



Economic Development Strategy

City of Coon Rapids, June 2010





This Economic Development Strategy is intended to assess the City's current employment situation, set goals for economic development, and establish policies and actions to stimulate business retention and attraction. While achieving goals of job growth and wealth creation largely occurs outside of the influence of government, the City can play a role by creating a climate conducive to achieving these goals. This Strategy includes the following sections:

- I. Existing Conditions
- II. Vision and Goals
- III. Economic Development Policies
- IV. Implementation

I. Existing Conditions

I. EXISTING CONDITIONS

This section reviews Coon Rapids' employment characteristics and compares them with those of peer cities within the metro area.

Business Distribution. Coon Rapids has 1,214 private employers. The City's Health Care and Retail Trade sectors represent the largest proportions of establishments. Its Manufacturing and Finance and Insurance sectors have the highest weekly wages.

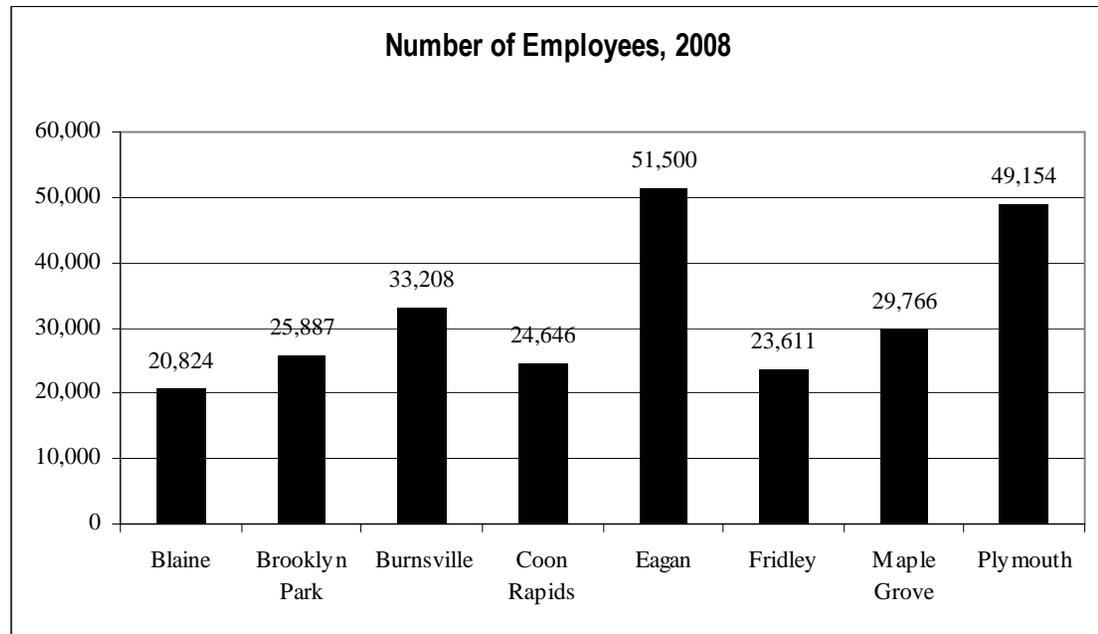
Employment. Coon Rapids has 24,646 employees, which translates into 0.39 employees per resident. Among comparable cities in the metro area, only Blaine and Brooklyn Park have fewer employees per capita. Burnsville, Eagan, Fridley, Maple Grove, and Plymouth have higher proportions. Coon Rapids has a much higher percentage of its employees working in the health care industry and a lower percentage working in the manufacturing industry than its peer cities.

Wages. The average weekly wage for private sector employees in Coon Rapids,

Employment by Industry, Coon Rapids, 2008

	# Establishments	# Employees	Avg. Weekly Wage
Manufacturing	62	2,980	\$1,256
Retail Trade	193	4,644	\$436
Finance and Insurance	100	485	\$1,095
Real Estate and Rental and Leasing	69	201	\$520
Administrative and Waste Services	68	1,562	\$412
Educational Services	34	2,643	\$760
Health Care and Social Assistance	131	5,294	\$1,038
Arts, Entertainment, and Recreation	18	315	\$333
Accommodation and Food Services	114	2,851	\$250
Other Services, Except Public Admin.	99	933	\$420
Public Administration	1	359	\$1,032

Source: Minnesota Department of Employment and Economic Development



I. Existing Conditions

Employment, 2008

	Blaine	Brooklyn Park	Burnsville	Coon Rapids	Eagan	Fridley	Maple Grove	Plymouth
Total Number of Employees	20,824	25,887	33,208	24,646	51,500	23,611	29,766	49,154
Population Estimate, 2007	56,757	72,724	61,393	63,082	67,106	26,459	59,458	71,147
Employees Per Capita	0.37	0.36	0.54	0.39	0.77	0.89	0.50	0.69
Land Area, Square Miles	34	27	27	23	33	11	35	35
Employees per Square Mile	616	976	1,231	1,052	1,538	2,167	849	1,393
Percent of Employees by Business Type:								
Manufacturing	17%	21%	11%	12%	11%	37%	19%	22%
Wholesale Trade	5%	6%	8%	NA	7%	9%	8%	11%
Retail Trade	21%	15%	20%	19%	6%	10%	16%	8%
Information	NA	0%	NA	1%	14%	0%	2%	3%
Finance and Insurance	NA	1%	3%	2%	11%	1%	4%	7%
Real Estate and Rental and Leasing	NA	1%	1%	1%	2%	1%	1%	1%
Professional and Technical Services	NA	9%	5%	3%	8%	2%	4%	11%
Management of Companies and Enterprises	NA	1%	NA	1%	2%	0%	1%	4%
Administrative and Waste Services	4%	8%	NA	6%	2%	6%	4%	7%
Educational Services	5%	9%	NA	11%	4%	3%	6%	5%
Health Care and Social Assistance	8%	7%	14%	21%	5%	13%	9%	6%
Arts, Entertainment, and Recreation	1%	2%	2%	1%	1%	1%	1%	1%
Accommodation and Food Services	11%	7%	8%	12%	7%	3%	10%	5%
Other Services, Ex. Public Admin	5%	3%	3%	4%	3%	2%	3%	2%

Source: Minnesota Department of Employment and Economic Development; Metropolitan Council

Per Capita Tax Capacity, 2008

	Blaine	Brooklyn Park	Burnsville	Coon Rapids	Eagan	Fridley	Maple Grove	Plymouth
Total Tax Capacity, 2008	\$67,843,929	\$79,075,807	\$79,736,357	\$64,469,777	\$96,675,119	\$35,556,469	\$98,260,891	\$122,238,410
Population Estimate, 2007	56,757	72,724	61,393	63,081	67,106	26,459	59,458	71,147
Per Capita Tax Capacity	\$1,195	\$1,087	\$1,299	\$1,022	\$1,441	\$1,344	\$1,653	\$1,718

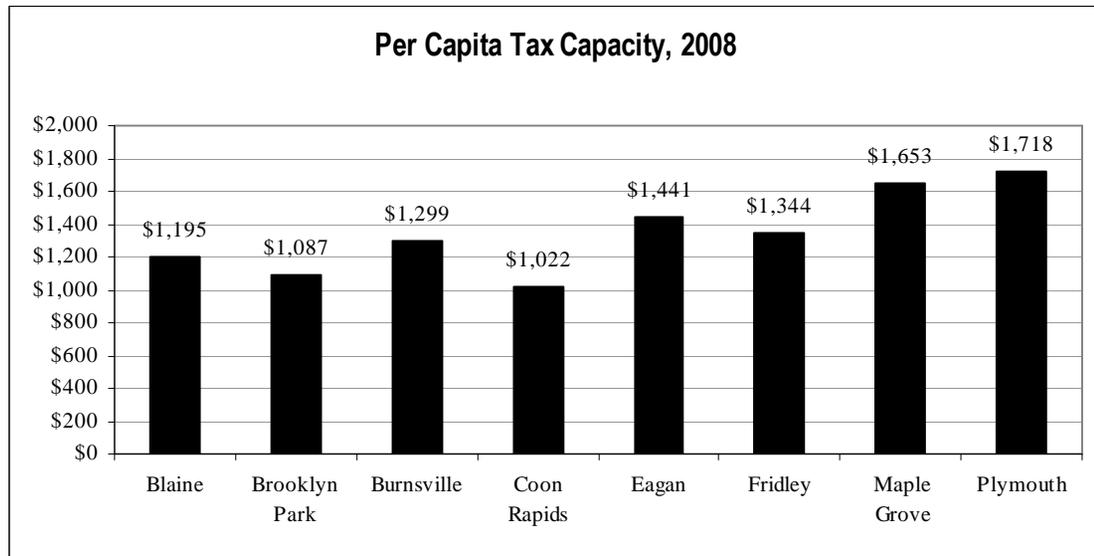
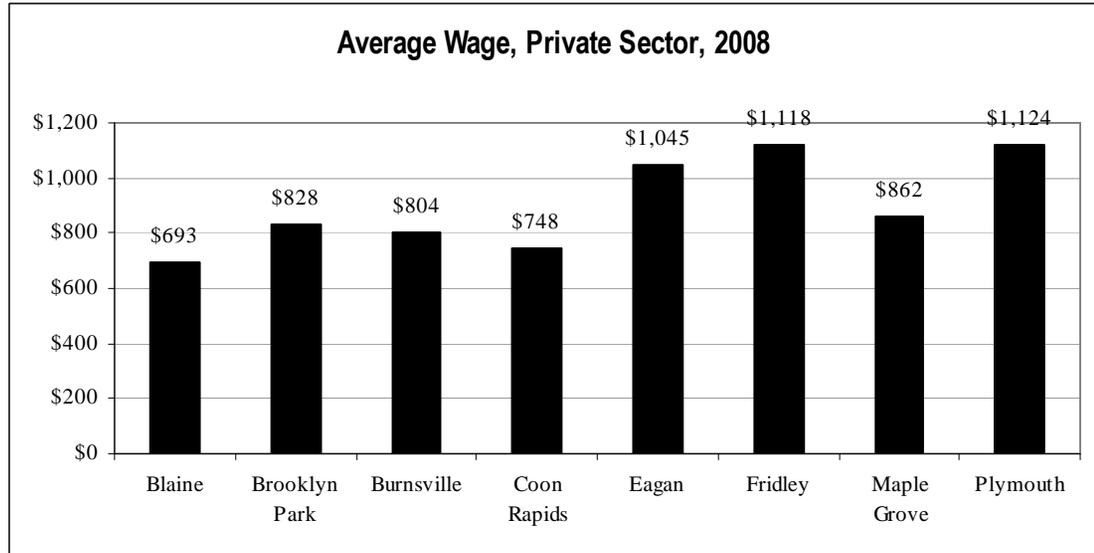
Source: League of Minnesota Cities

I. Existing Conditions

\$748, is generally lower than that of its peer cities and the metro area as a whole. Blaine has a lower average wage, while Fridley and Plymouth have much higher wages. The metro area average, \$1,008, is nearly 25% higher than that of Coon Rapids.

Tax Capacity. Coon Rapids has an aggregate tax base of \$64,469,777. When compared with its peer cities, Coon Rapids has the lowest per capita tax capacity. The per capita tax capacities of Plymouth and Maple Grove are over 150% of Coon Rapids' figure.

Conclusion. This analysis suggests that Coon Rapids currently has fewer jobs, generally lower wages, and less tax capacity per capita than its peers. An economic development strategy should therefore focus on increasing the City's employment base and further enhancing wealth, making the City more competitive with its peers. While it may take many years to achieve this goal, it should be a component of the overall strategy.



Competitive Advantages and Disadvantages

An economic development strategy must consider the City's competitive advantages and disadvantages of its location within the region.

Competitive Advantages

Location and Transportation Facilities. Coon Rapids has relatively good regional freeway access, with Highways 10 and 610 serving the community and Interstates 35W and 694 nearby. Metro Transit bus service and Northstar Commuter Rail provide residents with access to other parts of the metro area, including both Minneapolis and St. Paul.

Variety of Businesses. Coon Rapids has two major industrial areas that have been developed since the 1970s. Both include a variety of manufacturing and warehousing businesses and are generally attractive in appearance.

Labor Pool. Coon Rapids has a large number of employees, a majority of whom presently work outside of the City.

Housing Supply. The City offers a variety of housing types and a relatively affordable housing stock.

Property Tax Rate. Coon Rapids currently has a lower property tax rate than most comparable cities.

Other Amenities. Coon Rapids offers a variety of shopping and dining opportunities and attracts a significant amount of retail spending from surrounding communities.

II. Vision and Goals

Coon Rapids' Economic Development Vision

In light of its competitive advantages and disadvantages, the City of Coon Rapids will incite employment opportunities for City residents, enhance prosperity, and improve the community's overall quality of life. City government must play a role in encouraging economic development, redevelopment, and ongoing business activity by stimulating private investment, ensuring an adequate housing supply for employees, and investing in infrastructure. The City will capitalize on its strengths by targeting life sciences, health care, and advanced manufacturing businesses.

Competitive Disadvantages

Land Supply. Because it is almost fully developed, Coon Rapids has a minimal supply of vacant office and industrial land. Other cities have large supplies of vacant, developable land.

Land Costs. Most economic development opportunities in the City involve redeveloping existing commercial and industrial properties, which increases development costs. Some neighboring communities offer land at below-market prices in publicly developed industrial parks.

Traffic Congestion. Traffic bottlenecks on Highway 10 both within Coon Rapids and farther west hinder accessibility.

Geographic Constraints. The Mississippi River acts as a barrier, making it difficult to attract employees from across the river.

Housing Options. While the City has a variety of housing styles and an affordable housing supply, relatively few high-end housing options exist. This makes it difficult to attract certain types of employers and negatively affects the City's tax base.

II. VISION AND GOALS

This Strategy establishes the following vision for economic development:

In light of its competitive advantages and disadvantages, the City of Coon Rapids will incite employment opportunities for City residents, enhance prosperity, and improve the community's overall quality of life. City government must play a role in encouraging economic development, redevelopment, and ongoing business activity

II. Vision and Goals

by stimulating private investment, ensuring an adequate housing supply for employees, and investing in infrastructure. The City will capitalize on its strengths by targeting life sciences, health care, and advanced manufacturing businesses.

The following goals are set to achieve the economic development vision:

- Incite a wide range of employment opportunities for residents within the City's targeted industries.
- Foster a high-quality, diverse business climate that is sustainable and resilient to short-term economic trends.
- Promote the retention and expansion of existing businesses and the attraction of new businesses within the targeted industry categories.
- Ensure that average wages increase to a level at or above the metro area average.
- Promote efficient land use and increase the City's tax base with a maximum of 12% of the tax base in tax-increment financing districts.
- Ensure availability of commercial and industrial land that meets the City's projected demands, with employment centers concentrated at Port Wellness, Port Evergreen, Evergreen Industrial Park, Coon Rapids Industrial Park, and the Northstar Business Park.
- Encourage high-intensity use of remaining industrial land to promote efficient land use and increase the City's tax base. Discourage new industries with nuisance characteristics, low employment density, and low taxable values or cause deterioration of infrastructure.

II. Vision and Goals

- Eliminate blighting characteristics in the City's business districts by means of various financial incentives and land assembly in appropriate instances.
- Maintain strong relationships with local and regional economic development agencies, educational institutions, and the business community to share resources and achieve common goals.
- Ensure that Coon Rapids' jobs/housing balance, tax capacity, wage levels, and employment levels remain comparable to those of its peer cities.
- Ensure that the City's regulations, tax levels, and incentives are competitive with those of peer cities.
- Maintain a streamlined and effective development review process.
- Advocate for regional multi-modal transportation investments that encourage business development and allow for easy access to employment centers. Maintain adequate infrastructure to support business growth.
- Ensure that the City's housing stock supports the needs of local employees and targeted businesses. Ensure adequate marketing of the City's housing amenities.
- Attract large corporate users to develop a campus.
- Continue to attract retail spending and support business districts with a variety of retail options.
- Ensure adequate dispersal of retail districts throughout the City.

III. Economic Development Policies

III. ECONOMIC DEVELOPMENT POLICIES

A balanced economic development strategy addresses both retention of existing businesses and attraction of new businesses. Providing high-quality basic services and appropriate regulations are the most important roles of local government in encouraging economic development. Additional actions, such as those discussed in this section, may be considered in appropriate instances. This section addresses policies for encouraging business retention and attraction.

Annual Indicators

City Staff has begun tracking data on the number and types of businesses in the City, number of employees, wages, taxable value of commercial property, commercial construction, and retail sales data. This data should be updated annually to identify trends. The overall economic development strategy may be adjusted to account for changes in the City's key indicators.

Business Outreach

Because the City's existing businesses are an important source of growth, they should also be a priority for economic development service efforts. If local firms are satisfied, they are more likely to expand within the community and spur additional economic development. City Staff began visiting industrial businesses in 2007 to understand the nature of their operations and build relationships with the business community. Staff should continue to conduct business retention visits every two or three years to identify concerns and adjust policies accordingly. These visits also help to communicate City initiatives to the business community. The City should also consider organizing business retention meetings.

Coon Rapids' Economic Development Policies

- *Track Annual Economic Indicators*
- *Engage in Business Outreach*
- *Encourage Establishment of Business Organizations*
- *Define Business Targets*
- *Provide Financial Resources for Existing and New Businesses*
- *Encourage Workforce Development*
- *Market to Prospective Businesses and Commercial Real Estate Community*
- *Provide an Adequate Land Supply*
- *Establish Business Subsidy Policies*
- *Garner Legislative Support*

III. Economic Development Policies

Business Organizations

Because infrastructure and public improvements are critical to economic growth, the City may encourage formation of business associations to advocate for and create mechanisms for maintaining improvements. Particularly along Coon Rapids Boulevard, a well-organized business community could be instrumental in encouraging improvements.

Business Targets

City resources should be directed toward industries that have the greatest potential for creating wealth, based on the existing business base. This involves capitalizing on its existing business clusters, yet maintaining a diverse business base to ensure resilience to short-term economic trends. While the City should provide a positive business climate for a wide array of businesses, priority should be given to industries that have high potential for unsubsidized spin-off businesses. While support businesses, such as warehousing, wholesaling, and transportation, are an important part of the local economy, these types of businesses should not be priorities for financial assistance.

Primary Targets. A majority of the City's economic development resources should be directed toward the Primary Targets. These industries have relatively high wages, high employment density, potential for spin-off businesses, and potential for growth in the metropolitan area. The City's tax increment/tax abatement policies should target these types of businesses, in addition to other City financial resources. These industries include:

- Medical equipment and supplies manufacturing

III. Economic Development Policies

- Pharmaceutical and medicine manufacturing
- Scientific research and development services
- Computer and electronic product manufacturing, including communications equipment, measuring instruments, and electronic components.

Secondary Targets. While City resources should be largely directed toward the Primary Targets, some resources should be made available to the following business types. Although these industries generally have lower starting wages than the Primary Targets, they create basic employment and have potential for spin-off businesses. While tax-increment financing and tax abatement should generally not be directed toward Secondary Targets, other resources, such as revolving loans and industrial revenue bonds, are appropriate.

- Other types of “clean” manufacturing not listed as Primary Targets.
- Businesses creating skilled jobs at wage levels in excess of the metro area median.

Financial Resources

The City should market available resources to both existing and new businesses.

Resources for Existing Businesses. The City should market available resources to businesses, including Small Business Administration Loans and revolving loans. The City may consider establishing a loan fund for smaller scale exterior improvements to older commercial properties, such as landscaping, signs, awnings, and façade improvements in the City’s older commercial districts, such as the Coon Rapids Boulevard corridor and Foley-Northdale area. This fund could be leveraged with private sector resources.

III. Economic Development Policies

Revolving Loan Fund. Through its Economic Development Authority, the City should consider offering loans to industrial businesses at below market rates for construction, real estate, and equipment purchases creating a substantial number of jobs. The EDA should adopt guidelines to ensure that projects receiving City financing provide maximum benefit to the community. Loans should be directed toward businesses in the primary target areas, as well as redevelopment projects in older commercial districts.

Industrial Revenue Bonds. The City has traditionally offered conduit financing through revenue bonds for industrial construction projects. The City should maintain and market this resource.

Tax Increment Financing/Tax Abatement. In the past, the City has used TIF for redevelopment projects that meet state requirements and economic development projects that meet state job creation requirements. The City should continue to offer these resources, but also adopt specific policies for their use. For instance, subsidies for new development projects should be directed toward targeted business types and those with the highest potential for high-paying jobs and “spin-off” jobs.

State Resources. The City should utilize and market relevant programs offered by the state’s Department of Employment and Economic Development (DEED). These programs, such as grants offered through the Minnesota Investment Fund, may be appropriate for some local projects. The City should also monitor the development of DEED’s “shovel-ready” site registry and either participate or create its own registry.

Workforce Development

Access to workforce education and training programs is important to encouraging economic development. Anoka-Ramsey Community College partners with several local businesses to provide customized training for employees. It has successfully received Job Skills Partnership grants from the State of Minnesota to assist with the cost of providing training. The City should maintain connections with Anoka-Ramsey and other education resources and market available resources to local businesses. The City should also advocate for additional community resources.

Marketing

A community's ability to attract business is largely founded in its quality of life amenities, reasonable taxes, educational opportunities, transportation, and access to markets. However, the City can play an important role in encouraging business growth through specific actions. Because a large number of economic development organizations compete for a comparatively small number of business relocations, Coon Rapids must be strategic in targeting its economic development resources. This means directing incentives toward types of businesses most likely to create jobs that enhance the community's wealth.

While the City's economic development strategy should not rely on mass marketing, some targeted marketing is appropriate. The City should market office and industrial properties differently and to targeted audiences. Recommended marketing strategies include:

- Maintaining relationships with real estate brokers throughout the metro area and maintaining regular contact with key brokers. Consider arranging periodic meet-

III. Economic Development Policies

ings among brokers.

- Continuing involvement with the Minnesota Commercial Association of Realtors to increase awareness of Coon Rapids' amenities and available properties.
- Continuing awareness of available commercial and industrial properties and relaying that information to interested parties.
- Advertising key sites on the City's web site and marketing "shovel-ready" sites either through the State of Minnesota program or a City program.
- Using the MetroMSP regional economic development web site as an information resource and promoting its use.
- Maintain contact with local and regional chambers of commerce, economic development organizations, convention and visitors bureaus, and educational institutions. Ensure that the City's economic development message is consistent with those of other organizations.
- Maintain ties with local residential real estate agents to ensure adequate marketing of higher-end homes to attract executives.

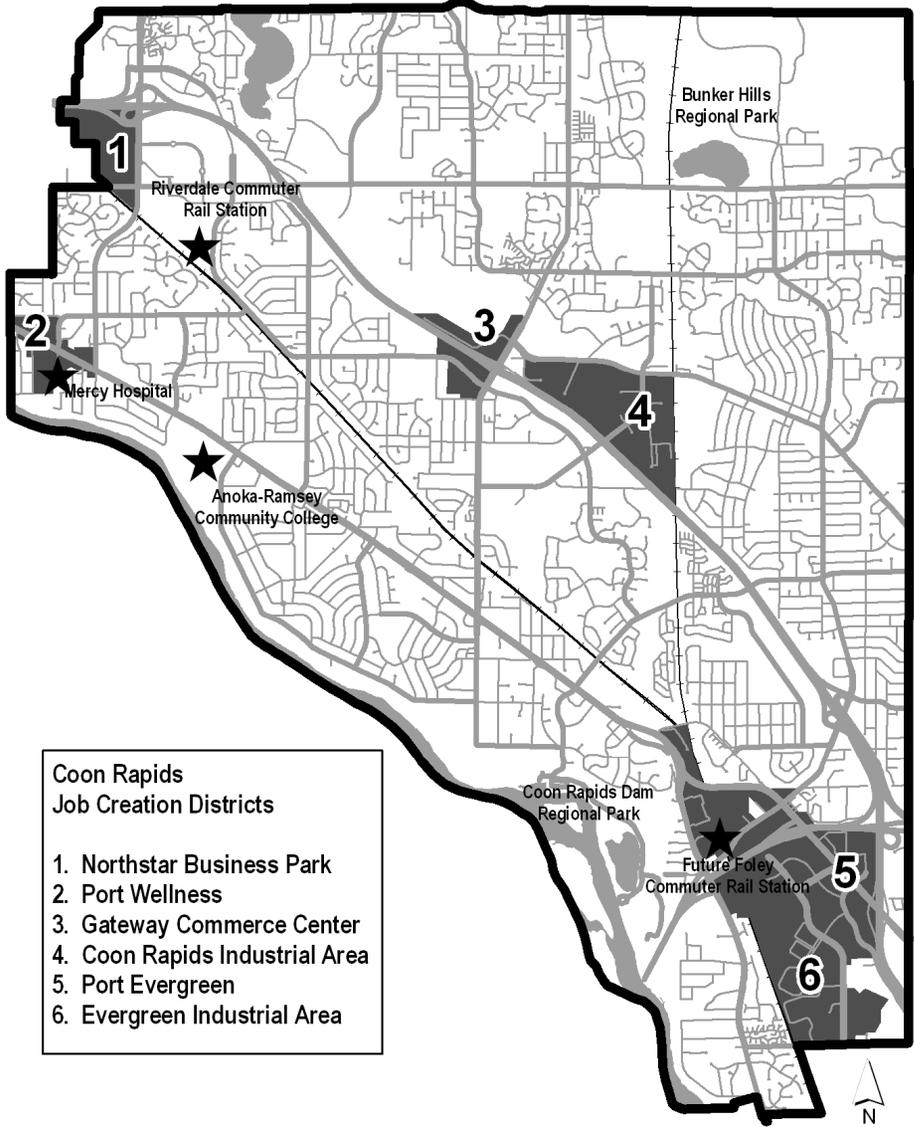
Land Supply

Because Coon Rapids is a developed community, very little vacant land exists for new commercial and industrial development. Most new development in the City will involve redeveloping underutilized land and encouraging development of vacant infill parcels. The City should periodically assess its supply of available land and facilitate land assembly in appropriate instances. Adopting small-area plans for

III. Economic Development Policies

these districts into the City’s Comprehensive Plan may help to ensure efficient land use. The City should also ensure top-quality appearance of these areas by periodically reviewing and updating its zoning regulations. This section discusses the locations within Coon Rapids where job growth will be concentrated.

Coon Rapids and Evergreen Industrial Parks. Coon Rapids Industrial Park (generally along Xeon Street between Highway 10 and Northdale Boulevard) and Evergreen Industrial Park (generally along Evergreen Boulevard south of Highway 610) provide important employment opportunities for City and regional residents. Both areas contain a variety of manufacturing, warehousing, office, and research businesses and are almost completely developed. In the long term, some of the existing low-yield industrial uses may become obsolete and their redevelopment will become necessary. As redevelopment occurs, new businesses in the industrial parks should provide quality jobs and fall within the following sectors: light manufacturing with minimal outdoor storage, medical and pharmaceutical industries, information technology (computer and telecommunica-



III. Economic Development Policies

tion), environmental technology, and office/research and development. The City may consider financial incentives to encourage these types of businesses.

Port Evergreen. The area along Coon Rapids Boulevard between Highways 610 and 47 includes the City's largest concentration of office development, with nearly 300,000 square feet of office space. While some commercial and residential development is planned, the City's Comprehensive Plan envisions that office will continue to be the predominant land use as redevelopment occurs. While substantial City involvement in land assembly is not anticipated in Port Evergreen, the City should monitor the condition of properties and consider strategic acquisitions. The City may consider financial incentives to stimulate redevelopment.

Port Wellness. The area along Coon Rapids Boulevard between Round Lake Boulevard and the west City limits includes Mercy Hospital and about 175,000 square feet of primarily medical office space. The Comprehensive Plan calls for primarily office and institutional uses on both sides of Coon Rapids Boulevard to accommodate future expansions of the hospital and additional medical office development. While City involvement in land assembly is not anticipated, financial incentives to encourage redevelopment may be considered.

Gateway Commerce Center. Currently undeveloped, an approved development plan for the northwest corner of Highway 10 and Hanson Boulevard proposes at least 86,000 square feet of office space and an additional 240,000 square feet of retail, hotel, restaurant, and service uses. Because specific tenants have not been determined, the plan may be modified in the future. This area represents one of the largest undeveloped parcels in the City and therefore one of the greatest opportunities for job growth.

Foley Transit Station Area. While not currently programmed, eventual construction of a commuter rail station is anticipated at Foley Boulevard at the BNSF rail-

III. Economic Development Policies

road tracks. A small-area plan the City has completed for the station area envisions increasing employment density near the station, including redevelopment with office, limited commercial, and some light industrial development. Tax-increment financing and tax abatement should be considered to assist with site preparation and infrastructure associated with redevelopment of certain sites within the station area. The City should also consider additional tools, such as transit improvement areas and grant dollars, as the state makes them available. Establishing a Business Improvement District would also generate additional funds for public improvements.

Northstar Business Park. While it is unlikely that Federal Cartridge will vacate its site at Highway 10 and Round Lake Boulevard in the near future, the City should plan for its redevelopment if a portion of the site becomes available. The City recently rezoned the property to encourage attractive office park development if the site is redeveloped.

Business Subsidy Policies

Tax increment financing (TIF) and tax abatement are important resources for encouraging private development projects that may not otherwise occur. The City should promote use of these subsidies to facilitate development of sites that are difficult to develop due to soil conditions or land assembly requirements. If these resources are used for job creation projects, they should be directed toward business types identified as “Primary Targets.” Projects receiving these subsidies are subject to Minnesota State Statute 116J.993 (Minnesota Business Subsidy Law) and the City’s Business Subsidy Policy. The City maintains guidelines for the use of TIF and tax abatement and should update these policies as necessary.

IV. Implementation

Legislative Support

City Staff should stay informed of state legislation affecting economic development and seek legislative support. This may include advocating for:

- Changes to tax abatement and tax increment financing laws to benefit the City.
- Changes to laws affecting use of eminent domain for redevelopment.
- Funding for Transit Improvement Areas and other tools to encourage transit-oriented development
- Establishing Business Improvement Districts to help fund public improvements.
- Special legislation to enable certain economic development projects.

IV. IMPLEMENTATION

This section summarizes the Economic Development Strategy's recommendations. The policies and actions listed address both business attraction and retention. Recommendations are categorized as short-term (within 1-3 years), medium-term (3-5 years), long-term (more than 5 years), or ongoing policies.

IV. Implementation

Implementation Item	Attraction	Retention	Short	Medium	Long	Ongoing
1. Annual Indicators. Produce annual report on number/types of businesses, employees, wages, tax capacity, construction, retail sales, and other indicators of economic activity. Modify economic development policies to address the City’s shortcomings.	●	●				●
2. Business Outreach. Visit existing industrial businesses to identify concerns and communicate City initiatives to the business community. Consider other outreach activities, such as periodic meetings, to maintain ties between the City and business community.		●				●
3. Business Organizations. Facilitate creation of business organizations to advocate for improvements, particularly along Coon Rapids Boulevard.		●		●		
4. Business Targets. Target resources toward businesses with the greatest potential for creating wealth. Direct the majority of City resources toward the “Primary Targets.” Document targeted industries in business subsidy policies.	●					●
5. Financial Resources. Market available financial resources, such as SBA loans, revolving loan funds, industrial revenue bonds, tax abatement/tax increment financing, and state resources, to existing and new businesses. Consider business incubator project.	●	●				●
6. Fix-Up Fund. Explore creating a loan fund for exterior improvements to existing businesses, such as landscaping, signs, awnings, and facades in the City’s older commercial districts.		●	●			
7. Revolving Loan Fund. Establish a revolving loan fund for business capital costs using payments from past economic development loans. Loans should be directed toward businesses in the primary target areas and redevelopment projects in older commercial districts.	●	●	●			●
8. Workforce Development. Stay informed of workforce education and training programs and make connections between Anoka-Ramsey Community College and local businesses.	●	●				●

IV. Implementation

Implementation Item	Attraction	Retention	Short	Medium	Long	Ongoing
9. Land Supply. Assess the City’s land supply for job growth and facilitate land assembly in appropriate instances. Adopt small-area plans for redevelopment areas to ensure efficient land use and employment density. Periodically review zoning regulations to reflect changing business needs and ensure compatibility with surrounding properties.	●			●	●	●
10. Tax-Increment Financing/Tax Abatement. Promote use of tax-increment financing and tax abatement to assist with development and redevelopment of sites that are otherwise difficult to develop. Maintain business subsidy policies to guide use of TIF and tax abatement.	●	●				●
11. Real Estate/Economic Development Connections. Maintain relationships with key real estate brokers and regional business and economic development organizations.	●					●
12. MNCAR. Maintain membership in the Minnesota Commercial Association of Realtors.	●					●
13. Marketing. Advertise available commercial and industrial land and business resources on the City’s web site. Promote “shovel-ready” sites through either the State of Minnesota program or a City program.	●					●
14. MetroMSP. Use the MetroMSP web site as an information resource and promote its use as a site selection tool.	●					●
15. Legislative Support. Seek support for legislation that would positively influence economic development in the City.	●	●				●