

Chapter 5: Economic Development

INTRODUCTION

A strong business community is the cornerstone of a vibrant city. Economic development encompasses the policies and activities that improve the long term economic and social wellbeing of the community. Communities with strong economies have financial resources to support the levels of service that their residents need and desire. Successful communities realize that economic development is about bringing together social, natural, infrastructure, and economic assets in the community to sustain the “whole” community.

The City experienced much success after completing the first Comprehensive Plan in 2015. Following the recommendations from that Plan, the City completed several small area plans and studies to assess the potential for economic development throughout the community. These plans include the Belgrade Avenue Master Plan, Commerce Drive Area Development Plan, the Northwest Growth Area Plan, the Webster Avenue Area Plan, and the Lookout Drive Area Plan. These have resulted in targeted efforts to promote investment in the community by the City and private developers. For instance, since the development of the Belgrade Avenue Master Plan, major development has taken place on both the north and south sides of the 200 Block of Belgrade Avenue which opened up other opportunities in the downtown for redevelopment and economic impact. The City plans to continue proactively planning for economic development into the future.



Figure 5-1. Infill development on the 200 Block of Belgrade Avenue.

PREVIOUS AND ONGOING ECONOMIC DEVELOPMENT AND PLANNING

Several past and ongoing efforts focused on economic development in North Mankato have been reviewed as part of developing this chapter. Some of these efforts remain more relevant than others and all have contributed to economic development efforts in the City.

Previous studies and materials that focus on economic development in the area and guide the recommendations in this chapter include:

Envision 2020 (2006)

This document was a long-range regional community plan involving over 200 community stakeholders in 2006. The plan included an economic development vision which supported a “high quality of life for all its citizens” and advocated for progress in several areas. A 2014 progress report highlighted some of the successes due to the Envision 2020 visioning process including the establishment of the regional Chamber of Commerce and Economic Development Organization (Greater Mankato Growth or “GMG”), the creation of the Regional Economic Development Alliance (REDA), and the designation of the Greater Mankato area as a Metropolitan Statistical Area. This effort has concluded, and agencies are no longer meeting. Preliminary discussions with regional institutions indicate another broad planning effort may

emerge in the next five years. Should progress occur, North Mankato will participate and include any relevant recommendations in amendments to the updated plan.

North Mankato Port Authority

The North Mankato Port Authority Commission was created by an act of the legislature in 1985 and began operations in 1986. Throughout its existence, the Port Authority has undertaken many initiatives such as the construction of new industrial buildings, building additions, building upgrades, façade improvements, removal of blighted properties and housing opportunities. In 1993, the Port Authority began the development of the North Port Industrial Park to accommodate new industrial development. To date there are 25 industrial buildings within the industrial park providing over 1,300 jobs.

Mankato/North Mankato Area Planning Organization (MAPO)

The Mankato/North Mankato Area Planning Organization (MAPO) was established in 2012 in response to the 2010 U.S. Census which designated the Mankato/North Mankato area as an urbanized area requiring the formation of a metropolitan planning agency under 23 USC 134 and 49 USC 5303. The 2020 Planning Work Program for the Mankato/North Mankato Area Planning Organization provides for the consideration and implementation of projects, strategies, and services that will promote consistency between transportation improvements and State and local planned growth and economic development patterns. Economic development and transportation are intrinsically linked and state funding for economic development is often tied to transportation projects. Policies and programs initiated and executed by the MAPO must work in conjunction with North Mankato's overall economic development initiatives.

Belgrade Avenue Master Plan (2016)

The purpose of this document is to establish a framework for redevelopment, develop a plan for Investment in the Central Business District (CBD) by the City of North Mankato, and achieve a shared vision of the future of the CBD by the city, citizens, and property owners in the downtown area. Belgrade Avenue serves as a gateway to North Mankato and is a critical part of the community. A report outlining a plan for the build-out of the 200 block of Belgrade Avenue was developed in 2011. The Belgrade Avenue Master Plan was informed by that effort, expanding the study area through the 500 block of Belgrade Avenue (the western extent of the CBD) for a broader look at redevelopment opportunities throughout the CBD.

Caswell Sports Operations Review and Economic Impact Analysis (2016) and Project Background & Financial Feasibility Report for Proposed Caswell Fieldhouse 2019

The purpose of this study is to quantify the regional economic impact of the Caswell Sports Complex, provide an operational overview of the agency, explain the growth of the event coordination service with local partners, and setting future parameters for projecting the impact of expanding Caswell Sports in the future to accommodate more sports such as ice hockey and other facilities expected for a growing community. A record number of spectators, participants, tournaments, and events were held at Caswell Park in 2019, producing an estimated \$8,165,621 in regional economic impact. The park hosted twenty-two tournaments consisting of fifty days of tournament play. Tournaments brought in 716 total teams, with 325 of those teams being from out of town, defined as any team outside a 75-mile radius of North Mankato. The estimated total visitors were 34,498 with 11,860 of those estimated to be out of town visitors.

Market Demand Study for a Proposed 70-Room Limited-Service Hotel (2018)

This analysis provided insight into potential market demand for a 70-room limited-service hotel to be

located in North Mankato. The market study concludes that the development of the proposed midscale or upper midscale, limited-service hotel is market justified and would be well suited for the North Mankato market. This study observed five potential sites in which to locate the hotel including (1) Rockford Road and US 14, (2) NE Quadrant of Lookout Drive and Carlson Drive, (3) Commerce Drive, (4) Caswell Sports, and (5) Vacant Residential Property on Lor Ray Drive, south of Walgreens.

Commerce Drive Area Development Plan (2018)

Completed in 2018, the Commerce Drive Area Development Plan outlines a business and streetscaping improvement plan for the business district at the heart of North Mankato's major employment area. The vision for Commerce Drive includes fostering a greater diversity of businesses along and around the corridor, activating a business association, emphasizing the importance of the corridor for the city, increasing walkability through streetscaping and land use density, and establishing Commerce Drive as an attractive destination.

Northwest Growth Area Plan (2020)

The Northwest Growth Area is located adjacent to the Trunk Highway (TH) 14/County State Aid Highway (CSAH) 41 interchange northwest of existing City of North Mankato limits. This is the one of three areas of growth for the City bordering the growing Northport Industrial Area and close to developing recreational, residential, and commercial zones. The area is primarily agricultural land guided for future industrial, general commercial, park, and commercial/industrial mixed-use development according to the City's Future Land Use Plan for property located North of Highway 14. Area's south of Highway 14 and guided for general commercial, recreation, and housing development. The Plan provides a guide for development in the area to ensure the right mix of uses is planned and integrated in a way that complements those already being developed and at a capacity that the area can support.

Webster Avenue Area Study (2021)

This study examines Webster Avenue from Lake Street to U.S. Trunk Highway (TH) 169 as well as River Drive, east of the Webster Avenue/TH 169 intersection to define a future vision for that area. This area provides one of several commercial/industrial areas in the community and is situated in close proximity to a major highway interchange making it regionally connected. The area includes a mix of uses containing park, institutional, single-family residential, and light industrial. Businesses surrounding Webster Avenue are reliant on Highway 169 and Highway 14 for truck deliveries and servicing. The plan identifies existing issues and concerns related to transportation, recreation, and land use and identifies potential opportunities for redevelopment and revitalization in the area.

Lookout Drive Area Plan (2022)

This plan was developed in conjunction with the Lookout Drive Corridor study to examine the area surrounding Lookout Drive to understand potential redevelopment and other opportunities. This plan considered the future development of vacant land south of Highway 14 where portions are guided for commercial uses, potential development that may occur on/near the South Central College campus, as well as industrial/commercial development north of the highway.

Greater Mankato 2040: Transforming Tomorrow Together (2023)

As mentioned, GMG began the Greater Mankato 2040 (GM2040) planning and visioning project aimed at exploring the future strategic positioning of the Greater Mankato region in a fast-changing world. Talent creation and retention, investment courage, shifting priorities of the workforce, next generation livability, and increased demand for societal innovation were identified as Key Drivers for transformation related to economic development.

INVENTORY AND ANALYSIS

Existing Characteristics of the Economy

Retaining and attracting jobs is an ongoing objective for the City of North Mankato. The MN Department of Revenue City/Town Property Tax Data¹ indicates that, in 2021, commercial and industrial properties made up 30 percent of the tax base in North Mankato at 15% each. Estimates from the MN Office of Employment and Economic Development's Quarterly Census of Employment and Wages² indicate there were 307 businesses employing nearly 6,801 employees in North Mankato in 2020.

The MnDEED Local Area Unemployment Statistics (LAUS)³ estimates that, in December 2021, the unemployment rate in North Mankato was at 2 percent, which is lower than Nicollet County (2.1 percent) and the state (2.7 percent). Compared to the total population, there is a 0.48 employment/population ratio; which means there is about 1 job per every two residents in the community.

Table 5-1 shows the employment and business profile of North Mankato classified by the North American Industry Classification System (NAICS) codes. The highest employment industry is manufacturing which provides 42.2 percent of all jobs in North Mankato. Trade, Transportation, and Utilities is the second highest employment industry at 19.2 percent.

Table 5-1. Business Summary

North Mankato				
Area:	6.01 square miles			
Total Business Establishments:	307			
Total Employees:	6,801			
Total Residential Population (2020):	14,275			
Employee/Residential Population Ratio	0.48			
by NAICS Codes	Employees		Establishments	
	Number	Percent	Number	Percent
Construction	141	2.10%	29	9.40%
Manufacturing	2,868	42.20%	26	8.50%
Trade, Transportation and Utilities	1,306	19.20%	60	19.50%
Wholesale Trade	349	5.10%	22	7.20%
Retail Trade	545	8.00%	24	7.80%
Health & Personal Care Stores	23	0.30%	3	1.00%
Gasoline Stations	68	1.00%	3	1.00%
Transportation & Warehousing	411	6.00%	14	4.60%
Transit and Ground Passenger Transportation	11	0.20%	4	1.30%
Postal Service	1	0.00%	1	0.30%
Couriers and Messengers	149	2.20%	4	1.30%

¹ MN Department of Revenue, City/Town Property Tax Data (2021):

https://www.mndor.state.mn.us/ReportServer/Pages/ReportViewer.aspx?/Property%20Tax/Property_Tax_Info_Cities

² MN Department of Employment and Economic Development (MnDEED), Quarterly Census of Employment and Wages (QCEW): <https://mn.gov/deed/data/current-econ-highlights/qcew-econ-highlights.jsp>

³ MN Department of Employment and Economic Development (MnDEED), Local Area Unemployment Statistics (LAUS): <https://apps.deed.state.mn.us/lmi/laus/CurrentStats.aspx>

Table 5-1. Business Summary Continued

by NAICS Codes	Employees		Establishments	
	Number	Percent	Number	Percent
Information	267	3.90%	8	2.60%
Financial Activities	105	1.50%	33	10.70%
Finance and Insurance	83	1.20%	21	6.80%
Real Estate, Rental & Leasing	22	0.30%	12	3.90%
Professional and Business Services	670	9.90%	38	12.40%
Professional, Scientific & Tech Services	78	1.10%	15	4.90%
Management of Companies & Enterprises	353	5.20%	5	1.60%
Administrative & Support & Waste Management & Remediation	239	3.50%	18	5.90%
Education and Health Services	865	12.70%	53	17.30%
Leisure and Hospitality	305	4.50%	25	8.10%
Arts, Entertainment & Recreation	48	0.70%	5	1.60%
Accommodation & Food Services	258	3.80%	20	6.50%
Other Services (except Public Administration)	115	1.70%	30	9.80%
Repair & Maintenance	44	0.60%	10	3.30%
Public Administration	159	2.30%	5	1.60%
Total	6,801	100%	307	100%

Source: MN Office of Employment and Economic Development's Quarterly Census of Employment and Wages: MN State (2020 Data); Population Data from U.S. 2020 Decennial Census

Date Note: Data classification is derived from the North American Industry Classification System (NAICS).

Northport Industrial Park

Northport Industrial Park is owned by the North Mankato Port Authority Commission in partnership with BENCO Electric. Lots in the Industrial Park are eligible for development incentives to qualifying businesses. The Port Authority also provides Tax Increment Financing and operates a revolving loan fund available to qualifying businesses.

Completion of an interchange in 2013 at Highway 14 and CSAH 41 provides additional access to the Industrial Park. The City anticipates that the majority of future economic development will occur in the Northport Industrial Park. The Future Land Use plan guides this area to include a mix of industrial as well as commercial uses and bring a variety of different jobs to North Mankato. As of 2021, there are 66 acres of land owned by the Port Authority for sale and well over 300 acres of developable property guided for expansion of the Northport Industrial Park. Industrial development remains a top priority for City officials and the Port Authority to create job opportunities for residents and to balance the impact of property taxes between residents and businesses.

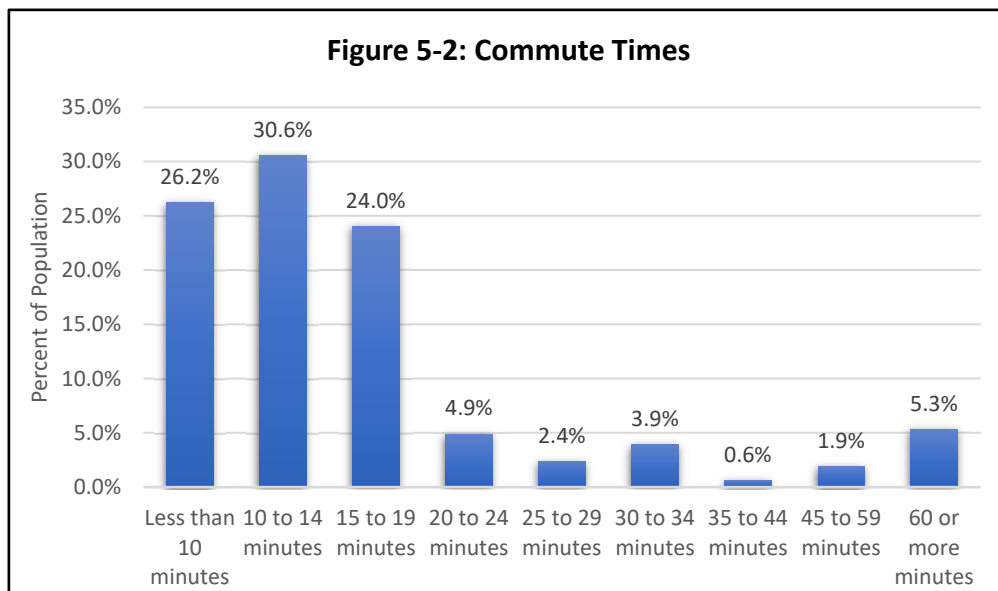
Commuting

The 2015-2019 ACS estimates over 82 percent of residents drove alone in their commutes to work. A little over seven percent carpooled, almost four percent walked, and roughly four percent worked from home. The Census Bureau reported that less than one percent of residents commuted by public transportation and about half a percent by other means. **Table 5-2** shows statistics from the Census regarding modes of transportation used by residents for commuting to work. Many of the residents commute a little over seventeen minutes each day, as depicted by **Figure 5-1**.

Table 5-2: Commute Modes of Transportation

Car, Truck, or Van - Drove Alone	82.20%
Car, Truck, or Van - Carpooled	7.20%
Public transportation (excluding taxicabs)	0.60%
Walked	3.90%
Bicycle	0.90%
Taxicab, Motorcycle, or other means	1.40%
Worked at home	3.90%
Mean travel time to work (minutes)	17

Source: U.S. Census Bureau, Commuting Characteristics by Sex, 2019 American Community Survey 5-Year Estimates



Source: American Fact Finder, Commuting Characteristics by Sex, U.S. Census Bureau, 2019 American Community Survey (ACS) 5-Year Estimates

A. Employment Inflow/Outflow Analysis

Not all employees in North Mankato live in the City. Alternatively, not all who live in the City and are employed work in the City. **Figure 5-3** illustrates the 2017 employment inflow and outflow for North Mankato. This data is derived from the U.S. Census Bureau, Center for Economic Studies. The U.S. Census Bureau estimated there were a total of 7,832 individuals employed in the city in 2017⁴ with a total of 1,382 (17.6%) employees living and working in the City and 6,450 (82.4%) working in the City but living elsewhere. While 6,450 are coming into the City for work, 5,867 residents are working elsewhere. This data may indicate that, while there are many jobs in

⁴ This data is derived from the US Census Bureau’s “On the Map” tool from the US Census Bureau’s Center for Economic Studies. These employment estimates from the US Census vary from MnDEED QCEW estimates but do provide a close representation of inflow/outflow of employees in the City. The MnDEED QCEW should be considered where more accurate employment statistics are required.

North Mankato, there may not be adequate housing stock for the workforce including entry level homes and affordable housing options. The 2022 Housing Study supports the need for these and other forms of housing to support the growing workforce in the City as well.

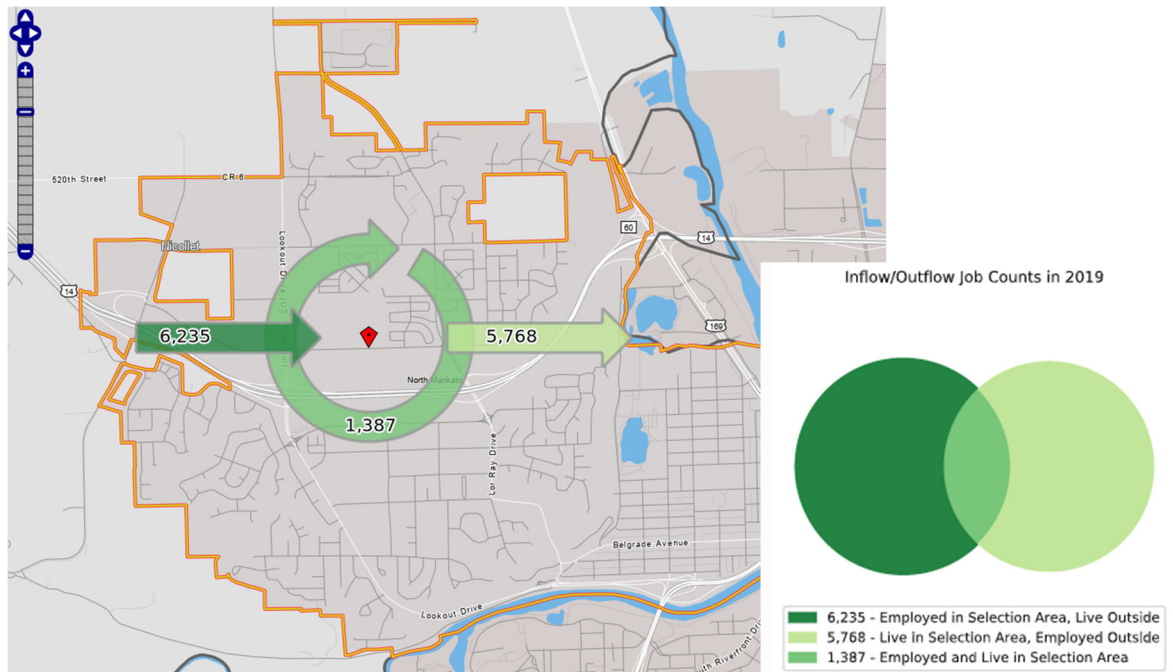


Figure 5-3. US Census Bureau, Center from Economic Studies “On The Map” Employment Inflow/Outflow Analysis for the City of North Mankato. Source: <https://onthemap.ces.census.gov/>

Analysis of Local Supply and Demand

Table 5.3 summarizes a consumer spending and retail demand outlook for North Mankato, providing a snapshot of consumer spending today and a forecast of 2027 demand. Esri forecasts a 14.6% increase in consumer spending for 2027. For each product or consumer behavior, a Spending Potential Index (SPI) is provided which represents the amount spent in the area relative to a national average of 100.

Consumer spending in North Mankato was highest in Shelter (Housing), Health Care, and Food. Generally, consumer spending behaviors hovered around the national average of 100, with some at or above. Those at or above include entertainment & recreation, health care, household furnishings and equipment, personal care products & services, support payments/cash contributions/gifts in kind, and vehicle maintenance & repairs. The increased spending on these products/behaviors may indicate that the City can support more businesses providing them

However, North Mankato’s proximity and ease of access to the much larger City of Mankato means that it may not be lacking in any categories. It is not unusual in regions like the Mankato-North Mankato MSA for communities like North Mankato to rely, to varying degrees, on a larger principal city to meet commercial needs. The City’s proximity to the neighboring larger City of Mankato results in many commercial needs being conveniently offered and met by Mankato businesses. That said, North Mankato should continue to explore new and unique commercial opportunities to meet local and regional needs. Through further analysis of regional economics, North Mankato should identify gaps in regional commercial supply and create a strategy for targeting commercial offerings.

For the greatest chance of successful economic growth, any economic development effort should be targeted in and around existing commercial districts (outlined below), while supporting concepts of diverse, walkable commercial centers and destinations. There are numerous factors that contribute to successful economic development, and careful consideration should be given to North Mankato’s economic development.

Table 5.3 - Consumer Spending & Retail Demand Outlook

Product/Consumer Behavior*	2022 Consumer Spending	2027 Forecasted Demand**	Projected Spending Growth	Average Spent (HH Annual)	Spending Potential Index (SPI***)
Apparel and Services (Men's, Women's, Children's, Footwear, etc.)	\$14,032,851	\$16,062,750	\$2,029,899	\$2,396	99
Education	\$10,383,298	\$11,885,277	\$1,501,979	\$1,773	90
Entertainment & Recreation (Admissions, TV, Pets, Games, Rec. Vehicles, Sports, etc.)	\$21,404,497	\$24,500,729	\$3,096,232	\$3,654	100
Food at Home	\$35,545,788	\$40,687,606	\$5,141,818	\$6,068	98
Food Away from Home	\$24,870,682	\$28,468,310	\$3,597,628	\$4,246	98
Health Care (Prescription, Non-prescription Drugs, Eyeglasses)	\$42,154,998	\$48,252,860	\$6,097,862	\$7,196	102
Household Furnishings and Equipment (Furniture, Appliances, Housewares, etc.)	\$15,093,859	\$17,277,236	\$2,183,377	\$2,577	101
Personal Care Products & Services	\$5,971,975	\$6,835,841	\$863,866	\$1,019	100
Shelter	\$129,032,383	\$147,697,350	\$18,664,967	\$22,027	96
Support Payments/Cash Contributions/Gifts in Kind	\$16,239,321	\$18,588,393	\$2,349,072	\$2,772	102
Travel (Air Fairs, Lodging, Auto Rental, etc.)	\$16,563,270	\$18,959,203	\$2,395,933	\$2,827	98
Vehicle Maintenance & Repairs	\$7,541,190	\$8,632,048	\$1,090,858	\$1,287	102

*Consumer spending shows the amount spent on a variety of goods and services by households that reside in the area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue. Total and Average Amount Spent Per Household represent annual figures. Source: Consumer Spending data are derived from the 2018 and 2019 Consumer Expenditure Surveys, Bureau of Labor Statistics. Esri.

**Source: Esri forecasts for 2022 and 2027; Consumer Spending data are derived from the 2018 and 2019 Consumer Expenditure Surveys, Bureau of Labor Statistics.

***The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Development, Redevelopment, & Revitalization

The roots of development are inherently tied to local economic factors. Limitations on income equates to a lack of disposable income needed to reinvest in property. Over time, the lack of investment leads to a deterioration of property. These conditions of blight often spread to adjacent properties.

Redevelopment will become an increasingly important community development issue for North Mankato. Several factors define the need for city action:

- Redevelopment becomes a public issue because market forces are not likely to solve the problem. While North Mankato has the ability to expand, development demand can bypass redevelopment parcels and seek out vacant land. There is little or no incentive to correct the problems on blighted parcels. Vacant land avoids many of the barriers of redevelopment sites.
- Redevelopment property is often more expensive. Acquisition includes both land and buildings. Redevelopment often requires the assembly of smaller parcels into a larger site. Multiple property owners with differing interests compound the complexity of land acquisition.

- Redevelopment sites have more site preparation costs.
- Redevelopment may face the need and cost of environmental remediation. Old buildings may have asbestos or other hazardous materials that require special treatment. Certain commercial and industrial uses may have allowed pollutants to enter the soil.

All of these factors combine to create significant economic barriers to redevelopment. Removal of these barriers is a primary focus of city actions related to redevelopment.

A. New Development

The City of North Mankato is a growing community with much agricultural and vacant land bordering city limits, especially in the northwest. This land is optimal for city expansion, but the City needs to carefully plan how expansion will occur in a sustainable manner that serves the needs of the community while enhancing quality of life.

Northwest Growth Area

The Northwest Growth Area encompasses approximately 620 acres north and south of US Trunk Highway 14, west of Lookout Drive, all the way to the Highway 14 & County State Aid Highway (CSAH) 6 convergence. The growth area represents the newest development opportunity for North Mankato including a significant increase in land allowance to its industrial base and potential opportunities for additional commercial retail and high-density residential uses. In January 2020, a technical evaluation was completed, outlining a framework for future site development.

Multi-Family Residential Development as a Catalyst for New Commercial-Retail Development

When planning for new commercial-retail development, the City must consider if an area can support that additional development. Many factors will contribute to the success of development including proximity to a critical mass of residents expected to use it for everyday services. A multi-family (high-density) residential complex creates a new mass of people in need of services. Residents occupying multi-family complexes are more likely to utilize nearby commercial retail uses for convenience. Multi-family complexes provide affordable workforce housing, which is always needed in North Mankato. In this light, the City should consider additional multi-family housing complexes as a catalyst for additional commercial-retail development. The 2022 North Mankato Housing Study confirms the City's need for increased multi-family housing options.

B. Redevelopment & Revitalization

The City of North Mankato has several areas which developed over a wide range of different time periods. As such, there are several older areas that developed at a time when there was a stronger need for particular uses than there may be today. These areas may have become somewhat blighted or under-utilized. In addition, there may be alternative uses that



Figure 5-4. Redevelopment of a former gas station site to a new Frandsen Bank & Trust facility.

would improve the quality of life for residents in the surrounding area. Based on the City's goals identified in this plan, several areas have been identified for potential redevelopment. It is not the intention of the City to discontinue the existing uses within the areas identified; rather it is an opportunity to plan for these areas should an opportunity for them to redevelop arise.

Commerce Drive

Commerce drive is a primary business district within North Mankato that contains an array of land uses. The Commerce Drive Area Development Plan aims to diversify businesses, increase walkability, and establish the area as an attractive destination. To attain this vision, the City intends to attract mixed-use development, particularly within underutilized or infill locations; consider opportunities for residential uses while improving physical connectivity to surrounding residential districts; and promote investment and economic activity without compromising existing businesses or community objectives.

Belgrade Avenue (Downtown CBD)

Belgrade Avenue is a central corridor through the City's original CBD. It provides the major gateway between North Mankato, and the City of Mankato. A 2017 Master Plan, and supportive Corridor Study, identify a community vision of Belgrade Ave as a vibrant destination that builds on the area's existing character. The Belgrade Avenue Master Plan sets forth a vision and implementation plan for redevelopment to create a high-quality business district on a block-by-block basis.

Highway 169 and Webster Avenue

The area surrounding Webster Avenue is one of the first areas people see as they come into North Mankato from the north and provides visitors with their first impression of the community. Area development will likely remain commercial/industrial uses but should have greater consideration for their appearance and design. In addition, uses which draw people into the community should be encouraged. The Webster Avenue Area Study identifies potential redevelopment/revitalization that could provide improvements the area needs to become an attractive gateway to the City.

Intersection of Lor Ray Drive and Howard Drive

Properties at the northeast, southeast, and southwest corners of the intersection of Lor Ray Drive and Howard Drive have been guided for general commercial use despite having a different existing land use. The City values these existing uses and will wait to rezone these properties until the current property owners are prepared to sell or redevelop the sites so as to not make these uses non-conforming. In the case of the existing industrial businesses at this intersection, the City may consider negotiating a land swap for property in the Northport Industrial Park. The City views general commercial as the best use for these sites long term.

Lookout Drive and Marie Lane

Currently this block contains a laundromat, auto repair, a gas station/convenience store, an apparel store, and a dentist. Although all are desired uses within the community, these could be augmented with additional retail or other commercial uses. Located along Lookout Drive, this business district serves numerous residents living in the western half of the City, as well as those traveling to and from Northport Industrial Park and South Central College. There are very few commercial land uses located in the western half of the City to serve these residents. Redevelopment of this block could include a denser, multi-unit commercial building that might

include a restaurant, coffee shop, bakery, retail store, etc. Potential uses that take the most advantage of the number of drivers along Lookout Drive should be encouraged.

Camelot Park

Currently Camelot Park, a manufactured home community, exists at the northwest corner of Lor Ray Drive and Howard Drive. The manufactured home community is an asset to the community in that it is well maintained and provides an affordable housing option for residents. In 2015, this site was being considered as a significant redevelopment opportunity site. In 2020, the property was acquired by a national mobile home manufacturing chain who is revitalizing the park with plans for to stay for the long-term. The City supports a continuation of this use. Should the property owner choose to redevelop, the City envisions a mix of uses including a combination of park, regional multi-sport facilities, institutional, residential, and commercial land uses. A future planning study should be performed prior to site redevelopment.

FINANCE TOOLS

Community development actions require a framework for financial decision-making. The investment of public dollars to achieve community development objectives should be guided by several key principles:

- Financial resources are limited. The city has limited funding to apply to community development initiatives, so the use of resources must be targeted to achieve the greatest effect on community needs.
- Financial decisions require a long-term perspective. The current use of financial resources may reduce monies available in the future. In evaluating short-term opportunities, it is important to question the long-term impact on community development.
- Public funds should lead to private investment. While this section focuses on public finance actions, the Comprehensive Plan cannot become reality without private investment. The use of public funds should be targeted to actions that encourage private investment in North Mankato.

Tax Increment Financing

Tax increment financing (TIF) is the primary development finance tool available to Minnesota cities (Minnesota Statutes, Sections 469.174 through 469.179). TIF is simple in concept, but complex in its application. Through tax increment financing, the property taxes created by new development (or redevelopment) are captured and used to finance activities needed to encourage the development. The challenge in using TIF lies with the complex and ever- changing statutory limitations.

Tax Abatement

Tax abatement acts like a simpler and less powerful version of tax increment financing. With TIF, the city controls the entire property tax revenue from new development. Under the abatement statute (Minnesota Statutes, Sections 469.1812 through 469.1815), the city, county and school district have independent authority to grant tax abatement.

Special Assessments

Public improvements are often financed using the power to levy special assessments (Minnesota Statutes Chapter 429). A special assessment is a means for benefiting properties to pay for all or part of the costs associated with improvements, and to spread the impact over a period of years. This tool can be applied to both the construction of new improvements and the rehabilitation of existing improvements.

Utility Revenues

The city operates three municipal utilities: water, sanitary sewer and storm water. The revenues from the operation of these utilities are available to pay for capital improvements in support of community development initiatives. State Law (Minnesota Statutes, Section 444.075) gives the authority to pledge these revenues to general obligation bonds for utility system improvements.

Capital Improvement Bonds

Cities may issue capital improvement bonds (Minnesota Statute, Section 475.521) for specific purposes. It is essential that cities follow statutory procedures (such as providing notice and a public hearing) when issuing this, or any, type of bond. In this context, “capital improvement” means acquisition or betterment of public lands, buildings, or other improvements for the purpose of a city hall, town hall, library, public safety facility, and public works facility. An improvement must have an expected useful life of five years or more to qualify. Three-fifths of the members of a five-member governing body must vote to approve the bonds. In the case of a governing body having more or less than five members, at least two-thirds of the council must vote to approve them. Capital improvement does not include light rail transit or any activity related to it, or a park, road, or bridge. City halls or town halls qualify as capital improvements as well as the land for any of these public facilities. These bonds are not subject to a vote unless voters petition for a reverse referendum.

Grant and Loan Programs

Cities can leverage funding from various grant programs to help take on economic development initiatives. There are numerous grant programs available to cities provided by various state and federal agencies related to economic development and downtown redevelopment:

- The Community Development Block Grant program (CDBG) administered by the U.S. Department of Housing and Urban Development (HUD) provides grants on an annual basis to states and eligible local governments for community development activities. In some cases, communities may choose to use these dollars for business retention and job growth activities. The City should also explore the use of these dollars for downtown redevelopment.
- The Minnesota Department of Employment and Economic Development (DEED) is another agency with financial assistance available to local governments for business development, infrastructure, community development and site cleanup and redevelopment.
- Many other funding sources exist, and city staff should monitor and pursue these opportunities when appropriate. The City of North Mankato Port Authority previously had its own redevelopment grant and loan program for the Central Business District. Funds were allocated mainly towards building rehab and infrastructure costs. The City should revisit the idea of bringing this program back for downtown redevelopment purposes.

VISION FOR ECONOMIC DEVELOPMENT

The City of North Mankato will remain focused on retaining a high quality of life, while at the same time working to encourage and facilitate job growth in its commercial and industrial sectors.

GOALS, OBJECTIVES, AND POLICIES

The following section outlines the primary goals for economic development, followed by a series of objectives and policies intended to influence future economic development efforts that align with the community visions in this plan.

GOAL 1: Encourage economic growth to meet the demand for industrial development.

Objective 1.1: Develop and expand North Port Industrial Park.

Policy 1.1.1: Strive to maximize the community's strategic location as a valuable resource.

Policy 1.1.2: Actively target companies, both large and small, that offer good employment prospects, draw from the local labor pool, and are good corporate citizens.

Policy 1.1.3: Work to maintain a labor force in the immediate area that supports the growth of business and industry in the North Port Industrial Park.

Policy 1.1.4: Encourage continuation of communication and coordination of planning between the Port Authority, Planning Commission, and City Council.

Policy 1.1.5: Follow the recommendations of the Northwest Growth Area Study.

GOAL 2: Support redevelopment and infill development throughout the City.

Objective 2.1: Continue and expand redevelopment efforts.

Policy 2.1.1: Address unique development challenges including the reuse and redevelopment of vacant buildings.

Policy 2.1.2: Foster private investment and economic activity without compromising community objectives to maintain and enhance North Mankato's environment.

Policy 2.1.3: Encourage landowners in areas guided for redevelopment to consolidate land and develop a master plan for future development rather than piecemeal development.

Policy 2.1.4: Monitor the status of vacant commercial buildings in order to encourage and facilitate redevelopment of underutilized or distressed properties into viable commercial, industrial and retail developments by working with property owners and interested developers.

GOAL 3: Maintain North Mankato's reputation as a resource for new businesses and business expansion.

Objective 3.1: Retain and support local business and industry.

Policy 3.1.1: Set attracting new, and retention of existing, businesses and industries as a priority of the City's economic development plan.

Policy 3.1.2: Continue outreach by City Staff and Elected Officials whereby the City representatives meet periodically on an individual basis with businesses and industries to listen to concerns and discuss opportunities for success. During these meetings, identify any perceived or real barriers or obstacles (such as overly restrictive ordinances) that the City could potentially remove or minimize to help industries and businesses prosper, while still protecting the overall health, safety and welfare of the community.

Policy 3.1.3: Coordinate with Greater Mankato Growth, higher education institutions, the School District, and others in their efforts to promote training opportunities that can help businesses and industries prosper. If appropriate, co-sponsor and/or offer City facilities and/or meeting space for employee training programs.

Policy 3.1.4: Continue to promote North Mankato's high quality of life as a means to help attract new businesses and industries.

Policy 3.1.5: Continue to work with local businesses and industries to ensure needs for expansion and development are adequately met.

Policy 3.1.6: Pursue ways to streamline the development approval process while still maintaining high quality development standards.

Policy 3.1.7: Periodically review economic development incentive programs such as Tax Increment Financing (TIF), Tax Abatement and other regional and state incentive programs.

GOAL 4: Understand links between increased multi-family housing options and economic development opportunities.

Objective 4.1: Work with developers to strategically locate multi-family housing facilities in areas that can support new commercial-retail development.

Policy 4.1.1: Follow recommendations of North Mankato Housing Study.

Policy 4.1.2: Identify optimal locations for new commercial-retail options to serve a critical mass.