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.

BUSINESS PARK

The City of Pequot Lakes embarked on a business/industrial park due to the economic diversification, job opportunities, and tax base it would offer. The park was completed to aid in attracting and retaining manufacturing and other businesses. Pequot Lakes Business Park was established in 1996 and expanded in 2003. The park includes 33 lots and more than 60 acres. In 2017, a survey was completed of the existing companies in the business park. There are currently 17 operating companies that employ 229 people, and generates approximately $145,000 annually in property taxes for local governmental units.

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, in addition to other funding sources. 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.

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.

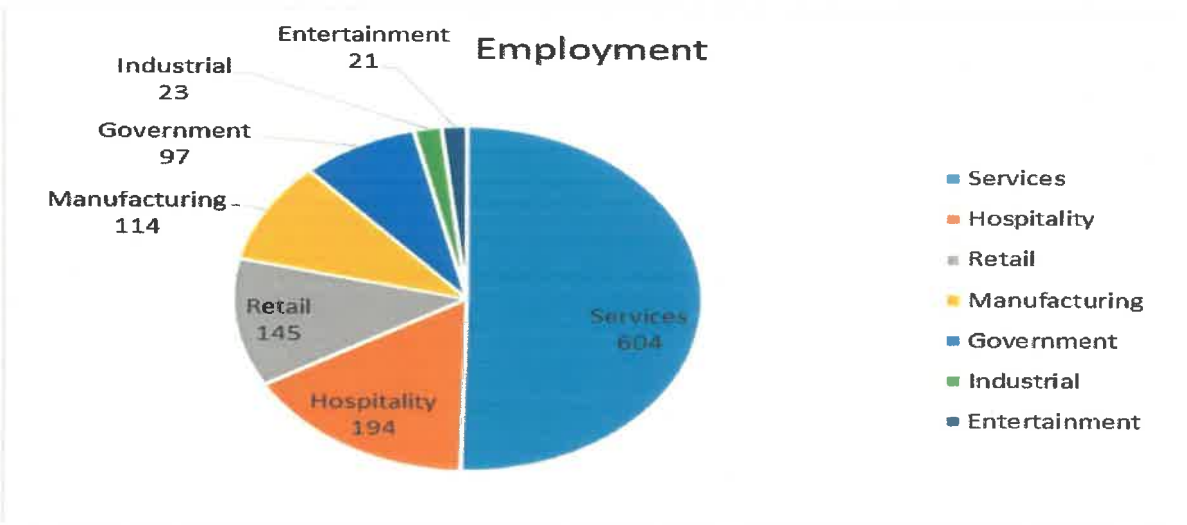
With the infrastructure in the downtown area in need of maintenance, there is a need to increase the amount of development, grow the tax base and get a higher return on the reinvestment in this infrastructure.

Patriot Avenue Corridor

Outside of the downtown, the former Highway 371 corridor, now Patriot Avenue, has developed in an auto-oriented pattern. For the most part, this development is not tied to municipal utilities and has developed in a somewhat random distribution. There are areas where development is clustered together and other areas where there are large gaps between enterprises.

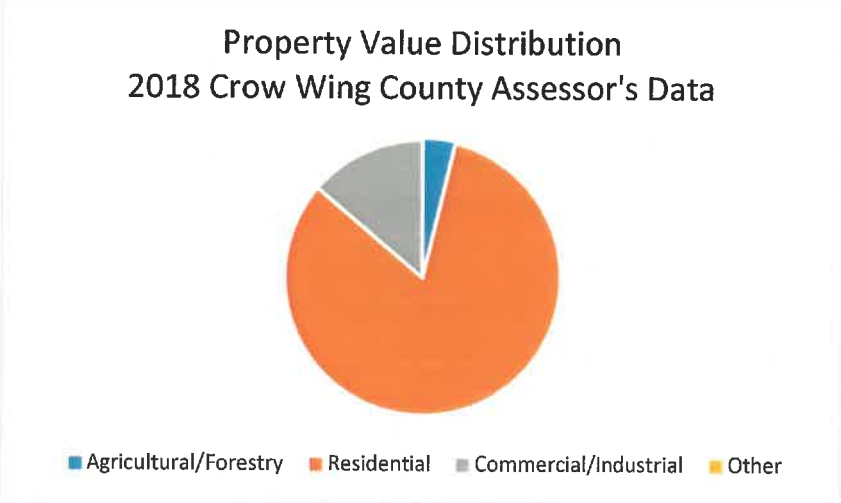
Employment

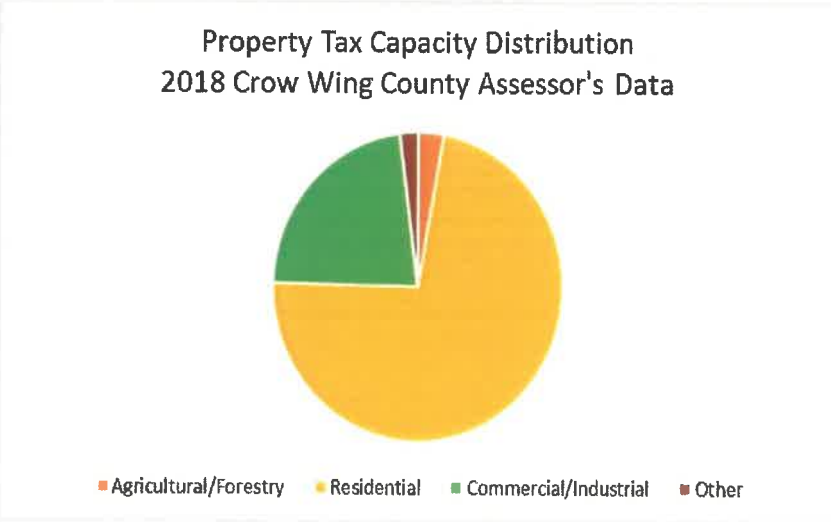
These three geographic areas of development have created a local economy that is highly service- oriented. Information provided by Minnesota Employment and Economic Development indicates 51% of the jobs in Pequot Lakes are service-related. The estimated population for Pequot Lakes is 2,226. The United States Census Bureau in 2015 found roughly 15% of the workforce live and are employed in the City. Approximately 85% of the workers employed in the City live elsewhere.



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 large percentage of their tax base from commercial development, Pequot Lakes relies most heavily on residential areas. Roughly 3/4ths of the local tax base comes from residential development.





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 along the Patriot Avenue corridor misdirects investments that are critically needed in the downtown and business park areas. In addition, development along this corridor impedes safe vehicle travel, degrades traffic 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. 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 and more. The City needs to be deliberative in which types of projects it provides financial incentives to.

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 ITEMS TO SUPPORT POLICIES

- ☐ Change the City's budgeting process to include a five-year budget projection as part of the annual budgeting process.
- ☐ 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, and will pay property tax.
- ☐ Ensure that improvements to Government Drive and Patriot Avenue 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.
- ☐ 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.
- ☐ Create a Park Plan for the Grow Zone surrounding neighborhoods that leverages park investments to promote livability and encourage private-sector investment.
- ☐ Implement a local Economic Gardening strategy which focuses on growing a wide array of small locally owned businesses as opposed to attracting one large employer or industry from outside the area.
- ☐ Take steps to encourage the development of living units above businesses in the downtown area.
- ☐ Work with the local business community to ensure their needs are being adequately addressed by a chamber presence within the City.
- ☐ Further develop the town center park as a unifying feature.

- Provide programs to revitalize and fill store fronts.
- Build on the arts community and promote history/culture.
- Further attract and diversify businesses by new strategic commercial development.
- Focus on being tech ready by partnering with local communication providers to improve broadband service in the core area of our City as well as surrounding areas.
- Plan for phased expansion of the business park to be ready for businesses which may wish to locate in our City.
- Develop a market plan centered on live, work, and play utilizing the new trademark "The Heart of the Good Life".