

CITY OF DAYTON
2040 COMPREHENSIVE PLAN
Chapter 6: Economic Development

Introduction

The purpose of this chapter is to identify strategies to increase commercial and industrial development in the City of Dayton. The City is beginning to see an increase in commercial and industrial growth and interest due to the imminent construction of the Dayton Parkway Interchange. However, there are still relatively few commercial and industrial businesses located in the City of Dayton compared to surrounding communities. Major employers in the City of Dayton include ADESA Auto Auction (wholesale vehicle sales), King Solutions (warehouse/distribution), ICA Corporation, and the Anoka-Hennepin School District (Dayton Elementary School). Additional commercial and industrial development will provide additional revenue for the City which currently must rely largely on residential property taxes for revenue. The additional tax base provided by commercial and industrial areas will provide funds for additional City services that will be required as the City grows and reduce the tax burden on residential properties.

Goals and Policies

Goal 1: Increase economic growth and development to encourage services and job growth in the community.

Policy 1: Encourage new development and redevelopment within southwest Dayton around the Dayton Parkway Interchange.

Policy 2: Explore marketing and communication to attract new industrial/commercial development.

Policy 3: Expand neighborhood and mixed-use commercial to support growing residential areas.

Goal 2: Expand and diversify the City's tax base by encouraging new commercial/industrial development.

Policy 1: Directly recruit businesses.

Policy 2: support and promote existing businesses and new businesses that are viable and responsive to the need of the community. Create programs to provide financial assistance to retain existing business and attract new business.

Policy 3: Encourage business owners to remodel, rehabilitate, and enhance building exteriors.

Policy 4: Allow home businesses provided that they are an accessory to the residential use, adhere to the Zoning Ordinance, and do not negatively impact nearby properties.

Policy 5: Maintain and promote the Historic Village as an important commercial opportunity.

Policy 6: Work with the area's Chamber of Commerce to attract new business to Dayton.

Goal 2: Be responsive to market changes and regularly review Land Use Designations to ensure we are flexible to these changes.

Policy 1: Complete a market study in the interchange area and update market studies when necessary to update the City's data and be responsive to market change trends.

Economic Assessment

This section is designated to analyze the current economic status for the city and to provide insight into potential advancement for the City's economic future. The Dayton Parkway I-94 Interchange will provide access to job opportunities in Dayton, and future land use designations will accommodate more positions for career advancement, financial growth, and economic gain.

Population

Table 6.1. Population, Households, and Employment

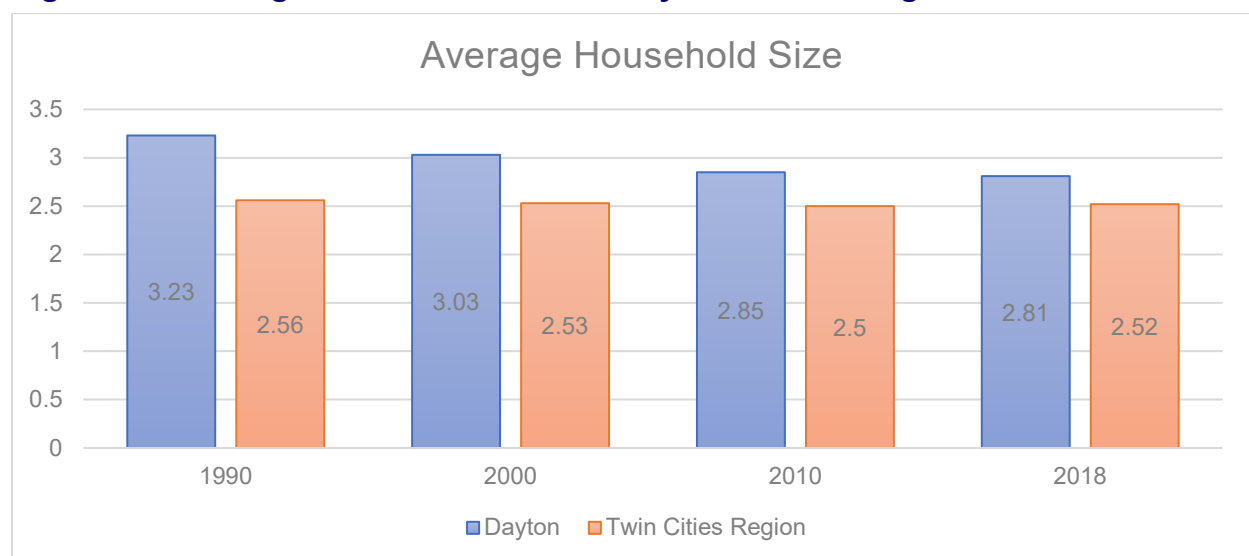
Forecast Year	Population	Households	Employment
2010	4,617	1,619	921
2018	6,072	2,158	1,230
2020	5,900	2,000	2,000
2030	7,900	3,200	2,490
2040	10,400	4,400	3,000

Source: Metropolitan Council, Community Profiles and Annual Population Estimate

Dayton grew by just more than 300 people from 1990 to 2000. In the past several years, the City has experienced more rapid growth. The Metropolitan Council forecasts the City to have a population of 5,900 in 2020, 7,900 in 2030 and 10,400 in 2040. The City is currently outpacing Met Council forecasts for 2020.

Household sizes in the region have been falling since 1990. Dayton is similar in this regard. While Dayton has historically had larger average household sizes than the region as a whole, lifestyle changes, and growing number of older residents has contributed to a fall in household size through the years. See the figure below.

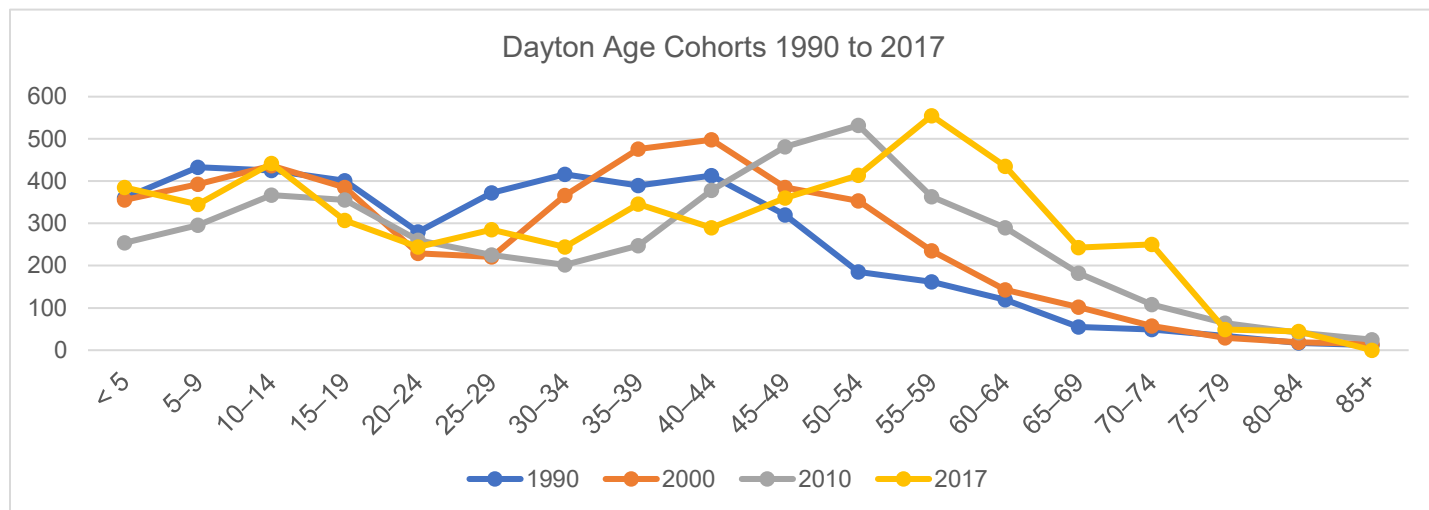
Figure 6.1. Average Household Sizes in Dayton and the Region 1990 to 2018



Source: Metropolitan Council, Community Profiles and Annual Population Estimate

Dayton has seen an increase in retirement aged residents and a decline in age cohorts below the age of 25 since 1990. The growth in population of older adults may contribute to differing housing and service needs. See figure below to see the age trends graphically.

Figure 6.2. Age of Population in Dayton 1990 through 2017



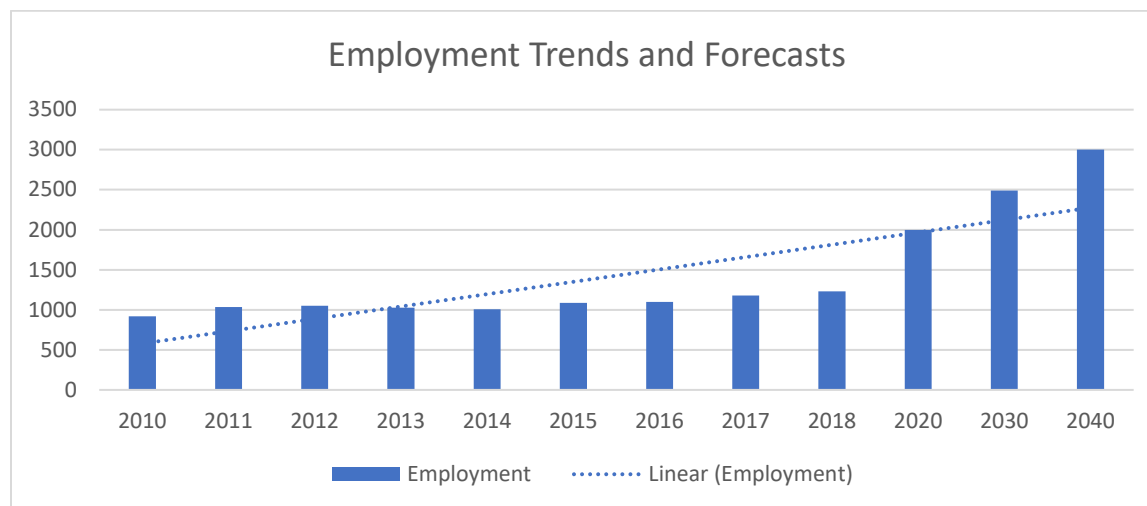
Source: Census 1990, 2000, 2010, and ACS 2013-2017.

As population and households grow, it is important to facilitate economic growth to continue to expand services to a variety residents and household characteristics.

Employment

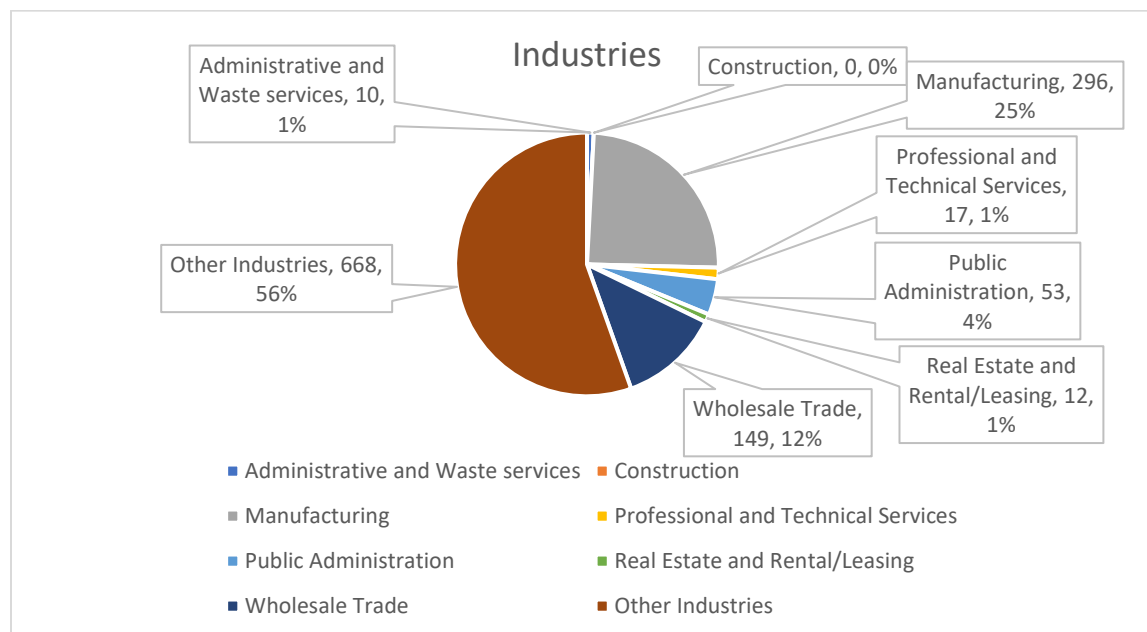
Employment in the City of Dayton has been steadily on the rise for the last two decades, but employment is expected to spike with the development of new industrial and commercial properties. As population rises and the Dayton Parkway Interchange area becomes more attractive to future businesses, the City will experience growth in industrial and commercial tax bases. Figures 1 shows a relatively stable employment number near 1000. Since 2016 Dayton has seen expansion in industrial businesses and a growth.

Figure 6.3. Employment in Dayton



The largest employers in Dayton are in wholesale trade and manufacturing following by public administration. Most retail and professional service employment opportunities exist in developed cities such as Maple Grove and Champlin. Figure 2 shows the percentage of employment by industry within Dayton.

Figure 6.4. Employment by Industry



Daily Commute

Many of Dayton's residents commute to their jobs outside of the community, while only approximately 85 employees reside and work in the City. A large portion of other employees live in nearby communities such as Maple Grove, Rogers, and Champlin. Table 1 below provides insight into the city's workforce and their residences. The majority of Dayton residents have a commute distance of between 10 and 24 miles, most commuting to Minneapolis. Dayton could be considered an exporter of workers.

Table 6.2. Commuting

Top 10 Work Places of people who live in Dayton	
Work Places	Workers
Minneapolis	330
Maple Grove	188
Plymouth	175
Rogers	134
Brooklyn Park	126
Dayton	85
Anoka	83
St. Paul	81
Eden Prairie	68
Coon Rapids	65
Other	905

Top 10 Residences of people who work in Dayton	
Residences	Workers
Dayton	85
Maple Grove	77
Brooklyn Park	65
Champlin	50
Rogers	49
Minneapolis	44
Coon Rapids	43
Blaine	35
Ramsey	30
Plymouth	29
Other	280

Source: Metropolitan Council and US Census Bureau, 2017

As Dayton's population continues to grow, the City can expect to see a gradual increase in services and retail which cater to residents in Dayton.

Economic Development Strategies

As the City of Dayton grows, demand for commercial and industrial development will increase to promote economic growth. The construction of the Dayton Parkway Interchange will significantly improve access to the city making it a more desirable location for commercial and industrial development. The city has already zoned the much of the surrounding area for industrial, mixed use and business park land uses. Several industrial users have recently located at the Wicht Industrial Park. The French Lake Industrial Park development has also seen increased development with the relocation of Spears Manufacturing to a new facility. The proximity to I-94, available developable land, and need for new industrial spaces in the North West region puts Dayton in a positive position to provide for residents and the region with an industrial space (construction, manufacturing, warehousing).

Recent Business Development

French Lake Industrial Center:

The industrial complex being development by Liberty has an approximate buildout of 1.84 million square feet of industrial/warehousing space. Spears Manufacturing was the first user of the development moving in in 2019. Spears is constructing building A. See Figures 3 and 4 below showing the site and building.

Figure 6.5. French Lake Industrial Center Site Plan

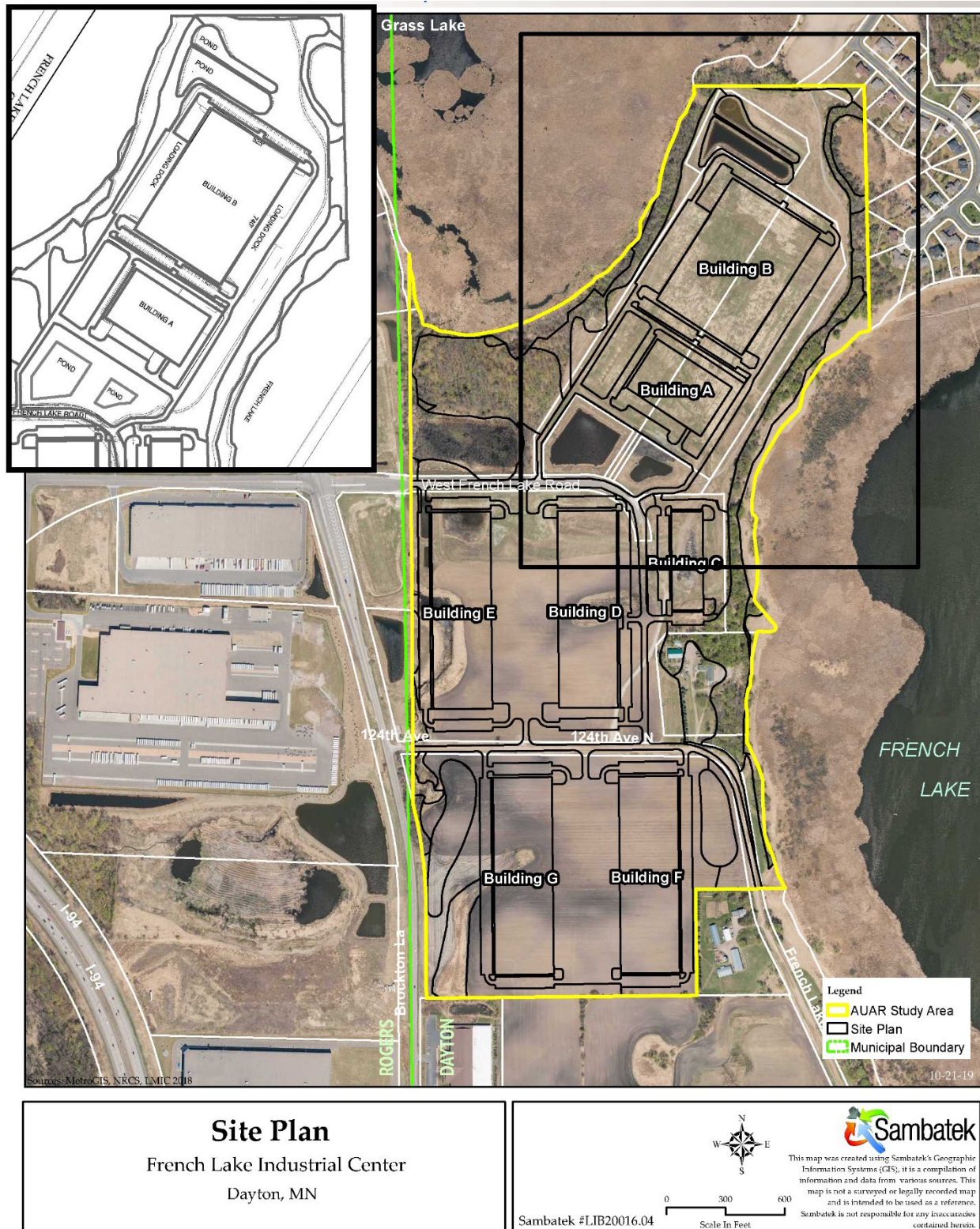


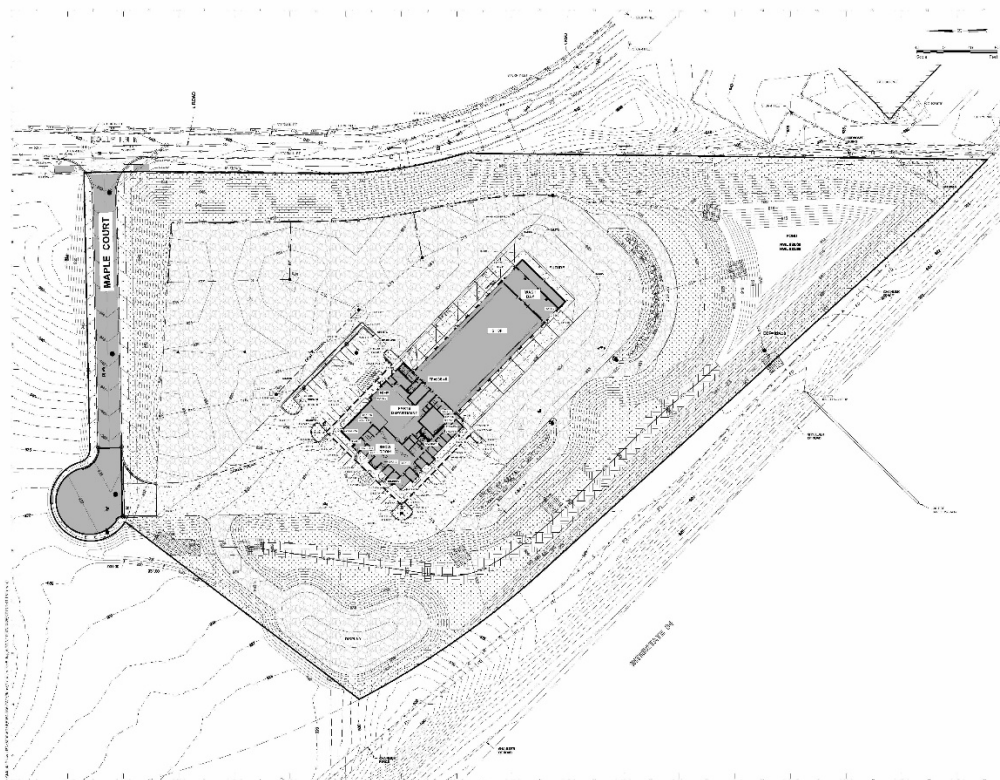
Figure 6.6. Spears Manufacturing



RDO Equipment Co.

RDO has started construction adjacent to the Dayton Parkway interchange. RDO is a construction equipment repair and sales facility for John Deere and Vermeer. The building is approximately 44,000 gross square feet. See figure 5 to see the site plan for the RDO Complex.

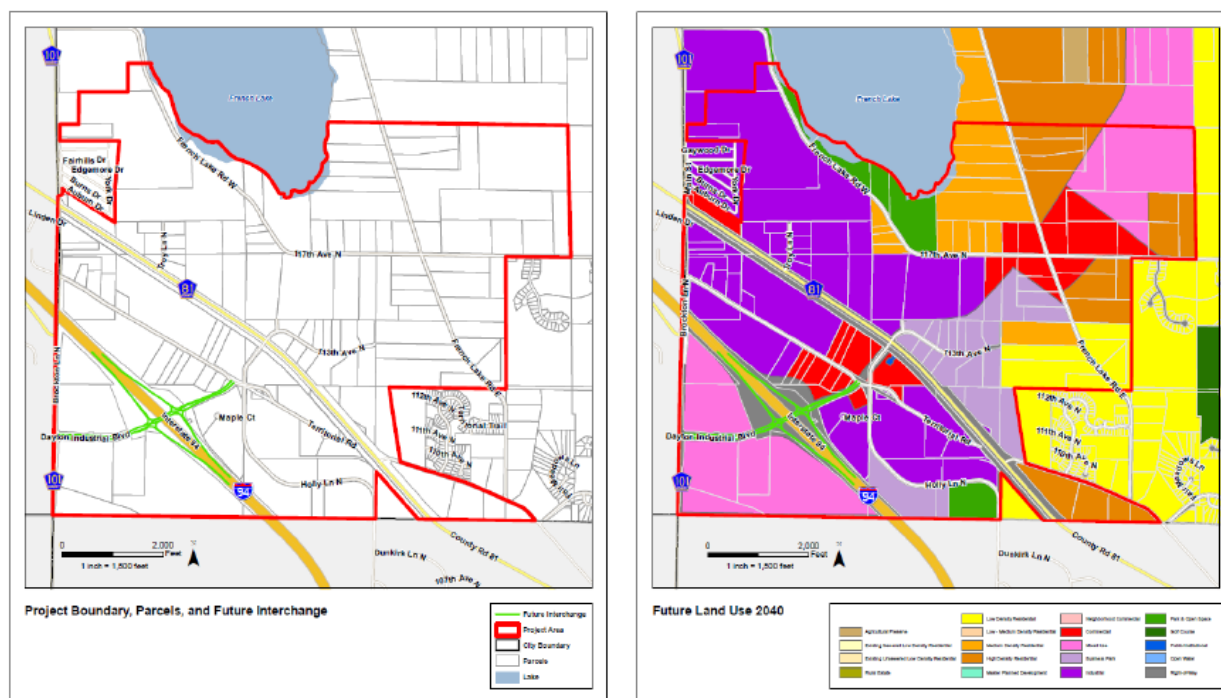
Figure 6.7. RDO Site Plan



Future Development

The City endeavored to have a transparent process for residents, business owners, commission to prepare for the anticipated changes due to this new access the City is completing a market study and small area plan of southwest Dayton to be completed summer of 2020. Based on results of this planning small adjustments in land use may be necessary to best position Dayton for new development. See figure 6 depicting study area.

Figure 6.8. Market Study Area



Dayton Parkway Small Area Plan
Dayton, MN



Increased industrial development will diversify the city's tax base, decreasing the tax burden on residential properties. An increased tax base will also allow the city of Dayton to provide the level of services residents expect. Additionally, the provision of municipal sewer and water services will provide for increased housing opportunities in the city. The increase in housing units will create additional demand for commercial growth. Commercial opportunities could include convenience store, grocery, and professional services.

Future Land Use

The City's Future Land Use Plan identifies appropriate locations for business park, industrial, and mixed uses to accommodate these target markets and to respond to the city's goals to create areas for industrial and commercial expansion within the city's growth areas that are accessible to public infrastructure and transportation and to attract and encourage new light industrial, office-industrial, high tech, and professional services. Dayton also include opportunities within a town center, and a Park and Ride near Dayton Parkway. Additional provision of mixed-use areas near the I-94 corridor is intended to provide the City flexibility in attracting a mix uses and to be responsive to market changes. All of these features will provide residents greater access to the metro area, and create tax revenue for the city. Typical development intensity for non-residential development is 50% of the site area dedicated to

buildings.

The City will continue to ensure that the Land Use Plan and Zoning Ordinances accommodate economic development markets. The City should continually evaluate market conditions and update the Land Use Plan and Zoning Ordinances periodically in response to updated market information.

Promote Quality Development

After the Comprehensive Plan is finalized, the city will update its Zoning Ordinance to be consistent with the Comprehensive Plan. The revised ordinance will update design standards for new business development including: architectural guidelines for retail development, standards for quality building materials for commercial and industrial development, and site planning requirements that incorporate quality landscape features for both commercial and industrial development as well. These design standards will address plan policies for commercial and industrial areas such as creating a cohesive identity for Dayton commercial areas, creating performance standards for all commercial areas including building and signage design guidelines, street scaping, and inclusion of green space, paths, and sidewalks to connect commercial areas to neighborhood. Ordinances will also help to maintain and promote a positive image of industrial and commercial areas.

Marketing the City of Dayton

As Dayton grows, the City will continue to expand services related to Economic Development. The City should continue to evaluate its employment needs to ensure that experts in Economic Development are contract or hired to continue to attract new economic growth to the City. The City will continue to market strengths and opportunities to potential businesses.

In the short-term (prior to creating an Economic Development department), information on infrastructure improvements and the availability of commercial and industrial land will be shared on the city's website and through other means, such as periodic written reports on economic activity in the City. The city's Economic Development Authority, I-94 Chamber of Commerce, and city staff and leadership should work together to share information and develop additional marketing opportunities. These groups should work together to identify and capitalize on existing opportunities and identify additional opportunities for the community. These marketing efforts will also address the city's policy to develop a marketing plan and strategy aimed at creating an industrial identity that will help recruit business and industry to Dayton.

Establish Financial Incentives

There are a number of financial incentives available to the City of Dayton to offer potential businesses who may locate within the City and to retain existing businesses looking to expand or invest in their property. Several options available to the City are identified below. The City's Economic Development Authority should evaluate which options would be most appropriate for the City of Dayton. This strategy responds to the City's policies and goals to support and promote existing business and new business that are viable and responsive to the needs of the community and to identify or create programs to provide financial assistance to retain existing business and attract new business. The following financial tools can be used or encouraged by the City:

Table 6.3. Finance Tools

Tool	Uses
Tax Increment Financing (TIF)	Land acquisition, site prep, parking, public improvements through GO Bonds. Can be used for redevelopment, renewal and renovation, housing, and economic development
Tax Abatement	Simpler than TIF, acts like a rebate where the property owner can retain its property tax revenue for key development activities through GO Bonds. May be best suited for existing properties and redevelopment or rehabilitation.
City Revolving Fund	The city could create a revolving loan fund for new and expanding businesses to finance equipment and/or real estate with the purpose of increasing the local tax base
Grants	Livable Communities Grants (LCA): used to link transportation, housing, and tax base revitalization. DEED Grants to fund infrastructure and rehab, or redevelop.

Support Existing Businesses

The city recognizes the importance of maintaining its many valuable existing businesses located within the community. These businesses provide important services and jobs to Dayton residents and the region. The city will work with the Dayton EDA to identify the needs of existing businesses to achieve and maintain a healthy business climate. Open communication between the city and business owners is essential to establishing a strong and mutually beneficial relationship between the city and businesses owners. The city should pursue ongoing communication efforts with Dayton businesses owners to understand the needs and issues facing business owners and better understand barriers to business expansion and assist businesses to overcome these barriers. Additionally, financial assistance options discussed above for new businesses will also be made available to existing businesses where appropriate to encourage business investment and expansion in the City.