



**INVER GROVE HEIGHTS  
ECONOMIC DEVELOPMENT AUTHORITY AGENDA  
MONDAY, NOVEMBER 10, 2014  
CITY HALL COUNCIL CHAMBERS  
5:00 P.M.**

**1. CALL TO ORDER**

**2. ROLL CALL**

**3. CONSENT AGENDA**

A. Approve Minutes from the August 11, 2014 Regular Economic Development Authority Meeting

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B. Claims

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**4. REGULAR AGENDA**

A. Discuss Arbor Pointe Commercial

1. Arbor Pointe Retail Analysis

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2. Progress Plus Arbor Pointe Community Conversation

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B. Receive Progress Plus Update

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**5. NEXT MEETING – February 9, 2015**

**6. ADJOURN**

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**INVER GROVE HEIGHTS ECONOMIC DEVELOPMENT AUTHORITY REGULAR MEETING  
MONDAY, AUGUST 11, 2014 – 8150 BARBARA AVENUE**

**CALL TO ORDER/ROLL CALL** The Economic Development Authority (EDA) of Inver Grove Heights met on Monday, August 11, 2014, in the City Hall Council Chambers. President Piekarski Krech called the meeting to order at 5:00 p.m. Present were Economic Development Authority members Bartholomew, Madden, Mueller, and Tourville; Executive Director Link, City Attorney Kuntz, City Administrator Lynch, and Finance Director Smith.

**3. CONSENT AGENDA**

**A. Minutes**

**Motion by Mueller, second by Bartholomew, to approve the minutes from the May 12, 2014 Regular Economic Development Authority Meeting and the July 14, 2014 Special Economic Development Authority Meeting.**

**Ayes: 5**

**Nays: 0      Motion carried.**

**B. Claims**

**Motion by Madden, second by Bartholomew, to approve the disbursements from May 12, 2014 to August 10, 2014.**

**Ayes: 5**

**Nays: 0      Motion carried.**

**4. REGULAR AGENDA**

**A. Consider Approval of an Industrial Market Assessment for Dickman Trail Area of Concord Neighborhood**

Mr. Link asked the EDA to consider approval of a proposal for an assessment of light industrial market opportunities for the Dickman Trail neighborhood. At its last meeting the EDA expressed a preference for industrial development over residential development because of the jobs it would create, compatibility with existing land uses in the area, and because it would be more appropriate given the environmental conditions of the neighborhood. The EDA expressed an interest in contacting industrial developers and exploring the feasibility of such development in the Dickman Trail area. Since that meeting staff has prepared an ownership map, met with the City of South St. Paul to discuss their experiences with industrial redevelopment, acquired the Frederick property and initiated the demolition process for the buildings, proceeded forward with the acquisition of the River Country Cooperative property, responded to inquiries from the McPhillips' regarding potential acquisition of their property, and met with economic development consultant Kirstin Barsness. At staff's request, Ms. Barsness submitted a proposal to provide an assessment of light industrial market opportunities for the Dickman Trail area. The assessment would evaluate the viability of light industrial development by interviewing developers about the attractiveness of the neighborhood, land values, type and timing of development, level of environmental remediation, level of risks, and perceptions and realities of development in the Dickman Trail neighborhood. It would also evaluate the market, identify competing sites, and assess land sale price and overall cost. The cost of the proposal is \$6,300. There is also an alternative added to the proposal which would involve talking to residential developers about what impact this industrial development would have on planned residential development elsewhere in the Concord Neighborhood. The cost for the alternate would be an additional \$875. Staff recommends approval of the Barsness proposal including the alternate service.

Boardmember Bartholomew questioned why the proposal was to assess light industrial market opportunities rather than all industrial opportunities, as discussed at a previous meeting.

Mr. Link replied that from his perspective light industrial was a broad term which incorporated many uses, including those currently on Dickman Trail, and differed from heavy industrial which included refineries, landfills, etc.

Boardmember Bartholomew stated that although a refinery or landfill would not fit in this area, he would like the scope to be large enough to allow as heavy a use as seemed appropriate for the area.

Mr. Link stated he could clarify with the proposer that a broad range of uses was being considered.

Boardmember Tourville suggested removing the word 'light' from the proposal.

Boardmember Mueller advised that the EDA had previously discussed keeping the property I-1 rather than light industrial, to include outside storage, welding, trucks, etc.

Mr. Link advised that the zoning ordinance title for I-1 is Light Industrial; however, the word 'light' could be struck from the proposal.

Boardmember Mueller stated he thought they had discussed holding off on development of this area in order to focus on other parts of Concord instead.

Mr. Link replied his understanding was that EDA direction was to do some feasibility analysis of the potential for industrial development in the Dickman Trail area; however, that did not preclude following up with development elsewhere in the Concord Neighborhood.

Boardmember Tourville stated an analysis of the industrial market opportunities in the Dickman Trail neighborhood would be beneficial to the EDA in moving forward with existing and future property acquisitions. In his opinion approving this proposal would not be putting priority on this area before the other parts of Concord.

President Piekarski Krech questioned what staff hoped to get out of this study.

Mr. Link stated because the City is in the process of acquiring properties in that area, and at some point will be seeking out developers, the purpose of the analysis would be to explore in more detail the market, the costs, and what type of development the City could reasonably expect.

Frank Rauschnot, 6840 Dixie Avenue, requested that the zoning be clarified as changing the zoning from the existing I-1 to light industrial would make his business a non-conforming use.

President Piekarski Krech questioned when the City would determine what zoning is appropriate and the scope of what would be allowed.

Mr. Link replied that regardless of the zoning and the title the City puts on it, one of the functions of the proposed analysis would be to hear from developers what they think would realistically fit in this area. He advised that removing the word 'light' would leave a number of options open.

President Piekarski Krech questioned how the word 'light' was put there in the first place.

Mr. Link replied that City documents have always shown that area as I-1, Light Industrial.

President Piekarski Krech asked what zoning district the landfill was in.

Mr. Link replied I-2, General Industrial.

Boardmember Tourville stated the EDA made it very clear that industrial was the best use for that area, and he saw the study as a benefit to all landowners in the Dickman Trail neighborhood.

Boardmember Mueller asked staff to point out the subject area.

Mr. Link displayed a map of the area and explained that Phase 1 would be all the properties down to and including the River Country Cooperative site; Phase 2 would include the Stanton and Bosworth properties.

Boardmember Mueller did not think the study would be very helpful at this point in time.

President Piekarski Krech asked if Ms. Barsness was involved in the original study of the Concord Neighborhood.

Mr. Link replied Mr. Barsness was not involved in the original study; however, she was familiar with the Concord area.

Mr. Rauschnot advised that the Dickman Trail area has been zoned I-1 since 1965 and he would like it to remain so. He recommended that the City clarify their intent for the use of this area in order to attract business, and he did not feel that light industrial would not be a heavy enough use.

Boardmember Bartholomew asked if the zoning code listed specific uses permitted in each of the zoning districts.

Mr. Link replied in the affirmative.

Boardmember Bartholomew asked if each of the properties shown on the map, down to and including the Bosworth property, had been zoned I-1 since 1965.

Mr. Link replied they had been zoned I-1 for as long as he was aware of.

President Piekarski Krech asked for clarification of the industrial terminology.

Mr. Link replied that the zoning ordinance identifies I-1 as Light Industrial and I-2 as General Industrial.

**Motion by Tourville to approve an industrial market assessment for the Dickman Trail area of the Concord Neighborhood, and to remove the word 'light' and instead identify it simply as 'industrial'.**

Boardmember Bartholomew asked staff what tools and benefits the study would provide.

Mr. Link replied the consultant would provide an analysis of the viability of industrial redevelopment in the Dickman Trail area, including discussions with industrial developers.

Boardmember Bartholomew asked what they would gain from the \$875 additional service.

Mr. Link replied that the main proposal would involve discussions with industrial developers, whereas the alternate service would incorporate discussions with residential developers to evaluate the impact industrial uses would have on residential development in the Concord neighborhood.

Boardmember Bartholomew asked if the information gleaned from this study would be general enough to guide the City through the development process or would it be better to hold off doing the study until more properties were acquired.

Mr. Link stated it would be beneficial to do the analysis up front as the City was new to redevelopment. The study would provide direction and information regarding industrial development potential and measures the City could take to help foster development in the Dickman Trail neighborhood.

Boardmember Bartholomew asked who the consultant was who previously spoke with the EDA regarding redeveloping the area as residential or industrial.

Mr. Link replied Ehlers & Associates.

**Second by Madden.**

Boardmember Tourville stated this analysis could assist the EDA in making better decisions regarding this neighborhood and could perhaps result in acquired properties being marketed sooner rather than later.

Boardmember Mueller stated he would prefer to do the assessment later after more property had been acquired.

**Ayes: 4**

**Nays: 1 (Mueller) Motion carried.**

**B. Consider Approval of a Commercial Retail Market Analysis for Arbor Pointe**

Mr. Link asked the EDA to consider approval of a proposal for a retail market analysis. At its last meeting the EDA discussed the commercial activities in Arbor Pointe and expressed concern regarding the recent closing of Walgreens and the anticipated closing of the Rainbow grocery store, and expressed an interest in being proactive. Although the City does not own or operate any of the businesses in Arbor Pointe, the City can provide infrastructure, appropriate zoning regulations, marketing through Progress Plus, control of land uses, and perhaps financial assistance. Since the last EDA meeting staff has researched ownership, the re-use of grocery stores, and access, particularly Buchanan as it intersects with Concord. Staff spoke with one of the Arbor Pointe retail owners, an industrial developer, and two retail brokers associated with the Rainbow grocery store. Rainbow was leasing the property from Inland Properties. A representative from Inland Properties commented that although the site had good visibility and there was a good income level in the area, they lacked the density of housing and employment necessary to support a lot of retail. She asked what incentives the City might have to offer, felt there was too much retail in that area, and advised that the failure of the Rainbow store was due to management issues, not the lack of support from the community. Mr. Link advised that he also spoke with a commercial real estate broker trying to sell the Rainbow property. He commented that the site had good access and visibility; however, it was unlikely that another grocery store would go in because of the existing grocery stores in the area and the low population density in the market area. He commented that there were a number of Rainbow stores throughout the metropolitan area that have closed.

Mr. Link advised that a retail market analysis could be citywide or it could focus on a specific retail neighborhood, such as Arbor Pointe. Such an analysis would identify trade areas, analyze demographics,

retail market conditions, calculate the retail demand, interview commercial real estate brokers, and provide recommendations for further City actions. The City requested proposals from two firms, Maxfield Research and Stantec. The proposals are generally similar; however, staff's recommendation would be to go with Maxfield because it focused specifically on the Arbor Pointe neighborhood and was a little less costly. He noted that this would not exclude future studies of retail elsewhere in the city, but would focus on staff's immediate concern regarding Arbor Pointe.

Jennifer Gale, Progress Plus, discussed a proposal to complement the Arbor Pointe retail market analysis. This proposal would include inviting City staff and government officials, Arbor Pointe residents, and banking and finance representatives to have a facilitated conversation regarding what has worked, what has not worked, and how we should move forward in the future. They would also discuss available city and private financing tools and how those tools work to attract businesses, as well as what types of businesses would the residents likely support in the Arbor Pointe area. The input from these conversations would help create a solution for future development. Ms. Gale advised that this could potentially be used as a template in other commercial areas.

President Piekarski Krech asked if this would be done through Progress Plus.

Ms. Gale replied in the affirmative, stating they would use an outside facilitator.

Boardmember Tourville felt the proposed conversation group would be useful and would allow for neighborhood involvement. He noted that the City reached out to Hy-Vee, who responded that they were not interested in putting a grocery store on the Rainbow property.

Ms. Gale advised that she is often asked by developers what incentives the City has to offer. Therefore, it would be good to have a discussion regarding financing tools available and how those tools work to attract various types of businesses.

Boardmember Tourville suggested doing a retail market analysis of Arbor Pointe and then determining whether there would be any value in analyzing other parts of the community.

Mr. Link advised that Jay Demma from Stantec was in the audience and was available for questions.

Vickie Vars, 8755 Coffman Path, President of the Ashley Ponds Homeowners Association in Arbor Pointe, stated they were concerned about the empty storefronts and the fact that they have fallen into disrepair. She suggested they be better maintained and stated that the businesses need the support of the entire community, not just Arbor Pointe residents. She advised that they sometimes feel like second class citizens both from businesses in the community and from some of the attitudes of Councilmembers.

Boardmember Tourville asked Ms. Vars if she would be interested in participating in a conversation group.

Ms. Vars replied in the affirmative.

Carmen Tipler, 8636 Bechtel Avenue, Arbor Pointe Master Association Boardmember, stated the traffic flow and configuration was complicated and made getting from one shopping area to another very difficult. She stated that losing Walgreens was especially disappointing since it was so visible at the entrance to the retail area.

President Piekarski Krech agreed that the traffic configuration was difficult, but advised that many of the traffic concerns were County issues as Concord Boulevard was a County road.

Ms. Tipler asked the EDA to consider putting a moratorium on building new retail until the existing space was filled.

Jess Myers, 9253 Cheney Trail, stated his recollection was that at the time of Walmart's opening there was an understanding that it would not turn into a Super-Walmart with a full grocery store. With the closing of Rainbow, Mr. Myers asked if Walmart now had an opportunity to add a full grocery line.

Mr. Link stated that because Rainbow was built first there was a private restriction that the developer placed on Walmart prohibiting them from having over a certain amount of groceries. He was unsure of the language in that private agreement and whether it would affect this situation.

Boardmember Bartholomew asked if there was anything in the code that would prevent Walmart from selling fresh meat and produce.

Mr. Link replied there was not.

Boardmember Madden stated he was on the Planning Commission when Walmart was approved and there was a great amount of resistance from the neighborhood not to have a Super-Walmart. He recalled there being an unwritten agreement that Walmart would not expand to try to make it more acceptable to the neighborhood.

Mr. Myers stated he was a long-time resident of this neighborhood and was concerned about the loss of commercial businesses. He stated the Arbor Pointe commercial area is the gateway to their neighborhood and he hoped they could fill the retail. He stated that Rainbow did not fail due to lack of community support; Arbor Pointe residents shopped there and were willing to support businesses.

Frank Rauschnot, 6840 Dixie Avenue, stated that many of the problems were due to poor planning and the lack of a central corridor. He stated it does not work to have the retail areas so spread apart and he noted as an example that the City of Eagan has a clearly defined industrial park and the City of Woodbury has specific retail areas.

Ryan Rother, part owner and manager of the retail center at 9092-9170 Buchanan Trail, advised that his company developed part of the Arbor Pointe commercial area. He was concerned about the many businesses they have lost over the years and would like to be involved in helping to make this area successful. He advised that he requested Jennifer Gale's assistance and would also like to ask the City for a list of businesses that the residents would like to see in the Arbor Pointe area, a list of lenders in the community that would be willing to help people who want to get into business, and any other resources the City could offer. He stated he would like to revisit the access issue onto Buchanan Trail from Concord with the County, and stated that Arbor Pointe needed the support of the residents from the northern part of the City as well.

President Piekarski Krech asked Mr. Rother what reasons were given for the businesses leaving.

Mr. Rother stated the reasons given were lack of support by the whole community and access. He added that the closing of any business in the area negatively impacts the other businesses. He stated if the City, the residents, and the financial institutions worked together they could get this area going again.

President Piekarski Krech asked if the Arbor Pointe commercial area benefited from the traffic generated by Inver Hills Community College.

Mr. Rother replied that he did not believe so, and stated perhaps they should look at bringing in businesses that would be attractive to college students.

Boardmember Tourville advised that the Arbor Pointe business closings were caused by reasons other than just lack of support, such as family issues, finances, poor business decisions, etc. He noted that Councilmembers questioned Walgreens representatives when they requested approval to build a third Walgreens in the City.

Boardmember Madden recalled that the Walgreens representatives claimed their business came from within a two mile radius.

Mr. Myers asked if there were demolition bonds available.

Boardmember Tourville stated it was unlikely they would demolish the buildings as the taxes were being paid and they were not in foreclosure.

Boardmember Bartholomew supported the proposed meeting with Progress Plus and local citizens, stating hopefully it would give them a better idea of what the Council could do to help improve the commercial and retail business in the area.

Mr. Rauschnot stated the City should work to correct their image problem of being difficult to work with.

Boardmember Mueller stated that he preferred the Stantec proposal to the Maxfield proposal, and supported the conversation group proposed by Progress Plus to address business retention concerns.

**Motion by Mueller, second by Tourville, to approve the Stantec proposal for a retail market analysis for the Arbor Pointe retail area.**

**Ayes: 5**

**Nays: 0      Motion carried**

**D. Receive Progress Plus Update**

President Piekarski Krech advised that Item D would be discussed prior to Item C as Ms. Gale had a conflicting appointment.

Ms. Gale summarized the last quarter activities. She advised that Progress Plus placed a second press release through *Vocus* featuring Hometown Meats. It was included in seven different media outlets. They also completed the Dakota and Ramsey County Economic Impact Study for Union Pacific Railroad. She suggested setting up a private meeting later this year to discuss Inver Grove Heights' railroad issues prior to setting up a public meeting. Progress Plus submitted the MNCAR course description for accreditation to host a broker class. They are hoping to have City staff and EDA participation. Ms. Gale asked if the EDA wanted them to move forward with the community meeting for Arbor Pointe, stating if so, they would have to hire a consultant group.

President Piekarski Krech questioned whether the conversation group should take place after completion of the Arbor Pointe retail analysis or concurrent with it.

Ms. Gale stated she did not see any harm in doing them simultaneously. She advised that they sent a letter to HyVee in support of the Rainbow store employee petition and also met with Frank Rauschnot to discuss his business plan and relocation efforts.

Boardmember Mueller stated the information gained from the proposed focus group would be useful.

**C. Consider Recommendation on Proposed 2015 EDA Budget**

Mr. Link summarized the recommended draft 2015 budget. He advised that Personnel costs would remain essentially the same as 2014. Staff is recommending an increase in Professional Services to reflect the actual legal costs of the last two years, bond counsel and financial consultant fees, as well as Other Professional Services which includes economic development consultant services and the contract with Minneapolis Consortium of Community Developers for the 'Open to Business' program. Other Services costs would remain essentially the same as 2014, with the exception of an increase for mandatory public hearing notice in the St. Paul Pioneer Press for development districts. Staff recommends approval of the proposed 2015 budget.

Boardmember Mueller suggested the EDA pay for the EDA Executive Director's Chamber membership rather than the Police Chief's.

Mr. Link thanked Boardmember Mueller for the reminder regarding that item. He noted that the budget currently pays for membership with the River Heights Chamber of Commerce for the City Administrator and the Police Chief; there was some discussion of that a few meetings ago and the EDA indicated they would like to discuss it further.

President Piekarski Krech stated she would be in favor of dropping the Police Chief's membership as she did not think he was an active member of the Chamber.

Ms. Gale advised that the Police Chief attends all local issues meetings.

President Piekarski Krech questioned whether a membership would be necessary to attend those meetings. She asked Mr. Link if he attended most of the meetings even though he was not a member.

Mr. Link replied in the affirmative.

President Piekarski Krech asked what the benefits would be to having the Police Chief be a member of the Chamber other than attendance at the meetings.

Mr. Link advised that historically the Police Chief has been a member of the Chamber, with the rationale being that the Police Chief should have ongoing communication with the business community regarding safety and crime.

President Piekarski Krech stated it made more sense for the Executive Director to be a member of the Chamber than the Police Chief.

Boardmember Tourville suggested perhaps negotiating the Chamber membership so that various staff members could attend the various meetings.

Ms. Gale stated that the Police Chief's involvement allowed business owners to access his contact information quickly and easily and was also a networking opportunity which allowed business owners to get to know the Police Chief and feel comfortable calling him with issues regarding their business.

Boardmember Mueller stated that Ms. Gale's comments clarified the situation and he supported the previous suggestion of paying for two City memberships but not specifying who they were for.

Ms. Gale advised that the City memberships were at a reduced level, similar to that of a politician or clergyman, and were mainly a means of gaining access to businesses that belong to the Chamber.

Boardmember Tourville stated if the Police Chief is actively participating and it is perceived as positive, he had no issues with leaving everything as is.

Boardmember Bartholomew stated the access was an important tool and it was beneficial for business people to feel comfortable contacting the Police Chief.

**Motion by Tourville, second by Bartholomew, to approve the Economic Development Authority's draft 2015 budget.**

Mr. Lynch suggested that the EDA adopt the budget with a line item for the Chamber membership and let staff come back with a recommendation on who that should be for.

**President Piekarski Krech asked if the motioner and second were agreeable with Mr. Lynch's recommendation for the line item.**

**Boardmembers Tourville and Bartholomew replied in the affirmative.**

**Ayes: 5**

**Nays: 0      Motion carried**

**E. Receive Gun Club Update**

Mr. Link advised that they received the revised appraisal since the last EDA meeting. As previously noted there was a discrepancy between what MNDOT stated they owned in acreage versus what the County stated they had in acreage. That has been resolved and they now have a revised appraisal. Landmark Environmental Inc. is in the process of preparing an estimate of cleanup costs; negotiations can resume with MNDOT once that is received.

Boardmember Mueller asked for clarification of the acreage discrepancy.

Mr. Link replied that MNDOT stated they owned 29 acres and the County stated that MNDOT owned 53 acres; MNDOT's numbers were correct. The revised appraisal is lower overall because they would be purchasing 29 acres versus 53 acres. There is a large difference between the City's appraised value and MNDOT's appraised value so negotiations will have to take place.

Boardmember Mueller asked if MNDOT owned the northern or southern parcel.

Mr. Link replied that MNDOT owned the southern parcel.

**5. NEXT MEETING – November 10, 2014**

**6. ADJOURNMENT:** Motion by Madden, second by Mueller, to adjourn. The meeting was adjourned by unanimous vote at 6:43 p.m.

MEMO

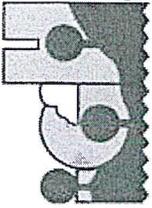
CITY OF INVER GROVE HEIGHTS

**TO:** Inver Grove Heights Economic Development Authority  
**FROM:** Thomas J. Link, Director of Community Development   
**DATE:** November 6, 2014 for the EDA Meeting of November 10, 2014  
**SUBJECT:** Claims

Attached, for EDA action, are the claims for the period of July 19 through October 17, 2014. Also attached is the Financial Statement through the third quarter of 2014.

Enclosures: Detailed Report  
Financial Statement

cc: Kristi Smith



of Inver Grove Heights

# Detail Report Account Detail

Date Range: 7/19/14 - 10/17/14

Account	Post Date	Source Transaction	Description	Vendor	Amount	Running Balance
<b>Fund: 290 - EDA</b>						
<b>290.100.1010199</b>						
		Claim on Cash				
		Beginning Balance				180,715.99
	07/23/2014	208079	Agrees to Previous report ending 7/18/14			180,715.99
	07/23/2014	208085	Payroll	06873 - INTERNAL REVENUE SERVICE	(0.20)	180,715.79
	07/23/2014	208085	Legal - River Country Coop Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(828.00)	179,887.79
	07/25/2014	PYPKT00649 - PR 07/25/14: 7/5/2014-7/18/2014	Legal - Frederick Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(3,085.92)	176,801.87
	07/31/2014	JN04525	Payroll		(588.45)	176,213.42
	08/01/2014	208174	Journal Entry		(7.62)	176,205.80
	08/01/2014	208174	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(0.11)	176,205.69
	08/01/2014	JN04553	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(1.18)	176,204.51
	08/08/2014	PYPKT00655 - PR 08/08/14: 7/19/2014-8/1/2014	Record August 2014 Allocations		(91.66)	176,112.85
	08/13/2014	DFT0007439	Payroll		(586.01)	175,526.84
	08/20/2014	208482	Move Out Escrow Release	11195 - FREDERICK, AARON	(3,000.00)	172,526.84
	08/22/2014	PYPKT00658 - PR 08/22/14: 8/2/2014-8/15/2014	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(1.18)	172,525.66
	08/27/2014	208636	Payroll		(588.45)	171,937.21
	08/27/2014	208636	Legal - EDA	00538 - LEVANDER, GILLEN & MILLER P.A.	(240.00)	171,697.21
	08/27/2014	208636	Legal - Frederick Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(412.00)	171,285.21
	08/27/2014	208636	Legal - River Country Coop Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(928.00)	170,357.21
	09/01/2014	JN04599	September Allocations		(91.66)	170,265.55
	09/05/2014	PYPKT00664 - PR 09/05/14: 8/16/2014-8/29/2014	Payroll		(586.01)	169,679.54
	09/06/2014	208685	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(0.52)	169,679.02
	09/19/2014	PYPKT00671 - PR 09/19/14: 8/30/2014-9/12/2014	Payroll		(588.45)	169,090.57
	09/26/2014	208956	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(1.18)	169,089.39
	09/26/2014	208970	Legal - EDA	00538 - LEVANDER, GILLEN & MILLER P.A.	(264.00)	168,825.39
	09/26/2014	208970	Legal - Frederick Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(32.00)	168,793.39
	09/26/2014	208970	Legal - River Country Coop Acquisition	00538 - LEVANDER, GILLEN & MILLER P.A.	(440.00)	168,353.39
	10/01/2014	JN04716	Record Allocations - October		(91.66)	168,261.73
	10/03/2014	PYPKT00677 - PR 10/03/14: 9/13/2014-9/26/2014	Payroll		(586.01)	167,675.72
	10/15/2014	209240	Payroll		(1.18)	167,674.54
	10/17/2014	PYPKT00684 - PR 10/17/14: 9/27/2014-10/10/2014	Payroll	11063 - GENESIS EMPLOYEE BENEFITS, INC	(588.45)	167,086.09

# City of Inver Grove Heights EDA Fund 290

## Budget vs Actual through 9/30/14

Account Description	2014 Amended Budget	9/30/14 Actual	Budget Remaining
Investment Earnings	3,500.00	3,080.29	419.71
Miscellaneous Revenue	-	7.03	(7.03)
Operating Transfers In	500.00	285,547.06	(285,047.06)
Contribution from Retained Earnings	56,900.00	-	56,900.00
<b>Total Revenue</b>	<b>60,900.00</b>	<b>288,634.38</b>	<b>(227,734.38)</b>
Personnel	15,300.00	11,223.70	4,076.30
Prof/Tech Services	17,800.00	29,986.36	(12,186.36)
Purchased Services	400.00	322.83	77.17
Other Purchased Services	27,200.00	29,749.28	(2,549.28)
Supplies	200.00	-	200.00
Land Purchase	-	274,653.82	(274,653.82)
<b>Total Expenditure</b>	<b>60,900.00</b>	<b>345,935.99</b>	<b>(285,035.99)</b>
<b>Fund 290 Surplus (Deficit)</b>	<b>-</b>	<b>(57,301.61)</b>	<b>(57,301.61)</b>

Claim on Cash 168,353.39

Land Available for Sale 1,138,500.00

Loan from Host Community Fund for Land Purchase 1,000,000.00

## MEMO

## CITY OF INVER GROVE HEIGHTS

**TO:** Inver Grove Heights Economic Development Authority

**FROM:** Thomas J. Link, Director of Community Development 

**DATE:** October 30, 2014 for the EDA Meeting of November 10, 2014

**SUBJECT:** Arbor Pointe Commercial Neighborhood – Retail Analysis

**1. ACTION REQUESTED:** The Economic Development Authority (EDA) is to review and discuss the enclosed Arbor Pointe Retail Analysis, prepared by Stantec.

**2. BACKGROUND:** At its last couple of meetings, the EDA discussed the commercial activities in Arbor Pointe and expressed concern for the recent closings of the Walgreen and Rainbow stores and the number of vacancies in the neighborhood. The EDA expressed an interest in being proactive and subsequently approved a proposal from Stantec to perform a retail analysis of the Arbor Pointe commercial neighborhood.

**3. ANALYSIS:** The Arbor Pointe Retail Analysis analyzes the market conditions of the Arbor Pointe retail district. It also includes some comments and analysis of the retail environment in the City as a whole. The report includes an:

- Overview of economic and geographic principles
- Evaluation of location characteristics
- Analysis of the retail environment
- Examination of socioeconomic characteristics
- Summarization of findings and recommendations

The report provides key findings regarding:

- Supply of retail space
- Vacancy issues
- Trade area constraints
- Critical mass of retailers
- Population characteristics
- Forecasted growth
- Traffic characteristics
- Customer base

Finally, the report offers recommendations pertaining to:

- Zoning
- Property maintenance
- Financial assistance
- Acquisitions
- Access

4. **CONCLUSIONS:** The Economic Development Authority (EDA) is to review and discuss the Arbor Pointe Retail Analysis.

Enc: Arbor Pointe Retail Analysis

cc: Jennifer Gale, Progress Plus

# Arbor Pointe Retail Analysis



Prepared for:  
City of Inver Grove Heights

Prepared by:  
Jay Demma, AICP

October 10, 2014



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## **ARBOR POINTE RETAIL ANALYSIS**

Introduction  
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### **1.0 INTRODUCTION**

#### **1.1 PROJECT BACKGROUND**

The City of Inver Grove Heights engaged Stantec to analyze the market conditions of the Arbor Pointe retail district located at the intersection of Highway 52 and Concord Boulevard.

The Arbor Pointe retail district has experienced several store closings recently, which have sparked concern about what can and should be done by the City to reverse the trend and support new private investment. However, before any substantive action is taken by the City, planning staff is interested in understanding the market dynamics of the situation in order to inform and guide any such actions.

#### **1.2 REPORT STRUCTURE**

The report is organized according to the analytical steps needed to complete the study. Chapter 2 provides an overview of the basic economic and geographic principles of retail activity. Chapter 3 is an evaluation of the locational characteristics of Arbor Pointe district, both at a regional and local level. Chapter 4 analyzes the competitive retail environment influencing Arbor Pointe. Chapter 5 examines the socio-economic drivers of retail demand that impact Arbor Pointe. Chapters 6 and 7 summarize findings from the preceding chapters into conclusions and recommendations regarding the current and future condition of retail in Arbor Pointe and considerations for possible public intervention.

#### **1.3 DATA RESOURCES**

This study represents a compilation of data gathered from various sources, including the properties surveyed, local records, and interviews with local officials and real estate professionals, as well as secondary demographic material. Although Stantec judges these sources to be reliable, it is impossible to authenticate all data. The analyst does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgment. The secondary data used in this study are the most recent available at the time of the report preparation.

The objective of this report is to gather, analyze, and present as many market components as reasonably possible within the time and budget constraints agreed upon. The conclusions contained in this report are based on the best judgments of the analysts; Stantec makes no guarantees or assurances that the projections or conclusions will be realized as stated. It is Stantec's function to provide our best effort in data aggregation, and to express opinions based on our evaluation.



## ARBOR POINTE RETAIL ANALYSIS

Retail Overview  
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### 2.0 RETAIL OVERVIEW

Retail is one of the most highly competitive and fluid real estate market sectors. Existing stores are constantly being challenged by new concepts, locations and competitors. Turnover is very common and tenants and landlords must constantly be listening to the market and making strategic reinvestments or tenant mix changes to ensure their centers are vibrant and profitable.

Cities have an interest in monitoring this constant market change to ensure that the total size of the retail development space is in line with retail demand. When retail development space is beyond the size that can be supported by the market demand, vacancies become more common. This can be amplified by a "domino effect" caused by the common practice of co-tenancy where one tenant's lease requirements are tied to the condition that another tenant remains active in the center.

Excess retail supply also puts downward pressure on lease rates which can reduce the cash flow available to landlords for making the strategic reinvestments necessary for the center to remain competitive. This can lead to an overall decline in retail quality and can lead to negative impacts that can be a community concern.

The other reason cities have an interest in monitoring the size of the retail market is to prevent an overly restrictive retail environment. When a city does not provide sufficient retail area to satisfy market demands, then the variety of retail options available to its customers may be reduced and economic activity is diverted to other communities.

It is therefore very important that cities attempt to find a balance between the amount of retail development and retail market demand.

#### 2.1 TYPES OF RETAIL CENTERS AND GOODS

The design of retail centers in urban areas has changed significantly during the 20th century, expanding from walkable town centers to auto-oriented centers to the diverse types of retail centers we see today. Many of the changes have been linked to metropolitan growth patterns, changes in urban transportation systems – including the rising dominance of the automobile – and evolving retailing technologies.

One result of this change is that communities have inherited a mix of current and older retail centers that vary in economic performance and physical character. Whether a retail location is older, such as a downtown, or brand new, there is a promising opportunity to create pedestrian-friendly uses by adopting urban design approaches that emphasize links to local neighborhoods, walkability, transit access, complementary land uses, and natural amenities.

A clear understanding of the form and dynamics of retail centers is helpful when positioning them in a community. They can vary dramatically based on:



## ARBOR POINTE RETAIL ANALYSIS

Retail Overview  
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- Physical size
- Built form
- Metropolitan location
- Transportation access
- Size of Trade Area
- Mix of services and tenants
- Presence of competing centers

Many forces can affect the performance of retail centers over time:

- Changes in the regional transportation system can alter the relative situation of individual retail centers, e.g. freeway or transit station proximity.
- A boom in construction of retail centers during the 1960s-1980s resulted in an overbuilt retail market in many communities today.
- Aging retail centers often need major renovation, expansion, or repositioning to be competitive.
- Changing demographics in the Trade Area may reduce buying power or create a market mismatch for a retail center.
- Smaller retail centers often lack space for expansion and struggle to compete with stores that are increasingly larger, e.g. supermarkets and discount stores.
- Competition can increase due to new and expanding retail centers within five miles.
- Diversification of shopping center types with new formats and popular tenants increases the competitive challenge.

The area from which a center draws the majority of its business is known as the Trade Area. The boundary for a Trade Area is determined by many factors, but mostly by the location of the next closest center offering a similar complement of goods and services. Ideally, the Trade Area for a given center has no other competitors for several miles in each direction, giving the center the strong advantage of convenience to the households surrounding it. In reality, travel routes and intervening land uses (e.g. large parks with no through routes) often make one center more convenient than another retail center that is closer "as the crow flies."

Determining the Trade Area around a retail center depends on the amount of goods and services it can offer to the surrounding household base; the level of offering is usually related to the size of the center and the order of goods and services available.

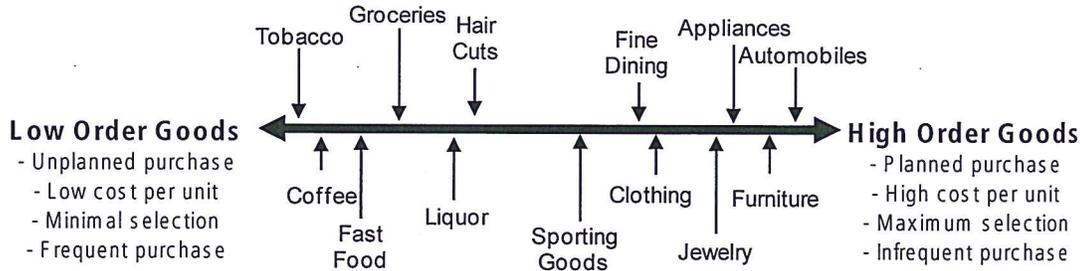
Goods are often classified on a relative scale from lower order to higher order goods. Lower order goods are those goods which consumers need frequently and therefore are willing to travel only short distances for them. Higher order goods are needed less frequently so consumers are willing to travel farther for them. These longer trips are usually undertaken for not only purchasing purposes but other activities as well. Figure 1 demonstrates where some of the common goods and services might fall along this continuum.



## ARBOR POINTE RETAIL ANALYSIS

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**Figure 1: Hierarchy of Retail Goods and Services**



The Urban Land Institute (ULI) approximates the size of a Trade Area in a rough manner, in terms of a distance radius surrounding a center. Table 1 presents the rough Trade Area calculations, working from the smallest level (convenience center) up to the largest level (regional or super-regional center).

**Table 1: General Trade Area Characteristics of Retail Centers**

Center Type	Anchor Type	Gross Leasable Area (square feet)	Minimum Population to Support	Trade Area Radius (miles)	Trade Area Drive Time (minutes)
Convenience	Supette/S mall Grocery	<30,000	3,000 - 15,000	<1.5	<5
Neighborhood	Drug Store/Grocery	30,000 - 100,000	15,000 - 40,000	1.5 - 3	5 - 10
Community	Supermarket/Discount Merchandise	100,000 - 300,000	40,000 - 150,000	3 - 5	10 - 20
Regional/Super-Regional	Department Stores/Entertainment	300,000+	150,000+	5 - 12	20 - 30

Source: Urban Land Institute

In reality, the draw areas and minimum supportive populations for retail centers vary considerably across the country, depending on surrounding housing density and the attraction of the specific retail tenants. Stores in higher-density areas can thrive with smaller Trade Areas; stores that are popular in the local market (e.g. Target in the Twin Cities) can thrive with a smaller population base because they garner considerably higher brand loyalty than their competition.

## 2.2 RELATIONSHIP BETWEEN RETAIL DEMAND AND DEMOGRAPHICS

This section discusses demographics on a general scale, introducing the concepts of consumer segments and the value of alignment between tenants and surrounding households (as measured through demographic information).

Retailers capture sales from five main categories of consumers: residents, daily workers, commuters, intermittent (transitory) visitors, and destination shoppers. Of these, residents are usually the main source of income for most retailers.

In general, neighborhood retailers perform best when they are surrounded by "rooftops," rather than simply trying to capture drive-by traffic. The strongest retail locations do a bit of both; they

## **ARBOR POINTE RETAIL ANALYSIS**

Retail Overview  
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serve the residents living in the surrounding area and, because they are located on high-traffic streets, they capture business from commuters, intermittent visitors, and daily workers.

### **Resident Consumers**

- Spend, on average, between 10%-20% of household income at local retailers (not including auto spending); this is far more per capita and per-trip than other consumer types.
- Support a wider variety of retail goods and personal services than daily workers or transitory visitors; everything from haircuts to hardware to prescriptions.

### **Daily Workers**

- Spend just a fraction on local retail compared to residents, but can be regular customers for restaurants, coffee shops, and other specific retailers.
- Generally limit their spending time to the working hours during Monday-Friday.
- Spend in narrow categories such as restaurants and convenience/gas.

### **Intermittent Visitors**

- Are difficult to predict but can be significant sources of business to retailers located on major thoroughfares with good access.

### **Commuters**

- Do not generate high levels of patronage for most retail tenants.
- Like daily workers, can become regular customers for specific retailers such as coffee shops or convenience/gas stations.

### **Destination Shoppers**

- Will drive significant distances and make special trips to shop at specific stores.
- Can be very loyal customers for the retailers they patronize.
- May often spend a substantial amount of money at one visit, or over the course of a year.

Given that residents (the consumer unit being a "household") generate the bulk of income for most retailers, the alignment between the demographic characteristics of the surrounding population and the tenant mix of a retail center is crucial. In an ideal world, the mix of tenants at a retail center would satisfy all of the regular needs of the surrounding population.

For example, a strip retail center located adjacent to a subdivision of starter homes with young families would offer such tenants as a grocery store, a hardware store, a drugstore/pharmacy, and family restaurants among others. A retail center in an inner-city urban area with few families would offer independent coffee shops, bookstores, niche restaurants with bars, and other specialty stores catering to singles and professionals.

## **2.3 OTHER FACTORS INFLUENCING RETAIL MARKETS**

More threatening to the long range prospects of traditional retail is the growth in e-commerce or on-line purchasing of goods and services. Overall, e-commerce remains a very small proportion

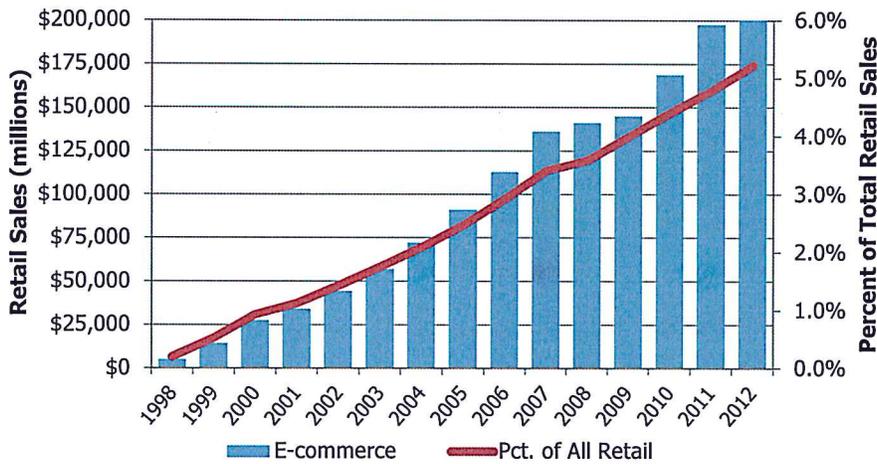


## ARBOR POINTE RETAIL ANALYSIS

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of all retail spending (Figure 2). However, growth since the late 1990s has been almost exponential. Although it will likely taper as retailers figure out how to more effectively combine the on-line and in-store experience, each half a percentage growth in e-commerce translates into millions of fewer square feet of traditional retail space that can be supported nationwide. However, neighborhood-oriented retail will likely feel less effect because the goods are generally consumed soon after purchase and therefore more immune from online competition.

**Figure 2: Growth in E-Commerce Retail Spending**



Source: US Census: E-Stats, E-Commerce Multi-sector Report

## ARBOR POINTE RETAIL ANALYSIS

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### 3.0 ARBOR POINTE DISTRICT

Strong site factors are an essential foundation to real estate redevelopment success, and an understanding of these factors can help to identify the challenges and opportunities for long-term success of the Arbor Pointe district. This chapter identifies the district's key regional, local, and site-specific characteristics as they relate to the support of profitable and enduring retail.

#### 3.1 DESCRIPTION

The Arbor Pointe retail district is situated near the intersection of Highway 52 and Concord Boulevard in east central Inver Grove Heights. There are 16 commercial properties in the district with a combined total of nearly 290,000 square feet of leasable retail space. There are 22 businesses in the district that occupy a total of 176,000 square feet of space. Nearly one-third of the total space is vacant, which is approximately 93,000 square feet.

The district is anchored by Walmart, which occupies a freestanding building with nearly 100,000 square feet of space. Walmart is the primary driver of retail activity in the district. It generates a significant volume of traffic in which other smaller retailers in the district are able to capitalize upon. Until recently, Rainbow Foods and Walgreens were complementary anchors that also generated traffic to the district. These businesses are now closed and the buildings they occupied are vacant.

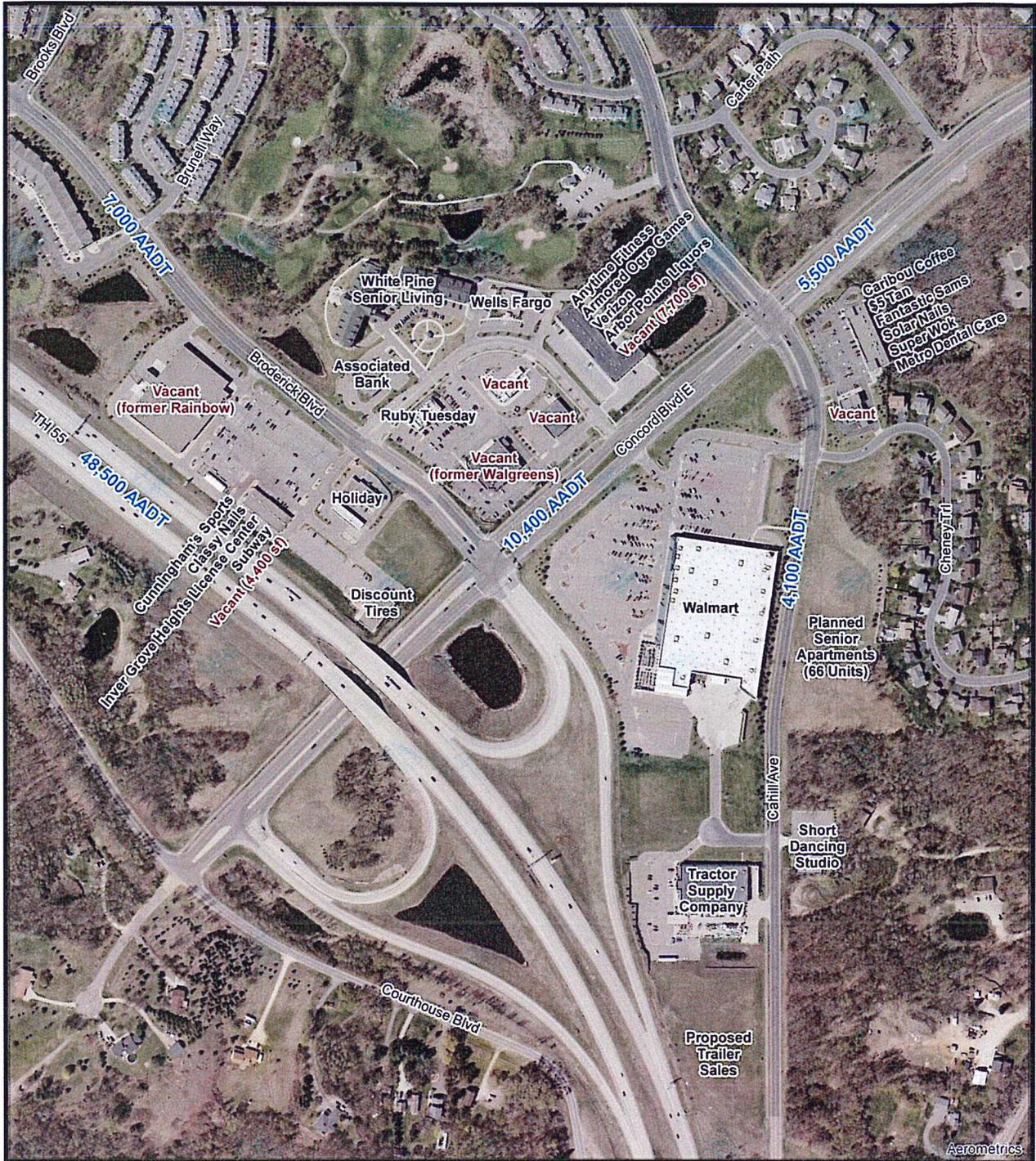
In addition to properties that serve to anchor the district, there are a number of smaller freestanding single-occupant buildings and multi-tenant strip centers. These buildings are occupied by a mix of retailers, including restaurants (4), personal care services (4), banks (2), a fitness center, a sporting goods store, a liquor store, a tire store, a cellular store, a dental clinic, a gaming store, a convenience store/gas station, a dance studio, and even a tractor supply store. Of the mix of businesses, a little over half are part of a national or regional chain meanwhile the remaining operations are locally-based businesses. The map on the following page indicates the location of properties and businesses within the district.

Due to traffic and circulation patterns within the district, there are three distinct zones: 1) properties east of Concord Boulevard; 2) properties along Buchanan Trail; and 3) properties located between Broderick Boulevard and Highway 52.

East of Concord Boulevard Walmart is the dominant property. However, there is also a small strip center anchored by Caribou Coffee, a freestanding former bank that is now vacant, a small performing arts center, and a mid-size freestanding building occupied by the Tractor Supply Company. All five properties are accessed via Cahill Avenue. The Walmart property, however, is the only one with access from Concord Boulevard via a "right-in/right-out" access point.

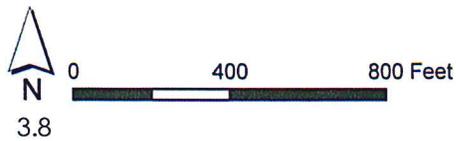
# ARBOR POINTE RETAIL ANALYSIS

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## Current Area Conditions

Arbor Pointe Retail Analysis



October 7, 2014



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## ARBOR POINTE RETAIL ANALYSIS

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Buchanan Trail is the small service drive that provides access to the retail properties east of Concord Boulevard and north of Broderick Boulevard. The most prominent building in this zone is the former Walgreen's that dominates the Concord and Broderick intersection. Half of the retail space in this zone is currently vacantly. Access is a critical issue for properties in this zone because none of the intersections that provide access to it are controlled by a traffic signal or other traffic control device.

The zone between Highway 52 and Broderick Boulevard is dominated by the former Rainbow Foods property. This is the oldest zone of the district, which dates to 2000. This zone has the most prominent visibility from Highway 52 and also benefits from intuitive access points when exiting the highway.

Overall the entire Arbor Pointe district is relatively new. The oldest property dates to 2000 with most properties having been built between 2004 and 2006. Due to the similar age of most properties and the effect of local land use controls, there character of the district is generally cohesive in which many buildings share the same or similar design features and elements. For example, most buildings incorporate brick as a prominent building material and have green detailing in either window awnings or roof treatments (Figure 4).

**Figure 4: Images of Arbor Pointe Retail Properties**



9041-9127 Broderick Blvd



9070-9072 Buchanan Trail



9008-9042 Cahill Ave



9165 Cahill Ave

## ARBOR POINTE RETAIL ANALYSIS

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### 3.2 TRAFFIC COUNTS AND VISIBILITY

According to the most recent figures from the Minnesota Department of Transportation (MnDOT), the 2013 annual average daily traffic (AADT) along Concord Boulevard in the Arbor Pointe district is 10,400 vehicles per day. Although 10,000 vehicles per day can support certain retailers with lower overhead, many national chains have minimum daily traffic counts that are 20,000 vehicles per day or higher. It should also be noted that since the MnDOT figures are from 2013 they do not factor in the impact of the closing of Rainbow Foods and Walgreen's. As anchor stores, these businesses were instrumental in bringing traffic to the district. Presumably, with these businesses now closed, the traffic volumes along Concord Boulevard are now even lower.

Daily traffic along Highway 52 is 48,500 vehicles per day according to MnDOT. However, only a small portion of the district is visible from the highway, which limits the beneficial impact of being close to the highway. More importantly, though, a significant portion of the traffic along Highway 52 near Arbor Pointe consists of longer distance trips to or from destinations in south eastern Minnesota. This is in contrast to most other urban highways in the metro area, which primarily handle local trips. Travelers who are making longer distance trips have retail needs that skew heavily toward highly convenience-based needs, such as fuel, snacks, and fast food. Therefore, their needs for neighborhood-based retail stores that provide everyday staples and services are significantly lower. As a result, the nature of the traffic along Highway 52, though the volumes are strong, is not well suited to the existing retail of the Arbor Pointe district.

Overall, visibility of stores within the district is good from most roadways and generally does not present any barriers to retail viability. Although a good portion of the Arbor Pointe district is not directly visible from Highway 52, good signage can and to a large degree already does mitigate this condition.

### 3.3 ACCESS

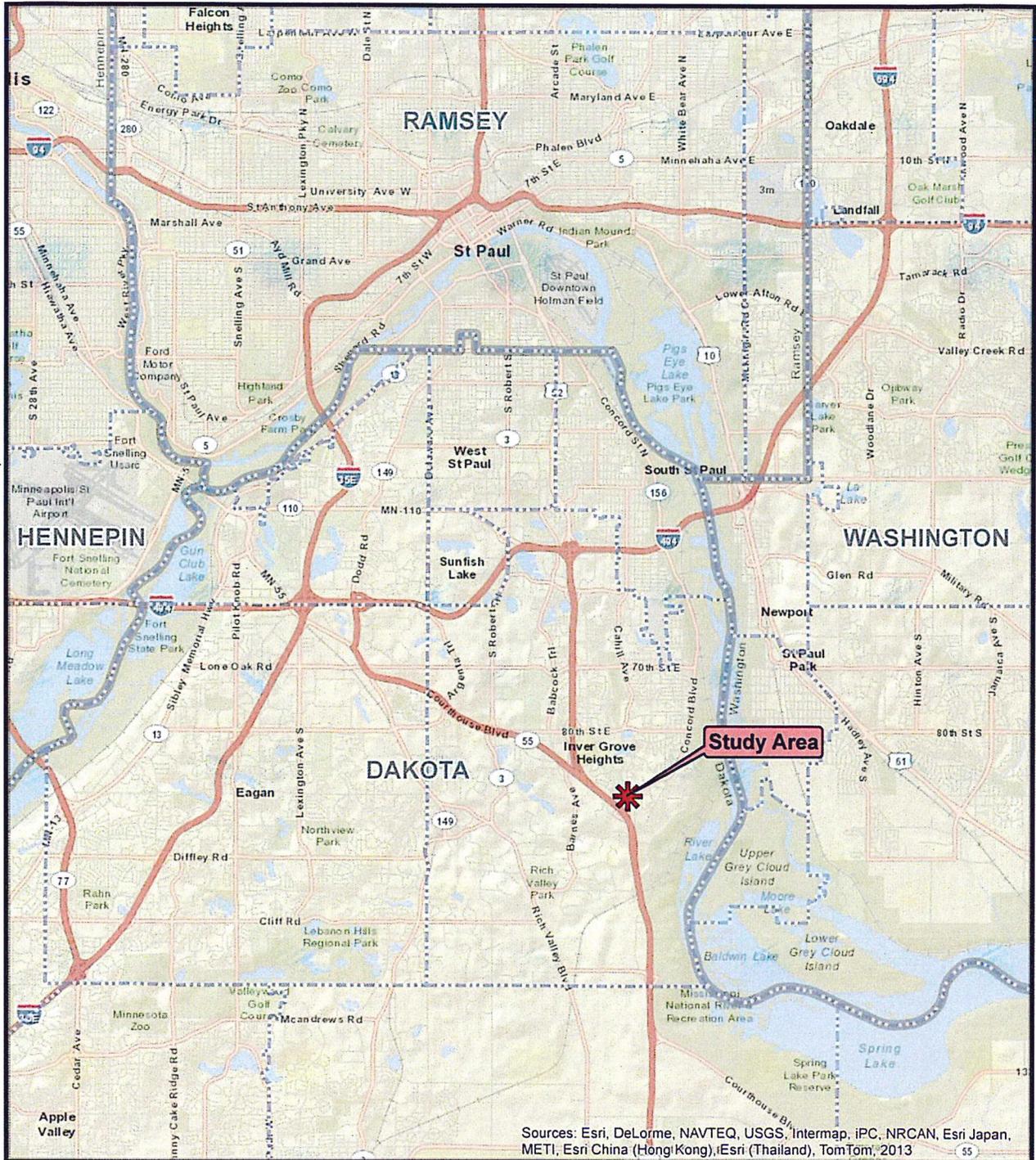
Regional access to the Arbor Pointe retail district is limited despite its location at the interchange of Highway 52 and Concord Boulevard. Typically, highway interchanges are a prerequisite for most community-scaled retail districts because they allow for much larger trade areas than local roads. In the case of Arbor Pointe, Highway 52 does not connect to a major population center south of the district until Cannon Falls or, more realistically, Rochester.

Moreover, connections to points north of the district, which is closer to the core of the metro area, are problematic. Immediately west of the Concord Boulevard interchange, Highway 52 splits off from Highway 55 and travels due north toward downtown St. Paul with connections to I-494 and eventually I-94. However, Highway 55 continues to the northwest toward the Minneapolis-St. Paul International Airport. Although Highway 55 crosses I-494, it does not have a direct access to the important beltway, which limits its ability to pull travelers south and east toward Arbor Pointe. The map on the following page depicts the regional context of the Arbor Pointe district's location.



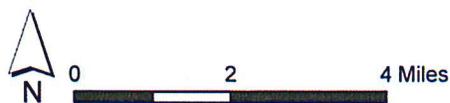
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## Regional Context

Arbor Pointe Retail Analysis



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## **ARBOR POINTE RETAIL ANALYSIS**

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Local access from district roadways to individual properties and businesses is a more significant issue for the Arbor Pointe district than regional access. As mentioned previously, accessing businesses north of Broderick Boulevard and west of Concord Boulevard is poor because there are no controlled intersections to help funnel traffic onto Buchanan Trail. Also, the only access point from Concord Boulevard is "right-in/right-out" situation for southbound traffic. Northbound traffic along Concord Boulevard must turn left at Broderick Boulevard and then right onto Buchanan Trail. If northbound travelers do not turn at Broderick, they must proceed past the area and then take a U-turn at Cahill Avenue and double back in order to turn right onto Buchanan Trail.

Due to the difficulty to accessing businesses along Buchanan Trail, this has had a direct impact on the viability of those businesses. However, it has also had an impact on the entire district because it reduces the likelihood that shoppers who visit Arbor Pointe will visit other stores as part of the same trip. As a result, some customers who may find the range of store options in Arbor Pointe desirable have opted to travel further to other retail districts because of greater ease in accessing stores.

### **3.4 NEIGHBORHOOD CONTEXT**

The neighborhood north of the Arbor Pointe district contains a mixture of single-family and multifamily homes at standard suburban densities supported by city sewer and water access. These neighborhoods were first developed in the 1980s and only recently have become fully built out. Also located north of the Arbor Pointe district are two important educational institutions; Inver Hills Community College and Simley High School. These are the closest major non-residential land uses to Arbor Pointe. The concentration of students and faculty at these institutions are an important market for Arbor Pointe businesses.

The neighborhoods west of Highway 52 and east of Old Concord Boulevard consist almost entirely of single-family homes on large un-sewered lots at very low densities. Based on long-range plans for these areas, these areas will likely remain at very low densities into the foreseeable future.

Further south along Highway 52 beyond near and beyond the border with Rosemount is the Flint Hills Petroleum Refinery. This is a major land user in the south eastern portion of the metro area. Although there are several thousand jobs associated with the refinery, there are no homes for many miles surrounding the facility.

## ARBOR POINTE RETAIL ANALYSIS

Competitive Review  
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### 4.0 COMPETITIVE REVIEW

#### 4.1 VACANCY AND LEASE TRENDS

Stantec analyzed trend data on the retail vacancy and lease rates for the City of Inver Grove Heights and compared those against the rates for all retail properties throughout the metro area (Figure 6).

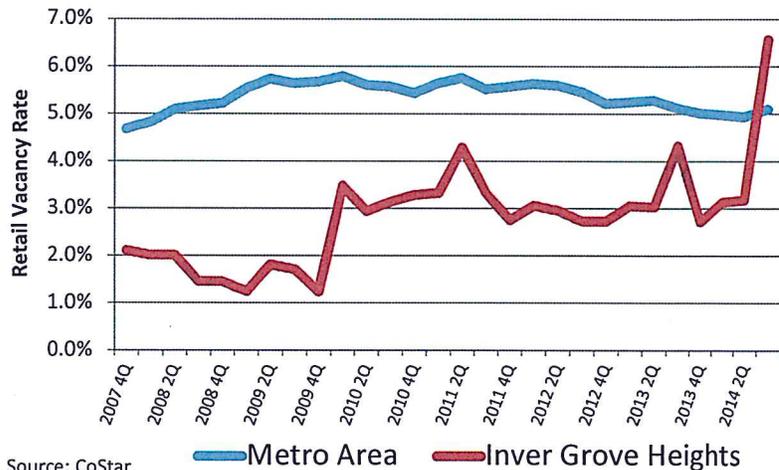
Prior to 2009, the vacancy rate for Inver Grove Heights retail space had been consistently below 2.0%, suggesting that there was minimal space available for new retailers to enter Inver Grove Heights or successful existing retailers to expand. In 2010, the vacancy rate spiked above 3.0% and remained at or near that rate until 2014 when a rash of vacancies pushed the overall rate to a historic high of 6.6%. This is the first time in recent years that the vacancy rate for Inver Grove Heights retail space exceeded the metro area vacancy rate.

In comparison, the metro-wide vacancy rate steadily increased between 2007 and 2010 when it plateaued around 5.7%. With the economy recovering from the recession, the metro vacancy rate has been declining since 2012 and is currently at 5.1%.

In terms of quoted lease rates, Inver Grove Heights had very strong rates prior to the recession but then experienced a sharp decline during 2009. A brief spike in asking rates occurred in 2013 and early 2014, but recent vacancies have dropped asking rates once again to just over \$13 per square foot.

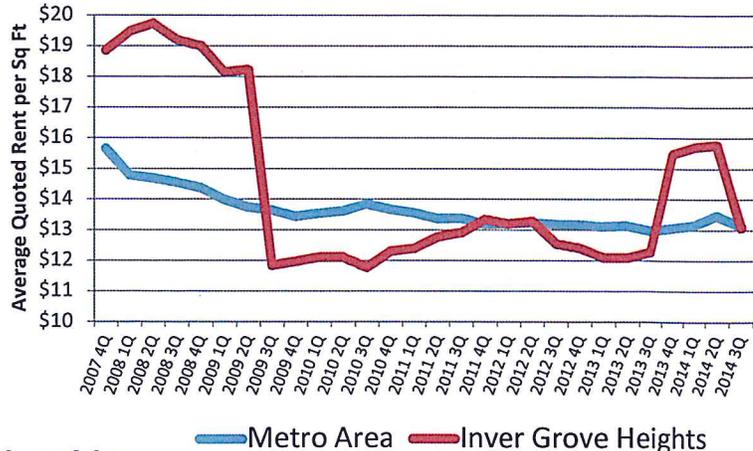
Quoted lease rates across the metro area have generally

**Figure 6: Retail Vacancy Trend  
Inver Grove Heights and Metro Area**



Source: CoStar

**Figure 7: Quoted Lease Rate Trend  
Inver Grove Heights and Metro Area**



Source: CoStar



## ARBOR POINTE RETAIL ANALYSIS

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declined in recent years. Asking prices peaked in 2007 at nearly \$16 per square foot and then decreased until 2011 when they plateaued around \$13 before the most recent, though, nominal, increase.

### 4.2 COMPETITIVE REGIONAL RETAIL DISTRICTS

Because Arbor Pointe includes a Walmart and until recently a Rainbow Foods, its size and type of retail offerings means that it competes on some level with other community-scaled retail districts that are anchored by more than one large-format or "big-box" retailer. Therefore, nearby competitive retail districts of this scope and scale were profiled to determine the health and condition of the Trade Area relative to these other districts. Table 2 presents information on each of the districts profiled including number of retail properties, total leasable square footage, vacancy trends, and average quoted lease rates per square foot. Additional information is provided on key shopping centers and prominent retailers.

Figure 8 displays the location of each district along with a data on the number of households and median household income within a 3-mile radius. The following are key findings:

- The location of competitive retail districts helps define the boundaries of the Arbor Pointe Trade Area.
- Arbor Pointe is by far the smallest district with less than 300,000 square feet of space. The next smallest districts are the Cottage Grove and Valley Creek (Woodbury) districts with more than four times the amount of retail space (1.3 million square feet).
- Arbor Pointe has one occupied and one vacant "big-box" store. In contrast, Valley Creek in Woodbury has the next fewest number of "big-box" stores with five. South Robert Street has nine "big-box" stores, which is the most of the districts profiled.
- Arbor Pointe does not feature any major retailers whose core product is apparel. All of the other profiled districts have at least one major retailer whose core product is apparel.
- In terms of vacancy, most of the other retail districts appear to be healthy with rates ranging from 1.4% in the Eagan Central Commons area to 5.4% along the Highway 61 corridor in Cottage Grove.
- Arbor Pointe appears to be holding its own in terms of asking rents. However, Arbor Pointe consists entirely of newer properties that still carry significant debt. Meanwhile, all the other districts by virtue of their age have a mix of newer and older properties with a wider range of asking rents.
- Within three miles of each district, Arbor Pointe has by far the fewest number of households (8,500). Arbor Pointe also has the second lowest median income. Only the South Robert district has a lower median income, yet it has over three times the number of households.

## ARBOR POINTE RETAIL ANALYSIS

Competitive Review  
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**Table 2: Competitive Regional Retail Districts**

Retail District Principal Centers/Retailers	Anchors	Prop- erties	Leasable Sq. Ft.	Building Age <sup>1</sup>	Vacancy Rate			Avg. Rent per sq. ft. <sup>2</sup>
					2006	2010	2014	
<b>Arbor Pointe</b>		<b>16</b>	<b>290,000</b>	--	<b>4.2%</b>	<b>2.6%</b>	<b>32.0%</b>	<b>\$17.25</b>
Arbor Pointe			23,300	2005	42.0%	27.3%	33.2%	\$13.00
Concord Crossroads			17,400	2004	0.0%	0.0%	0.0%	\$17.00
Wal-Mart			97,000	2003	--	--	--	--
Former Rainbow Foods			56,200	2000	--	--	100%	\$10.55
<b>South Robert Street</b>		<b>175</b>	<b>2,120,000</b>	--	<b>6.4%</b>	<b>4.0%</b>	<b>2.7%</b>	<b>\$14.74</b>
Ten Acres Center	Cub Foods, Burlington Coat Factory		162,000	1972-r	0.0%	0.0%	0.0%	--
Signal Hills Center			129,000	1955-r	11.2%	5.7%	3.8%	\$13.00
Southview Square	Hancock Fabrics, Home Choice		129,000	1971	10.2%	1.3%	7.8%	\$13.00
Robert Square	Rainbow Foods		62,000	--	9.6%	13.1%	0.0%	--
Southridge Center	Aldi, Pepboys		59,000	1986-r	13.4%	4.3%	11.5%	\$16.50
South Robert Plaza	Old Country Buffet		34,200	1987	23.2%	11.9%	18.6%	\$13.50
Kmart			103,500	1955-r	--	--	--	--
Lowe's			119,000	2007	--	--	--	--
Target			176,000	2005	--	--	--	--
Wal-Mart			132,000	2004	--	--	--	--
Home Depot			109,000	1986	--	--	--	--
Menards			87,000	1961	--	--	--	--
Best Buy			40,000	1994	--	--	--	--
<b>Eagan Central Commons</b>		<b>79</b>	<b>1,377,000</b>	--	<b>2.0%</b>	<b>1.5%</b>	<b>1.4%</b>	<b>\$18.19</b>
Eagan Promenade	Byerly's, Bed Bath Beyond, TJ Maxx		250,600	1997	1.1%	0.0%	0.0%	\$30.00
Eagan Town Centre	Big Lots, Dollar Tree		97,200	1986	2.9%	6.3%	12.1%	\$17.50
Town Centre Shoppes	UPS Store		43,400	1988	0.0%	3.2%	3.8%	\$20.00
Kohl's			96,000	1994	--	--	--	--
Home Depot			102,000	1998	--	--	--	--
Wal-Mart			114,000	1991	--	--	--	--
Rainbow Foods			57,100	1985	--	--	--	--
Best Buy			45,000	2006	--	--	--	--
<b>Cottage Grove - Hwy 61</b>		<b>41</b>	<b>1,336,000</b>	--	<b>8.1%</b>	<b>7.3%</b>	<b>5.3%</b>	<b>\$15.14</b>
Grove Plaza	Rainbow Foods, MGM Liquors		211,000	1974	10.9%	0.0%	0.0%	--
Cottage Grove Plaza	Target, Dollar Tree		150,000	1991	11.3%	12.2%	2.0%	--
80th St Crossings	G-Will Liquors		56,000	1961-r	8.5%	22.1%	22.1%	\$13.53
Menards			199,000	--	--	--	--	--
Wal-Mart			180,000	2014	--	--	--	--
Kohl's			58,000	--	--	--	--	--
Cub Foods			47,000	--	--	--	--	--
Office Max			20,000	--	--	--	--	--
<b>Woodbury - Valley Creek Rd</b>		<b>61</b>	<b>1,279,000</b>	--	<b>7.6%</b>	<b>6.3%</b>	<b>3.3%</b>	<b>\$14.95</b>
North Shops	Marshall's, Tueday Morning		190,000	1991	0.0%	11.4%	6.7%	--
West Shops	Rainbow Foods, PetCo		107,000	1991	0.0%	4.2%	10.7%	--
Valley Creek Mall	Ace Hardware		93,000	1979	0.9%	11.4%	0.0%	\$9.50
Village Green	Party City		60,000	1982	90.4%	0.0%	0.0%	--
City Centre Plaza	Atlantic Buffet		32,000	1985	28.8%	0.0%	0.0%	\$16.00
Target			152,000	--	--	--	--	--
Kohl's			93,000	1991	--	--	--	--
Kowalksi's Market			45,000	--	--	--	--	--

Sources: CoStar, Stantec

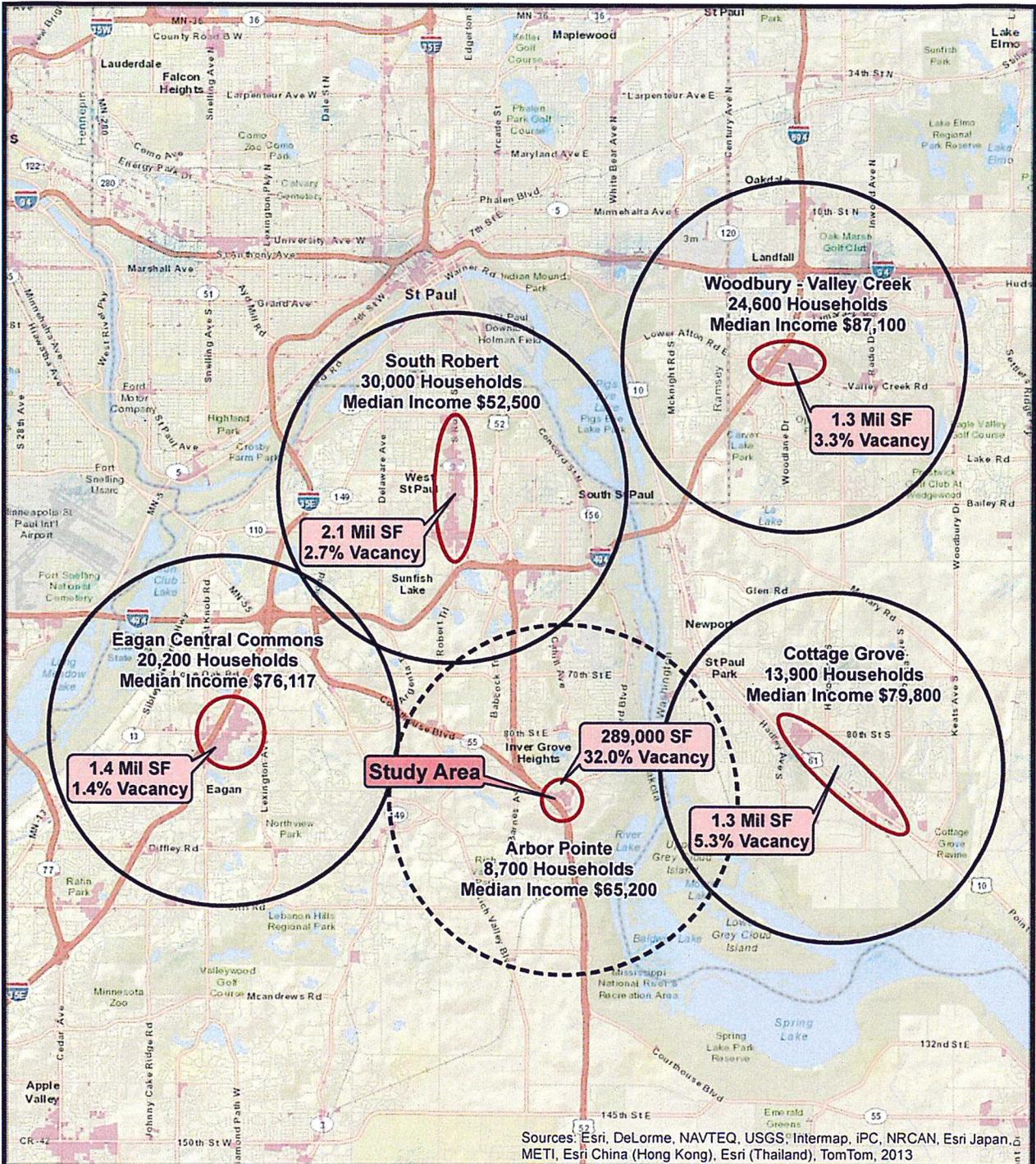
<sup>1</sup> An "r" next to year indicates building has been recently renovated

<sup>2</sup> Average rent is based on quoted rates for "triple net" or NNN



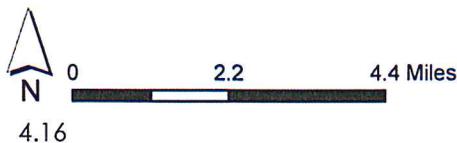
# ARBOR POINTE RETAIL ANALYSIS

Competitive Review  
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## Competitive Regional Retail Districts

Arbor Pointe Retail Analysis



- Retail District
- 3-Mile General Submarket Area
- Existing Retail Land Use

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## ARBOR POINTE RETAIL ANALYSIS

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### 4.3 INVER GROVE HEIGHTS RETAIL DISTRICTS

Because Arbor Pointe does not directly compete with larger retail districts, information was collected and analyzed for smaller neighborhood retail districts in Inver Grove in order to understand how these districts compete with Arbor Pointe. Table 3 presents the total square footage by retail category for each district analyzed. Figure 9 displays the location of district. The following are key findings:

- The six districts analyzed total 944,000 square feet. This includes 800,000 occupied square feet and 144,000 vacant square feet, which is 15% of the total. General merchandise is the largest category. It accounts for 31% of the total occupied square footage. The next largest category is grocery, which accounts for 9% of the occupied total.
- Arbor Pointe is the largest retail district in Inver Grove Heights in terms of total square footage (290,000). The next largest district is the area near Highway 52 and Upper 55<sup>th</sup> with nearly 200,000 square feet. However, this district includes a large cinema and nursery, which account for over half of its total square footage.

**Table 3: Retail Square Footage by Category  
Inver Grove Heights Retail Districts**

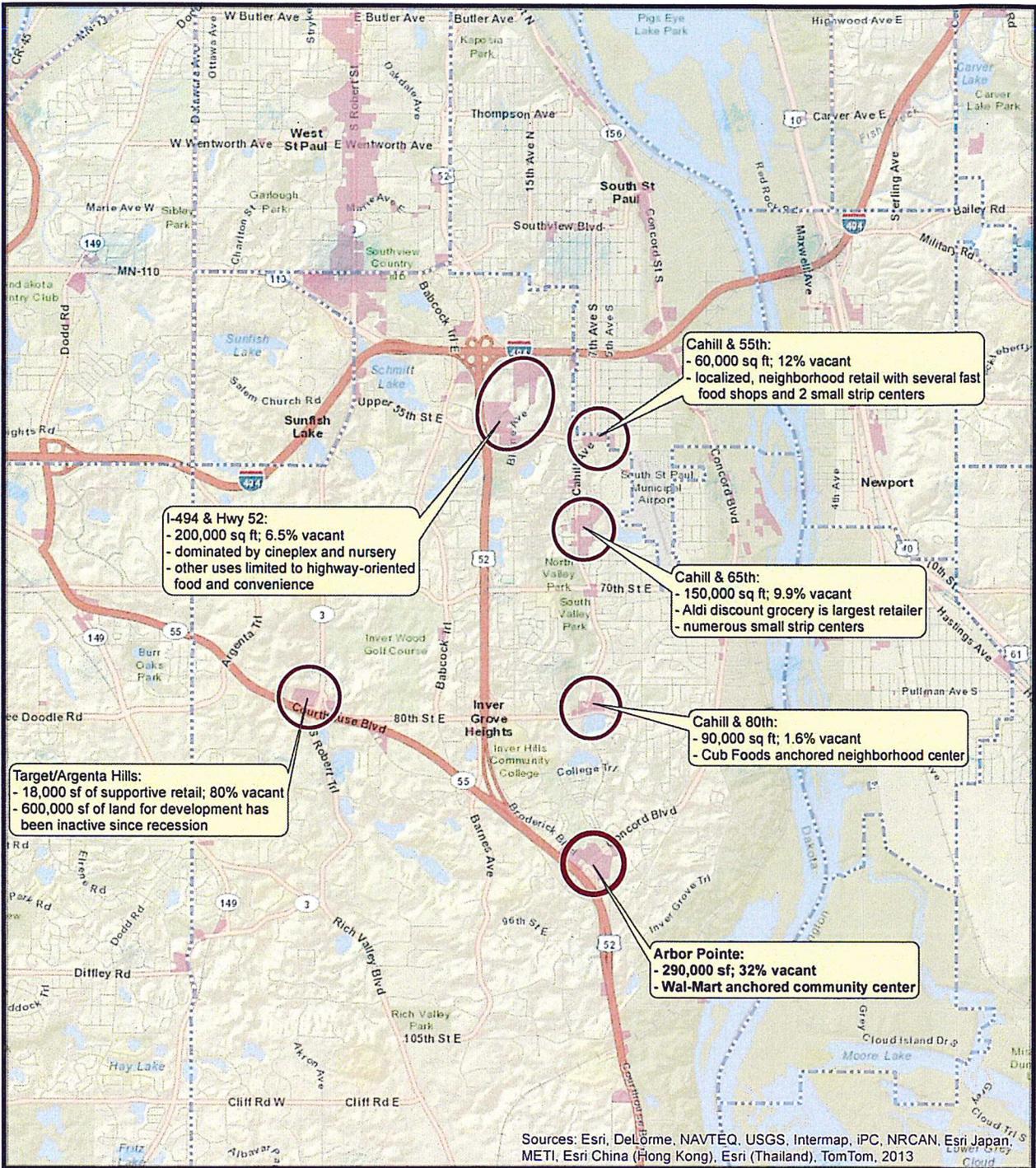
Commercial Categories	Arbor Pointe	Cahill & 80th	Cahill & 65th	Cahill & Up 55th	Hwy 52 & Up 55th	Hwy 55 & S Robert	Grand Total
Apparel				3,771	2,000		5,771
Auto	5,621		16,340	1,204	8,897		32,062
Bank	11,253	1,965	5,572		5,924		24,714
Coffee	2,060				2,650		4,710
Community Center			11,000				11,000
Convenience	3,326	2,000		5,544	4,118		14,988
Entertainment			12,000		56,009		68,009
Fast Food	1,200	10,176	7,793	7,487	3,950		30,606
Fitness	15,100		10,500		1,000		26,600
General Merch	97,166		12,300			135,503	244,969
Grocery		53,117	18,292	3,771			75,180
Hardware			10,322				10,322
Liquor	3,022	6,165	2,500	3,696	10,000		25,383
Medical/Dental	4,500		3,200				7,700
Nursery					55,000		55,000
Office			500				500
Other Retail	26,807	9,000	2,252		2,789		40,848
Other Services	2,731		6,900	11,500	5,131		26,262
Personal Care Svcs	8,700	5,300	9,000	1,500	3,900	3,600	32,000
Pharmacy				7,942			7,942
Restaurant	9,500	1,100	5,045	6,522	24,611		46,778
Sporting Goods	5,400		3,135				8,535
Vacant	92,577	1,450	15,000	7,200	13,000	14,400	143,627
<b>Grand Total</b>	<b>288,963</b>	<b>90,273</b>	<b>151,651</b>	<b>60,137</b>	<b>198,979</b>	<b>153,503</b>	<b>943,506</b>

Sources: CoStar; Stantec



# ARBOR POINTE RETAIL ANALYSIS

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## Inver Grove Heights Retail Districts

### Arbor Pointe Retail Analysis



## ARBOR POINTE RETAIL ANALYSIS

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- Arbor Pointe has businesses in 14 of the 22 categories analyzed. Cahill & 65<sup>th</sup> has the most number of categories represented with 17.
- Besides the Walmart in Arbor Pointe, the only other large-format retailers in the districts analyzed are Target in the Argenta Hills district (Highway 55 & South Robert Trail) and Cub Foods in the Cahill & 80<sup>th</sup> district.
- Categories represented in five or more of the districts include fast food, liquor, personal care services, and restaurants (sit-down).
- Arbor Pointe accounts for nearly two-thirds of the total vacant space in all six districts. If Arbor Pointe was excluded from the analysis, the overall percentage of vacant space would decline from 15.2% to 7.8%.

### 4.4 PENDING RETAIL DEVELOPMENTS

There is one pending quasi-retail development located in the Trade Area. A trailer sales company that is currently located in western Inver Grove Heights has plans to build a new sales center just south of the existing Tractor Supply Company on Cahill Avenue. Although the business meets the definition of retail, it is not complementary to the existing mix of businesses located closer to the heart of the Arbor Pointe district. Therefore, the additional space developed as part of this project would not adversely add to the supply of retail space.

Located just outside of the Trade Area at the intersection of Highway 55 and South Robert Trail is the Argenta Hills retail district. Anchored by a 135,000-square foot Target store that was built in 2012, Argenta Hills also includes three new strip centers totaling over 20,000 square feet of retail space. In addition to the existing buildings, plans also call for up to 250,000 square feet of additional ancillary retail, which would include potential anchor and junior anchor stores. Despite years of marketing that date back before the recession, the only new business to occupy Argenta Hills besides Target is a pet dermatology center.

The slow absorption of Argenta Hills is indicative of potential challenges associated with the size and condition of the local retail market. Nevertheless, if build out of the development were to occur in the near future, it would represent significant additional competition for Arbor Pointe in an already competitive market.

### 4.5 REAL ESTATE EXPERT INTERVIEWS

Stantec interviewed real estate experts familiar with the Arbor Pointe area to get their perspectives on the recent vacancy issues, important trends influencing the area, and possible suggestions for improving retail conditions. The following is a summary of important themes and observations that came out of the interviews:

- There was strong agreement among all of those interviewed that the Arbor Pointe area has been struggling and that the reasons are much deeper than access issues.



## ARBOR POINTE RETAIL ANALYSIS

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- Although each interviewee noted that there are numerous challenges affecting Arbor Pointe in addition to access issues, no one was able to clearly articulate what they felt the other problems are. One interviewee described the situation as extremely frustrating because they found it to be such an anomaly. In their opinion, the area has all of the "users" one would want and Walmart is a great draw, yet how could so many major chains [Walmart, Walgreen's, Rainbow] "miss" the market.
- Access issues were raised by each person interviewed. Of particular note were the problems accessing properties west of Concord Boulevard in which shoppers who miss the turn at Broderick Boulevard must make a U-turn at Cahill in order to access businesses.
- Many retailers have shied away from Arbor Pointe (as well as Argenta Hills) because the location would cannibalize existing stores in West St. Paul or Eagan. Examples cited included Buffalo Wild Wings and Home Depot.
- Arbor Pointe is no longer able to attract "Class A" tenants (i.e., national chains). The market now consists of "Class B and C" tenants who cannot afford top rent and often have marginal credit worthiness.
- The daytime population in Inver Grove Heights is low. Most people who live in Inver Grove Heights commute to other communities and there are very few 9-to-5 jobs. This means that daytime traffic needed to support many businesses is not good and needs to be higher in order to support more retail.
- The recession slowed new residential development in the area to a crawl, which is critical for many retailers. Although new residential development is beginning to pick-up now that we are in a recovery, it is still slow and won't make an impact on the market for some time.
- Multiple interviewees stated that Eagan draws a lot of Inver Grove Heights shoppers because of the stronger selection of stores located there. Moreover, with the loss of key anchors or a change in the mix of stores, Arbor Pointe will continue to lose shoppers to Eagan or other locations.
- Maintenance of vacant buildings will become an important issue. Poor maintenance directly affects some existing businesses (e.g., lack of snow plowing inhibits internal parking lot circulation) and it contributes to a general malaise for the whole area that affects both shopper and investor perceptions.

## ARBOR POINTE RETAIL ANALYSIS

Trade Area Analysis  
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### 5.0 TRADE AREA ANALYSIS

#### 5.1 TRADE AREA DEFINITION

The Trade Area for the Arbor Pointe retail district is approximately a 2½-mile radius extending out from the intersection of Highway 52 and Concord Boulevard. The borders of the trade area generally align with important transportation corridors, major topographic features, and political boundaries. The northern border of the trade area is 70<sup>th</sup> Street East. The eastern border is the Mississippi River. The southern border is the boundary between Inver Grove Heights and Rosemount. The western border is Blaine Ave and Highway 3 south of Highway 55 and Babcock Trail north of Highway 55. The following map depicts the location and shape of the trade area. The Trade Area is depicted in Figure 10 on the following page.

A trade area is the geographic extent from which a given store or retail district will attract most of its customers. Important characteristics and/or influences affecting the size and shape of the Arbor Pointe Trade Area include the presence of competitive retail districts in Inver Grove Heights and neighboring Eagan and West St. Paul, the make-up of stores in the district, which mostly consist of neighborhood oriented retailers, and the dominant transportation patterns in that part of Dakota County, which are mostly north-south in orientation with very few strong east-west connectors.

#### 5.2 TRADE AREA DEMOGRAPHICS

Table 4 displays population and household growth trends for the Arbor Pointe Trade Area and, for comparison purposes, Inver Grove Heights, Dakota County, and the metro area. The Trade Area is estimated to have a current population of about 16,000 and a household base of 6,300. By 2020, the Trade Area is forecasted to add another 700 persons and roughly 300 households.

**Table 4: Arbor Pointe Trade Area Population and Household Growth Trends 2000-2020**

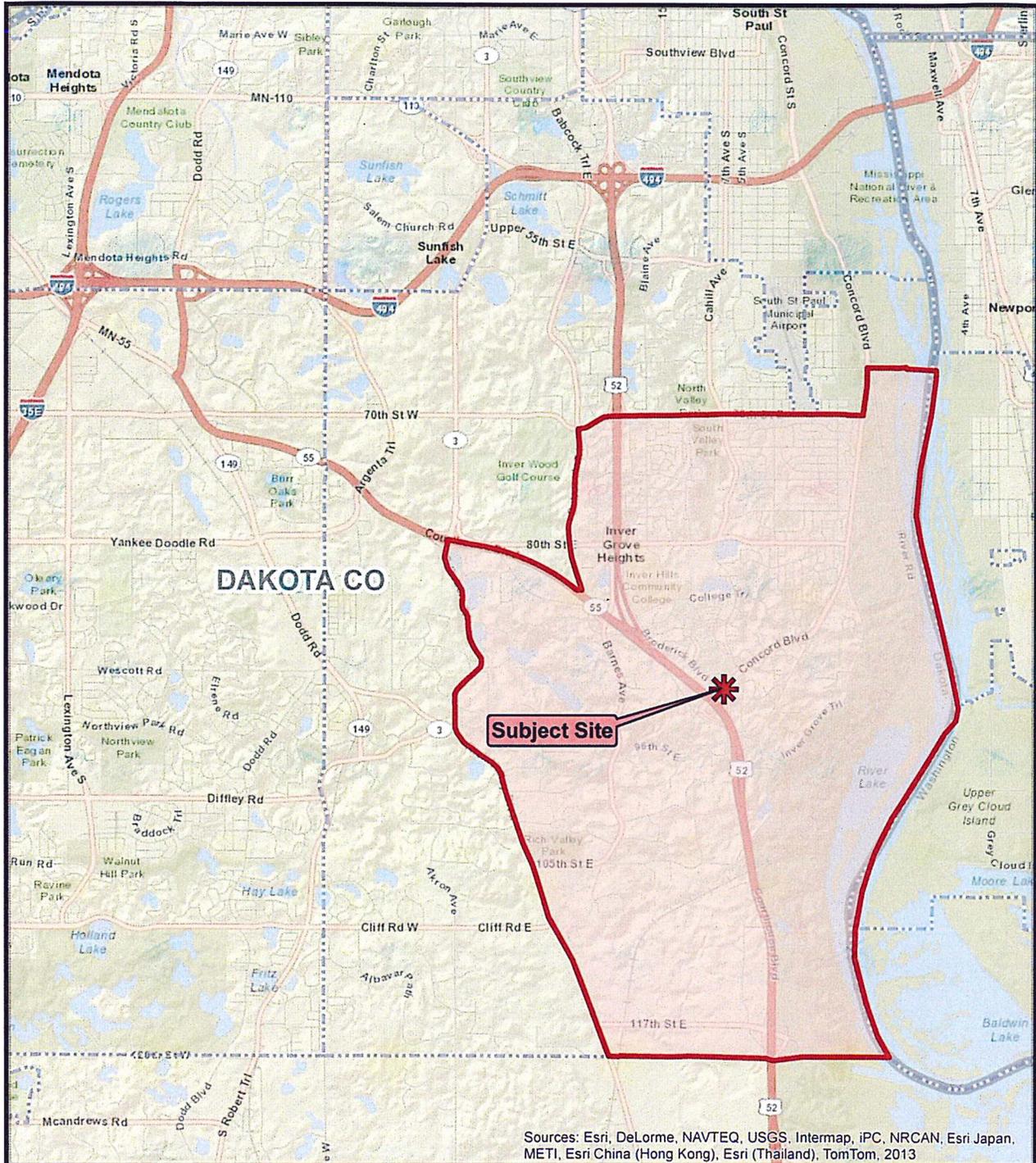
Geography	Census		Estimate	Forecast	Change '00-'10		Change '10-'20	
	2000	2010	2014	2020	No.	Pct.	No.	Pct.
<b>Population</b>								
Arbor Pointe Trade Area	15,181	15,936	16,080	16,770	755	5.0%	834	5.2%
<i>Inver Grove Heights</i>	<i>29,751</i>	<i>33,880</i>	<i>34,650</i>	<i>38,450</i>	<i>4,129</i>	<i>13.9%</i>	<i>4,570</i>	<i>13.5%</i>
<i>Dakota County</i>	<i>355,904</i>	<i>398,552</i>	<i>413,795</i>	<i>441,700</i>	<i>42,648</i>	<i>12.0%</i>	<i>43,148</i>	<i>10.8%</i>
<i>7-County Metro Area</i>	<i>2,642,056</i>	<i>2,849,567</i>	<i>2,962,826</i>	<i>3,124,300</i>	<i>207,511</i>	<i>7.9%</i>	<i>274,733</i>	<i>9.6%</i>
<b>Households</b>								
Arbor Pointe Trade Area	5,566	6,248	6,340	6,760	682	12.3%	512	8.2%
<i>Inver Grove Heights</i>	<i>11,257</i>	<i>13,476</i>	<i>13,860</i>	<i>15,600</i>	<i>2,219</i>	<i>19.7%</i>	<i>2,124</i>	<i>15.8%</i>
<i>Dakota County</i>	<i>131,151</i>	<i>152,060</i>	<i>158,456</i>	<i>171,000</i>	<i>20,909</i>	<i>15.9%</i>	<i>18,940</i>	<i>12.5%</i>
<i>7-County Metro Area</i>	<i>1,021,454</i>	<i>1,117,749</i>	<i>1,158,953</i>	<i>1,230,000</i>	<i>96,295</i>	<i>9.4%</i>	<i>112,251</i>	<i>10.0%</i>

Sources: US Census; Metropolitan Council; Stantec



# ARBOR POINTE RETAIL ANALYSIS

Trade Area Analysis  
October 10, 2014



## Retail Trade Area Arbor Pointe Retail Analysis



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## ARBOR POINTE RETAIL ANALYSIS

Trade Area Analysis  
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Although population and household growth within the Trade Area will increase demand for additional retail goods and services, the rate of growth is slower than the growth rates of Dakota County and the metro area. This means that other more rapidly growing areas may be in a position to capture retail demand through new development and potentially siphon spending dollars from within the trade area, thus limiting the opportunity of Arbor Pointe to capture growing demand.

Table 5 and Figure 11 display the age distribution of the Arbor Pointe Trade Area and the Twin Cities Metro Area. According to data in the table, both the Trade Area and the metro region are aging rapidly. However, the rate of aging in the Trade Area is profound. In 2000, 6.7% of the Trade Area population was age 65 or older. By 2020, 19.5% of the Trade Area will be age 65 or older. This is having a significant impact on consumer demand for retail goods and services in the Trade Area. Persons older than 65 are typically beyond their peak earning years since many have entered retirement. Furthermore, older adults are often well beyond their peak spending years since many are no longer forming new households and raising children.

This suggests that the Trade Area has been experiencing a general decline in consumer spending power despite an increase in overall population. Moreover, retail demand for some types of goods and services has shifted away from family-based retail in which value and convenience are the primary drivers of demand toward more wellness and experiential retail.

**Table 5: Age Distribution of the Population 2000-2020**

Age Group	2000	2010	Forecast 2020	Change				2000	2010	Forecast 2020	Change				
				2000-2010		2010-2020					2000-2010		2010-2020		
				No.	Pct.	No.	Pct.				No.	Pct.	No.	Pct.	
<b>Arbor Pointe Trade Area</b>															
Under 5	1,024	925	779	-99	-9.7	-146	-15.7	188,236	194,329	188,329	6,093	3.2	-6,000	-3.1	
5 to 17	3,167	2,721	2,395	-445	-14.1	-327	-12.0	506,396	502,642	513,866	-3,753	-0.7	11,224	2.2	
18 to 24	1,223	1,322	1,197	98	8.0	-124	-9.4	247,128	267,451	293,345	20,322	8.2	25,895	9.7	
25 to 34	2,044	1,957	2,138	-87	-4.3	181	9.3	411,155	420,311	486,520	9,156	2.2	66,209	15.8	
35 to 44	2,988	2,004	2,034	-984	-32.9	30	1.5	469,324	391,324	416,696	-78,000	-16.6	25,372	6.5	
45 to 54	2,421	2,920	2,068	499	20.6	-852	-29.2	363,592	440,753	375,040	77,161	21.2	-65,713	-14.9	
55 to 64	1,299	2,271	2,889	972	74.8	618	27.2	200,980	326,007	400,071	125,027	62.2	74,064	22.7	
65 to 74	729	1,077	1,986	348	47.7	909	84.4	130,615	163,425	268,693	32,810	25.1	105,268	64.4	
75+	286	739	1,284	453	158.4	545	73.7	124,630	143,325	181,738	18,695	15.0	38,413	26.8	
<b>Total</b>	<b>15,181</b>	<b>15,936</b>	<b>16,770</b>	<b>755</b>	<b>5.0</b>	<b>834</b>	<b>5.2</b>	<b>2,642,056</b>	<b>2,849,567</b>	<b>3,124,300</b>	<b>207,511</b>	<b>7.9</b>	<b>274,733</b>	<b>9.6</b>	
<b>Percentage of Population</b>															
Under 5	6.7	5.8	4.6	---	-0.9	---	-1.2	7.1	6.8	6.0	---	-0.3	---	-0.8	
5 to 17	20.9	17.1	14.3	---	-3.8	---	-2.8	19.2	17.6	16.4	---	-1.5	---	-1.2	
18 to 24	8.1	8.3	7.1	---	0.2	---	-1.2	9.4	9.4	9.4	---	0.0	---	0.0	
25 to 34	13.5	12.3	12.8	---	-1.2	---	0.5	15.6	14.7	15.6	---	-0.8	---	0.8	
35 to 44	19.7	12.6	12.1	---	-7.1	---	-0.4	17.8	13.7	13.3	---	-4.0	---	-0.4	
45 to 54	15.9	18.3	12.3	---	2.4	---	-6.0	13.8	15.5	12.0	---	1.7	---	-3.5	
55 to 64	8.6	14.3	17.2	---	5.7	---	3.0	7.6	11.4	12.8	---	3.8	---	1.4	
65 to 74	4.8	6.8	11.8	---	2.0	---	5.1	4.9	5.7	8.6	---	0.8	---	2.9	
75+	1.9	4.6	7.7	---	2.8	---	3.0	4.7	5.0	5.8	---	0.3	---	0.8	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	---	<b>0.0</b>	---	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	---	<b>0.0</b>	---	<b>0.0</b>	
<b>Twin Cities Metro Area</b>															
Under 5	188,236	194,329	188,329	6,093	3.2	-6,000	-3.1	188,236	194,329	188,329	6,093	3.2	-6,000	-3.1	
5 to 17	506,396	502,642	513,866	-3,753	-0.7	11,224	2.2	506,396	502,642	513,866	-3,753	-0.7	11,224	2.2	
18 to 24	247,128	267,451	293,345	20,322	8.2	25,895	9.7	247,128	267,451	293,345	20,322	8.2	25,895	9.7	
25 to 34	411,155	420,311	486,520	9,156	2.2	66,209	15.8	411,155	420,311	486,520	9,156	2.2	66,209	15.8	
35 to 44	469,324	391,324	416,696	-78,000	-16.6	25,372	6.5	469,324	391,324	416,696	-78,000	-16.6	25,372	6.5	
45 to 54	363,592	440,753	375,040	77,161	21.2	-65,713	-14.9	363,592	440,753	375,040	77,161	21.2	-65,713	-14.9	
55 to 64	200,980	326,007	400,071	125,027	62.2	74,064	22.7	200,980	326,007	400,071	125,027	62.2	74,064	22.7	
65 to 74	130,615	163,425	268,693	32,810	25.1	105,268	64.4	130,615	163,425	268,693	32,810	25.1	105,268	64.4	
75+	124,630	143,325	181,738	18,695	15.0	38,413	26.8	124,630	143,325	181,738	18,695	15.0	38,413	26.8	
<b>Total</b>	<b>2,642,056</b>	<b>2,849,567</b>	<b>3,124,300</b>	<b>207,511</b>	<b>7.9</b>	<b>274,733</b>	<b>9.6</b>	<b>2,642,056</b>	<b>2,849,567</b>	<b>3,124,300</b>	<b>207,511</b>	<b>7.9</b>	<b>274,733</b>	<b>9.6</b>	
<b>Percentage of Population</b>															
Under 5	7.1	6.8	6.0	---	-0.3	---	-0.8	7.1	6.8	6.0	---	-0.3	---	-0.8	
5 to 17	19.2	17.6	16.4	---	-1.5	---	-1.2	19.2	17.6	16.4	---	-1.5	---	-1.2	
18 to 24	9.4	9.4	9.4	---	0.0	---	0.0	9.4	9.4	9.4	---	0.0	---	0.0	
25 to 34	15.6	14.7	15.6	---	-0.8	---	0.8	15.6	14.7	15.6	---	-0.8	---	0.8	
35 to 44	17.8	13.7	13.3	---	-4.0	---	-0.4	17.8	13.7	13.3	---	-4.0	---	-0.4	
45 to 54	13.8	15.5	12.0	---	1.7	---	-3.5	13.8	15.5	12.0	---	1.7	---	-3.5	
55 to 64	7.6	11.4	12.8	---	3.8	---	1.4	7.6	11.4	12.8	---	3.8	---	1.4	
65 to 74	4.9	5.7	8.6	---	0.8	---	2.9	4.9	5.7	8.6	---	0.8	---	2.9	
75+	4.7	5.0	5.8	---	0.3	---	0.8	4.7	5.0	5.8	---	0.3	---	0.8	
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	---	<b>0.0</b>	---	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	---	<b>0.0</b>	---	<b>0.0</b>	

Sources: US Census; Stantec



## ARBOR POINTE RETAIL ANALYSIS

Trade Area Analysis  
October 10, 2014

**Figure 11: Trade Area and Metro Area Age Distribution 2010 & 2020**

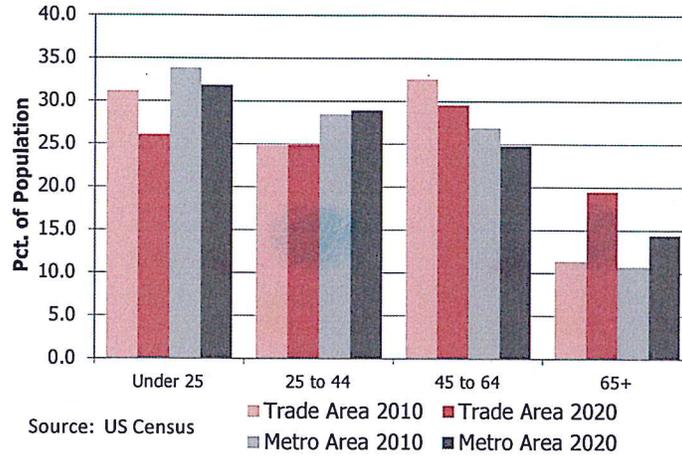


Table 6 presents household income trends by age group for the Arbor Pointe Trade Area and the metro area. As of 2012, the year most recent income data are available, the Trade Area had an overall median household income of just over \$76,000. This was more than \$9,000 above the metro area median and means that the spending power of Trade Area households is well above average. However, the trend from 2000 to 2012 indicates that income growth in the Trade Area is well behind the metro area, especially among households age 45 to 64, which is typically the peak earning years for most households.

Figure 12 emphasizes how household incomes for most age groups within the Trade Area are above the metro area, especially among households under age 45.

**Table 6: Arbor Pointe Trade Area Median Household Income Trends 2000 & 2012**

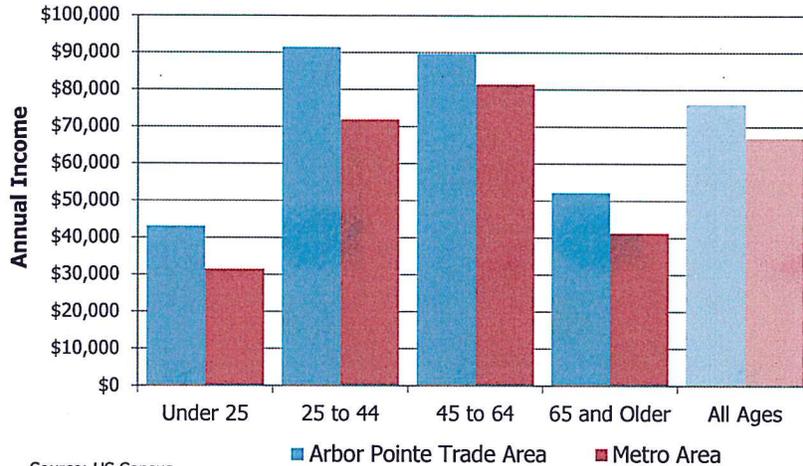
Age Group	Arbor Pointe Trade Area			Metro Area		
	2000	2012	Change	2000	2012	Change
Households under 25	\$37,679	\$43,057	14.3%	\$29,181	\$31,491	7.9%
Households 25-44	\$69,475	\$91,538	31.8%	\$58,616	\$71,857	22.6%
Households 45-64	\$75,544	\$89,671	18.7%	\$67,861	\$81,490	20.1%
Households 65+	\$38,698	\$52,168	34.8%	\$31,233	\$41,301	32.2%
All Households	\$66,994	\$76,086	13.6%	\$54,807	\$66,896	22.1%

Source: US Census: 2000 Census; 2008-2012 American Community Survey

## ARBOR POINTE RETAIL ANALYSIS

Trade Area Analysis  
October 10, 2014

**Figure 12: 2012 Median Household Income by Householder Age**



### 5.3 RETAIL SALES ANALYSIS

Table 7 presents an analysis of retail sales to see if the sales generated among Inver Grove Heights retailers is capturing local household expenditures. Based on retail sales figures from the Minnesota Department of Revenue, the table compares retail sales per household for the various types of stores in Inver Grove Heights with a corresponding ratio for the State of Minnesota. Figures for Dakota County are presented as well for comparison purposes.

In categories where the sales ratio per household is equal or close to 1.0 this signifies that retailers in Inver Grove Heights essentially serve their locally generated demand. Where the sales ratio per household exceeds 1.0, retailers are said to "pull" in dollars from outside its boundaries. Conversely, where the sales ratio per household is well below 1.0, this signifies that retail spending flows out of the Trade Area to other locations.

As shown in the Table, Inver Grove Heights pulls in significant dollars in the Building Materials, Miscellaneous, and Limited-service Restaurant categories. It generally meets local needs in the Electronics and Health/Personal categories. However, it loses local spending potential in a wide variety of categories including Home Furnishings, Apparel, Leisure Goods, and Full-service Restaurant categories.

Some of the low ratios can be explained by the fact that regional shopping malls, such as the Mall of America, Burnsville Mall, or Tamarack Village in Woodbury, have trade areas that are very large and include Inver Grove Heights and northern Dakota County, especially in categories such as apparel, home furnishings, and leisure goods. However, it does demonstrate that there is opportunity to capture dollars that are flowing outside of the Trade Area in certain categories as well.

## ARBOR POINTE RETAIL ANALYSIS

Trade Area Analysis  
October 10, 2014

**Table 7: Retail Sales Analysis**

<b>TOTAL RETAIL SALES</b>			
<b>Retail Category</b>	<b>Minnesota</b>	<b>Dakota County</b>	<b>Inver Grove Hgts</b>
Home Furnishings	\$1,986,185,815	\$159,980,236	\$4,104,661
Electronics	\$3,407,845,110	\$542,087,137	\$20,499,734
Building Materials	\$6,875,072,126	\$459,278,724	\$57,778,154
Grocery Stores	\$12,398,014,198	\$850,192,718	\$50,692,525
Health/Personal Care	\$4,561,862,122	\$267,859,875	\$23,824,488
Apparel	\$3,407,515,680	\$243,221,802	\$344,407
Leisure Goods	\$2,350,069,886	\$115,248,172	\$676,207
General Merchandise	\$12,183,297,399	\$1,035,153,629	\$25,000,000
Miscellaneous	\$4,369,174,186	\$260,958,368	\$101,168,813
Restuarants	\$8,120,283,072	\$573,627,560	\$35,961,146
Full-Service	\$4,246,908,047	\$226,582,886	\$10,788,344
Limited-Service	\$2,598,490,583	\$280,503,877	\$22,152,066
<b>Total Retail Sales</b>	<b>\$59,659,319,594</b>	<b>\$4,507,608,221</b>	<b>\$320,050,135</b>

<b>RETAIL SALES PER HOUSEHOLD</b>			
<b>Retail Category</b>	<b>Minnesota</b>	<b>Dakota County</b>	<b>Inver Grove Hgts</b>
Home Furnishings	\$941	\$1,037	\$302
Electronics	\$1,614	\$3,514	\$1,509
Building Materials	\$3,257	\$2,977	\$4,254
Grocery Stores	\$5,873	\$5,511	\$3,732
Health/Personal Care	\$2,161	\$1,736	\$1,754
Apparel	\$1,614	\$1,577	\$25
Leisure Goods	\$1,113	\$747	\$50
General Merchandise	\$5,772	\$6,710	\$1,841
Miscellaneous	\$2,070	\$1,692	\$7,448
Restuarants	\$3,847	\$3,718	\$2,648
Full-Service	\$2,012	\$1,469	\$794
Limited-Service	\$1,231	\$1,818	\$1,631
<b>Total Sales per HH</b>	<b>\$28,263</b>	<b>\$29,218</b>	<b>\$23,563</b>

<b>"PULL" FACTOR</b>			
<b>Retail Category</b>	<b>Minnesota</b>	<b>Dakota County</b>	<b>Inver Grove Hgts</b>
Home Furnishings	1.00	1.10	0.32
Electronics	1.00	2.18	0.93
Building Materials	1.00	0.91	1.31
Grocery Stores	1.00	0.94	0.64
Health/Personal Care	1.00	0.80	0.81
Apparel	1.00	0.98	0.02
Leisure Goods	1.00	0.67	0.04
General Merchandise	1.00	1.16	0.32
Miscellaneous	1.00	0.82	3.60
Restuarants	1.00	0.97	0.69
Full-Service	1.00	0.73	0.39
Limited-Service	1.00	1.48	1.32
<b>All Retail Categories</b>	<b>1.00</b>	<b>1.03</b>	<b>0.83</b>

Sources: Minnesota Department of Revenue; Stantec



## ARBOR POINTE RETAIL ANALYSIS

Retail dEMAND  
October 10, 2014

### 6.0 RETAIL DEMAND

Table 8 illustrates the methodology used to calculate retail demand in the Trade Area. Demand for retail space is driven mostly by the spending power of Trade Area households and the supply of existing retail options. Table 8 indicates that there currently is an oversupply of retail space in the Trade Area that exceeds the demand generated by the spending power of Trade Area households. Despite forecasted household growth in the Trade Area through 2020, this will not be able to increase overall household spending to the point that additional retail space will be supported above and beyond current demand. This assumes there will be no net change in the amount of retail space in the Trade Area between now and 2020.

**Table 8: Retail Demand Calculations**

	Trade Area	
	2014	2020
Households	6,340	6,760
Average Household Income <sup>1</sup>	\$96,947	\$101,794
Aggregate Household Income	= \$614,643,980	\$688,129,806
(times) Percent of Income Spent on Retail Goods <sup>2</sup>	x 14%	13%
(equals) Resident Household Consumer Dollars	= \$87,894,089	\$91,521,264
(plus) Retail Spending by Daytime (Non-Resident) Workers <sup>3</sup>	+ \$1,750,000	\$1,820,000
(equals) Retail Spending Potential	= \$89,644,089	\$93,341,264
(divided by) Average Sales per Square Foot <sup>4</sup>	÷ \$300	\$312
(equals) Estimated Trade Area Demand for Retail Space (in sq ft)	= 298,814	299,171
(less) Existing Supply of Trade Area Retail Space <sup>5</sup>	- 346,000	346,000
<b>(equals) Additional Retail Space that could be Supported</b>	<b>= -47,000</b>	<b>-47,000</b>

<sup>1</sup> Figures are in 2010 dollars. 2020 income is adjusted upward by 5% to account for inflation.

<sup>2</sup> US Department of Labor, Bureau of Labor Statistics: Average Annual Expenditures and Characteristics, Consumer Expenditure Survey, 2013. Excludes certain retail categories, such as apparel and other durable goods, which are typically purchased at large regional centers. Percentage for 2020 is adjusted downward slightly to account for increased on-line purchases of goods.

<sup>3</sup> According to the US Census LEHD data set, there are 3,500 workers employed in the Trade Area who live outside the Trade Area. It is assumed that these workers would spend on average \$500 per year on retail goods and services in the Trade Area (this translates to roughly \$2 per work day).

<sup>4</sup> *Dollars and Cents of Shopping Centers* (Urban Land Institute). 2020 figures are adjusted upward by 5% to account for inflation.

<sup>5</sup> CoStar

Source: Stantec



## ARBOR POINTE RETAIL ANALYSIS

Conclusions and Recommendations  
October 10, 2014

# 7.0 CONCLUSIONS AND RECOMMENDATIONS

Previous sections of this report analyzed characteristics of the Arbor Pointe district, including its physical location and condition, market data, and demographic data. This section synthesizes those findings into relevant conclusions and provides recommendations for possible steps in addressing the findings noted in this report.

## 7.1 KEY FINDINGS

- Based on the calculated spending power of households and workers in the Arbor Pointe Trade Area, there is a significant **oversupply** of retail space in the Arbor Pointe retail district.
- The vacancy issues and declining rents experienced in the Arbor Point retail district are not related to broader regional or national trends in retailing. Based on metro wide data, the retail vacancies are declining and, though the industry is facing significant pressure from on-line retailing, the broader market does not appear to be substantially overbuilt. This further suggests that the problems with vacancy in the Arbor Pointe retail district are specific to the trade area and/or location of the district.
- The Arbor Pointe Trade Area is severely constrained by competitive retail districts, physical barriers, and low population density, especially south of the retail district.
- Arbor Pointe lacks the critical mass of retailers to pull from a larger trade area. Adding more retailers to achieve critical mass is highly risky because the market has not indicated an appetite to do so and the limited population density south of Arbor Pointe would likely make it infeasible.
- The Trade Area population is aging rapidly, which results in less spending overall and different types of retail that can be supported – both of which cause market turnover.
- Forecasted growth in the Arbor Pointe Trade Area will not add enough households in the short term to reverse the effects of market vacancies in the retail district.
- Most of the properties in the Arbor Pointe retail district were built during the housing boom of the early 2000s. During this time, many retailers were emboldened by forecasts of strong household growth in the area and a location along a highway interchange to invest slightly ahead of the market. When the recession hit in the late 2000s, housing development nearly stopped and many national retailers dependent on expansionary growth were under duress. This lack of growth combined with poorly performing retailers looking for marginal locations to close have resulted in substantial retail vacancy within the district.

## ARBOR POINTE RETAIL ANALYSIS

Conclusions and Recommendations  
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- Minor or even major traffic changes won't address the underlying market issues noted above. Changing access points and circulation patterns within the district will certainly help many businesses and properties within the district to become more viable. However, given the underlying issue of limited market demand, such investment may result in a shell game in which consumer spending simply moves from one location within the district to another instead of helping to draw more customers into the area that currently do not shop there.
- Daytime population within the Trade Area is low because of a lack of major employers and most residents commute outside of the area for employment. The Flint Hills refinery is building a significant administrative facility at the southern boundary of the Trade Area, which will increase the daytime population of the Trade Area. Unfortunately, this increase alone will not be able to counteract the closing of stores in the district. Several hundred daytime workers can only support several hundred square feet of retail space. Due to the amount of space that will need to be filled in the district, the Trade Area would need to add several thousand workers.

### 7.2 RECOMMENDATIONS

Persistent, long-term vacancies will have a blighting effect on the Arbor Pointe retail district. They not only signal to prospective investors that there is an underlying problem with the market, but it can also lead to poor maintenance of properties, which is a physical blight.

- Review the land use plan for the Arbor Pointe area and consider zoning changes that may allow for different types of uses in existing structures. This is potentially an inexpensive approach that would allow market dynamics to dictate the re-use of existing properties instead of more costly forms of public intervention.
- The City could play a more active role in promoting/enforcing/managing maintenance of vacant properties.
- Recognize that chain retailers may not be interested in Arbor Pointe due to the loss of key anchors (i.e., Rainbow Foods and Walgreen's). Therefore, independently owned businesses may need to be cultivated and supported. Work with property owners on how to do this and strategize how rents will likely decline and how the City can help to cover the gap.
- In extreme cases, consider acquiring truly problematic properties for redevelopment. Although this can be a costly approach, it can do several vital things: 1) reduce the oversupply of retail space to an amount appropriate for the market; 2) signify to the private sector that the public sector is committed to making positive change; 3) be a catalyst for additional investment; and 4) create an opportunity for development that would complement existing commercial properties.

## ARBOR POINTE RETAIL ANALYSIS

Conclusions and Recommendations  
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- Evaluate the various options available for improving access and circulation within the district. As noted above, traffic changes alone will not alter the market fundamentals of the district. However, traffic changes in conjunction with other strategies may help stabilize conditions and create opportunity for a much more healthy and vibrant district.

# PROGRESS PLUS

## Urban-Alternative Space Available

### *Series of Community Conversations Arbor Pointe Economic Development Opportunities*

Progress Plus is an economic development foundation of the River Heights Chamber of Commerce serving the cities of South St. Paul and Inver Grove Heights. By holding a *Community Conversation about Economic Development* for the Arbor Pointe region of Inver Grove Heights, Progress Plus was able to begin an open dialogue between area residents, businesses and City officials to help identify key factors involved in attracting new businesses to Inver Grove Heights, specifically, Arbor Pointe.

Our goal for this project was to, through a facilitated conversation among key constituents, explore what assets the region holds, discuss any potential barriers or challenges to development, and discuss how to address or eliminate these issues to ensure that businesses experience success and neighborhoods prosper.

#### **The Meeting Took Place on:**

*October 1, 2014; 6:00-8:00*

#### **The Meeting was Held at:**

*Veterans Memorial Center*

*Community Room 1*

*8055 Barbara Ave.*

*Inver Grove Heights, MN*

#### **The Meeting Moderators:**

*Mike Zipko*

*Amy Roberts*

#### **Meeting Attendees:**

*Approximately 30 people representing the following entities:*

- *Residents*
- *City Council Members and Staff*
- *Local Businesses*
- *Local Bankers and other financial services providers*
- *Progress Plus Staff*

## ***Executive Summary***

The community discussion revealed a high level of consensus among Arbor Pointe residents, real estate professionals, elected officials and the local business community about the site and potential steps needed to bring new development and investment to the area.

Participants expressed how helpful it was to hear different perspectives represented during the meeting, yet even with those different perspectives, the underlying themes of what is needed to move Arbor Pointe forward were relatively similar.

The following themes were identified as factors essential to Arbor Pointe's future:

***There is universal agreement that Inver Grove Heights needs to be proactive to ensure Arbor Pointe can not only retain the existing Wal-Mart store, but can also help attract other commercial development and stores to the area.***

- Arbor Pointe has already seen several businesses leave or close.
- If Inver Grove Heights does not proactively address these developments, it will be extremely difficult to reverse the current status and trend.

***The City of Inver Grove Heights is an essential partner in assisting Arbor Pointe and the surrounding area to become a viable, attractive and competitive location in the south suburban metro area.***

- The City's active and consistent engagement in retaining current businesses and attracting new ones is critically important to the area's overall health.

***It is essential that Arbor Pointe retain and help make Wal-Mart a successful anchor business in the area.***

- The grocery marketplace in the Twin Cities has changed.
- The circumstances and community environment that existed when Wal-Mart first moved into Arbor Pointe have also changed.
- These changes further increase the importance of retaining the Wal-Mart store.

The discussions resulting in these main themes also identified potential next steps Progress Plus, the City and local residents could consider to continue their proactive efforts to improve Arbor Pointe. The following is a brief summary of those potential steps.

### **Recommendations:**

- 1) Progress Plus should work with the City and Wal-Mart to review and analyze the terms and restrictions originally placed on Wal-Mart when it first moved into the City, and identify which of these restrictions are still applicable and which should be removed.
- 2) Progress Plus should work with the City to draft a letter and other information that could be used to engage Wal-Mart leadership in Bentonville, Arkansas. At a minimum,

this letter should express the City's support for its local Wal-Mart store, indicate the City's desire to make sure the store stays open, and ask what the City and others can do to help Wal-Mart consider expanding its branch location in Arbor Pointe, for example by adding groceries.

- 3) The City of Inver Grove Heights should consider conducting an accessibility study of the area including both automobile and foot traffic access. The purpose of the study would focus on identifying the various access points and potential changes that could make it easier for cars, bicycles and pedestrians to access the location. While the entities in control of the various access points may not be within the City's jurisdiction, identifying the "wish list" of projects would provide a starting point for future discussions and make it easier to engage other groups (the county, legislators, etc.) in finding resources and support to pay for any needed construction and changes.
- 4) Progress Plus, with support from the City of Inver Grove Heights, could engage the various homeowner associations that comprise the Arbor Pointe area to develop a survey of their residents (with Survey Monkey) focusing on many of the same or similar set of questions discussed during the Community Conversation. Gathering supplementary input from the region's residents would also provide an additional entry point for future communications.

These potential next steps could provide a pathway for Progress Plus, the City and residents to actively engage in making Arbor Pointe an economically more viable region. What follows is a more comprehensive review of the Community Conversation hosted by Progress Plus.

## **The Community Conversation: An Opening Case Study**

### ***An Opening Case Study: How one area overcame difficulties, built a community and created a destination neighborhood:***

Mike Sturdivent, Senior Leasing Representative from Paster Enterprises, was a guest speaker at the meeting. Mr. Sturdivent spoke about the successes Paster Enterprises has experienced along Southview Boulevard in the nearby community of South St. Paul, MN. Mr. Sturdivent highlighted a key component to a development such as that found in Arbor Pointe, is the need to build a residential population base. That residential base forms the backbone necessary for businesses to develop its customer base, which in turn, empowers businesses to expand their reach to potential customers outside the defined residential zone. Mr. Sturdivent's insight into the role the residential base plays in the overall economic development path of a region set the stage for engaging all those in attendance for a robust discussion.

### ***The Community Conversation***

Mike Zipko, Public Relations professional and meeting moderator, opened the meeting by sharing an overview of the situation faced by the Arbor Pointe site. This section of the metropolitan area has the potential to attract more businesses to sites like Arbor Pointe but the area has also experienced difficulties in retaining businesses. Arbor Pointe is in danger of creating a perception in the marketplace that the region is difficult to work with and failure is likely. That perception is in danger of becoming a reality.

What Arbor Pointe faces is not unique. The changing marketplace for all types of retail is certainly an underlying factor affecting landscapes and competition among various suburban settings. For example, Arbor Pointe lost one of its main tenants with the closing of Rainbow Foods. However, nine to twelve Rainbow Foods closed or changed ownership throughout the Twin Cities. The changing landscape for the grocery industry nationally and in Minnesota is a factor beyond the control of Arbor Pointe. The Arbor Pointe community and the City must still compete with other suburban regions to attract, not only grocery stores, but all types of retail that are scrutinizing potential locations with a very careful and market-driven perspective.

A key challenge for this site is that the immediate Arbor Pointe area does not have the population density typically required by brokers and companies to support more retail development. However, the site's proximity to Minnesota Highway 52 and the overall population of Inver Grove Heights and the surrounding areas provide that density and are critical supporting factors in Arbor Pointe's favor. Tapping into that broader population market, while also ensuring the Arbor Pointe population supports its local businesses, will help enable the site to better create the retail development opportunities needed to re-energize the property.

Arbor Pointe's key tenant is the Wal-Mart store. This anchor type establishment is critical to the area's chances for long-term success. Its presence in the area, its ability to continue to produce strong sales results and the possibility it may be able to expand will be important if Arbor Pointe is going to retain this anchor store. Wal-Mart's initial entry into Arbor Pointe was extremely complicated, which created the perception that the surrounding area is not an easy location or community to work with from a development perspective. Real estate experts were uniform in agreement that without Wal-Mart's pull as an anchor destination, Arbor Pointe's chance for success is significantly damaged. They believe it is easier to add to a site that has an existing Wal-Mart (anchor store) than it is to bring new retail to a site that does not have existing stores.

Initial comments from residents voiced concerns about the area's ability to keep businesses in the area. Walgreens and Rainbow both recently closed and Hy-Vee declined to put a store in that location. There was also concern about Inver Grove Heights not having a specific downtown area for business development to take place. In addition, residents voiced concern about the lack of traffic flow throughout the area.

Given this backdrop of information, Mr. Zipko engaged the community in a conversation to seek ideas and input about how the region can move forward. Using three main questions to guide the conversation, meeting participants shared frustrations, inspirations and successes for moving forward. The three questions were as follows:

- 1. What are three types of services/stores you would like to see in Arbor Pointe?*
- 2. What can the City of Inver Grove Heights do to improve Arbor Pointe?*
- 3. What would a victory look like?*

For each question, participants were asked to indicate their responses on a post-it note. The post-it notes were gathered by question and grouped according to theme. The common themes that emerged from this process were striking and informative.

### **What are three types of services/stores you would like to see in Arbor Pointe?**

Given the variety of possibilities that could have emerged from this discussion, the responses were strikingly similar. The area is relatively united in what it perceives its needs to be and that homogeneity is a strength for the region. Although the individual types of restaurants may have varied (Famous Dave's versus Buffalo Wild Wings) the underlying type is what is key.

Overall, the types of services sought for the Arbor Pointe region include access to some type of grocery store (whether via grocery at Wal-Mart or some entity to replace the recently closed Rainbow), a sit-down but casual and family-friendly restaurant, and a drugstore.

The specific post-it notes contained the following:

- Olive Garden
- Red Lobster
- Olive Garden
- Breakfast and lunch place where food is made from scratch
- Another (not fast food) restaurant- and upscale from Ruby Tuesday
- Bob Evans- breakfast restaurant
- Café (deli)
- Bakery
- Fast food doubles- KFC /Long John Silvers. A reason to get off the freeway from Rochester
- New owner A&W Root Beer or outdoor drive-in
- Sit down restaurant
- Family restaurant
- Denny's
- Mom and pop diners
- Gluten free organic food restaurant
- Breakfast restaurant
- Restaurants
- Destination restaurant (Famous Dave's)
- Buffalo Wild Wings
- Fast food other than McDonalds
- "Downtown" type area with coffee shop, benches, town events, bakery
- Grocery store like Whole Foods or Trader Joes
- A grocery store like Trader Joes
- CVS
- CVS
- (Old Rainbow) if we cannot fill it the city can do something with recreation or multiple businesses
- Another bank at the old bank of the west
- We don't need another bank
- Florist
- Fleet Farm
- Sam's Club
- Department stores – JC Penny's, Kohl's
- Hotel where rainbow is
- Clothing Stores
- Penny's
- Some specialty boutiques
- Shopping mall environment
- Professional building (doctors, accountants, lawyers)
- Electronics eg. Big Box
- Let Wal-Mart expand its grocery section and rebuild sidewalk in front
- Replace Rainbow with another drug store
- Put public sidewalk on Broderick down to Concord Blvd.
- Smaller drug store where you can be helped
- Quality Drug Store
- Costco
- Herberger's
- Menards
- Year-round 24-hour Wal-Mart
- Drug Store
- Drug Store
- Party zone or jump zone
- Something with daytime employees- offices, warehouses, manufacturing
- Dry Cleaners
- Full grocery
- Grocery store
- Grocery
- Trader Joes (Healthier food choices)
- Smaller type Trader Joes or similar type grocery that would not compete with Wal-Mart, would be friendly competition
- Grocery store like Coburns or Trader Joes
- Accessibility needs to be addressed

### **What can the City of Inver Grove Heights do to improve Arbor Pointe?**

The main theme to emerge from this discussion is the need to make the area more accessible to automobile and foot traffic. The participants cited the need to have a more organized traffic

flow, more sidewalks and an overall easier way to access the area. In attendance, Mayor George Tourville provided critical information about the road and sidewalk issues. Mayor Tourville explained that not all of the roads and access points are controlled or operated by the City of Inver Grove Heights, rather, some of the right of ways originate with Dakota County. Mayor Tourville encouraged residents to support City efforts to address these concerns in Arbor Pointe.

Similarly, a common theme to emerge from this discussion, as voiced by retailers and developers, as well as residents, is the need for residents to support their local businesses. Meeting participants recognized and stressed that it is not sufficient enough for the City to build and support a sidewalk or for a business to open a new business. Those actions alone will not bring customers to the retail outlets. Residents must also support these businesses and demonstrate that the area is a great place for a new business to thrive.

Another main theme was the need to spread the word through all of Inver Grove Heights and in the surrounding areas, that Arbor Pointe is open for business. Highway 52 in general, and more specifically, the potential flow of employees traveling to/from Flint Hills, are opportunities that Arbor Pointe could tap into to build its consumer base.

The specific post-it notes contained the following:

- As a walker-sidewalk along Wal-Mart side of Concord
- Work with county to rework access to entire area
- Redo road configuration for the entire commercial area
- Fix the accesses
- Round-a-bout- better access at Ruby Tuesday
- Improve entrances to parking at Wal-Mart
- Easy access to store entrances
- Remove median on Concord between Wal-Mart and former Walgreens
- Access to shops
- Improve access
- Better Access
- Remove Canter Blvd.
- Easy access to local businesses
- Easier on and off access to stores
- Sign letting drivers know stores are there before they drive by it
- Purchase local program
- Make it easier to open (permits, etc.)
- Give businesses tax credits
- Make certain the processes for businesses to enter the city are straight forward
- Develop a guide plan for types of businesses to open there
- City Council needs to take a more professional approach and be flexible
- Act as "Cheerleader" for shopping locally
- Provide incentives to the business
- Incentives for creating jobs
- Be picky with who comes in for business
- Repurpose current buildings in a logical process- look at A&W Root Beer and Bank of the West

- Build or try to get a company to build the business tower that was originally zoned where Wal-Mart is located. Has better tax revenue
- Stop doubling up on same businesses – i.e. drugstore, banks
- City encourage Wal-Mart to build a full grocery store
- Allow groceries at Wal-Mart
- A large sign along 52 for Wal-Mart and maybe other stores
- Groceries in Wal-Mart
- If there was Wal-Mart overnight parking there would be more people stopping and spending
- Make sure strip malls keep up landscaping even if buildings are empty. Fix the access issues

### What would be seen as a move towards victory for Arbor Pointe?

As the discussion moved forward, the meeting participants were then asked to envision what a successful change or a “victory” would look like from their different perspectives. For many, success in the Arbor Pointe area starts with better access and a supporting community. Achieving those things will hopefully lead to full occupancy in the surrounding retail outlets.

The specific post-it notes related to success contained the following:

- Easy Access
- More traffic (foot/car) in the area
- With improvements (access-sidewalks) the place will look successful and therefore attract people to “check it out”
- Easy traffic flow in and out
- Better traffic flow/access
- Access issues
- Improve traffic accessibility to current businesses on concord
- Easier access
- Free flow of traffic
- Maintain the roads
- Work with Wal-Mart to increase the size and perhaps Sam’s Club in old Rainbow
- Groceries at Wal-Mart
- Fresh groceries nearby- Wal-Mart would be a good start- need healthy options
- A sit down restaurant
- Costco
- Wal-Mart full grocery
- Full service grocery with produce and fresh bakery
- Kowalski’s with their attitude and products to refurbish and open at the Rainbow location similar to the Diffley store
- An upscale and independent restaurant to replace the A&W location or in the area- 2 restaurants always do better than one
- Full occupancy in strip mall
- 100% occupancy in Arbor Pointe
- Something closer to 100% occupancy vs current
- Support your community
- Improved community spirit
- The community understands the situation and what their role is in driving the cause
- Better marketing
- Strip-mall filled
- Get businesses in the empty stores- local restaurant, bakery, drug

- store, groceries- good one)
- Business corridor along 55 between Argenta Tr. and Concord St.
- Retail competition
- Not having to go to Woodbury or Eagan for shopping experience
- Do a swat analysis for the area
- Develop a concept plan for businesses in all available land
- Develop a progress/goal initiative to measure progress
- Assess the reasons businesses stray away from the city
- Hotel with banquet room at Rainbow site

### ***Conclusion***

Overall, it is evident that there is awareness within the community, City, business community and through Progress Plus along with the River Heights Chamber of Commerce of how important it is to find an effective and sustainable way to ensure Arbor Pointe remains an active and viable commercial development candidate. This includes an understanding of the important role Wal-Mart plays in Arbor Pointe's future and that it will take a sustained and collaborative effort by all groups to make a significant impact.

# Inver Grove Heights

## 2014 Economic Development Summary

The City of Inver Grove Heights is a growing community that continues to experience considerable development. With a current population of 34,303, the City expects to grow to a community of more than 47,000 people, 20,000 households and 18,000 jobs by 2030. The majority of that development will occur in the Northwest Area.

### Development Updates for Inver Grove Heights

Flint Hills Refinery's New Administrative Building Adds 300 New Jobs

Deanovic residential development would add more than 300 new homes and townhomes

Concord Redevelopment: City completed planning efforts & is now acquiring & assembling properties for redevelopment

Progress Plus & City's efforts to address Arbor Pointe commercial

Construction is up, in 2013: More Single Family (89) since 2001, More total residential (115) since 2008 and More valuation (\$55.5 million) since 2006.

**Northwest Area of Inver Grove Heights:** A five-square mile area designed for future growth. Over the next two decades, the city expects development to bring...

15,000 residents

6,000 households

4,900,000 square feet of retail, office and industry

**Major Infrastructure Improvements** are being constructed and planned to serve this new development including...

Two highway interchanges

Seven miles of new major streets

Five miles of widened major streets

Four to Five new parks

Ten to Twenty miles of new trails

Extensions of sanitary sewer and municipal water

### Amenities

Veterans Memorial Community Center

Golf Courses: Inver Wood and Arbor Pointe Golf Club

Nationally acclaimed pet care facilities (Inver Grove Animal Hospital & McKeever Dermatology)

Part of the Minnesota Regional Trail System including a restored Rock Island Swing Bridge

**Report On: 10/23/2014**

**Economic Development Activities**

**Active Investors as of October 2014: 30**

**Website Visits:**

Jan 1, 2014-Oct 22, 2014 - Compare to: Jan 1, 2013-Oct 22, 2013

Users (new & returning visitors): Up 37.15%, 1,473 vs. 1,074

Unique Pageviews: Up 2.23%, 2,479 vs. 2,425

**UPDATES or New Activities**

**Union Pacific Railroad** - Union Pacific Railroad held a community neighborhood meeting to listen to residents in the 5<sup>th</sup> Avenue Neighborhood. Representative Hansen was present as well. UP is open to additional meeting with concerned residents. UP is scheduled to meet with the IGH City Council the first meeting in November. We expect the noise study, which was underwritten by UP, to be completed by the end of this month.

**The River Heights Chamber South Metro Community Map**

Progress Plus will have a small advertisement in the 2015/16 map of the community.

**MNCAR Broker Class**

Progress Plus and MNCAR hosted a broker class on October 16 at Old World Pizza. 20 people attended it to hear presentations from Jon O'Malley on how to increase your business sales and profits. Each Mayor presented changes in their community that would impact development positively.

**PRWEB**

We made several attempts to get authorization from Mathias Die to write a press release on their expansion but did not receive authorization.

**Arbor Pointe Retail**

Progress Plus hosted an Arbor Pointe Community Discussion to focus on strengths and weaknesses of Arbor Pointe Retail Center. A report will be generated and presented to the EDA and the community groups.

**MNCAR EXPO**

MNCAR Expo is next Wednesday, Oct. 29 and Progress Plus is preparing our booth. The theme will be 'South St. Paul and Inver Grove Heights are hunting for business.' It will have a blaze orange and camouflage theme. Print handouts are being created as well as an activity to attract attendees.

## Inquiries/Relocations/Expansions

### ***Rainbow Foods***

We received an inquiry on the Rainbow building for an investment group looking to bring a dry land training facility to Inver Grove.

***Husnik Meats*** is expanding and looking at a lot on Concord Exchange owned by the HRA

***Schadegg Mechanical*** is planning an expansion and working with the HRA.

**Antonsen Construction** is planning to relocate to a larger building down in Bridgepoint next to Roadware.

**Industrial Containers Metal Fabrication** Progress Plus has been working with Frank Rauschnot to sell his existing property to the IGH EDA and lease land/building on the adjacent property. Progress Plus assisted with a shell of a business plan for Industrial Containers Metal Fabrication.

**Airgas** Is looking to expand their operations to accommodate for a new contract. There are no existing lots in SSP so Jennifer referred them to two sites in Inver Grove Heights.

**MEMO**

**CITY OF INVER GROVE HEIGHTS**

**TO:** Inver Grove Heights Economic Development Authority  
**FROM:** Thomas J. Link, Director of Community Development   
**DATE:** November 6, 2014 for the EDA Meeting of November 10, 2014  
**SUBJECT:** 'Open to Business' Program – Quarterly Report

Attached, for the Economic Development Authority's information, is the third quarter report of the 'Open to Business' program in Dakota County.

The program continues to grow. The number of county-wide clients served has increased from 154 in 2013 to 176 in 2014, an increase of 14%. The number of existing businesses that have used 'Open to Business' services has increased dramatically from 30 in 2013 to 81 in 2014.

Inver Grove Heights' use of the program has increased sharply. Through the third quarter of 2013 there were only three Inver Grove Heights clients whereas that has increased to 17 through the third quarter of 2014. This increase is due, in large part, to marketing efforts by the City and Progress Plus.

Enc: Report

cc: Jennifer Gale, Progress Plus



**Clients Served:**

New Entrepreneurs	95
Existing Business	81
Total Entrepreneurs	176
Inquiries	200
<small>(Requests for information/referral, not a formal client)</small>	

**Financing:**

Provided (Dakota County Businesses)

Number	1
Amount	\$30,000

Provided (Dakota County Residents)

Number	1
Amount	\$12,000

Microgrants

Number	4
Amount	\$4,000

Credit Builder Loans

Number	10
Amount	\$2,400

Total \$48,400

Requests/In Process

Number	1
Total Request	\$25,000

Facilitated/Leveraged Loans

Number	3
Amount	\$1,350,000

**Client City:**

Apple Valley	25
Burnsville	32
Eagan	22
Farmington	18
Hastings	10
Inver Grove Hts	17
Lakeville	11
Mendota Heights	5
Rosemount	14
S. St. Paul	3
W. St. Paul	8
Townships	2
Undecided Location	9

**Industry Segment:**

Retail	16
Service	87
Food	36
Health/Fitness	12
Manufacturing	5
Construction	5

**Referral Source:**

CDA Staff/Website	5
Chamber	3
City Staff/Website	51
Bank Referral	10
Media	9
Other	24

**Hours of Direct Service:**

1 <sup>st</sup> Quarter	546.5
2 <sup>nd</sup> Quarter	510.0
3 <sup>rd</sup> Quarter	505.0
4 <sup>th</sup> Quarter	0