

City of Dayton Economic Development Authority (EDA)

June 21, 2022- 7:30 a.m.

Agenda

1. Call to Order
2. Approve Agenda
3. Approval of Minutes- May 17, 2022
4. Economic Development Strategic Plan -Discussion led by Ehlers
5. Staff Update
 - a. Industrial/Commercial- current applications
 - b. Wright County EDA meeting
6. Review City of Dayton EDA website for updates needed
7. Review Proposal and discuss ideas for 18541 Levee Street Lot
8. Adjourn

The mission of the EDA is to promote economic growth in the City of Dayton through the attraction of new business, retention of existing business and promotion of managed growth and redevelopment of key areas by providing resources that enable development and enhance the quality of life in Dayton.

MINUTES OF THE MAY 17, 2022 ECONOMIC DEVELOPMENT AUTHORITY
MEETING
JOINT MEETING WITH CITY COUNCIL

Chair Huttner called the May 17, 2022 EDA to order at 7:30 AM.

Roll Call

Present: EDA members Huttner, Bernens, Berge, Salonek

Absent: Gustafson

Also, in attendance: Tina Goodroad, City Administrator/Development Director; Zach Doud, Finance Director, Jason Aarsvold, and Keith Dahl, Elhers

Approval of the Agenda

Motion to approve the agenda by Berge seconded by Salonek all ayes. Motion Passed.

Approval of EDA Minutes from April 19, 2022

Motion to approve the minutes by Bernens seconded by Berge all ayes; the motion passed.

AGENDA ITEMS

Economic Development Strategic Plan

Aarsvold lead the members in a strategic plan discussion focused on review of goals for the plan (presentation). Draft plan in June and adoption in July and then present to the council.

Goals were formed based on input from the EDA at the April meeting and discussion of strengths, weaknesses, opportunities and threats.

Aarsvold reviewed each of the goals and reasons for their inclusion. Further action steps to implement each goal will be draft in the final plan. Berge – does the goal establish and maintain public infrastructure to support quality development. Consider rewording to encourage public private partnerships to build public infrastructure.

Commissioners discussed defining success with each of these goals. The plan will define quantitative and qualitative data such as increase tax based of commercial and industrial, employment growth, wage growth, number of comm and ind sites. Qualitative would include increase in collaboration with regional partners, how many responses to RFP (site selectors), ensure Dayton is business friendly, etc.

Review of next steps- draft strategic plan with action steps and review in June and final adoption in July. Determine when to present to City Council.

Development Update-

Goodroad reported that Graco and Inland development will be approved in May and June. The Cubes construction will begin in early June including the extension of Dayton Parkway to 117th. Additional roadway construction includes West French Lake Road through Graco site and beyond their site along with two new streets that will be built by private development. Council authorized bids for remaining portion of West French Lake Road. There will be over 2.5 million sq ft of new manufacturing and distribution facilities

under construction and getting completed this year. No new applications have been submitted.

Update on Levee Street Lot-

Goodroad shared the proposal received for purchase of the lot. Motion to recommend that the council approve the purchase agreement with the county to release the tax forfeit status of the property; all ayes.

ADJOURN

Motion by Bernens and seconded by Salonek to adjourn at 8:55 a.m. All ayes, the motion passed.

Respectfully submitted,
Tina Goodroad, City Administrator/Development Director

CITY OF DAYTON

ECONOMIC DEVELOPMENT STRATEGIC PLAN

Approval Date: TBD 2022

Acknowledgments

This document was developed by the Economic Development Authority of the City of Dayton (EDA) to ensure a pragmatic approach to growth and economic development throughout the City of Dayton. The EDA is comprised of six commissioners – two commissioners are City Council members, and three commissioners represent local businesses.

Economic Development Authority Board of Commissioners:

- Scott Salonek, City Council Member
- Julie Gustafson, City Council Member
- Jack Bernes, Business Representative
- Tim Huttner, Business Representative
- Jim Berge, Business Representative

Staff Liaisons:

- Zach Doud, Interim City Administrator/Finance Director
- Tina Goodroad, Former City Administrator

Consultant:

- Ehlers and Associates, Jason Aarsvold and Keith Dahl

Introduction

The City of Dayton, Minnesota is a growing community located in the northwest corner of the Minneapolis-St. Paul Statistical Area. It is located at the confluence of the Mississippi River and Crow River and remains largely rural compared to adjoining communities. The United States Census Bureau estimates the City had a population of 8,226 in 2021. This is an increase of about 76% from the 2010 census or a 13% increase from the 2020 census.

The City is seeing strong demand for both residential and business growth given its available land and location within the Twin Cities Metropolitan Area. The EDA is intently aware of its assets, competitive position, and growth potential after the completion of the Dayton Parkway Interchange on Interstate 94. Dayton intends to capitalize on its opportunities and help shape growth over the next several years in a manner consistent with community values. To accomplish this, the EDA undertook an in-depth and intentional strategic planning process for economic development.

This Economic Development Strategic Plan sets forth an achievable, strategic economic development plan for the EDA and City of Dayton. The Strategic Plan identifies specific goals, strategies and actions which build upon unique strengths and distinct characteristics of the City. Each of the goals focus on one or more priorities of the EDA which factor into the economic health and enhanced vitality of the City. The Strategic Plan's purpose is to articulate a set of measurable strategic actions that facilitate development within the City and provide guidance to staff on where to spend their time and City resources.

The Strategic Plan is not meant to be an exhaustive outline, but rather is intended to be a roadmap for guidance and direction. In addition, the plan is meant to be fluid in that it should be reviewed regularly to determine if there is a change in priorities or if resources need to be shifted. A key aspect of this Strategic Plan is to assure the mechanisms are in place to recognize success, big or small, in development and to continuously realign the resources and policies of the City to meet the goals of the EDA.

Process

The EDA initiated the strategic planning process at its meeting on April 19, 2022 with a review of the City's current status. Data was gathered, analyzed, and distilled to conduct a "level setting" planning session with the EDA. Discussions focused on understanding City perspectives, perceptions, and realities, identifying EDA priorities, reviewing roles and responsibilities, and assessing the course of direction for the future. The major themes discussed are presented below as Strengths, Weaknesses, Opportunities, and Threats (SWOT).

Strengths:

- Availability of land
- Proximity to commercial, healthcare, and other services in adjacent communities
- Convenient freeway access
- Geographic location along the Mississippi River and Crow River
- Lots of parks and trails
- Diversity of new and younger families
- Strong local housing market

Weaknesses:

- Cost to construct new public infrastructure
- Maintenance costs of existing public infrastructure
- Lack of convenient access/connections to parks and trails
- High residential tax burden
- Distance to a national or regional airport
- Service and consumer based commercial
- No apparent City Center

Opportunities:

- Preserve and reinvest into the Historic Village
- Expand access to and increase use of outdoor recreational areas
- Collaborate with regional partners to promote Dayton
- Increase marketing efforts to build awareness of development opportunities
- Attract capital intensive industries (i.e. Research and Development)
- Develop a City Center Master Plan

Threats:

- Loss of agricultural land – rural decline
- Staffing levels to adequately provide public services
- Making development decisions to pay debt service
- Financial strain of high tax burdens
- Onerous public approval processes

Following the April 14, 2022 meeting, staff took the EDA commissioner's feedback and began to formulate draft goals for consideration. At its meeting on May 17, the EDA reviewed and revised proposed strategies and came to consensus on the final goals for inclusion in the Plan.

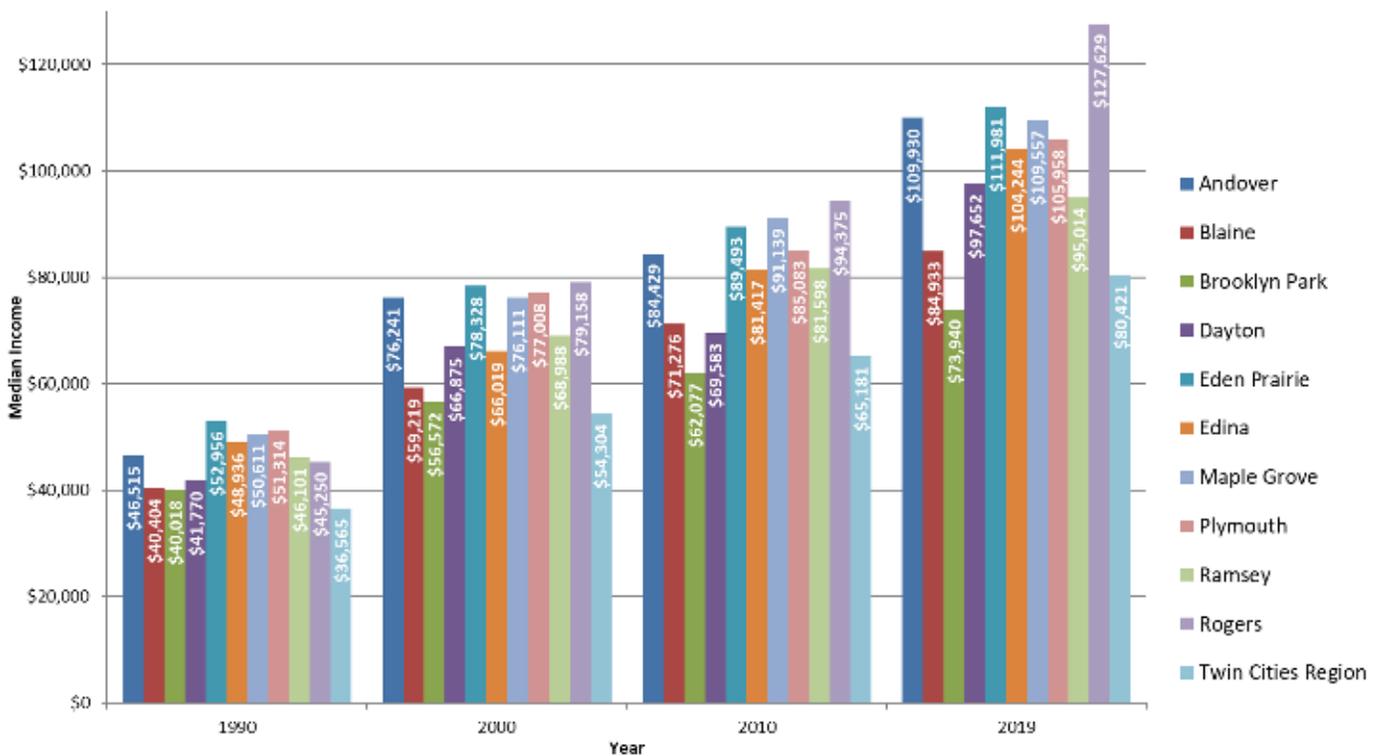
On June 21, 2022 EDA commissioners will consider strategies, and action steps for inclusion in the Plan to direct the City's economic development efforts over the next several years.

Context

EDA Commissioners spent time reviewing data about the City of Dayton to help inform the strategic planning process. The following is information and key “take-aways” provided through the planning process to review these in the context of the metro area, peer cities, and the State.

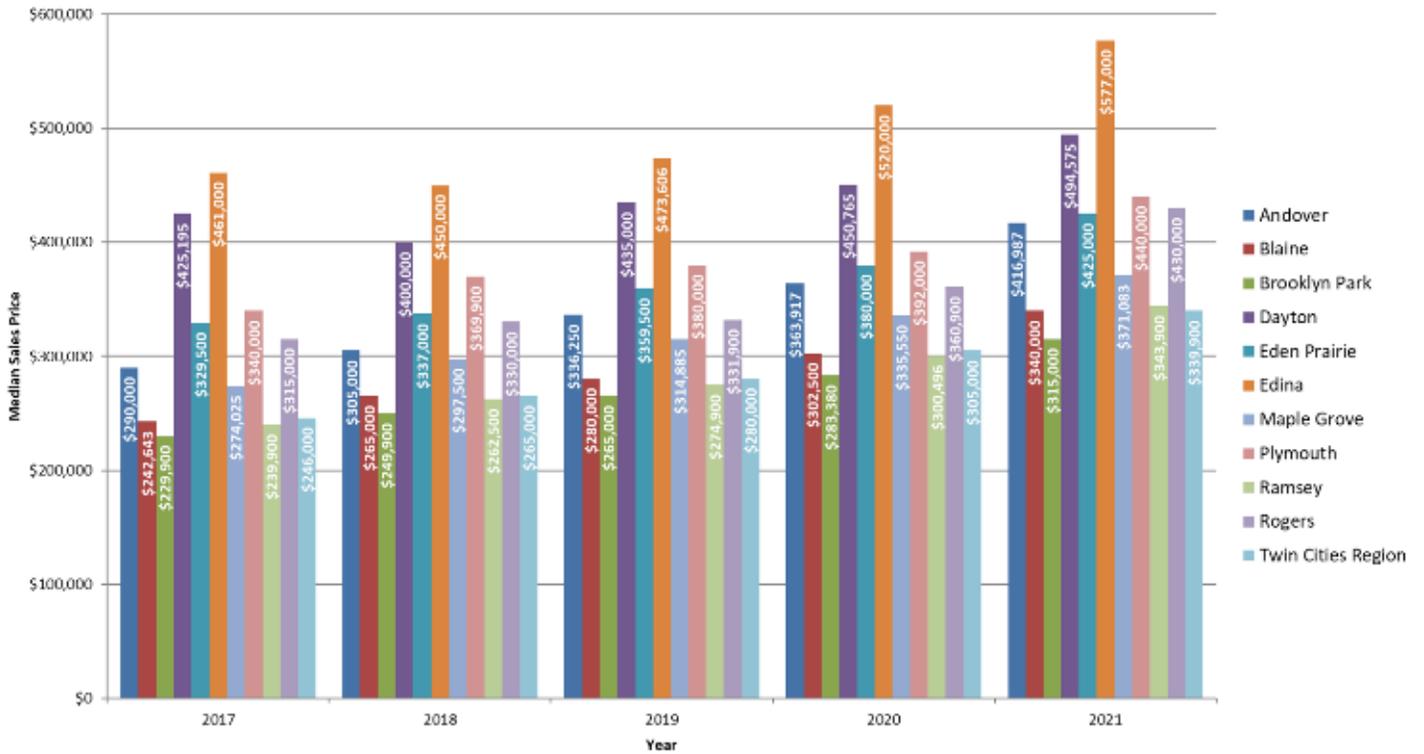
Income

- Dayton’s median household income Increased from \$41,770 in 1990 to \$97,652 in 2019 (134%)
- Median household income in the Twin Cities increased from \$36,565 in 1990 to \$80,421 in 2019 (120%)
- Dayton’s median income is growing faster than the Twin Cities region



Housing Sales

- Dayton’s median home sale price was \$425,195 in 2017 and increased to \$494,575 in 2021, which is a 16% increase.
- The median home sale price in the Twin Cities region was \$246,000 in 2017 and increased to \$339,900 in 2021, which is a 38% increase.
- Dayton’s median home sales price and among the highest of the peer cities reviewed.



Tax Base

Growing the tax base is one of the central goals of any economic development effort. Tracking the growth in Dayton's tax base will be one important way to measure success. Comparing that growth to the state as a whole, as well as other peer communities will help the City understand if the tax base growth is simply inflationary, or if the City's growth is increasing relative to its peers. A strong economic development strategy is one factor that can contribute to tax base growing faster than peer communities. The table below compares Dayton's market value and tax capacity, which are measures of the City's tax base, to the state of Minnesota between 2015 and 2021. While City level data is available for 2023, aggregated State level data is not. Thus, the tables below use 2021 data since it's the latest aggregated data available at the State level.

Estimated Market Value	Year		Change 2015 - 2021	
	2015	2021	Amount	Pct.
Dayton	\$509,036,227	\$1,100,677,500	\$591,641,273	116.23%
Minnesota	\$626,900,095,947	\$804,978,906,709	\$178,078,810,762	28.41%

Tax Capacity				
	2015	2021	Change 2015 - 2021	Pct.
Dayton	\$5,252,308	\$11,629,398	\$6,377,090	121.42%
Minnesota	\$6,502,590,274	\$8,716,666,897	\$2,214,076,623	34.05%

Source: Minnesota Department of Revenue

As the table shows, Dayton's tax base has grown well over 116% since 2015, as compared to the state which has grown over 28%. In addition to comparing Dayton's growth to the state as a whole, it is also beneficial to see how the City is doing relative to its peer cities. The table below compares the growth in market value between 2015 and 2021 amongst Dayton and select peer communities. This comparison is a helpful way to understand whether the City's market value growth is a reflection of the general inflation within the region, or if there may be other factors contributing, such as an intentional economic development effort.

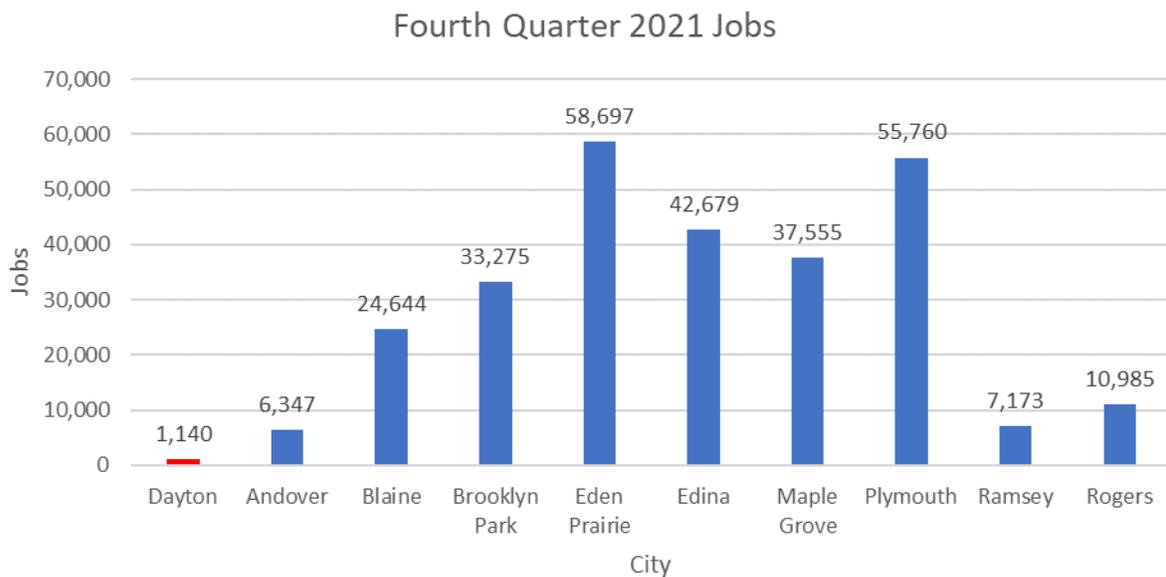
City	2020 Population	Estimated Market Value		Change 2015 - 2021		Market Value Per Capita
		2015	2021	Amount	Pct.	
Andover	32,601	\$2,610,013,669	\$3,685,468,000	\$1,075,454,331	41.20%	\$113,047.70
Blaine	70,222	\$5,339,903,262	\$8,195,586,700	\$2,855,683,438	53.48%	\$116,709.67
Brooklyn Park	86,478	\$5,485,607,651	\$8,458,083,900	\$2,972,476,249	54.19%	\$97,806.19
Dayton	7,212	\$509,036,227	\$1,100,677,500	\$591,641,273	116.23%	\$152,617.51
Eden Prairie	64,198	\$9,096,573,076	\$11,447,364,200	\$2,350,791,124	25.84%	\$178,313.41
Edina	53,494	\$9,893,204,412	\$13,465,932,900	\$3,572,728,488	36.11%	\$251,727.91
Maple Grove	70,253	\$7,741,298,726	\$10,770,851,200	\$3,029,552,474	39.13%	\$153,315.18
Plymouth	81,026	\$9,669,972,231	\$13,897,052,002	\$4,227,079,771	43.71%	\$171,513.49
Ramsey	27,646	\$2,026,693,935	\$3,043,174,200	\$1,016,480,265	50.15%	\$110,076.47
Rogers	13,295	\$1,582,611,852	\$2,348,313,600	\$765,701,748	48.38%	\$176,631.34
Minnesota	5,576,606	\$626,900,095,947	\$804,978,906,709	\$178,078,810,762	28.41%	\$144,349.25

Source: US Census; Minnesota Department of Revenue

Dayton’s market value is growing faster than the peer cities reviewed. The fact that Dayton is a growth community with available land, is contributing to this. Total market value is lower than the peer cities, but this presents an economic development opportunity for the City’s future. On a per capita basis, Dayton ranks in about the middle for market value among the peer cities reviewed.

Employment

Existence of job opportunities within a community is one indicator of economic strength. Jobs provide opportunities for residents, but they also bring significant economic activity that helps support additional growth in the commercial sector. The table below compares the number of jobs in Dayton to peer cities.



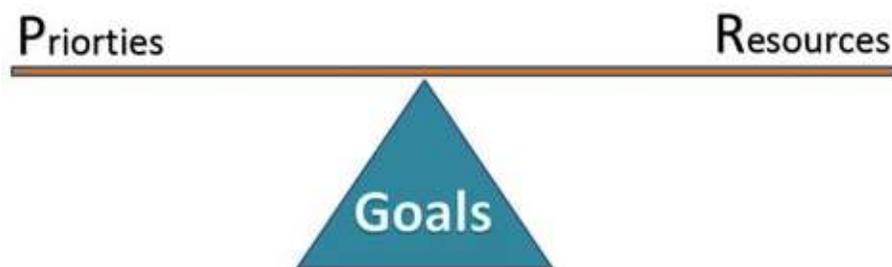
According to the Minnesota Department of Employment and Economic Development’s Quarterly census of employment and wages, Dayton had 1,140 jobs in the community as of 4th quarter 2021. This is very low relative to the number of jobs in the peer cities reviewed. Recent development activity as well as a renewed focus on job growth through economic development efforts are expected to narrow this gap in jobs between peer cities.

Resources

Successful implementation of Dayton’s Economic Development Strategic Plan will require attention to the balance between priorities and available resources. The amount of work in this plan the City can take on and the timeframe within which it can be accomplished will be a function of available resources. These resources include both money and staff time. There will always be more activities on the economic development wish list than available resources to give them all the appropriate attention.

The City’s staff and other financial resources are finite, and it is difficult to create a large enough “war chest” in the short-term to address all the City’s needs. The City has relied in the past on the use of some public resources and tools that exist to accomplish its goals and will need to in the future as well.

The primary limiting resource for the City is internal staff capacity necessary to fully execute long-term plans. Done correctly, adding staffing capacity is an investment with a return to the City, not solely an expense. The intent of creating a thoughtful plan is to make sure these limited resources are deployed in a way that meets the City’s objectives.



For this reason, prioritizing the City’s economic development activities is critical. This exercise in prioritization must be done in the context of the resources available to get the job done. Finding the proper balance will help ensure the City’s investment in economic development is achieving the goals most important to the community. If priorities and resources are out of balance, the City will either have trouble accomplishing its goals, or will be investing more than may be necessary. The City will need to continually evaluate its economic development program and funding levels to stay in balance.

Goals, Strategies and Actions

1. Strengthen the local tax base

- Encourage tax base growth and diversification
 - Meet with economic development partners, such as the local Chamber of Commerce, Hennepin County, Greater MSP, and DEED to inform them of sites, buildings, and EDA economic development initiatives
 - Meet with site selectors to understand their needs and ensure Dayton is producing relevant information to provide during site selection processes
 - Assemble a list of “available sites” for residential, commercial, and industrial development. Include site specific information about zoning classification, square footage, access to amenities, transportation access, access to utilities, and other pertinent information
 - Continually update the list of available sites as sites are developed and new sites become available
- Attract capital and job intensive industries
 - Conduct a sector industry analysis to determine target industries
 - Develop target industry profiles that summarize Dayton’s competitive positioning and highlights the benefits of doing business in the City
 - Distribute marketing materials to local and regional partners, including making them available on the City’s website
- Encourage commercial and industrial property reinvestment and revitalization
 - Implement a consistent Business Retention and Expansion program to assess existing businesses needs and growth
 - Create business assistance grant and/or loan programs that incentivize reinvestment of existing commercial and industrial buildings
- Evaluate financial and staffing resources necessary to accomplish goal

Performance Metrics:

1. Measure increased market value and tax base growth
2. Track number of businesses relocating and expanding
3. Track number of site visits to assess businesses needs
4. Identify three or more target industries and produce target industry profiles for each

2. Encourage public/private partnerships to construct public infrastructure to support quality development

- Evaluate new development impacts on underserved or unserved areas
 - Review property land use guidance for undeveloped industrial and commercial areas within the City to assess future public infrastructure needs
- Coordinate construction of public infrastructure in concurrence with new development
 - Adopt a development-fee program and other appropriate financing measures, so that new development pays its share of the costs when new public infrastructure is required

- Seek grant funding for public infrastructure needs (ie. TED and TEDI grant programs through DEED) that position areas for development and have the potential to reduce development costs
- Limit areas of new development to be concentrated around existing public infrastructure to not prematurely expand service delivery areas

Performance Metrics:

1. Track the development ratio of public to private funds invested
2. Track total amount of grant funds secured and received
3. Measure length of public infrastructure paid for by the private sector

3. Foster employment growth with strong wage opportunities through attraction of new businesses and expansion of existing businesses

- Direct any potential City assistance for higher job density and pay
 - Update the City's Business Subsidy Policy to ensure applicants are aware of required goals to receive public assistance
- Expand marketing efforts to build awareness of opportunity in Dayton
 - Create an economic development portion of the City's current website to have economic development information accessible and in a centralized location
 - Create a community profile that summarizes Dayton's competitive positioning and highlights the benefits of doing business in the City
 - Publish a list of available incentives the EDA would be willing to consider and/or support if the incentive is through the County, State or Federal government
- Promote development of existing vacant and underutilized properties
 - Create business assistance grant and/or loan programs that incentivize reinvestment of existing commercial and industrial buildings
- Evaluate potential commercial and industrial development sites
 - Assemble a list of "available sites" for residential, commercial, and industrial development. Include site specific information about zoning classification, square footage, access to amenities, transportation access, access to utilities, and other pertinent information
 - Continually, update the list of available sites as sites are developed and new sites become available
 - Pursue data collection processes that would be useful in determining if an existing business is out growing its space
- Collaborate with local and regional partners to promote Dayton
 - Meet with economic development partners, such as the local Chamber of Commerce, Hennepin County, Greater MSP, and DEED to inform them of sites, buildings, and city economic development initiatives
 - Create a process to push out information to real estate brokers when a site and/or building is ready for development and the owner is willing to sell

- Communicate local businesses needs identified from BRE to local and regional partners to determine if there is a solution that can be implemented
- Evaluate financial and staffing resources necessary to accomplish goal

Performance Metrics:

1. Measure number of jobs created and retained
2. Track average wage levels overtime
3. Track number of businesses relocating and expanding
4. Measure net increase in commercial and industrial square footage
5. Produce a community profile brochure
6. Track number of available sites
7. Track number of website visits and clicks on Dayton's Economic Development subpage

4. Ensure city processes are business friendly and do not create barriers to development

- Conduct an internal audit of existing processes and timelines
 - Review existing entitlement approval processes
 - Determine if there are any opportunities to streamline approval processes and reduce approval timeframes
- Collaborate with internal and external stakeholders
 - Hold focus group discussions to obtain feedback

Performance Metrics:

1. Review and track approval timelines for developments
2. Conduct two focus groups discussions – one for internal stakeholders and one for external stakeholders

5. Promote the growth of a “City Center” located in Territorial Road and Holly Lane area

- Facilitate development of the “City Center”
 - Engage property owners to discuss and identify development opportunities
 - Review property located in the City Center to determine if there may be any barriers to development (ie. financial, market based, etc.)
 - Identify opportunities to remove barriers to development
 - Create a list of incentives
- Consider establishing a small area master plan

Performance Metrics:

1. Track and report on efforts made to increase marketing efforts around the City Center
2. Complete a small area master plan
3. Track and monitor properties as they become available

6. Explore preservation, reinvestment, and redevelopment possibilities within the Historic Village

- Conduct high level redevelopment feasibility analysis
 - Engage property owners to discuss and identify opportunities for preservation, reinvestment, and/or redevelopment
 - Identify financial or market gaps that are barriers to opportunities
 - Identify significant historic buildings and sites that qualify to be certified as historic on the National Register of Historic Places
- Collaborate with the local Chamber of Commerce to attract businesses
 - Share redevelopment feasibility analysis with Chamber members and engage in open dialogue about the future of the Historic Village
- Consider establishing a small area master plan

Performance Metrics:

1. Track and report on efforts made to communicate with property owners and increase marketing efforts related to the Historic Village
2. Complete a redevelopment feasibility analysis

7. Provide greater clarity around when and how to use City assistance for projects

- Update and expand upon existing business subsidy policy
 - Provide more detail and expand into a broad public assistance policy
- Prepare an application for public assistance
- Formalize a process for consideration of requests for public assistance

Performance Metrics:

1. Update business subsidy policy
2. Create an application requesting public financial assistance
3. Develop a list of available incentives and publish on the economic development subpage of the City's website

8. Strengthen quality of life within Dayton through enhancement of recreational opportunities

- Increase access to parks, trails, and outdoor opportunities
 - Identify opportunities and projects that highlight family-friendly activities, activities for young professional, and ethnic group-related activities to promote a healthy and active lifestyle within Dayton
 - Seek local partners (Chamber of Commerce, businesses, adjacent communities, Hennepin County, non-profit organizations) to help secure private funding
 - Promote areas to access local lakes and adjacent rivers
 - Encourage City Council to increase access and connectivity to lakes and adjacent rivers, as well as constructing the West Mississippi Regional Trail and city-wide trail development

- Prepare a “Quality of Life” brochure to promote lifestyle opportunities and benefits for businesses and workers to relocate to Dayton

Performance Metrics:

1. Monitor and track use of public recreational facilities and trails
2. Track park dedication funds and other private funds received from businesses attraction and retention efforts
3. Design and publish a quality-of-life brochure on the economic development subpage of the City’s website