
PEQUOT LAKES COMPREHENSIVE PLAN

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INTRODUCTION	4
Intent	4
Brief History	4
COMMUNITY CHARACTER	6
Intent	6
Background	6
Sense-of-Place	7
Small Town Feel	7
Natural Features	7
Social Gathering Places and Events	8
Opportunities for a Balanced Lifestyle	8
Policies	8
Actions	9
Short-Term Actions (within 1 year):	9
Mid-Term Actions (1-5 years):	10
Long-Term Actions (5 years and beyond):	10
Previously Completed Actions	10
HOUSING	12
Intent	12
Background	12
Transitioning Neighborhoods	15
Policies	15
Actions	16
Mid-Term Actions (1- 5 years):	17
Long-Term Actions (5 years and beyond):	17
Previously Completed Actions	17
ECONOMIC DEVELOPMENT	19
Intent	19
Background	19
Current Trends	22
Exports and Import-Replacement	23
Principles	23
Financial Incentives	25
Policies	25
Actions	26
Short-Term Actions (within 1 year):	27
Mid-Term Actions (1- 5 years):	27
Long-Term Actions (5 years and beyond):	27
Previously Completed Actions	28
NATURAL RESOURCES	29

Intent	29
Background	29
Wildlife and Rare Species	29
Forests and Native Plant Communities	29
Water Resources	30
Soils and Geology	31
Slope and Topography	31
Air Quality and Natural Scenery	31
Policies	31
Actions	32
Short-Term Actions (within 1 year):	32
Mid-Term Actions (1-5 years):	32
Long-Term Actions (5 years and beyond):	32
Previously Completed Actions	32
RECREATION	34
Intent	34
Background	34
Lakes and Wetlands	34
Trails and Scenic Byways	34
Public Natural Areas and Playgrounds	35
Private Facilities	35
Policies	36
Actions	36
Short-Term Actions (within 1 year):	36
Mid-Term Actions (1-5 years):	37
Long-Term Actions (5 years and beyond):	37
Previously Completed Actions	37
TRANSPORTATION	38
Intent	38
Background	38
Highway 371	39
Local Roads and Streets	40
Policies	40
Actions	41
Short-Term Actions (within 1 year):	41
Mid-Term Actions (1-5 years):	41
Long-Term Actions (5 years and beyond):	42
INFRASTRUCTURE	42
Intent	42
Background	42
Policies	43
Actions	44
Short-Term Actions (within 1 year):	44
Mid-Term Actions (1-5 years):	44
Long-Term Actions (5 years and beyond):	45
INTEGRATED GROWTH PLAN	46

Appendix – Industrial Park Analysis	49
Appendix - Opportunities and Challenges	51
Appendix - Public Opinion	54

INTRODUCTION

INTENT

This plan is an update to the 2004 Comprehensive Plan. It was assembled to assist with the transition following the annexation of Sibley Township by the City of Pequot Lakes in 2002. This plan, like its predecessor, creates a unified vision for the new City as well as a framework for achieving that vision over the next decade.

The City of Pequot Lakes is committed to planning for the future. Participants in the planning process seek to build on past successes, learn from prior difficulties and use their collective knowledge to ensure that the people, businesses and organizations of Pequot Lakes are well-positioned for continued prosperity long into the future.

BRIEF HISTORY

The Central Lakes Region is rich in history, having been inhabited by Native Americans for centuries before French explorers settled in the area. Thirteen recorded prehistoric sites have been identified near the Paul Bunyan Trail alone. The Ojibwe and Dakota were present in the area until explorers entered the region and logging and railroad industries took over.

Pequot first formed as a trading town along the Leech Lake Trail, formerly a Native American and fur-traders travel route. It grew as a logging town with the construction of the Northern Pacific Railroad, much like many other small towns surrounding Brainerd. In 1892, Crow Wing County bonded itself for a railroad from Brainerd to the northern boundary of the state, and the railroad was constructed northwest from Gull Lake into Cass County. The panic of 1893 halted any changes, but by the latter part of 1894 efforts were made to re-route this railroad and carry the line almost directly north from Brainerd.

The railroad opened Pequot and Sibley Township to logging, both of which experienced large-scale clearing of their vast pine stands from the 1890s to the 1920s. The establishment of a large sawmill near the Pequot train station brought more settlers to the area. Lake development near most train stations occurred during this time, which marked the beginning of residential growth and tourism in Pequot. A passenger stage line ran three times a week between Brainerd and Leech Lake; settlers and tourists most likely came in with this line. In 1896, School District 41 formed and the Pequot Post Office was established with F. M. Lawhead as post master. The post office had originally been a Northern Pacific Railroad station.

On December 4, 1900, the Crow Wing County commissioners accepted a petition for organization as Sibley Township. Sibley was named from Lake Sibley, a name given by Nicollet on his map, published in 1843, in honor of Henry Hastings Sibley, for whom Sibley County was also named. The town of Pequot, located within Sibley Township, had been platted nine months prior. Pequot had first been named for an early logger, but it was renamed by a postal official for a former tribe of Algonquian Indians in eastern Connecticut.

The 1920s signaled the end of the railroad era and beginning of the automobile era. The Leech Lake Trail was improved as Highway 371, connecting Pequot’s lakes to Brainerd and the Twin Cities. Automobile travel along this highway spurred major growth in resorts and lake home development in Pequot Lakes from 1924 to 1970. Approximately 88 percent of the total seasonal and permanent lake homes (including resorts) in Pequot Lakes were built over the course of that time (Table 1), essentially privatizing the lakeshores and bottling them off from the public. In 1940, the Village of Pequot changed its name to Pequot Lakes as a symbol of the importance of its lakes and resort business.

In 2002, the City of Pequot Lakes merged with the surrounding Sibley Township to form a combined, greater Pequot Lakes. In the near decade since the merger, approaches that were separate – such as land use regulation -- have been blended while others – such as the Parks Committee and Economic Development Committee – are new entities created by the merged City. This plan builds on the work that has been done by public officials and active citizens, both prior to the merger and after.

Lake	1924 (End of Railroad Era)	1965 (End of Automobile Era)	% Built in Auto Era
Nisswa	29	58	67%
Lower Cullen	20	93	82%
Middle Cullen	8	88	92%
Upper Cullen	1	14	93%
East Twin	2	38	95%
Mayo	1	30	97%
Sibley	2	69	97%
Upper Hay	2	107	98%
Total	65	497	88%

(Source: Process of Lakeshore Development in Crow Wing County, George Orning’s Masters Thesis)

COMMUNITY CHARACTER

INTENT

Identify, preserve, and enhance the key social and physical resources that contribute to Pequot Lakes' unique character and add to the quality of life for its residents.

BACKGROUND

The historic parts of Pequot Lakes were developed in the railroad era. The original town planners of Pequot Lakes designed the city on a traditional grid pattern centered on the railroad stop. This was in deference to the two major modes of transportation at the time: the railroad between towns and simply walking within.

The typical buildings of this era were erected within this grid lined up at the edge of the property line. This provided for a pleasant public space in front of the building with room for things like outhouses and garbage bins to the rear. The same pattern was seen in commercial and residential neighborhoods, the main difference being the side-spacing between buildings.

This approach changed following World War II. The 1950's started the highway era and automobile access became the predominant design feature for new development. Buildings started to be set back further to provide space for parking. They were also designed so as to appeal to passing motorists, with pedestrians frequently becoming an afterthought. New residential and commercial development started to appear on the periphery of town, often outside of the city limits. When the original highway was realigned and expanded, the pattern of new growth along the corridor was auto-oriented.

Over time, the highway through the center of town changed the dynamic of the community. Businesses once dispersed throughout neighborhoods migrated to the highway corridors and designated business park. The balance of the community changed as well. Development that was neighborhood-focused increasingly became separated into an east-side and a west-side, a different dynamic depending upon where a property was in relation to the highway. Development also coalesced into separate commercial and residential zones. The mixed-use flavor of the community was slowly lost.

In the late 1990's, as low-density commercial development continued to expand along the main roadway corridors and the countryside – once predominantly farms and forests – began to be subdivided for residential development, area residents began to rethink the auto-oriented pattern of development. Ultimately the City of Pequot Lakes merged with the surrounding Township of Sibley so that both could plan for the character of area's growth.

Today the original community character of Pequot Lakes can still be found in parts of the historic downtown, which has some memorable features and some components that mix to form a vibrant public realm. Development on the periphery of town, and that development within the historic downtown that has taken on a highway orientation, is ordinary and indistinguishable from the development within any other community along the Highway 371 corridor. Enhancing the community character over time simply requires paying attention to the elements that enhance the public space as we continue to develop.

SENSE-OF-PLACE

The components that give parts of the historic downtown in Pequot Lakes a strong sense-of-place have been studied by the Planning Commission. They are simple to identify and understand. Where they are absent, it is quite easy to see how the public realm is diminished.

The two key components are:

1. **Lining up the buildings.** Where the buildings are lined up, they have the effect of creating a wall. This boundary condition makes the space feel comfortable to people within it. Where the wall effect is absent, the sense-of-place is lost and the experience of walking past will be unsettling to a pedestrian.
2. **Maintaining the correct width to height ratio.** Once the buildings are lined up to form walls, they need to be correctly spaced or the sense-of-place effect is lost. Maintaining a width to height ratio of between 3:1 and 6:1 is necessary, with 3:1 being optimal. If the buildings are too close, the space will feel cramped. If they are too far away, the public realm feels barren and the sense-of-place is lost.

This applies to areas that are commercial as well as residential. Wherever attention is paid to these two elements, the public realm is enhanced, a sense-of-place can be achieved and the properties become memorable in a way that translates directly into higher valuations.

Coding for these simple attributes does not require the heavy hand of government that is often apparent in zoning codes. To capture the sense-of-place and create a memorable human environment, the City is not called on to regulate such things as siding type or building color. Instead, some simple physical guidelines are all that is necessary, giving the property owner the freedom to develop their own property once the essential elements are satisfied.

SMALL TOWN FEEL

The downtown area— with its unique landmarks, quaint shops, and diverse services – is one of Pequot Lakes’ most valued assets. Downtown landmarks such as “The Bobber”, public art, the Cole building and the trail center and park define the Pequot Lakes community. Many historic sites offer a reminder of Pequot’s rich heritage. The City features traditional neighborhoods surrounding the downtown, as well as small farms and country homes dotting the area that was once Sibley Township. Public land and uninterrupted forests further accentuate the rural, small town feel indicative of Pequot Lakes.

A Downtown Plan proposed in 2006 outlines design strategies for enhancing the small town feel of the historic downtown. The plan also contains strategies designed to strengthen the economy of the downtown by providing increased opportunity for mixed-use development. Adding a built-in “customer” base by promoting new residences in the downtown while designing the public realm to have a strong pedestrian-orientation will allow a mix of businesses to be viable on a year-round basis. This approach will also make more-efficient use of existing infrastructure investments, which is essential if those systems are to be affordable over the long run. The Downtown Plan has not been formally adopted by the City.

NATURAL FEATURES

Pequot Lakes is a gateway to the Central Lakes Region. Long-time residents, newcomers, and visitors feel strongly connected to this north-woods landscape. Although rapid population growth and improvements in transportation

have the potential to boost Pequot Lakes' local economy, citizens and visitors alike don't want economic development and expansion to occur at the expense of their natural features.

Clean lakes, mixed forests, and diverse wetlands all contribute to the scenic beauty and character of Pequot Lakes. These natural features offer residents and visitors a tranquil respite from the stress and toil of everyday life. They provide habitat for plant and animal species. Most local citizens have a deep respect for the natural environment and are committed to preserving it. They understand that future development that degrades these resources can threaten the very assets that make Pequot Lakes a special and desirable place.

SOCIAL GATHERING PLACES AND EVENTS

Social gathering places such as churches and schools are an important part of the cultural fabric. In addition to providing residents with meeting places, they provide opportunities for citizen involvement in groups and activities that strengthen the community.

Encouraging public art by students and local civic groups gives young people an opportunity to engage in their community, enforcing the concept that Pequot Lakes values its youth and takes pride in their education. Yearly festivals like Bean Hole Days, the 4th of July Celebration, Chokeycherry Festival, Taste of Pequot, Antique Snowmobile Rendezvous and Music in the Park provide fun events that celebrate the City's heritage, bring together people of all age groups, and attract visitors from around the state.

Pequot Lakes also has a tremendous asset with the Trailside Park area, the land between Highway 371 and Government Drive, adjacent to the Paul Bunyan Trail. To provide more benefit to the community for this area, Government Drive needs to be reconfigured to provide better connections to the park. The park itself, which functions more as a central "square" than a traditional park, also needs some definition to make the space more usable. The current layout of the park has a somewhat random feel that would benefit physically from some defining boundaries. A better understanding of the role of this vital public space would give context to future improvements.

OPPORTUNITIES FOR A BALANCED LIFESTYLE

In Pequot Lakes, people have the opportunity to live where they also recreate. The Paul Bunyan Trail, numerous lakes, and areas of publicly and privately owned land provide residents and visitors with a variety of active and passive recreational opportunities. The integration of recreation with everyday life prevails in the City. Citizens feel strongly that it is worth preserving, particularly as the population in Pequot Lakes grows and existing recreational facilities face increased pressure. A growing awareness of health and fitness issues points to a greater demand for recreational opportunities in Pequot Lakes.

Until recently, Pequot Lakes has stayed on the periphery of growth and development in the Central Lakes Region, partially due to the fact that it does not sit on or near a four-lane highway. Continued growth through the region combined with the widening and realignment of Highway 371 will soon change this. In order to maintain the existing community character, residents want the City to capitalize on the components of community character. They wish to maintain the small-town feel of Pequot Lakes.

POLICIES

The following policies are proposed to guide all future growth and development and local government action in Pequot Lakes:

Protect and enhance landmarks, historic and archeological sites, social gathering places, and natural features in Pequot Lakes. The City of Pequot Lakes wants its community character – including the small town feel, natural features, social gathering places and events, and recreational opportunities - to serve as the foundation for economic vitality and quality of life. An increasingly large number of studies support this philosophy, with findings indicating that communities taking steps to actively protect their distinct community assets clearly enhance their economic potential, putting them at an advantage over other communities that don't identify and preserve the components contributing to their community character.

Support traditions, festivals and events that bring the community together and celebrate Pequot Lakes' heritage. The City should continue to sponsor and assist with organizing festivals and events that unite Pequot Lakes and build on its unique history and local culture.

Preserve and maintain forested gateways leading into Pequot Lakes. Planning participants expressed concern that forested gateways into the City could be lost. Residents need to work hard to preserve their community's natural and scenic areas.

Ensure that new development adds to the character of the community and enhances the sense-of-place. Many new developments follow suburban land use patterns and design guidelines, resulting in look-alike cities. All new developments – including commercial, industrial, residential, mixed use, recreational, or civic – should incorporate Pequot Lakes' small town feel and cultural heritage in their layout and design.

Encourage public participation in an open and transparent local government system. The foresight and lack of complacency among residents is distinct in Pequot Lakes. By continuing to encourage and support its tradition of civic engagement, the City will strengthen its community pride and strong traditions.

Ensure that elected and appointed officials, local citizens, business owners, and landowners are informed of and understand the goals and strategies contained in the Comprehensive Plan. This Comprehensive Plan will not be effective unless all property owners, residents, staff, and officials are aware of its policies and actions. Over the years, hundreds of area residents and concerned individuals have volunteered a great deal of time working on planning in the community, including development of the Pequot Lakes Comprehensive Plan, Sibley Township's Comprehensive Plan, the Highway 371 planning efforts and/or any one of the lake management plans that have been assembled. These participants want to make sure that their work is not discarded, but rather is repeatedly referenced. The City needs to educate everyone impacted by the Comprehensive Plan so that it is the driving vision behind all local decisions.

ACTIONS

SHORT-TERM ACTIONS (WITHIN 1 YEAR):

- Adopt new standard street sections that reduce long-term costs by narrowing lane widths to appropriate neighborhood scale and providing safe pedestrian mobility throughout the city.
- Adopt new standard road sections that reduce long-term costs by narrowing lane widths on local roads to a rustic, low volume, low speed scale.
- Perform an assessment of walkability in the Grow Zone and throughout the surrounding neighborhoods to determine areas of high and low pedestrian mobility and identify priority corridors for mobility improvements.

- Create and adopt a strategy to provide continuous engagement with residents through online platforms, also known as Gov 2.0.
- Continue to provide entertainment in the Trailside Park on summer weekends.
- Ensure that improvements to Government Drive provide a platform for growth.
- Ensure that all future lighting installed is scaled to neighborhood standards.
- Establish and maintain a continuous string of festivals and community events throughout the year, particularly during shoulder seasons.

MID-TERM ACTIONS (1-5 YEARS):

- Create a Park Plan for the Grow Zone and surrounding neighborhoods that leverages park investments to promote livability and encourage private-sector investment.
- Establish an outdoor skating rink in the Grow Zone or the surrounding neighborhoods for use during winter months.
- Establish a splash pad or other water-based recreational amenity in the Grow Zone or the surrounding neighborhoods for use during the summer months.
- Create a distinguishing gateway to highlight the transition to the Grow Zone (downtown) portion of Pequot Lakes.
- Commission local artists to create public art throughout the town. Budget money and fundraise for one or two projects each year.
- Provide designated off-site parking for vendors and other support personnel during downtown festivals and gatherings so that the public space is not cluttered with vehicles and parking is available for patrons and visitors.
- Utilize the Cole Memorial Building for public events like guest lecturers, public debates and discussions, book clubs and other civic-minded gatherings.
- Coordinate the planting of trees in areas that will be impacted by clearing as part of the TH 371 re-alignment so as to maintain the forested nature of the drive through the City.
- Establish a simple, branded web presence that lists and promotes the festivals and events happening in Pequot Lakes.

LONG-TERM ACTIONS (5 YEARS AND BEYOND):

- Work with Crow Wing County to properly-scale the TH 371 and CSAH 11 corridors through the Grow Zone area following the construction of the TH 371 re-alignment. Ensure that these corridors maintain a character that encourages pedestrian activity throughout the Grow Zone.

PREVIOUSLY COMPLETED ACTIONS

- Monitor commercial development along roadways by adopting a zoning strategy that strengthens the downtown commercial area, permits sensible development, and retains forested gateways leading into Pequot Lakes.
- Develop zoning strategies that facilitate the removal of blighted and un-maintained properties (cars on front lawn, etc) that detracts from Pequot’s character.
- Provide for orderly business development in clustered, properly zoned development areas in the City.

- Designate a rural, urban, and rural/urban transition zone in order to maintain the integrity of these distinct areas. Each zone should promote development that fits within the context of existing development.
- Conduct research and seek professional help when needed to make informed land-use decisions.
- Make local rules, regulations, and policies readily available to the public on-line and at City Hall.
- Review the Comprehensive Plan bi-annually to measure the progress made and conduct updates that involve the public as needed.

INTENT

Create a housing approach that accommodates people in all stages of the life cycle, provides quality housing for people and families at all income levels, builds neighborhoods that attract investment and connects those neighborhoods to key destinations within the community.

BACKGROUND

The historic part of Pequot Lakes is built primarily on a traditional grid pattern. The original housing was located between the railroad stop and Sibley Lake. The original development pattern was mixed-use, so residential and commercial ventures were interspersed throughout the grid.

Over time, residential development coalesced into neighborhoods with housing that was compatibly scaled. Single family and multi-family homes were built throughout these areas using a traditional pattern that spaced houses across the right-of-way at distances that enhanced the public realm. Dwellings were built near the street while accessory structures were placed in the rear of the lot. The neighborhoods were connected by narrow streets (narrow by current standards), sometimes with sidewalks. While modest in size and scale, these neighborhoods had a sense-of-place characteristic of this era of development. Fragments of these neighborhoods can still be found in Pequot Lakes.

At the same time, Sibley Township, which surrounded the city, developed in a traditional rural/recreational pattern. Most of the development was either farmsteads on rural roads or lake cabins.

Following World War II and into the 1980's, the style of housing began to shift. As streets and rights-of-ways were reconfigured to increase automobile accessibility, the orientation of homes changed as well. In the urban area of Pequot Lakes, the typical home was a little larger and positioned further back, with accessory structures moved forward or attached. Some multi-family dwellings were constructed along this same pattern, with emphasis on large parking areas and green space along the public street. Lake cabins in rural Sibley Township continued to be added as transportation improvements increased their accessibility. Farmsteads remained largely unchanged.

As area development began to pick up in the 1990's, the significant housing investments were transitioning out of urban Pequot Lakes to where property owners could have larger acreage and/or direct lake access. Sibley Township began to transform into its current rural/suburban nature, with suburban-style subdivisions interspersed throughout lands formerly used for agriculture or logging. Many lake homes were converted from seasonal cabins to year-round dwellings, with significant increases in property values corresponding with increases in development intensity.

This is the development pattern that was evolving at the time of the merger between Pequot Lakes and Sibley Township and it continued through the national subprime mortgage crisis that began in 2007. New housing development slowed and now has largely ceased while an excess of empty lots remain.

During the boom of the 1990's and early 21st Century, a number of marginal properties within the old Pequot Lakes city limits fell into disrepair. While most homes in these areas were still properly maintained, new housing investments were renditions of the suburban-style homes being constructed in rural Sibley Township. They were

larger, used more land and were set back in an independent style. As streets were widened in response to this new form of housing, pedestrian connectivity of neighborhoods was reduced.

Most homes within the urban areas of Pequot Lakes are now independent of their neighboring dwellings, a pattern that creates patches of both value and blight. Multi-family apartment buildings out-of-scale with the surrounding housing were also built during this period. Redevelopment, except in rare cases, is non-existent or the purview of government, despite the fact that the largest amount of public capital investment in infrastructure serves these properties.

What has happened in the urban parts of Pequot Lakes is similar to what has happened in small-town neighborhoods across the country. What our original homes lacked in size and scale, the original builders made up for in design. Building neighborhoods on a human scale enhanced the public realm and ensured that the houses provided value, and retained value, more than the sum of their parts.

As the City changed orientation from neighborhood design to a more auto-centric, independent style of living, the City attracted some short-term investment but ultimately lost out to properties outside the City that provided even more independence and greater auto accessibility. The more the City “invested” to increase auto-accessibility in its neighborhoods, the more it encouraged development outside of those neighborhoods. Today investments in housing improvements are random and almost always out of scale or incompatible with adjacent development.

Pequot Lakes cannot be successful over the long-term when its lowest value properties border the most expensive infrastructure investments in the city. Right now, these areas do not attract significant private-sector investment.

A city with Pequot Lakes’ parks, ball fields, public access to a lake, downtown full of vitality, well-located school property, low crime rates, local churches and opportunities for an engaging civic life should not be experiencing stagnation and decline of its urban housing stock. The City is built on a framework of neighborhood design. Trying to adopt a suburban development pattern on a traditional framework has made Pequot Lakes’ housing stock less competitive.

For the City of Pequot Lakes to improve its housing – which is essential if there is to be any sustained, long-term growth for the area – it needs to restore its neighborhoods. This means returning to a pattern of development that emphasizes sound site design, proper building placement, structure compatibility and the interconnectivity of neighborhoods.

(Photos and Captions)

This photo shows a neighborhood street that has been designed solely for automobile traffic. The wide streets are not only very expensive to build and maintain, but they induce cars to drive fast through a complex environment. By making the public realm inhospitable to pedestrian and other non-motorized use, the adjacent properties have developed an auto-orientation. The resulting houses are a cheaper version of what can be found on larger properties outside of town. The public is maintaining an excessive amount of infrastructure to support a very low level of development.



This photo shows a neighborhood street that has maintained its complexity. Not only does the public realm accommodate cars, but it also provides for pedestrian and other non-motorized traffic. The scale of the street makes it less expensive to construct and maintain. The adjacent development pattern on such a street does not have to respond to a harsh, auto-only environment. This allows a higher density in a way that frames the public realm and provides for a higher-value development. This is the preferred method of maturing the traditional neighborhoods of Pequot Lakes.



SIDEBAR ON NEIGHBORHOOD DESIGN

Neighborhood design is the historic development pattern that Pequot Lakes was originally built with. The unit of development in neighborhood design pattern is the block. With blocks there can be a conscious effort to ensure the pattern of development is cohesively scaled. In a traditional pattern, a large apartment building would not be placed next to a small single-family house, for instance. A block increment also assists in the organization of the

public space. The interaction between the private realm and the public realm can be coded on an intimate scale to provide lots of flexibility for property owners while ensuring that each new development adds to the overall value of the public space.

The value-added component is critical to attracting investments to downtown Pequot Lakes. Streets that are built on a corridor approach, where streets are designed to exclusively or predominantly accommodate cars, lack the value added component. Because the neighborhood is not experienced on a human level but instead from inside a vehicle, the scale of structures and their interaction with the public space becomes secondary concerns. Easy access becomes the highest value. The historic neighborhoods of Pequot Lakes will not be competitive with properties on the periphery of town if auto-accessibility is the predominant design consideration.

TRANSITIONING NEIGHBORHOODS

To respond to the current development pattern and the spatial mismatch that has been created between the areas of greatest infrastructure investment and housing values, the City needs to adopt a different approach within the urban, rural and transition neighborhoods.

In urban neighborhoods, an approach that attracts more investment, and a higher-value investment, is critical to the long-term financial and social health of the City. Street standards need to be adjusted to ensure that a complex, neighborhood setting is created with good pedestrian connectivity in a safe, comfortable environment. A new set of development codes are needed to ensure that housing investments address the public realm in a way that adds value to adjacent properties. When each new structure adds value to the overall neighborhood, the task of attracting new investment will become much easier.

In rural areas, where public investments are less but still exceed the tax revenues generated from adjacent properties (except for shoreline properties, which generally produce more revenue than they require in adjacent infrastructure maintenance), the City needs to work to limit long-term liabilities. This will require adjusting road standards back to a more “rustic” design. The City should not assume the maintenance liability on new roads and, for places with huge disparities in public cost/benefit, should look at ways to privatize those segments. The City code needs to be examined to ensure that new subdivisions are not added where they create a long-term public tax liability greater than the subdivision will generate in tax revenue.

Transition areas must be managed using either the urban or the rural approach, but never a middle zone between the two. A mid-point will ensure that traditional neighborhoods cannot expand while the resulting development will be constructed at densities that do not provide for recovery of the long-term maintenance costs. To facilitate expansion of urban neighborhoods into the transition area, the City may consider developing a plan for extension of a neighborhood pattern.

POLICIES

The following policies are proposed to guide future housing decisions in Pequot Lakes:

Build neighborhoods that are interconnected to the rest of the community and serve to enhance the public realm. Traditional approaches to zoning are inflexible, separating different styles of housing from each other and disconnecting neighborhoods in a way that is destructive to the character of the neighborhood. Placing large apartment buildings next to smaller-sized housing units detracts from each structure. The City’s approach must be to provide many housing options – single-family, duplex, multi-family, studio apartment and more – but in a form that complements the existing character of the neighborhood.

Ensure that new housing is properly scaled to the neighborhood and designed in a way that enhances the public realm. If Pequot Lakes is to be able to afford to maintain the infrastructure in its historic neighborhoods, the value of the investments in these neighborhoods needs to increase. This will not happen if the scale and design of new investments is of a different model than the neighborhood is designed for. New housing must complement the historic development pattern in order to attract additional investment.

Expand housing options and provide regulatory flexibility in the city's urban areas. Pequot Lakes is saturated with rental housing in large, multi-family buildings. The majority of this housing is located in the downtown. It is appropriate for the density but not for the scale of the buildings, which are not compatible with the neighborhoods they are part of. Flexibility is needed so that affordable options for meeting the housing demand can happen within these existing neighborhoods.

Land surrounding the downtown in the rural/urban transition zone is appropriate for expanding the downtown development pattern. Such expansion should accommodate families as well as seniors. Providing for population growth within the urban areas of Pequot Lakes will benefit commercial businesses located downtown, will make efficient use of existing infrastructure investments and will provide viable alternatives to the suburban pattern migrating into rural, more natural areas.

Ensure that public improvements in the right-of-way are properly scaled to the neighborhood it serves. The form and intensity of private sector investments in housing will respond to the improvements that are made in the public realm. Where streets are high-speed and reserved only for auto traffic, the adjacent development pattern will tend to be low density and auto-oriented. Where streets are neighborhood speed and accommodate a wide range of travel options, the adjacent development pattern can become more intense in a traditional, neighborhood pattern. It is important that the public improvements scale properly to the development pattern that is served.

Require amenities with medium- and high-density housing units designed solely for seniors. The rental housing stock in Pequot Lakes is geared toward today's seniors. Tomorrow's seniors will have higher demands and expectations. If Pequot Lakes is to remain competitive, housing stock in the city should be modernized to service the upcoming elderly demographic.

Seek to eliminate substandard housing to provide for safe living environments. Substandard housing poses a health and safety threat to those who occupy it, which are often poor families who are renting. Substandard housing also undermines overall property values throughout the city and can cause pockets of blight where the market will not reinvest. Through public and private reinvestment, the City should encourage new homes of quality construction and ensure that existing substandard homes are brought up to code or removed.

ACTIONS

Short-Term Actions (within 1 year): For Rural areas of the City:

- Adjust the City's land use regulations to provide for more flexibility for rural property owners engaging in historic agriculture and related activities.
- Adjust the City's road standards to provide for low-volume, rustic roads, to be used in the rural areas.
- Adjust the City's codes to allow for private roads in low-volume situations.
- Adopt a policy requiring that any new road turned over to the public for maintenance must have sufficient tax capacity to support the ongoing maintenance, including reconstruction, of the road.

For Urban areas of the City:

- Replace the current use-based codes with a more flexible, form-based alternative throughout the entire urban area of the City.
- Extend the Grow Zone approach to the surrounding traditional neighborhoods through adoption of a form-based code for these places.
- Repeal the existing development code in areas where there is a form-based alternative.
- Adjust the City's street standards that provide for safe pedestrian and biking travel in addition to compatible automobile travel throughout the entire urban area of the City.
- Conduct a study to identify specific streets where targeted investments in enhanced infrastructure (sidewalks, dedicated bike lanes, dedicated trails, neighborhood placemaking, etc...) can have the greatest impact on improving connectivity.
- Work with the HRA to develop a target list of redevelopment properties.
- Perform an assessment of walkability in the Grow Zone and throughout the surrounding neighborhoods to determine areas of high and low pedestrian mobility and identify priority corridors for mobility improvements.
- Provide regular and ongoing enforcement of maintenance standards for properties located within the Business Park as well as the Grow Zone and the surrounding neighborhoods.

For Transition areas of the City:

- Develop a Transition Area Plan to fast track private sector investments in the transition area. The plan would provide a framework for connecting future development to the existing urban areas of the City.

MID-TERM ACTIONS (1- 5 YEARS):

- Work with the HRA to develop a plan for rehabilitation of existing homes.
- Investigate options for creating a municipal dock on Sibley Lake. Lease a small number of seasonal mooring sites to property owners living in the downtown neighborhoods.
- Create a Park Plan for the Grow Zone and surrounding neighborhoods that leverages park investments to promote livability and encourage private-sector investment.
- Establish an outdoor skating rink in the Grow Zone or the surrounding neighborhoods for use during winter months.
- Establish a splash pad or other water-based recreational amenity in the Grow Zone or the surrounding neighborhoods for use during the summer months.
- Review the land use code for any regulations that may get in the way of the establishment of local agriculture operations.
- Develop an incentive policy to encourage the establishment of Community Supported Agriculture (CSA) operations.
- Provide space in the City's parking lot for the distribution of products produced through a Pequot-based Community Supported Agriculture (CSA) operation.

LONG-TERM ACTIONS (5 YEARS AND BEYOND):

-

PREVIOUSLY COMPLETED ACTIONS

- Identify areas in the rural/urban transition zone suitable for the expansion of utilities and high-density housing.
- Within the transition zone, zone for affordable starter homes including duplexes and other multi-family dwelling units.
- Partner with the Pequot Lakes HRA to create a long-term housing plan.
- On certain large acreage parcels within the transition zone, use neighborhood development to accommodate permanent residents, neighborhood character, high density, mixed housing types and uses, and open space.
- Require residential cluster development that is responsive to the site’s surroundings and features, and protect areas unsuitable for development or that are environmentally sensitive as open space.
- Encourage new housing developments to provide diverse homeownership options for people at all stages of the life cycle, including single-family homes, townhouses, and condominiums.
- Encourage infill development within the existing urban area so as to preserve open space and rural areas and allow more employees to be able to live close to where they work.

ECONOMIC DEVELOPMENT

INTENT

Have a well-balanced local economy that builds on Pequot Lakes' existing business community, attracts outside investment, encourages entrepreneurs, promotes the creation of diverse jobs and serves the consumer and service needs of Pequot Lakes' residents and the surrounding neighborhoods. Pequot Lakes is a well-established community. Growth is needed to avoid stagnation and the city needs to get a higher utilization on public investments by encouraging development within the existing infrastructure.

BACKGROUND

The railroad stop was the original catalyst for economic growth in Pequot Lakes. Businesses established within walking distance of the station and were then surrounded by neighborhoods built on the traditional grid system of the time. As transportation switched to the automobile, highway-oriented development began to be established along the main roads in and out of town. Most of this was commercial in nature with a uniquely small-town flavor. In time, a business park was established off of the highway to provide for more intensive commercial and industrial operations within the City. In the years since the Comprehensive Plan was last updated, these three areas have continued to mature in distinct patterns.

Business Park

The growing capacity within the community provided an opportunity for Pequot Lakes to establish a business park using a grant and loan package from the Federal government. Although slow to establish at first, the park has gradually expanded as local businesses have relocated for more space and new enterprises have opened. The industries in the park provide the area with a degree of economic stability that comes with having year-round jobs and products that are exported from the area. In 2008, the City modified its land use regulations to provide more development flexibility within the park (smaller lots and increased coverage limits) to get higher utilization out of the existing infrastructure investments and entice development of the remaining undeveloped properties.

An analysis of the industrial park investment (See Appendix) demonstrates that the park could not have been built without significant assistance from the federal government, through a rural utility. This has some dramatic implications for both future expansion and the ongoing maintenance of the existing park. To expand the park with near-term tax revenues would require significant additional federal investment, which is uncertain to happen. And as the park ages and the infrastructure requires more maintenance, there is the very likely possibility that it will cost more to service the park than it generates in tax revenue. To ensure this does not happen, the development pattern in the park needs to evolve to be more efficient, and expansion options need to be minimalist (without major infrastructure) or put on hold until the imbalances in the current park are corrected.

Downtown

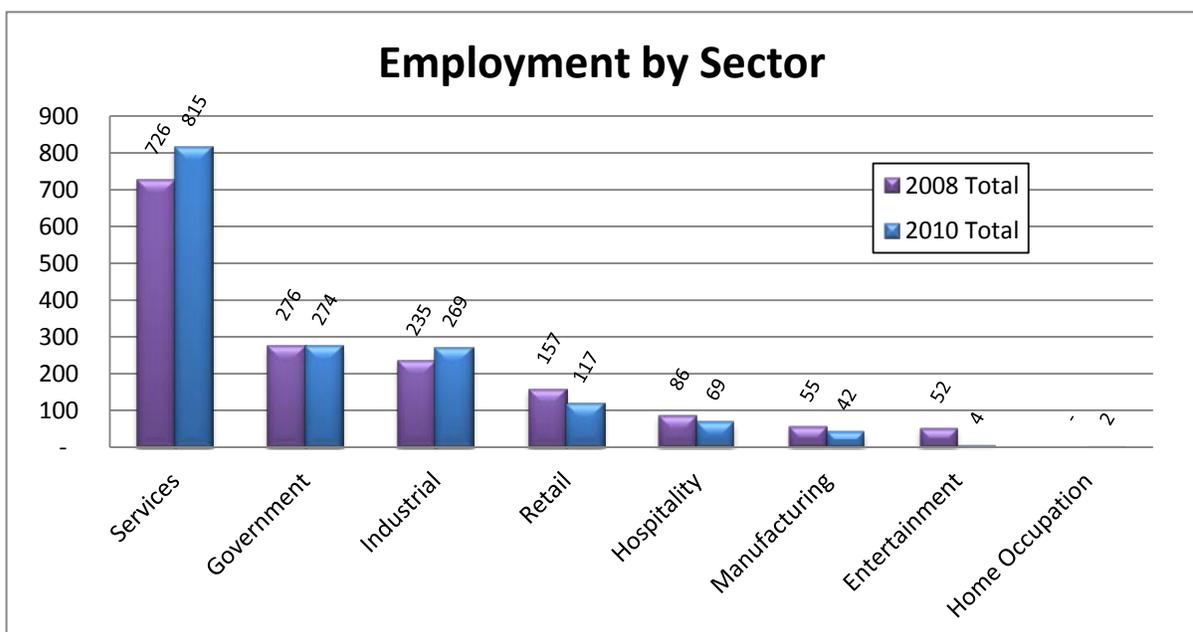
The downtown area was the original commercial center of the community. Based around the location of the old railroad stop, it has the traditional grid pattern of development. While the entire area has been developed with full municipal utilities, the development has evolved to be based primarily along the major transportation corridors. Since the close proximity of businesses in the downtown provides a direct interaction amongst patrons, the existing development provides a solid base to build on and an opportunity for additional growth.

In 2009, the city established a “Grow Zone” throughout the downtown commercial areas. In searching for a way to reduce regulations and streamline the permitting process for businesses, an alternative set of standards were developed for this area. Instead of the standard zoning approach, which prohibits any use not specifically allowed, the Grow Zone standards instead allow nearly all uses and focus instead on the form new construction takes. Where this form is compatible with the existing development pattern, not only does it add to the “destination effect” of the downtown, but approvals can be made very quickly. Property owners seeking to make improvements to a property within the Grow Zone may choose to either utilize the Grow Zone standards or stick with the traditional approach.

With the infrastructure in the downtown area in need of maintenance, there is a need to increase the amount of development, grow the tax base and get a higher return on the reinvestment in this infrastructure.

Highway 371 Corridor

Outside of the downtown, the Highway 371 corridor has developed in an auto-oriented pattern. For the most part, this development is not tied to municipal utilities and, as such, has developed in a somewhat random distribution. The corridor includes such variety as a church, a contractor yard, restaurants and storage units, amongst other uses. There are areas where development is clustered together and other areas where there are large gaps between enterprises. For the most part, most commercial properties are independent of each other, with their fortunes minimally impacted (either positively or negatively) by neighboring commercial uses. The timing of the realignment of Highway 371 has caused uncertainty for future development prospects along the corridor and has further accentuated the boom/bust character of development in this area.

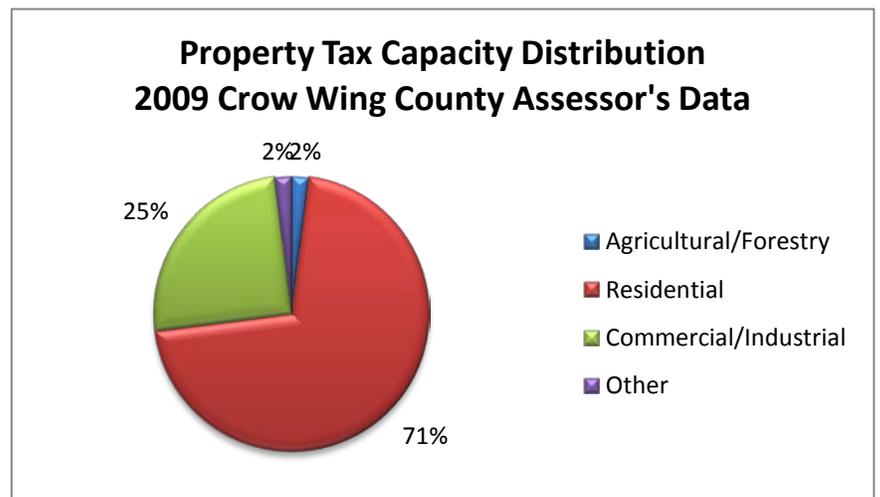
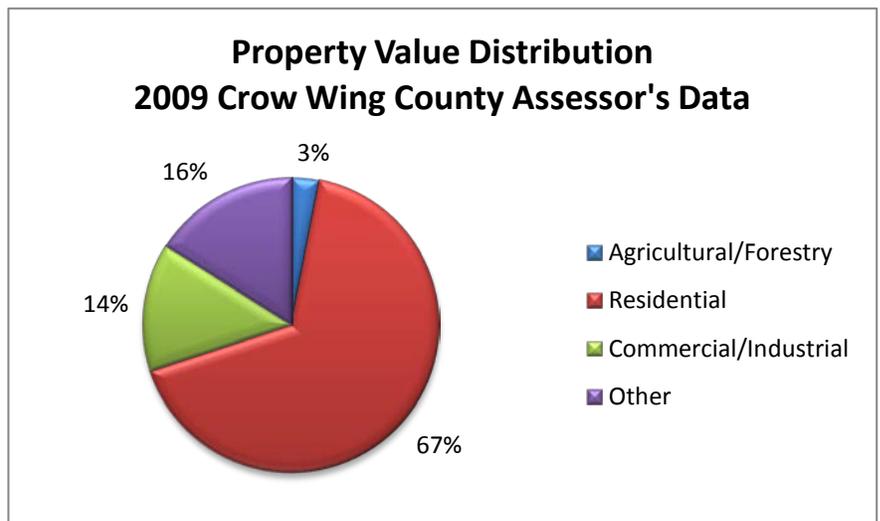


Employment

These three geographic areas of development have created a local economy that is highly service-oriented. The 2008 Business Inventory found that 46% of the jobs in Pequot Lakes are service-related. By 2010, service-related jobs had grown to 51%. This is not surprising since, as a neighborhood center, Pequot Lakes businesses cater largely to the local and sub-regional markets. The total number of people employed in Pequot Lakes has held steady at slightly under 1,600¹, compared to an overall population estimated to be at around 2,000² and an estimated local workforce of 1,100³. A sizeable fraction of the local workforce lives outside of the City of Pequot Lakes.

Tax Base Distribution

It is also important context to have an understanding of the relative tax distribution within the City of Pequot Lakes. Where other area communities, such as Brainerd and Baxter, draw a large percentage of their tax base from commercial development, Pequot Lakes relies most heavily on residential areas. Roughly 2/3rds of the local tax base comes from residential development, with more than a third of that coming from seasonal properties, which are taxed at a higher rate.⁴



¹ Employment data was collected by city volunteers as part of a business inventory conducted in 2008. The data was updated by City staff in 2010.

² The Minnesota State Demographer's office estimates the 2008 population of Pequot Lakes at 1,993.

³ The Minnesota Demographer's office provides population age distribution for the 2000 Census. The size of the Pequot Lakes workforce is based on the percent of the population between the ages 10 to 54 in 2000 (55 percent) multiplied by the current population estimate.

⁴ Raw data for this analysis was obtained from the Crow Wing County Auditor's office and is based on data prepared by the County Assessor.

CURRENT TRENDS

As a neighborhood center, the Pequot Lakes economy is impacted by a number of factors beyond its ability to control or even influence. The most pressing factors, created by the national recession, have changed dramatically in just the last two years. It now appears that, for Pequot Lakes as well as other similar communities across the country, the recent period of rapid growth has come to an end. Although it is not clear what will follow, there are some realities that are starting to emerge as critical to the City's future economic development potential.

- **Population migration.** The current economic downturn has manifested itself most clearly in the mortgage market, where home prices have fallen. National reports indicate that one in four mortgage holders owe more on their homes than they are worth, which inevitably stifles the ability for people to sell and move. For an area like Pequot Lakes that has been reliant on people moving to the area to start new businesses and workforce growth from in-migration, reduced mobility presents a changed reality.
- **Aging infrastructure.** A tremendous amount of infrastructure has been put into the ground to accommodate and, to some extent, induce growth. Whether or not the resulting tax base justifies the investment, the infrastructure deteriorates and will someday require substantial, expensive maintenance. In the current (and future) economy, it will be necessary to make the highest use of each infrastructure investment the city chooses to maintain.
- **Aging population.** Elderly households typically have incomes that are more stable and fluctuate less with market conditions, good or bad. A Pequot Lakes population that is slightly older than the state average (which itself is considered disproportionately aging) indicates some built in resistance to policies that involve risk or the potential for tax rate fluctuations.
- **Less government support.** State and federal governments are realizing the same kind of fiscal limitations as local governments and are questioning priorities for future spending. Assistance for local governments has been cut dramatically and future cuts are almost assured. With populations nationwide shifting from rural to urban/suburban areas, policymakers are questioning the wisdom of future infrastructure investments in less populated areas. While there will likely be some money available from state and federal sources, the City of Pequot Lakes needs to prepare for the day when outside governmental support is negligible.
- **More connected world.** From the Internet to cellular phones, our ability to communicate with each other has vastly expanded. Where Pequot Lakes was once remote and isolated, it now has excellent city-wide broadband service, with competition that drives further innovation and service improvements. This presents a new opportunity that can be capitalized on.
- **Increased technology advancements.** Along with improvements in communication, other technological advancements continue to benefit Pequot Lakes businesses. The ability to attract and retain an educated workforce, the ability to collaborate with partners across the globe and the options for researching new, innovative approaches are all enhanced by continued improvements in technology. It is clear that the next era, however it manifests itself, will be led by those able to best utilize new advancements in technology.

It is likely that the future of Pequot Lakes will be oriented primarily toward businesses that sell goods and services to the local market and businesses that utilize technology to create and/or distribute goods and services beyond the area. To a lesser extent, tourism and tourism-support industries will continue to play a role. Notably absent from this list are the industries of growth (land development, real estate, title closing, surveying and engineering, etc..) which, while important to a functioning local economy, are unlikely in the future to be the dominant industries they were over the past two decades.

EXPORTS AND IMPORT-REPLACEMENT

For the Pequot Lakes economy to prosper in the coming years, it is important that community leaders understand the relationship between export industries (businesses that “export” goods and services outside of the community and, in exchange, “import” capital to the community) and import-replacement industries (those that serve the local market).

It is easy to understand exports and import-replacement on a national scale. We export computer chips made in the United States to Europe. In this instance the chip is an export that brings outside capital into the country. We import strawberries from Peru. When we provide strawberries domestically instead of importing them from Peru, locally-grown strawberries become an import-replacement. American money now goes to American producers instead of being sent to Peru.

The same thing happens at the local level. When someone from Pequot Lakes drives to Brainerd to buy furniture, Brainerd is exporting the furniture to us. Our money goes to Brainerd’s market and the furniture comes to Pequot (imported). When that resident opts instead to purchase the furniture built in Pequot Lakes, then the furniture is an import-replacement. Instead of buying it from someplace in Brainerd, the furniture was bought and manufactured locally and the money stays in the community.

The following table shows how this relationship has worked throughout the history of Pequot Lakes.

	Export Industries	Import-Replacement Industries
Early Logging Era	Raw wood and lightly processed wood materials	Services and goods for lumberjacks and those in support of the forestry industry (e.g. shoe repair, clothing sales, bars and restaurants)
Agriculture/Tourism Era	Agriculture, Tourism service, fishing experience and – to a lesser degree – fish	Services and goods for agriculture, tourists and support services for the tourism industry (e.g. fishing guides, bait stores, tourist retail shops)
Rapid Development Era	Land as well as land development and construction-related services	Services and goods for new residents and support services for land development activities (e.g. title companies, real estate offices, surveyors, government services)
Next Era	Unknown	Unknown

The first way a neighborhood center like Pequot Lakes can create a prosperous local economy is to create an environment where competitive, import-replacement businesses can flourish. The second way is to increase the number of exporting businesses so as to bring new capital into the city.

PRINCIPLES

A healthy, ongoing public/private partnership between the City of Pequot Lakes and the businesses located inside the city limits must be based on an understanding that each has a part in the process of creating export and import-replacement businesses. What the city government of Pequot Lakes can do is to create a framework for growth that provides the widest variety of local entrepreneurs the greatest chance for success.

To do this, the City must focus on the following three principles:

1. Improve businesses competitiveness by reducing the tax burden.
2. Encourage business development by streamlining the regulatory process.
3. Improve business opportunity by growing the market of customers wanting goods and services from the businesses of Pequot Lakes.

Reduce the Tax Burden

The city tax rate is a function of the size of the tax base and the amount of government spending. Over the long term, the City controls the amount of spending, but can only influence the size of the tax base. While sometimes the City needs to make strategic investments to grow the tax base, those investments need to have a clear return if the public spending is designed to reduce the overall tax rate.

Since the City has an implied obligation to maintain existing infrastructure systems, the way for the City of Pequot Lakes to control the tax burden over the long-term is to make better use of those infrastructure investments. This means encouraging new investment in areas where infrastructure already exists.

Streamline the Regulatory Process

If Pequot Lakes is going to remain competitive, it needs to be easy to do business in town. In the past, some of the processes and regulations inherited or developed locally created unnecessary obstacles for businesses and did not provide enough value to justify their application. That has started to change with recent initiatives, and further unwinding is necessary.

It is important, however, to maintain a common set of standards in order to protect existing investments. The City should not adopt the standards of neighboring communities in a “race to the bottom” approach to deregulation. Pequot is a unique community with an approach to economic growth and development that differs significantly from the area communities of Brainerd, Baxter, Nisswa, Breezy Point and Jenkins⁵. The City needs to have high standards that fit with the community and then focus on how those standards are applied and what can be done to streamline the approval process.

Grow the Market

Businesses in Pequot Lakes sell goods and services to people around the world. However, there are a significant number of transactions that take place locally, serving people that live locally. Growing the market of potential consumers involves different strategies for local, regional and distant markets.

For local markets, Pequot Lakes has its greatest competitive advantage in being a convenient location. As convenience for local consumers is increased, more people will opt to shop locally. Increasing convenience means paying attention to the form and function of the public spaces within Pequot’s commercial areas. It also means housing approaches that locate new residents within walking distance of businesses.

⁵ The “DNA” of Pequot Lakes – the framework upon which the city is built – is different than any of the other communities in the immediate area. Baxter and Breezy Point are exclusively auto-oriented communities, lacking the downtown created around the historic railroad stop as in Pequot Lakes. While Nisswa and Brainerd have this traditional pattern, it differs significantly from Pequot Lakes. Brainerd’s development is on a different scale and has a different character due to transportation choices made within its traditional neighborhoods. Nisswa has maintained the historic character of its downtown, but it is not set up to connect that area to the surrounding neighborhoods. As such, development in Pequot Lakes is more diverse and less seasonal than that in Nisswa.

Attracting consumers from the region comes with paying attention to those unique experiences and offerings that Pequot Lakes has, or can grow. With many options in the regional marketplace, Pequot Lakes needs to be a “destination” in order to stand out. This means having an agglomeration of businesses that, while competitive, rely on each other and their collective draw for attracting consumers. The destination effect is enhanced by paying attention to how businesses are spatially located, how their design interacts with their neighbors and how they improve the public realm.

Distant markets – those beyond the immediate region – are within reach of Pequot Lakes due to quality transportation systems, excellent broadband connectivity and adequate telecommunications systems. Continued improvements to all of these systems will enhance the community’s competitiveness and allow local businesses access to unlimited markets.

FINANCIAL INCENTIVES

Financial incentives are an important economic development tool for the City to use. The City has the ability to utilize a number of incentives: Tax Increment Financing (TIF), tax abatement, revolving loan programs, direct grants, JOBZ designation and more. The City needs to be deliberative in which types of projects it provides financial incentives to. As a guideline, financial incentives would best be used to support import-replacement enterprises that:

1. Are located in areas with existing infrastructure or for projects that do not require the extension of municipal utilities.
2. Redevelop blighted or underutilized properties.
3. Have a high potential to induce economic activity within the community beyond the operation of the enterprise receiving the subsidy.
4. Are scaled to utilize local services, such as a local attorney, insurance agent, printer, accountant, etc... Business chains that would routinely handle professional services outside of the community in a corporate framework are not good candidates for tax subsidies.

Businesses that meet these guidelines should be given strong consideration if a short-term tax subsidy is needed to facilitate their move to or expansion within the community.

POLICIES

The following policies are proposed to guide future economic growth and development in Pequot Lakes:

Strive to maintain long-term stability in the City’s rate of taxation. Business growth and creation in Pequot is going to depend on the City’s long-term competitiveness. It is enticing to spend money today to induce near-term growth. However, when that growth does not create long-term revenues to handle ongoing maintenance expenses, the subsequent rising tax rate hurts business. Pequot Lakes must take a long-term look at its tax and expense structure and ensure businesses a solid and stable investment environment.

Maintain the downtown area as the center for economic activity in Pequot Lakes. As many cities struggle to keep their downtown areas strong and vital, Pequot Lakes has an advantage in that its downtown already has a healthy mix of retail and professional businesses clustered together. The City must keep the agglomeration of its businesses and seek to infill and redevelop commercial properties as they become available. The City also needs to work to systematically reconnect and rehabilitate the neighborhoods surrounding the core downtown so as to further strengthen the businesses there.

Make the area’s natural, scenic, and recreational amenities the Pequot Lakes brand. The primary reason that people choose to live, work and visit the Pequot Lakes area is the natural, scenic beauty and the many recreational opportunities. Pequot is in a unique position to retain that powerful brand and use it to not only enhance the quality of life for residents but provide long-term business opportunities for compatible enterprises.

Streamline the regulatory process to provide business owners with flexibility while ensure new enterprises build on the community’s assets and enhance its brand. The City’s regulatory framework needs to protect existing investments while at the same time encouraging the expansion and redevelopment of key commercial areas. The City’s ordinances need to be continually re-evaluated to ensure that they clearly and aggressively promote the vision of this plan while eliminating needless and counterproductive regulation. Regulations must be clear to understand and approval processes should be as streamlined and user-friendly as possible.

Strive to have the business park fully utilized. The long-term maintenance costs of the industrial park need to be met by increased development – and more intensive development – within the business park. Storm sewer systems are designed to handle an overall impervious coverage amount of 95% and the sanitary sewer and water systems also have excess capacity. It is critical, for the long-term economic health of the community that the City continues to seek ways to obtain a higher return on the existing business park properties.

Ensure that expansion of the City’s commercial zoning districts are tied to the cost-effective expansion of utilities. Development on the highway corridor misdirects investments that are critically needed in the downtown and business park areas. In addition, development along the highway corridors impedes safe vehicle travel, degrades highway capacity and is expensive to provide service to. Businesses in these areas may find comparatively cheap land prices, but that reflects the difficulty in sustaining a business in an isolated location. New commercial zones must be reserved for areas in the community that will immediately utilize the community’s existing investments in major infrastructure.

Promote an excellent school district and housing policies that cater to a diverse workforce. The success of businesses in the community will depend on people choosing to move to, live in and invest in Pequot Lakes. A healthy school and desirable workforce housing are two of the most critical components necessary to attract workers and investment. To the extent possible, the City of Pequot Lakes needs to support the local school district and work to implement a robust housing strategy for the urban neighborhoods of Pequot Lakes.

Assist local businesses with leveraging capital. To maintain a sustainable local economy, the City of Pequot Lakes should create an environment for businesses to establish, grow and prosper. The City needs to help new businesses and businesses in transition leverage capital. The availability of capital is the most important factor in creating and expanding a business. There are opportunities open to the City to free up capital for businesses or to connect businesses with sources of funding, from tax increment financing (TIF) to revolving loan funds and community development corporations. The City should consider these and other emerging mechanisms as part of an economic development strategy.

Partner with local economic development agencies to support and enhance businesses. The City should assist in energizing the local business spirit. An entrepreneurial spirit in a city is a contagious thing. If the City continues to show a dedication to business, our partners in the Chamber of Commerce and the Brainerd Lakes Area Economic Development Corporation will help promote it. City officials need to be active in business networks reinforcing the idea that local economic advances will come largely through local cooperation.

ACTIONS

SHORT-TERM ACTIONS (WITHIN 1 YEAR):

- Change the City's budgeting process to include a five-year budget projection as part of the annual budgeting process.
- Perform an inventory and life-cycle analysis of all public infrastructure maintained by the City. Use this to create a capital improvements plan that provides for ongoing maintenance of public infrastructure.
- Perform an assessment of walkability in the Grow Zone and throughout the surrounding neighborhoods to determine areas of high and low pedestrian mobility and identify priority corridors for mobility improvements.
- Adopt a small business subsidy plan targeted to 1) regional destination and 2) neighborhood service businesses that desire to locate or expand within the Grow Zone.
- Adjust the zoning code to clearly reserve all space within the industrial park for uses that are not public, will pay property tax and will employ people.
- Ensure that improvements to Government Drive provide a platform for growth.
- Establish an outreach program to have city representatives personally meet with local business owners, realtors, bankers and others that may influence private-sector investing decisions to inform them of the City's unique, pro-growth vision.
- Change the land use code to waive unnecessary submittal requirements for subdivisions in the business park.
- Provide regular and ongoing enforcement of maintenance standards for properties located within the Business Park as well as the Grow Zone and the surrounding neighborhoods.
- Establish an availability charge for properties that have access to municipal infrastructure but have not yet connected.

MID-TERM ACTIONS (1- 5 YEARS):

- Create a Park Plan for the Grow Zone and surrounding neighborhoods that leverages park investments to promote livability and encourage private-sector investment.
- Implement a local Economic Gardening strategy based on the model developed by Littleton, CO.
- Investigate the potential of establishing a transit service during summer months between downtown Pequot Lakes and downtown Nisswa.
- Establish an outdoor skating rink in the Grow Zone or the surrounding neighborhoods for use during winter months.
- Establish a splash pad or other water-based recreational amenity in the Grow Zone or the surrounding neighborhoods for use during the summer months.
- Take steps to encourage the development of living units above businesses in the downtown area.
- Formally adopt a city-wide logo (e.g. The Bobber), including professional design and copyright protection, and use it to promote the City's brand.
- Develop a partnership between businesses and the school district to offer internships to high school students.
- Work with the local business community to ensure their needs are being adequately addressed by a chamber presence within the city.
- Establish a simple, branded web presence that lists and promotes the festivals and events happening in Pequot Lakes.

LONG-TERM ACTIONS (5 YEARS AND BEYOND):

□

PREVIOUSLY COMPLETED ACTIONS

- Provide opportunities for local businesses to leverage capital through the use of public funds such as through tax increment financing (TIF), revolving loans, or the installation of community development corporations.
- Require extractive use companies to restore the natural and scenic conditions of the land back to its original form prior to extraction.
- Provide incentives for infill and redevelopment of local businesses in the downtown area.

NATURAL RESOURCES

INTENT

Preserve and enhance the health, beauty and ecological function of the area's natural resources, including rare plant and animal species, wildlife, forests, lakes, streams, wetlands, groundwater, soils and slopes, air and other environmental amenities.

BACKGROUND

A major component of sustainable development is environmental beauty, health, and function, all of which provide the foundation for economic activity and quality of life in Pequot Lakes. Pequot Lakes' natural resources are its most distinguishing feature and greatest asset, and the primary reason residents and visitors are drawn to the area. With the increasing affluence and mobility of the 1990's, people migrated to live and recreate in areas with high scenic amenities featuring forests, hills and water, which are plentiful in Pequot Lakes.

Residents are concerned about potential loss of the area's natural and rural character, fragmentation of forest and wetland ecosystems, and water contamination in area lakes from increased development. Given the rapid rate of population growth and development over the past 20 years, Pequot Lakes must manage future growth in a manner that reflects its commitment to preserving its natural resources. By identifying and protecting its significant natural features, Pequot Lakes can accommodate future growth without compromising the very assets that make the area a prime destination. Wildlife and rare species, forests and native plant communities, water resources, soils and geology, topographic features, and air and visual quality must all be considered in future land use decisions.

WILDLIFE AND RARE SPECIES

Pequot Lakes is home to a diverse array of wildlife species including deer, mink, pine martens, warblers, woodpeckers, loons and other waterfowl. Several rare and threatened plant and animal species currently live in Pequot Lakes, including the Blanding's turtle, Bald eagle, Red-shouldered hawk, Least darter, herons, and Leafless Water milfoil (which differs from the highly invasive Eurasian milfoil). Future development threatens these populations by fragmenting and degrading existing habitat, introducing invasive species and disease, and leading to increased human use and potential human-wildlife conflicts. Buffers around prime habitat and corridors linking habitat patches can safeguard wildlife from future development by promoting movement, reducing human-wildlife conflict, and protecting prime food sources, shelter and mating areas. The City of Pequot Lakes can also pursue complementary uses, such as creating recreational areas near turtle, eagle, and heron habitat, and agriculture and open space near hawk habitat.

FORESTS AND NATIVE PLANT COMMUNITIES

Prior to European settlement, Pequot Lakes was covered primarily by Red and White Pine. The expansion of railroads to the area resulted in heavy logging from 1870- 1920. Today, nearly 55 percent of the land within Pequot Lakes is forested, featuring stands of pines, spruce, fir, aspen, and mixed hardwoods of varying ages. The diverse mix of tree, shrub, and ground cover provides habitat for species requiring core forest habitat as well as those requiring edge forest habitat. Forests also contribute to natural beauty and provide a buffer to development by

reducing air and noise pollution, screening bright lights, stopping soil erosion, intercepting stormwater, and providing shade and wind protection.

Most forested land in Pequot Lakes is privately owned, with nearly 800 acres owned by the Potlatch Company. Potlatch leases much of its land to private individuals and entities for hunting and other low-impact recreational uses. Although it continues to manage its land for timber, Potlatch is trying to sell the land it owns within Pequot Lakes. Nearly 23 percent of forest land in Pequot Lakes is owned and managed by the Minnesota Department of Natural Resources, while 14 percent is owned by Crow Wing County, and eight percent is owned by the United States Bureau of Land Management. Pequot Lakes can work to acquire and better manage its remaining forests by collaborating with private and public land owners.

WATER RESOURCES

Part of Minnesota’s “Northern Lakes and Forests Eco-region,” Pequot Lakes is home to a number of lakes including Sibley, Mayo, West Twin, East Twin, a small part of Lower Cullen, Middle Cullen, a small portion of Upper Cullen, Cloverleaf, Rice, and Lund. These lakes provide residents with breathtaking scenery, good fishing, and a host of other recreational opportunities. Although the depth and size of these lakes vary, the general water quality in most lakes is below average for the region and nearly all are reaching the eutrophic stage. Several lakes - including Sibley, Mayo, and Rice lakes - exhibit high phosphorous levels and poor water clarity.

The Pequot Lakes central business district lies completely within the Sibley Lake watershed. Storm water runoff from impervious surface in this downtown area— including roads, roof tops, and parking lots - likely contribute significantly to this problem in Sibley Lake. Phosphorous, once a common component of fertilizers, also poses a threat to the future health of lakes, especially to shallow wetland lakes such as Lund and Rice lakes, as well as lakes cleared of the natural lakeshore vegetation that acts as a filter. Phosphorous is naturally occurring in the environment, but care must be taken not to dramatically increase the phosphorous load in area lakes. High levels of phosphorous lead to increased algae and weeds and decreased oxygen and clarity over time. Most lakes feature diverse aquatic vegetation and fish populations.

All land use activities occurring within local watersheds impact area lakes. Specific activities that threaten area lakes include lakeshore development, rip-rap and other harmful landscaping practices, faulty septic systems, fertilizers, increased impervious surface, soil compaction, and the removal of aquatic and terrestrial vegetation. Nearly 83 percent of lakeshore property in Pequot Lakes is developed, contributing significantly to these problems.

A 2003 study by Bemidji State University has shown that lakes with higher water quality boost lakeshore property values. To ensure lake water quality and the natural beauty of lake shorelines, the City of Pequot Lakes must protect shorelines with natural buffers and encourage responsible future development that won’t damage lake health or appearance, and promote better alternatives for drainage, retaining stormwater runoff, and building and landscaping practices throughout the entire watershed.

Wetlands and streams perform invaluable functions in watershed health, providing habitat for a diversity of rare wildlife and fish species, controlling erosion and slowing surface run-off, filtering pollutants and sediments, allowing for groundwater recharge and discharge, minimizing flood damage, and providing opportunities for recreation, economic development, and education. Nearly 52 percent of Minnesota’s wetlands have been filled in for development (mostly in the western part of the state), which places increased pressure on existing wetlands. Today, Pequot Lakes contains over 500 acres of wetlands, most of which are located around lakes. The wetlands vary from inland swamps and herbaceous wetlands to open ponds. Because of their contribution to environmental

health, economic development, and quality of life for local citizens, the City of Pequot Lakes seeks to protect existing wetlands and work to ensure their natural function.

SOILS AND GEOLOGY

The last glaciers to cover Central Minnesota deposited large quantities of sand and gravel over the area now occupied by Pequot Lakes. Today, nearly 75 percent of land area features sandy outwash plains over sandstone bedrock. While the plains provide good building sites, the sand over sand feature is highly susceptible to groundwater contamination, which must be considered for new development that is not supported by the municipal sewer system, particularly in the Wellhead Protection Area.

Soil suitability for various types of construction projects and land uses also help to determine where the City of Pequot Lakes should direct future development. In 1957, Crow Wing County compiled a Soil Survey that identified areas suitable for various types of development. By directing growth to the most suitable areas, the City of Pequot Lakes can accommodate future growth without compromising groundwater quality.

SLOPE AND TOPOGRAPHY

Slope and topography serve as important determinants of potential development areas. Development and altered gradients along slopes can result in restricted scenic views and vistas, and can contribute to erosion and slope instability. Although Pequot Lakes is rather flat, it contains several hilly areas located in the northern portion of the City. These hilly moraines featuring sandy soils on moderately steep slopes are particularly vulnerable to disturbances caused by development.

AIR QUALITY AND NATURAL SCENERY

Residents and visitors in Pequot Lakes value and enjoy clean air and quiet tranquility, largely due to the area's many forests and overall lack of traffic congestion. As development continues and the number of people using automobiles and recreational vehicles increases, air and noise pollution could become potential problems. By encouraging alternative forms of transportation that connect residents and visitors to destinations in the area—including shuttles and multiple use trails – the City of Pequot Lakes can prevent air pollution from becoming a problem. To maintain the current levels of air and noise quality, the City should also protect trees for air purification and noise reduction, enact regulations and designated-use areas for off-road recreational vehicles, and promote alternative energy such as fuel cells and wind and solar power.

Visual pollution in the form of litter, signs, billboards, and bright lights also detract from Pequot Lakes' natural setting. Residents and visitors alike enjoy the beauty of the north woods, whether it involves strolling through clean, trash-free forests or watching the stars at night. Anything that disrupts these experiences poses a threat to the future quality of life.

POLICIES

The following policies are proposed to guide future preservation and management of natural resources in Pequot Lakes:

Protect and enhance natural resources and open space contributing to the character and vitality of Pequot Lakes. While it may seem that Pequot Lakes has an abundance of natural resources and open spaces, unmanaged

growth and development could degrade the City’s natural resources. The City must actively protect existing natural resources and enhance those that contribute to Pequot Lakes’ rural character.

Direct future development away from significant and/or sensitive natural resources and toward suitable areas with existing infrastructure and proper soil and slope characteristics.

Benton MacKaye, a legendary land-use planner, compared urban growth to flood waters that must be controlled through a series of barriers that he referred to as “levees”. Levees include significant topographic and vegetative features such as hills and bluffs, forested areas, lakeshores and other sensitive natural features. Pequot Lakes should limit development around these features and encourage development in more suitable areas.

Promote development and construction practices that retain and improve existing natural features and systems on and around building sites. Not all development is equal with respect to its impact on natural resources. Development practices that identify and preserve significant natural resources - such as clustering, open space dedications, restrictive covenants, or conservation easements – should be promoted by the City whenever possible. Furthermore, construction practices in all new developments should not protect resources from causing erosion, tree damage, or the disruption of significant ecological features.

Support more environmentally sound alternatives to transportation, power, storm water management, landscaping, and sewer treatment. One of the City’s strengths is its progressive thinking. The City should take the lead in promoting the use of new, sustainable technologies for its infrastructure.

Foster environmental stewardship. Pequot Lakes must educate residents and visitors about the value and importance of preserving natural resources for sustaining the environment, local economy and quality of life.

ACTIONS

SHORT-TERM ACTIONS (WITHIN 1 YEAR):

- Work with the Minnesota Department of Natural Resources (DNR), local lake associations and others to prevent the spread of invasive species to or from area lakes.

MID-TERM ACTIONS (1-5 YEARS):

- Establish a Subsurface Sewage Treatment System (SSTS) monitoring program to ensure ongoing maintenance and compliant operation of systems throughout the City.

LONG-TERM ACTIONS (5 YEARS AND BEYOND):

-

PREVIOUSLY COMPLETED ACTIONS

- Evaluate the impervious coverage standard in each land use zone and make modifications to better address water quality issues.
- Do not count wetlands, streams, land below the ordinary high water level, slopes, or core forests as buildable areas on building lots for new subdivisions.

- Restrict development along slopes that have high erosion potential, requiring minimum setbacks from slope edges.
- Mitigate effects of development in high erosion areas by requiring the use of erosion control mats, silt fences, gravel berms, and trenches during construction.
- Restrict new water oriented accessory structures within the shoreline setback zone.
- Regulate the use of rip rap on lakeshore properties through an ordinance ensuring its effective use.
- Reduce surface run-off and sedimentation from roads and impervious surface in new plats by requiring bioretention ponds, berms, swales, or filter strips. Stormwater management techniques must be prepared by a certified engineer and shown in detail on all development proposals.
- Encourage cluster developments and planned unit developments (PUDs) that allow high-density development, protect open space, and set performance standards to preserve and connect contiguous tracts of open space and natural resources on new developments.

INTENT

Provide an inter-connected and highly accessible City-wide recreational system with adequate public and private amenities that offer diverse and high-quality outdoor recreation for all socioeconomic levels.

BACKGROUND

The City of Pequot Lakes has a mixture of recreation amenities. Outdoor recreation is a primary reason many residents have chosen to reside in this part of the Central Lakes Region. Preserving and enhancing recreational opportunities is a high priority in continuing the current standard of living for residents. Features of Pequot Lakes' outdoor recreational system include lakes and wetlands, trails, public natural areas, playgrounds, and private facilities such as golf courses. Indoor recreation is also available at the school gym, local game arcades, coffee shops, and retail stores.

LAKES AND WETLANDS

Lakes and wetlands are community assets and provide scenic vistas for the enjoyment of residents and visitors. These bodies of water also benefit Pequot Lakes by providing opportunities for more active recreation. Since development is prohibited in wetland areas, these pieces of land are ideal areas for outdoor recreation such as hunting, winter trails, and bird watching.

Within city boundaries, Pequot Lakes has five primarily recreational lakes: Sibley, Mayo, East Twin, West Twin, and most of Middle Cullen. Lakes are true public open space, yet not all lakes in the City are accessible to the public. Virtually all lakeshore property in Pequot Lakes is privately owned for residential use; this makes it difficult for other residents or visitors to use them. Only one public lake access exists on Sibley Lake, and there is no designated beach available for public use in Pequot Lakes.

Most of the lakeshore in Pequot Lakes is owned by private residents, and the majority of those properties have motorized vehicles for water recreation. During peak summer months, traffic congestion on the lakes is a common problem. Additionally, each private residence sometimes acts as a "mini-resort", with the large numbers of visitors each property hosts each summer. Excessive boat noise and congestion may take away from the serenity of the north woods many residents cherish.

TRAILS AND SCENIC BYWAYS

Trails are a significant recreation opportunity in Pequot Lakes. The most widely-known existing trail is the Paul Bunyan State Trail, a paved path that currently runs from Crow Wing State Park south of Baxter all the way north to Bemidji. This trail is a significant tourist attraction that brings visitors through the central commercial district of downtown. Other trails are available for passive recreation, such as bird watching, horseback riding or walking. Many of these trails have the potential to be connected to the Paul Bunyan State Trail and bring visitors past scenic recreation sites throughout the City as well as through downtown.

Many snowmobile and ATV trails are provided through the Grant-In-Aid trails program. The Department of Natural Resources (DNR) was delegated responsibility by the Minnesota Legislature to administer a cost-sharing program for the development and maintenance of public recreational motor vehicle (RMV) trails and areas. The goal of this

program is to create and maintain local trails at the initiative of local trail organizations and units of government. The state’s intent is to offer financial assistance so that locally controlled trails can exist where none had before.

These trails provide opportunities for recreational clubs. The designated Grant-In-Aid Snowmobile Trail travels through Pequot Lakes parallel to the Paul Bunyan Trail, and it is in use mainly December through March. Similar trails open primarily during the winter months have difficulty keeping summer ATV users from illegally using the trail, which causes significant damage. The City could benefit from these trails by exploring other uses for the trails during the summer months. Two options include expanding equestrian trails where appropriate, and creating mountain biking trails. Mountain biking is a low impact, popular sport. Many cyclists on the Paul Bunyan Trail may enjoy the opportunity to veer off the path onto more challenging terrain. Just a few simple mountain biking courses could establish Pequot Lakes as a destination for mountain bikers. City ownership and maintenance would also help deter ATV users from tearing up public and private property.

The Paul Bunyan Scenic Byway, which runs along County Highways 11 and 16 in Pequot Lakes, is another important recreational asset. In addition to providing a “forested gateway” to the City, the byway preserves the scenic value of the area for drivers to enjoy, draws tourists to the City, and provides additional walking and biking surfaces.

PUBLIC NATURAL AREAS AND PLAYGROUNDS

Many large pieces of forested land, wetlands and open space in Pequot Lakes are publicly owned. City, state, and county public land owners and their bureaucracies create challenges in managing the use of land for recreation purposes. Nevertheless, coordination is necessary in order to provide the most benefits to the community. Public land is an important resource for hunting activities. The Pequot Lakes School District provides athletic fields to be used by students and residents. The City operates the fire tower and one city park, located up from Sibley Lake on Pequot Boulevard.

Apart from any school -owned recreation sites, the city park is the only outdoor gathering place for families in Pequot Lakes. Neighborhood parks and recreation facilities are very important. They provide opportunities for close-to-home recreation. The City must develop these areas in conjunction with new subdivisions. Equally important are indoor recreational facilities. A community center would provide the city with much needed indoor facility, and greatly expanded range of recreational opportunities available to residents.

PRIVATE FACILITIES

Private recreation facilities in Pequot Lakes provide an opportunity for people at all income levels to appreciate outdoor activities. Linger Longer and the Wilderness Point Resort offer lake access to people at an affordable price – using one of these facilities may be one of the only ways for some people to have access to lakes in the City. Considering the amount of lakeshore within city limits, private beaches open to the public could act to diversify recreation opportunities during warm months.

The Preserve Golf Course and the Bump n’ Putt Amusement Park offer additional leisurely daytime recreation for residents and visitors. Private lands provide opportunities for hunting as well as sport shooting. Even though these recreation facilities are privately owned, they provide a needed asset to the City.

As the population of Pequot Lakes continues to grow, so too will demand for recreational opportunities. The recreational resource base has not increased at the same rate as population growth – in fact, the resource base has shrunk as natural areas and lakeshores have been converted to private, residential use. In addition, many new families and retirees moving to Pequot Lakes have increased wealth and leisure time, as well as a stronger

connection to the outdoors and an awareness of the importance of health and fitness. Combined, these trends will put added pressure on Pequot Lakes to provide a diverse array of recreational opportunities and facilities for its growing, recreationally-minded population.

POLICIES

The following policies are proposed to guide future recreational growth and development in Pequot Lakes:

Preserve the integrity of city lakes by limiting development in sensitive shoreland areas. Levels of recreational use for many activities are high in relation to surrounding areas; two examples are hunting and fishing. Much of the present and future development in Pequot Lakes is concentrating on lesser value lakeshore where fish and wildlife habitat values are high; programs are needed to preserve some lakeshore from development.

Make lakes, wetlands, and public forests more accessible to the public. The lakes and wetlands are scenic spots for recreating residents and tourists. Since development is prohibited on wetlands, they are prime locations for recreational opportunities such as hunting, birding, or winter trails. City lakes should offer more locations for public access in order to expand the lake experience to people beyond private shoreline owners. Lake plans and water surface management plans, including traffic management, no-wake zones, and time-of-use limits should be created to help preserve these city treasures.

Partner with other public entities owning undeveloped property in Pequot Lakes to create a coordinated plan for future recreational use. The integration of public land could greatly enhance recreation opportunities in Pequot Lakes. City parks, State forests, and County and State trails can add connections for all kinds of recreation. It is essential for the City to coordinate preservation of public space for future use. Now is the time to possess the foresight before Pequot Lakes finds all open space completely divided out and privately owned.

Maintain private resorts and facilities for public recreational use. Private recreation facilities act to provide balance for a variety of income levels. Due to this fact, they should be encouraged to continue the trend of offering affordable recreation options for families. Since private facilities are currently the only way for some residents and visitors to have access to water, the City should try to maintain their existence. This can be accomplished by providing incentives to private recreational owners to maintain the existing public recreational use on their property.

Seek to increase the existing recreational resource base and to connect all new and existing recreational features and facilities. While recreational activities and use of facilities by both residents and non-residents has increased significantly in recent years, the resource base available has actually decreased. Most of this recreation takes place on limited public lands and waters. Thus, preservation of key recreational features must be a component of all new developments. The City must take advantage of opportunities to expand and connect existing and future outdoor recreational facilities.

ACTIONS

SHORT-TERM ACTIONS (WITHIN 1 YEAR):

- Identify and establish well-marked routes that more directly connect snowmobile and bicycle traffic from the regional trail system into the city.

- Seek to build partnerships and establish the feasibility of constructing a grade-separated bicycle trail between the downtown area and Eagle View Elementary School along the County Highway 11 corridor.

MID-TERM ACTIONS (1-5 YEARS):

- Investigate options for creating a municipal dock on Sibley Lake. Lease a small number of seasonal mooring sites to property owners living in the downtown neighborhoods.
- Explore alternatives for low-cost hiking trails through the woods that could be accessed by walking from the downtown.
- Establish an outdoor skating rink in the Grow Zone or the surrounding neighborhoods for use during winter months.
- Establish a splash pad or other water-based recreational amenity in the Grow Zone or the surrounding neighborhoods for use during the summer months.
- Construct a grade-separated bicycle trail between the downtown area and Eagle View Elementary School along the Highway 11 corridor.

LONG-TERM ACTIONS (5 YEARS AND BEYOND):

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PREVIOUSLY COMPLETED ACTIONS

- Charge the City's Parks and Recreation Committee with directing the implementation of these strategies.
- Reevaluate the requirement of park dedication fees in new subdivisions and planned unit developments.
- Inventory and catalogue all public land parcels in the City and seek to expand recreational uses on these parcels.

TRANSPORTATION

INTENT

Maintain a transportation system that provides for a variety of safe and flexible mobility options for people and businesses operating within the City, as well as provides for safe, high-speed access to the surrounding economic region all at a cost that is financially responsible to taxpayers.

BACKGROUND

Transportation in Pequot Lakes has evolved like most Midwestern cities – from foot, to horse, to horse or ox drawn carriage, to train and then to automobile. These modes of transportation shape the way neighborhoods have been built and have evolved over the many decades since Pequot Lakes was established. The City recognizes that, more than any other single factor, transportation improvements impact the physical characteristics of the City.

The original Leech Lake trail ran through Pequot Lakes in about the same alignment as the current Highway 371. The trail was little more than a well worn path for loggers and early settlers. It provided basic access to the outside world that helped establish the early City of Pequot.

The City grew during the rail era, which is visible in the development pattern of the downtown and surrounding areas. Lots are established in a grid pattern, which is characteristic of development in the rail/trolley era. This type of development is common where walking was the primary mode of transportation, and much of the old town is built in this style. Commercial development sprang up along the rail line and still exists there today.

The town adapted fairly easily to the automobile. Highway 371 ran through the City two blocks east of the railroad. New development sprang up along this corridor. The area between the highway and the rail line thrived to one degree or another until the rail was discontinued and the highway was realigned.

The realignment was an attempt to upgrade the highway to modern standards and increase the capacity. Pequot Lakes, as it existed at that time, was essentially bypassed with this realignment. The gas stations along the old alignment eventually closed and development patterns shifted west of the abandoned rail line and highway. The old alignment became County Road 112.

City streets have developed in a mainly piecemeal fashion. In the historic grid portion of the City, many of the streets are paved, but few sidewalks or other pedestrian walkways have been put in. It is peculiar that some of the streets, in a seemingly random fashion, are not improved at all. There is certainly a story behind why each street was or was not improved, but most of these stories have been lost in the history of bureaucratic decision-making.

The area surrounding downtown Pequot Lakes, what was Sibley Township, has developed with a different pattern. Old winding trails to lake cabins have been adapted to one degree or another as local roadways. Most of these are substandard in that they lack dedicated public right of way -- they exist in a collection of prescriptive easements. Recent development has reflected an auto-oriented, suburban pattern complete with curvilinear roads and cul-de-sacs. These newer roads were constructed under modern processes and generally conform to standards of the automobile era.

The fourth incarnation of the original Leech Lake Trail is manifested in the proposed Trunk Highway 371 improvements. The improvements are being proposed in response to increasing traffic counts as well as recent

accidents and ongoing safety concerns. The Minnesota Department of Transportation (Mn/DOT) has finalized an Environmental Impact Statement (EIS) for a realignment of Highway 371 to the east of the current downtown.

HIGHWAY 371

To one extent or another, the debate over the alignment of Highway 371 has dominated discussions on the future of Pequot Lakes for nearly a decade.

In 2004, after a significant level of discussion within the community, the City Council narrowly voted to proceed with an expansion of Highway 371 on its current alignment. This was not without controversy, but once the decision was made, the mechanisms of government – including the 2004 version of this plan – included a vision centered on an expanded Highway 371.

In working with Mn/DOT on the details of construction that an expansion on the existing alignment would entail, two things became apparent. First, widening the existing two-lane highway to a high-capacity, high-speed four lane highway was going to significantly, and irreversibly, damage the character of Pequot Lakes. This character is critical, not only to the business community which depends on visitors and locals alike, but to the very reason why so many people have chosen to move to Pequot Lakes over the past two decades. With an expansion of the existing alignment, there was no way for Pequot Lakes to avoid becoming the next drive-thru community in a stretch of similar development to the south.

The second revelation in the process of evaluating the expansion of the current alignment was that the local cost would be tremendous and would outstrip any potential gain from new growth and development. The taxpayers of Pequot Lakes would be asked to pay an estimated \$2.6 million to make improvements that would provide for the local economy post-construction. An expansion of the existing alignment would limit prime-development sites to the highway corridor, which was very expensive to serve with infrastructure. The numbers did not make sense for the City.

In 2007, after a resolution of the Council to reengage Mn/DOT for consideration of an alternate alignment, the City Council and Planning Commission formed a joint Alternate Route Study Group to review questions and concerns with respect to an alternate alignment. The group called on experts to help answer 31 questions that had been developed within the community. The meetings were open to the public and were well attended. After meeting ten times over seven months, the group issued a report concluding that, *“while there are costs the City must incur during the project, the direct cost to the City would be significantly less for an alternate route than a through-town alignment.”* Additionally, the report noted, *“There were no indications that an alternate route would be destructive to the economic health of the City of Pequot Lakes, and substantial evidence to the contrary.”*

Today a fully-developed plan for construction of the alternate alignment has been completed and is awaiting municipal consent. Construction is scheduled for 2018.

In August of 2009, Mn/DOT issued a report indicating that, over the next twenty years it had \$65 billion in needed improvement projects and only \$15 billion in projected revenue. That same month, the U.S. Congress approved a transfer of \$10 billion into the Federal Highway Trust Fund to cover persistent deficits in the federal transportation fund. These shortfalls in revenue raise the very real possibility that the improvements to Highway 371 may be postponed beyond 2018, or perhaps may never happen.

Success with the alternate alignment depends on the City continuing to mature the neighborhoods surrounding the core downtown, to the benefit of both the neighborhoods and the businesses. This development pattern – the

traditional pattern Pequot Lakes was originally built with – will function well whether the highway is realigned or not. In other words, the housing, economic development and land use approach of the City are compatible with a continuation of the current low-capacity, two-lane highway through town or the realignment to a high-capacity, four-lane to the east.

Due to the fact that the traditional, neighborhood pattern of the City requires a high degree of connectivity with multiple mobility options available, an expansion of the current alignment to a high-speed, high-capacity highway is not compatible with the housing, economic development and land use approach of the City. Such an expansion would require a completely different model of development, one that would be very costly to adapt to as well as risky, since budget projections provide no confidence that the widening would ever take place.

LOCAL ROADS AND STREETS

The City has had an informal policy of working to bring every road up to meet the City’s official standard. As the economy has evolved and the explosive growth of the 1990’s and through 2008 has vanished, there is reason to reconsider this approach. Even in the best of economic times, the City had difficulty keeping up with road and street maintenance. With a less vigorous economy projected for some time to come, it does not seem to be possible that the City could keep every implied road and street maintenance commitment.

The reality is, however, that the City does not know exactly how much that implied commitment is. While some projects that have been in the works for years are continuously delayed for lack of funds (Government Drive being the prime example), other urgent projects are added to the near-term list. Many of the roads that were built by developers or through a direct assessment of petitioning property owners are still in their first life cycle, so major maintenance expense has not been an issue. The City needs a greater understanding of these pending expenses.

It is also becoming more apparent that the assumptions behind the current road and street sections may be faulty, or at least not in line with the public’s financial expectations. For roads, it is always assumed that two cars must be able to meet going in opposite direction at high speed without the need to slow down or yield. While being able to drive 40 mph instead of 20 mph can save minutes on a trip, this design may be a luxury we are no longer willing to pay for.

Similarly with City streets, the design in the traditional neighborhoods has also encouraged high-speed auto traffic at the expense of any other mode of travel. Not only is the approach very expensive, it erodes private-sector investment in areas where the City has significant additional investment in expensive public utilities (sewer, water, storm sewer). The City’s approach to streets needs to be reevaluated to ensure it creates value and attracts additional private-sector investment to the City’s neighborhoods.

POLICIES

The following policies are proposed to guide all future transportation–related decisions in Pequot Lakes:

Promote a safe transportation system. The most important design factor for a transportation system is safety. Proven methods for increasing safety on rural roads are to slow speed and limit intersections. New roads and reconstructed roads should use traffic calming designs to slow traffic. The number of intersections in new developments should be limited, especially along collector roads. Within urban areas, crosswalks, clearly defined intersections, and narrowing of the roadway with vertical elements such as trees or store-fronts are needed to slow speeds and increase driver awareness. Urban areas must have an approach that does not emphasize automobile trips to the detriment of other forms of mobility.

Ensure that local roads and streets enhance the public realm. Rural roads need to be physically and aesthetically designed to be rural. Excessively wide road widths and clear zones increase traffic speed and create a road that lacks character. Narrower road sections slow traffic speeds and maintain a rural character, especially where the roads are tree lined. Urban streets need to provide for mobility choices beyond automobiles. These streets need to be designed so that they add value to adjacent properties and induce higher levels of private-sector development throughout the City’s traditional neighborhoods.

Ensure a highly-connected road network. Most developers prefer to develop on a cul-de-sac for a number of reasons that benefit their development in the short-term. Limiting the number of cul-de-sacs and promoting inter-connecting roads creates redundancy that improves safety, provides alternative routes, and ensures a more efficient transportation network. It also reduces maintenance costs and facilitates future growth and development.

Plan for the long-term financial viability of the current transportation system. The City needs to know what its long-term commitments are for maintaining transportation infrastructure, what revenues are created by each of those commitments and what will be necessary to meet those obligations. This knowledge will allow the City to make informed decisions on the City’s road standards, approach to maintenance and long-term capital improvements budgeting.

Direct new residential growth toward existing roads and limit the amount of roads in new developments. Residential growth is rapidly occurring in Pequot Lakes and will continue to occur in the rural areas whether the City promotes it or not. Development in the remote areas of the City is more costly to maintain service than development closer to the downtown or along existing roadways. There is no need to subsidize development, either directly or indirectly, outside of the downtown area, especially when doing so increases City expenses more than a development of equal size that is more efficiently located.

ACTIONS

SHORT-TERM ACTIONS (WITHIN 1 YEAR):

- Perform an inventory and life-cycle analysis of all public infrastructure maintained by the City. Use this to create a capital improvements plan that provides for ongoing maintenance of public infrastructure.
- Adopt new standard street sections that reduce long-term costs by narrowing lane widths to appropriate neighborhood scale, accommodate sidewalks, and provide safe pedestrian mobility throughout the city.
- Adopt new standard road sections that reduce long-term costs by narrowing lane widths on local roads to a rustic, low volume, low speed scale.
- Ensure that improvements to Government Drive provide a platform for growth.
- Provide bike racks to encourage bike usage and storage lockers for roller blades.
- Create a city policy establishing when newly constructed roads will be accepted by the City for long-term maintenance. The policy should be based on reasonable assurance that the long-term maintenance costs will be sufficiently balanced by the additional tax revenue generated.

MID-TERM ACTIONS (1-5 YEARS):

- Work with Crow Wing County to properly-scale the TH 371 and CSAH 11 corridors through the Grow Zone area following the construction of the TH 371 Alternate Alignment. Ensure that these corridors maintain a character that encourages pedestrian activity throughout the Grow Zone.

LONG-TERM ACTIONS (5 YEARS AND BEYOND):

INFRASTRUCTURE

INTENT

Maintain systems of infrastructure, including municipal sanitary sewer, individual sewage treatment systems, municipal water supply, individual wells, storm sewer, electricity, natural gas and advanced telecommunications that provide, over multiple life-cycles, for a prosperous local economy, a healthy environment and a high standard of living.

BACKGROUND

The City is serviced by municipal, corporate and individually owned utility systems, all filling a needed role in supporting life and economic activity in the City of Pequot Lakes.

The City operates a municipal water system. The system serves the downtown area, the business park and some residential areas within close proximity. The City recently constructed a new treatment facility that provides for advanced treatment of groundwater. A new tower was also recently constructed adding capacity and providing increased fire protection to the system. It is projected that there should be no capacity problems with the municipal water system for the foreseeable future.

There are some minor issues with the water system that need to be addressed. Old, leaking curb stops create losses in the system that are difficult to track. Although larger pipes have been added south of downtown, flow under Highway 371 is restricted by small pipes, reducing the effectiveness of the fire protection. While most water meters are auto-read, there are a few large users that still must be manually read. A meter deposit program is helping to defray the costs in upgrading the metering system.

Residents outside of the reach of the water utility obtain their water from individual wells. It is not known exactly how many of these are shallow wells, although it is widely believed to be a significant percentage. The aquifer is unconfined and therefore there exists a high potential for contamination. Some contamination of the groundwater has been detected at the sewage treatment facility.

The City operates a municipal sanitary sewer system. The system contains only five lift stations, all of which have been recently upgraded. Sewage is treated in an aerated pond system with the effluent being ground applied through spray irrigation. The ponds are currently operating at roughly 2/3rds of their capacity, with flows being relatively stable month to month. The clay liner in the ponds were replaced with a plastic liner. Along with a modified approach to the spray irrigation system, this improvement appears to have successfully addressed groundwater contamination concerns.

Individuals not serviced by the municipal sanitary sewer system treat their sewage through individual systems. New state regulations have addressed some concerns over poorly maintained systems, although problems still loom large, especially on lakeshores where the characteristics of seasonal usage are not compatible with standard on-site treatment. The Cullen Lakes Association recently completed, with Township and City assistance, an

assessment of all of the systems on their lakes. Numerous systems were upgraded to comply with minimum state standards due to their effort.

The City has only limited storm sewer facilities. These were almost all ad-hoc repairs installed in reaction to acute problems that had developed. As the City continues to grow and development patterns become even more intense, there will be a need for aggressive stormwater management. Some of this management may be able to happen on individual sites, although most of it will need to be done by the City.

Pequot Lakes is blessed to be the home of some major telecommunications companies. High speed internet is available throughout the City, as is telephone and cable for television. Cellular service wanes in some areas, although there is service throughout the main corridors. The availability of natural gas has been a boom for residential development. Due to its location along Highway 371, Pequot Lakes will likely always be ahead of other rural communities in privately-supplied modern infrastructure.

POLICIES

The following policies are proposed to guide all future infrastructure-related decisions in Pequot Lakes:

Municipal utility systems must be fiscally managed like a private utility, minus the profit margin. Public utilities need to operate in the same manner as private utilities. They need to maintain the current system and level of service while financially planning ahead for repairs or replacement of system components. While the public is typically understanding of minor annual rate increases from private utilities (phone, cable, gas and electric), elected officials are often reluctant to consider rate increases, equating them with tax increases. Periodic rate adjustments that reflect the real cost of running and maintaining these systems are necessary. The City cannot allow maintenance liabilities to be unfunded and passed on to future residents and businesses.

The long-term expense of infrastructure expansion and the corresponding assumptions for induced growth and enhanced tax base need to be evaluated prior to every project that adds new infrastructure for taxpayers to maintain. Infrastructure projects in Pequot Lakes have historically been done on a “cash flow” basis, where the City evaluates the impact to the levy from paying its portion of a given project. When projects are funded with outside dollars (grants, low interest loans or direct private-sector investment in a project), the City has generally not calculated the long-term obligations of infrastructure maintenance, instead focusing on the potential near-term gains from increased property tax base. As our current infrastructure completes its initial life cycle, projected maintenance costs – which are typically a City obligation – are growing to unaffordable levels. Before additional obligation is added, it is critical that the City understand the entire cost it is committing to.

Public sector investments need to be aligned with private sector investments, and vice-versa, to maximize the local return on investment. The City of Pequot Lakes has made its largest investments, and has its greatest commitments for infrastructure maintenance, in the traditional neighborhoods of downtown Pequot Lakes and the Business Park. Over the past two decades, private sector investments have tended to be outside of these areas, with residential construction happening on lakes and greenfield sites and commercial investments taking place along the TH 371 corridor. This mismatch in public/private investment wastes valuable public and private resources.

When infrastructure systems are being maintained, the City must consider whether or not the infrastructure should be enhanced or scaled back based on the anticipated level of development that it serves. There are areas in the City, particularly in the downtown, where modest amounts of additional enhancement as part of a rehabilitation project would create a platform for additional private sector investment (e.g. Taking savings from

narrower travel lanes and using it for wider sidewalks). Conversely, there are areas where the level of service provided is not supported by – or often even desired by – the properties that are served (e.g. Wider, faster roads through the rural countryside). When the City undertakes a major maintenance project, the land use potential for the area served needs to be the determinant factor in the form and scale of the improvement.

Ensure a high level of maintenance of individual sewage treatment systems. Individual sewage treatment systems - when properly installed, used, and maintained - provide an adequate level of sewage treatment. All properties that lie outside of the sewer service area have their sewage treated by individual treatment systems. In a seasonal area, these systems often do not work as designed when they experience peak usage and/or are not properly maintained year-round. Especially along the shoreline, this has a dramatic affect on the quality of the area's resources. A more aggressive approach towards inspection and maintenance of individual systems should be implemented, especially in shoreline and wellhead areas. The City must remain open to new and innovative ways to treat sewage.

Facilities that have a risk of fire damage (industrial uses, commercial uses where flammable liquids are present, etc...) or house large populations of people (schools, group home facilities, etc...) must be located on the municipal water system for fire protection. The City's municipal water system provides enough pressure and volume for excellent fire protection throughout the industrial park and most of the downtown. With the office/campus concept growing in appeal, there is a trend to locate facilities with a high number of people to more remote areas. This is especially true where there is an availability of raw land outside of the downtown core. Public safety dictates that these facilities, especially where they serve the vulnerable, must be located so as to be served by municipal water service.

The City's wellhead must be protected from potential sources of contamination. Nearly the entire City's water supply is moderately vulnerable to contamination due to the soil types, mainly coarse sands and gravels, above the aquifer. These soil types provide minimal protection against contamination from the surface. The City has completed a wellhead protection plan. This plan needs to be fully implemented, including overlay zoning districts where needed, to minimize the potential for contamination of the City's drinking water supply.

ACTIONS

SHORT-TERM ACTIONS (WITHIN 1 YEAR):

- Perform an inventory and life-cycle analysis of all public infrastructure maintained by the City. Use this to create a capital improvements plan that provides for ongoing maintenance of public infrastructure.
- Establish an availability charge for properties that have access to municipal infrastructure but have not yet connected.

MID-TERM ACTIONS (1-5 YEARS):

- When city vehicles are retired, ensure that their replacements can function effectively within a dense downtown served by neighborhood-scaled streets.
- Establish a Wellhead Protection Overlay District to regulate the installation of wells and the establishment of uses that could threaten the aquifer within the wellhead area.

LONG-TERM ACTIONS (5 YEARS AND BEYOND):

INTEGRATED GROWTH PLAN

The physical pattern of development dictates how we relate to the world around us. Pequot Lakes has grown at a fast rate. A Future Land Use map cares not about whether growth will happen, but rather where it will occur and roughly in what form.

This Integrated Growth Plan combines the critical features of all the sections of the Comprehensive Plan into one physical and regulatory model that expresses the future vision of Pequot Lakes. It provides the bridge between this Comprehensive Plan and the ordinances and zoning map, and serves as a guideline for future land use decisions.

At the core of the City's vision is the philosophy that there exists an urban Pequot Lakes and a rural Pequot Lakes; two distinct areas that contribute to the character, diversity, and vitality of the City. The City desires a growth pattern that does not blur the differences but maintains these discrete areas. A well-defined transition zone between urban and rural Pequot Lakes is a central component to the future growth strategy.

The following analysis, which stems directly from statements contained in this plan and the 2004 plan which it replaces, was used in creating the Integrated Growth Plan:

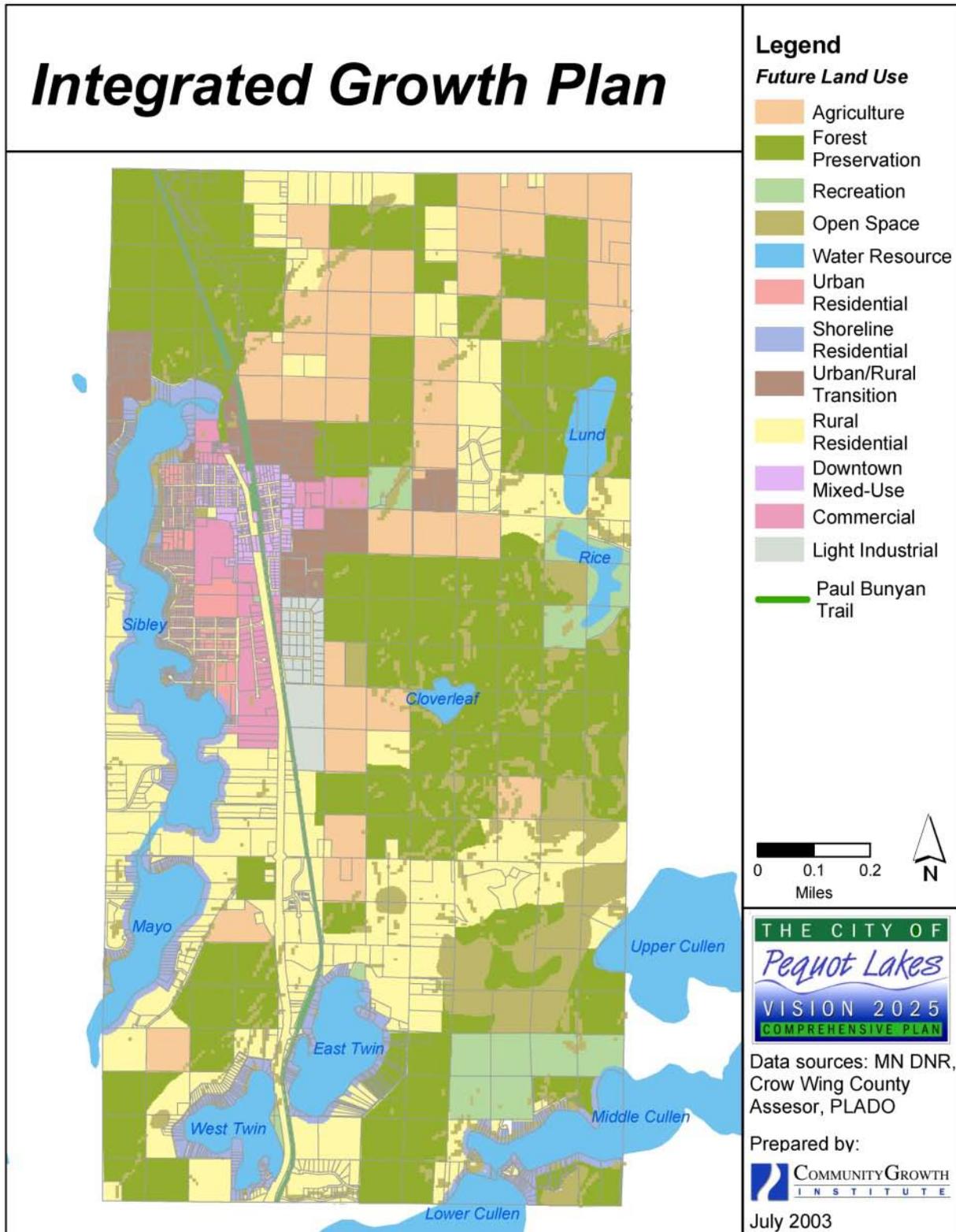
- Agricultural uses are an important part of life in Pequot Lakes. These areas need to be preserved from encroaching development that interferes with their agricultural operations.
- Inner forest areas are unique physical features that contribute to scenic beauty, north woods character, timber production, wildlife habitat, and recreational opportunities. Once gone, they cannot be replaced. They need to be protected from encroaching development.
- Lakes, wetlands, and steep slopes are non-developable properties. They serve as unique environmental and recreational features of the land that must be preserved.
- Demand for lakeshore property is high. New residential development along lakeshores must not significantly alter the natural appearance or function of the lake.
- Off-lake residential development should occur in areas that do not excessively add to the service burden of the City.
- The downtown area has a combination of high-density commercial and residential uses along a traditional grid-like street pattern. Growing affordably will mean expanding similar mixed-use and walk-able development options in the central areas of town.
- The urban portion of Pequot Lakes can best be described as those areas served by municipal utilities (sewer and water). The City will continue to maintain higher densities and seek to infill this area with new commercial and residential development.
- The rural area that was once Sibley Township features low-density residential development and ample natural areas and open space. The City will retain this area's rural feel.
- The area surrounding the urban core – which constitutes the urban/rural transition zone - will see the greatest pressure for horizontal growth.
- Industrial expansion is a key component to sustained economic growth, but industrial uses have negative externalities that often conflict with residential and some commercial development. Expansion of industrial areas should occur in a well-defined and appropriate location that is adequately buffered to prevent conflicts.
- Access to a variety of recreational facilities throughout the City is important for enhancing the quality of life for residents and for attracting tourists and visitors to the area.

Using this analysis, twelve future land use categories were developed. These categories describe the desired future pattern of development within the City.

1. **Agriculture** – The pattern of development provided for in this area would be very large lot residential/agricultural (40-80 acres). Agricultural uses would be family-farms and similar low-scale operations.
2. **Forest Preservation** – The pattern of development provided for in this area would be very large lot residential (40-80 acres) within forested land. Forests would be managed to allow for eventual timber harvesting.
3. **Open Space** – This is designated non-developable property, mostly wetland areas and steep slopes.
4. **Water Resource** – There is no development on the area’s lake surfaces, so these areas are set aside for public recreational enjoyment.
5. **Shoreline Residential** – The pattern of development in these areas is residential consistent with state shoreline development standards.
6. **Downtown Mixed-Use** – The pattern of development in this area would provide for high-density apartments, townhouses, live-work units, professional offices, shops, restaurants and other commercial uses. Sidewalks, pedestrian crosswalks, landscaping, and storefronts abutting sidewalks are encouraged.
7. **Urban Residential** – Development patterns in this area are a medium to high-density residential that enhance and expand the traditional grid style of development. Walk-able neighborhoods that connect to other urban areas and recreational areas are facilitated. These areas are served, or will potentially be served, by municipal utilities.
8. **Rural Residential** – Development patterns in this area are low-density residential. These areas will not be served by municipal utilities and the amount of new roads and development will be limited.
9. **Urban/Rural Transition** – These areas are not currently served by municipal utilities, but are within the potential expansion area. Development density in these areas must facilitate future utility extension and must be designed to tie to the urban areas.
10. **Commercial** – Development patterns in this area will feature medium to high-density commercial uses scaled to automobiles and pedestrians. This area will be serviced with municipal utilities.
11. **Light Industrial** – This area will support light industrial uses that will sustain Pequot Lakes’ economy in the long-term. It will be serviced with municipal utilities. Future industrial uses will not adversely affect the health, safety, and welfare of local residents.
12. **Recreational** – These areas consist of existing and potential parks, trails, public access points, and natural areas of varying size and function. They are distributed equitably throughout the urban, rural, and transition areas.

These categories are not current zoning classifications, although the integrated growth plan should be referenced when making future land use and zoning decisions. In addition to these categories, the City of Pequot Lakes must consider design guidelines for future development and redevelopment opportunities. These guidelines would ensure that future signage, building exteriors, landscaping, and development designs fit in with the small-town, north woods feel of Pequot Lakes.

FUTURE LAND USE MAP



APPENDIX – INDUSTRIAL PARK ANALYSIS

There is a common belief that the City of Pequot Lakes made a profit off of construction of the business park. While it may be true that the City itself had more bottom-line revenue than expense (part of the cost of the park was paid by a Federal grant), the sale of the lots did not cover the cost of land acquisition and construction.

Project Costs:	\$1,540,000
Revenue from Assessments and Lots Sales:	\$1,030,000
Revenue Shortfall (real value ⁶):	\$ 510,000

As of 2009, the properties within the Business Park that pay property tax⁷ had a combined Estimated Market Value of \$6.6 million. This tax paid from this valuation, if fully captured by the City of Pequot Lakes, would be just less than \$86,000 per year.

$$\text{Tax Revenue} = \text{Estimated Market Value} \times \text{Tax Classification Rate} \times \text{City Tax Rate}$$

$$\text{Tax Revenue} = \$6,600,000 \times 2\% \times 65\% = \$85,888$$

A way to measure the return on the Business Park is to consider a theoretical analysis: If the City of Pequot Lakes had not developed the Business Park in 1996 but was instead given the opportunity to accept the park today, with the current rate of development, at the inflation-adjusted cost of \$2.08 million⁸, would this be a wise investment?

Not if the objective was to lower the overall tax burden. If the City financed the project at 4% and devoted every cent of property tax collected from the Business Park to debt retirement, even if taxes paid continued to rise by 3% per year, it would take 29 years for the park to cover the cost of its creation. During that time, the property taxes paid by the businesses in the park would cover only debt repayment. The costs of snow plowing, street maintenance, police and fire protection and other services provided to the park would have to be paid by the rest of the tax base.

Of course, this would be a better scenario than the project as it was actually undertaken. While the actual project cost was handled up-front, the tax revenue to pay for it did not appear until many years later. A number of the lots were given away, businesses were enticed with tax incentives and further public improvements enhanced the value of the lots along the way. If there had been no Federal assistance with the project, from a strictly tax revenue standpoint, the Business Park was a bad investment for the City. As the infrastructure in the park ages and needs increased maintenance, it will be critical that that tax base of the existing park increase sufficient to cover this long-term liability.

What this analysis does not factor in is the value of the jobs created within the park. The business inventory conducted in 2008 indicates that there were approximately 200 jobs within industrial park property. While the net

⁶ By “real value”, this simply means that there has been no adjustment for inflation. The project costs were up-front and, in addition, to accurately compute the shortfall should also include financing costs. The revenue, on the other hand, came later in the life of the project. Some is still being collected through Tax Increment Financing (TIF) agreements. Revenue is also not adjusted for inflation. Including inflation and interest, the revenue shortfall would be much greater than \$510,000.

⁷ There are lots owned by a tax-exempt religious institution and property still owned by the City of Pequot Lakes.

⁸ According to the inflation calculator at www.westegg.com/inflation, \$1.54 million in 1996 is inflation adjusted to \$2.08 million in 2009.

cost-per-job is an elusive figure, the business park should not be expanded for the sake of creating jobs without a rigorous financial comparison of the costs and likely outcomes of other job-creation initiatives.

APPENDIX - OPPORTUNITIES AND CHALLENGES

During the planning process, business owners, property owners and interested parties were solicited to participate in a public forum and express their opinion of Pequot’s greatest economic development opportunities and challenges.

Opportunities	Challenges
<ul style="list-style-type: none"> • Local park system • Baseball • Soccer • Camp Tourney • More business investment in central downtown • Improve general look and feel of downtown (streetscapes, professional and tasteful signage, crosswalks, sidewalk benches) • Develop a better logo • Image of Pequot Lakes (sell the place - caps, tee shirts) • Broad resident tax base • Not tied to one type of business • Call center, tech investment • Utilize existing structures • The biggest asset we have is the ability to pull together, which is currently divided over the highway issue • We could, and should, expand the concert series in summer, and encourage various vendors to sell refreshments there • Trailside park is severely underutilized, the more concerts, events and displays we have there, the better 	<ul style="list-style-type: none"> • Negative public comments instead of constructive public comments • Highway decision – keep people informed • Cost of infrastructure expansion • Tax base issues • Take the time to get input – don’t rush process • Transparent inclusive clearly understood process • Create a unique downtown area both for locals and visitors • Can we get an answer or at least “what” will happen on the highway, if not when? • Continue to bring people together • Build a plan that majority can support • Highway placement – for and against factions • Lengthy process for getting anything approved for development changes • Finding the funding needed to support the community without raising taxes • Getting everyone to work together

- **Encourage people to settle in Pequot, don't discourage by negativity**
 - **Support businesses**
 - **Community should work together, common goals**
 - **Existing infrastructure**
 - **A viable retail space**
 - **School/students**
 - **Existing business leaders**
 - **Common goals**
 - **Unique character of area**
 - **Dynamic leaders and appreciate each other**
 - **The people of this city and their diverse backgrounds**
 - **Hometown atmosphere**
 - **Local groups of clubs (Legion, women's, churches, chamber, seniors, etc)**
 - **Diversity of businesses**
 - **Terrific school system**
 - **Empty buildings need to be filled**
 - **How much outside of the downtown business brings employment to this area, 50 employees**
 - **The business outside of town when employees come through Pequot stop at business and buy from local stores inside of town**
 - **Outside of downtown business - donate money to city's festivals**
 - **Underutilizing sewer and water**
- even after consent is signed
 - The overall cost of doing business - not just government imposed costs, health insurance is a huge cost
 - Greatest challenge is growing business base during difficult economic times
 - We need to study other communities that have enjoyed growth, what worked!
 - Being open minded
 - Communication
 - Working together
 - Finding volunteers to help bring in traffic with events in the downtown area

- **Underutilizing wide variety of local businesses**
- **Underutilize park system – including center of town**
- **Underutilizing existing buildings/infrastructure**
- **Underutilizing center of town**
- **Promotion of being on both the Paul Bunyan Trail and the Scenic Byway**
- **The existing business base**
- **Our possibility to attract new business in the next 10 years**
- **Our position in the Brainerd Lakes area**
- **Downtown business**
- **We must look short term to fill building vacancies otherwise we do not have or possibly will not ever get a community competitive advantage**
- **Potential of very walkable park-centric downtown to become more of a destination in the future (local and visitors)**
- **Potential of “in fill” to better utilize infrastructure – both commercial and residential**
- **Center of town park gathering**
- **Vacancies downtown**
- **Maximize downtown development potential, support existing businesses**
- **No park or play structure**
- **Maximize or fill up industrial park**

APPENDIX - PUBLIC OPINION

At a July 2009 open house, members of the public were presented with three different visions of how Pequot Lakes could grow in the future. After the vision statement, they were given options for responding. The responses (the number of which is shown in parenthesis after each option in the following) reflect a general emphasis on growth in the downtown area and a de-emphasis on growth through horizontal expansion.

Vision 1: With Highway 371 scheduled to be realigned east of the downtown, the City is evaluating how the property along the alignment should be zoned. It is currently zoned primarily Agriculture and Forestry. The estimated cost to provide sewer and water to the east side of the new highway is \$1.8 million.

- a. The city should maintain the existing zoning and not extend sewer and water: (33)
- b. The properties should be rezoned to Commercial only if a cost/benefit analysis demonstrates that the extension of sewer and water is justified: (8)
- c. The properties should be rezoned Commercial and sewer and water should be extended: (2)
- d. The properties should be rezoned Commercial without sewer and water: (6)

Vision 2: The City is obligated to maintain the streets and utilities in Downtown Pequot Lakes. The City has prepared a plan which proposes enhancements to the Downtown that would add parking and pedestrian improvements during any routine maintenance work to enhance the Downtown as a destination. The estimated cost of the enhancements would be between \$1.9 and \$2.8 million, depending on what improvements were made.

- a. The City should do the necessary maintenance only: (4)
- b. The City should take the opportunity to do the additional enhancements when doing the necessary maintenance: (26)
- c. The City should take the opportunity to do the additional enhancements when doing the necessary maintenance, only if the enhancements can be justified in a cost/benefit analysis: (20)

Vision 3: The City is investigating options for expanding the existing business park to the south. Options may include expansion of sewer and water utilities or may simply include basic improvements for industrial development without utilities. As a general rule, development with utilities will yield a higher tax base return, but at a higher cost. There are currently no cost estimates for these improvements.

- a. The City should not be looking to expand the industrial park: (4)
- b. The City should look to expand the industrial park, but without the expense of utilities: (1)
- c. The City should expand the industrial park, with utilities provided: (8)
- d. The City should expand the industrial park, with utilities provided, but only where a cost/benefit analysis justifies the improvement: (38)