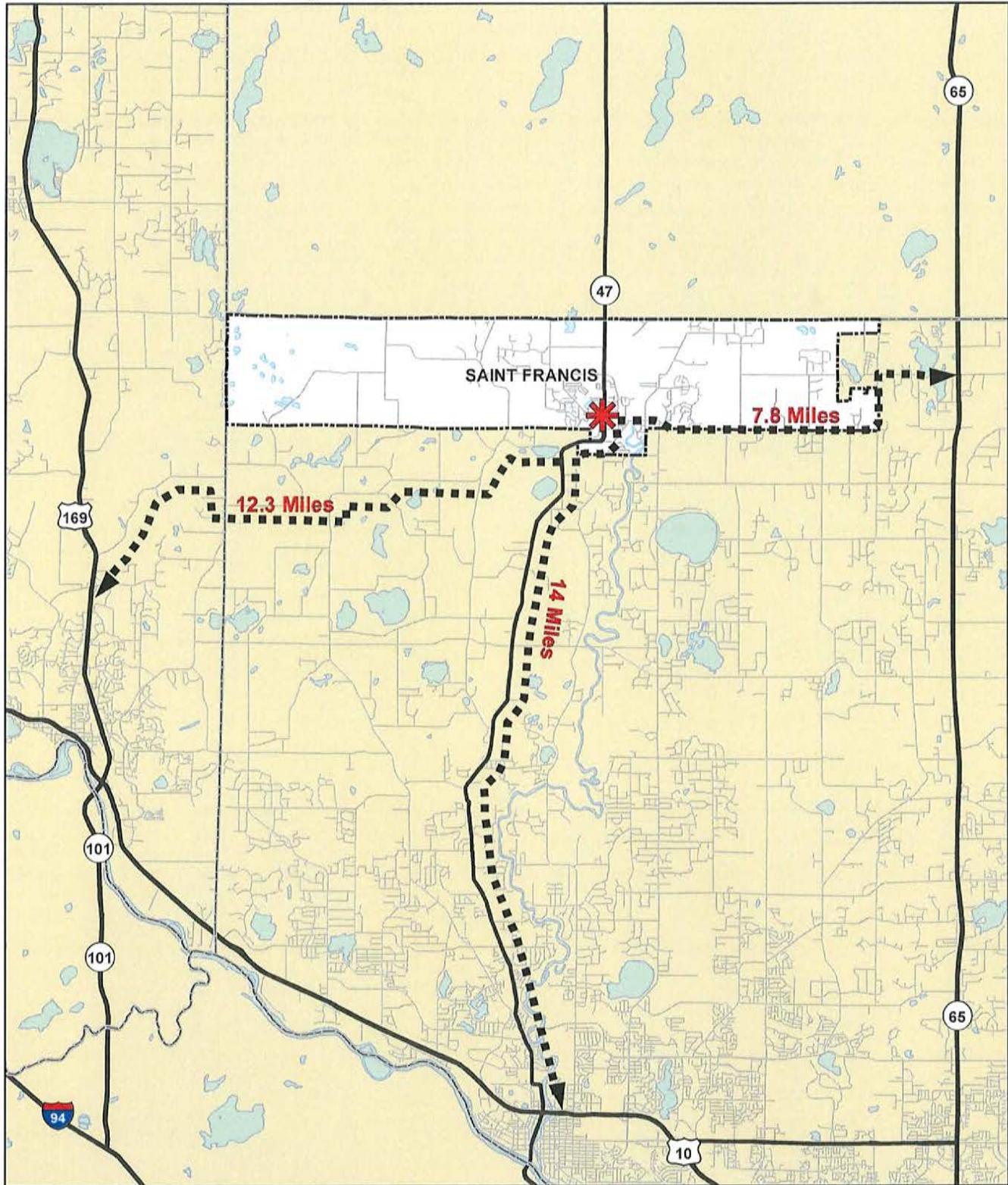
Today, the City is located between the two primary four lane highways in the area, State Highway 65 and US Highway 169, but has no direct frontage on either roadway. The City's distance to these primary regional arterials are shown on Figure 8. These roads were targets for higher levels of investment 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



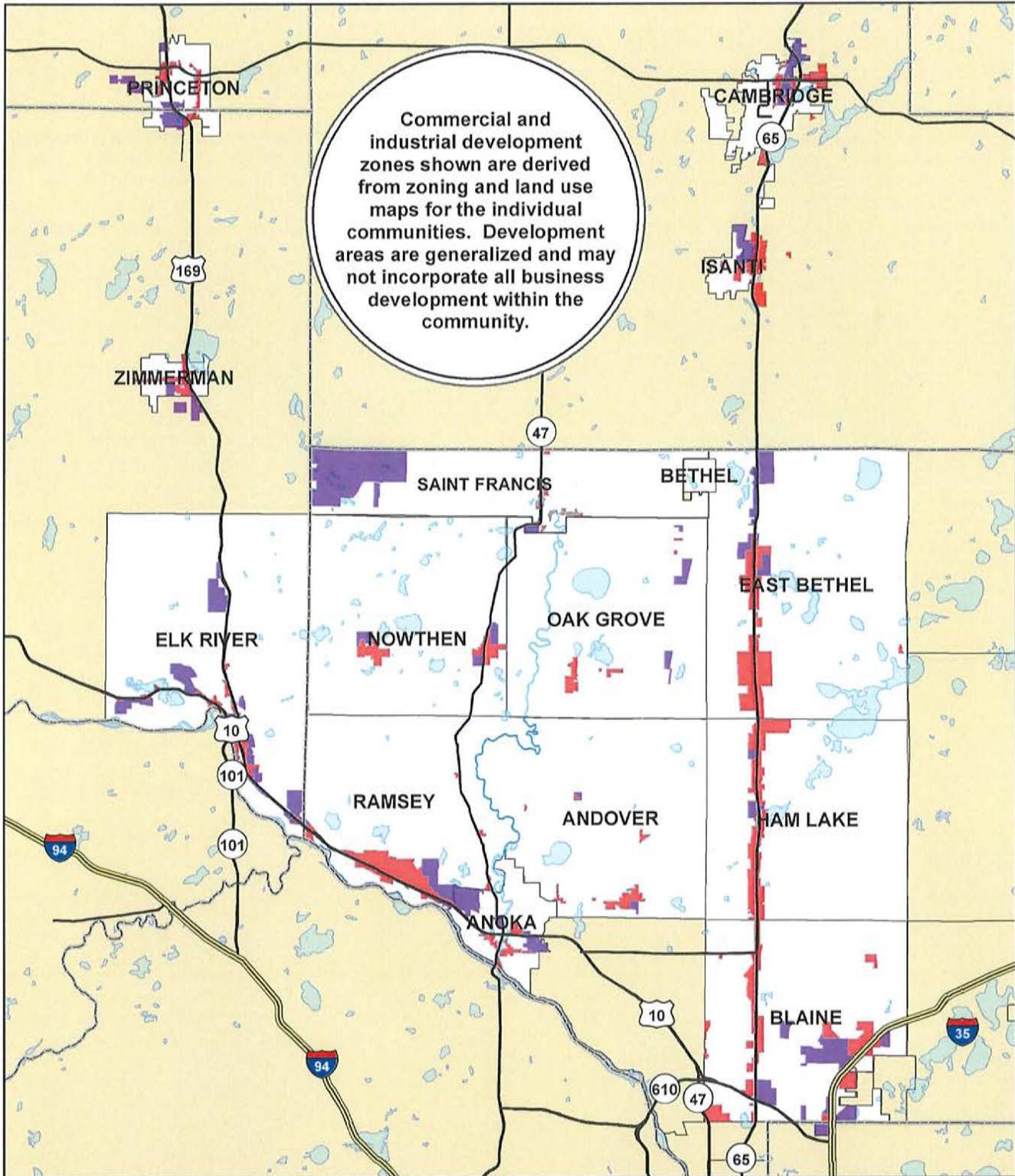
Source: NAC, Inc., Anoka County, MNDNR, MNDOT
Date: March 8, 2016



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Regional Context



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



GENERALIZED DEVELOPMENT AREAS

- Commercial
- Industrial

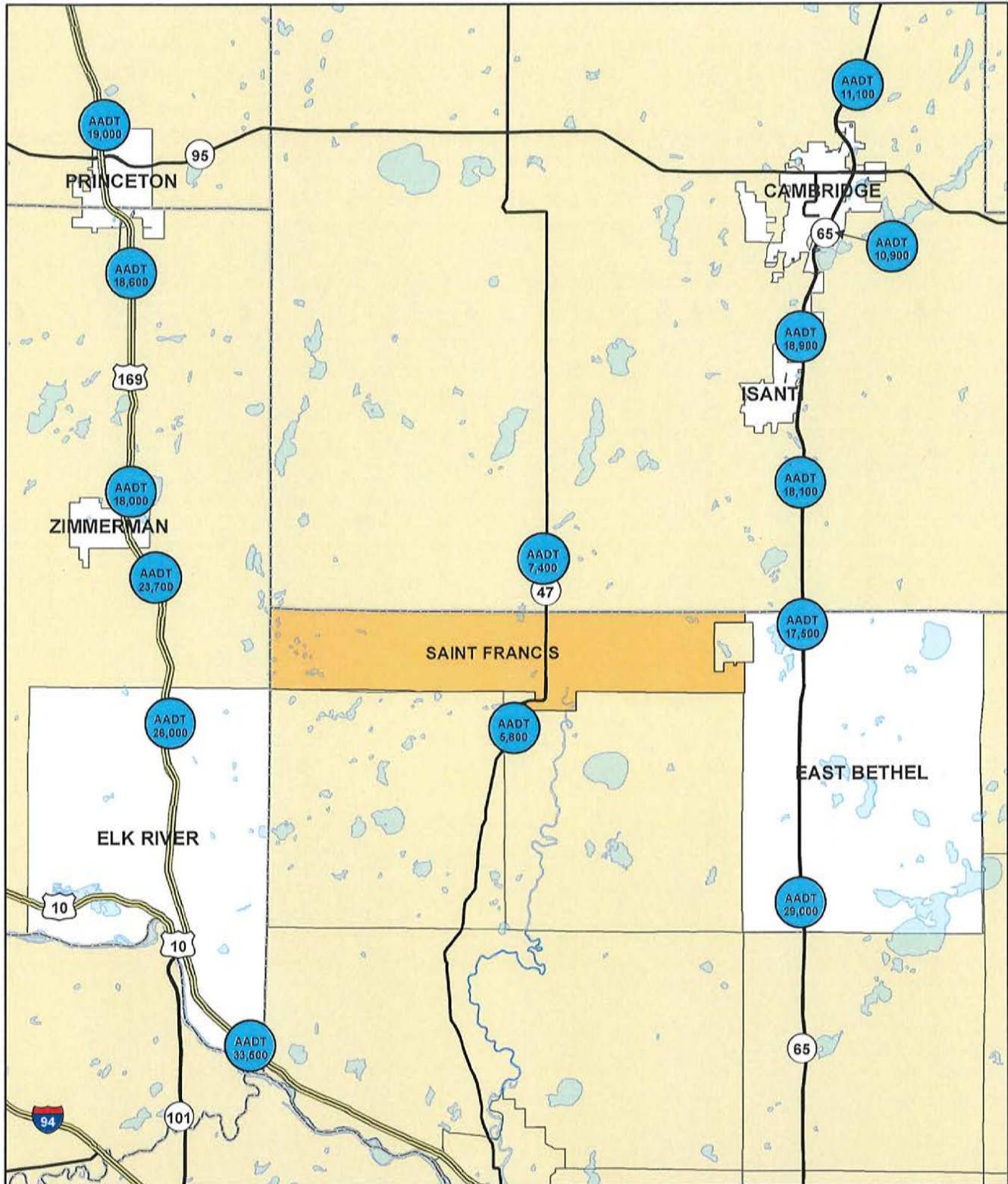


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Figure 10

Regional Context - Annual Average Daily Traffic (AADT)



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



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 Highway 101, 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.