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NORWOOD YOUNG AMERICA ECONOMIC DEVELOPMENT COMMISSION

Wednesday, July 8, 2020

6:00 p.m.

City Hall Council Chambers, 310 Elm Street West

AGENDA

1. **Call to Order**
 - A. Pledge of Allegiance
2. **Adoption of Agenda**
3. **Approve Minutes**
 - A. June 10, 2020 EDC meeting
4. **Introductions, Presentations, and Public Comment**

(Citizens may address the Economic Development Commission about any non-agenda item of concern. Speakers must state their name, address, and limit their remarks to three minutes. The Economic Development Commission will take no official action on these items but may refer the matter to staff for a future report or direct that the matter be scheduled for a future meeting.)
5. **Unfinished Business**
 - A. Elm Street Municipal Parking Lot
 - B. Mural - contracts
 - C. Decorative Streetlights – 200 Block of Main Street – layout review
 - D. Business Subsidy Resolution
6. **New Business**
7. **Project Updates**
 - A. Small Cities Development Program Grant
 - B. NYA Market Enrichment Grant Program
 - C. Hwy 212 Construction Marketing Plan
 - D. Commercial Market Study - Updates
8. **Miscellaneous Reports**
 - A. NYA Area Chamber of Commerce Updates
9. **Upcoming Meetings**
 - A. Next EDC meeting – 6:00 p.m., August 12, 2020
10. **Adjournment**

Norwood Young America



Economic Development Minutes
June 10, 2020 – 6:00 PM
EDC Virtual Meeting

Attendance:

Commission Members Present: Andrea Gerth, Carol Lagergren, Mike McPadden, Connor Smith, Jason Winter

Staff Present: Karen Hallquist (Economic Development/Marketing Director)

Others Present: Lana Beck, Lavonne Kroells, Mona Platt

1. Call Meeting of City Council to Order:

Mayor Lagergren called the virtual meeting to order at 6:02 PM.

Roll call of attendance. Five members present.

2. Approve Agenda

Hallquist requested to add 6B to appoint a new Vice Chairperson.

Motion: MM/JW to adopt the amended agenda. Roll call vote. Motion passed 5-0.

3. Approve Minutes of May 13, 2020

Motion: JW/MM to approve minutes as presented. Roll call vote. Motion passed 5-0.

4. Introductions, Presentations, and Public Comment

None

5. Unfinished Business

A. Elm Street Municipal Parking Lot

Hallquist shared that the information was shared with the Park and Rec Commission. They agreed with the need for improvements. Members of the Park and Rec Commission shared that the cement block was put there for an old radio tower and that the removal would cause no hardship on the SLS building. There are no available monies in the Park and Rec budget, but EDC does have money available. Hallquist is currently soliciting bids for the landscaping of the project. McPadden recommended that Public Works do as much of the project as possible to minimize cost to the EDC.

B. Mural – Lana Beck

Hallquist shared a presentation on a tentative draft sketch for the mural that highlights the history of the railroad in the community. Beck recognized the idea of connecting the mural to the current parking lot as both places to wait. Based on her research, Beck looked for an idea that connected the two communities and was historically accurate, with an awareness that some artistic liberty was required. The mural (approximately 29 feet x 22 feet) would highlight the three trains that used the tracks and include both the Norwood and Young America stations. Beck shared the primary colors for the project. The Commission talked about adding some defining landmarks of the area to include in the background ... with a recommendation of adding churches from the area. Information was also shared about another potential mural on the Historic Young America side of town. Beck shared information on the option to add anti-graffiti clear-coat to protect the mural with the option of only a portion of the mural (reachable by most individuals). Beck shared that she would be able to apply the clear-coat with an 18 inch roller or it could be sprayed on. The Commission felt that adding the anti-graffiti spray was a good option. Beck shared that tentatively it would require about 40 hours at \$100/hour to complete the project (not including time to whitewash the building (at least 72 hours before painting) and add anti-graffiti clear coat). An agreement to cover permission to paint and a maintenance agreement will be required.

Motion: JW/AG to recommend the Council approve a mural by Lana Beck to be painted on the SLS building. Roll call vote. Motion passed 5-0.

C. Decorative Streetlights – 200 Block of Main Street

No updates at this time.

6. New Business

A. Business Subsidy Policy

Hallquist shared Resolution 2004-50 which was approved on September 27, 2004 to authorize the city to provide subsidies to assist businesses with subsidies to include Tax Increment Financing, Tax Abatement and apply for funding through Minnesota DEED. It is used on a case-by-case basis. The current Resolution is no longer in compliance with current legislation and needs to be updated. Lagergren and Gerth volunteered to work with Hallquist to update the resolution and Winters will review with a focus on the Chanhassen Resolution as a model.

B. New Appointment for Vice-Chair Position

Motion: JW/MM to appoint Connor Smith as the Vice-Chair for the EDC. Roll call vote. Motion passed 5-0.

7. Project Updates

A. Small Cities Development Program Grant

Hallquist shared that ten applications have been approved (for approximately \$400,000 of the \$564,000). Approximately 3 applications are still available to be expended prior to Fall of 2022. A check-in meeting with the CDA will occur on June 11th to get information on the process. Current grants have been received from both former downtown areas and a mix of residential and commercial.

B. NYA Market Enrichment Grant Program

Currently the available monies (\$50,000) have been requested by five different commercial businesses. Three applications have been formally approved (Extreme Electric, NAPA, and Carquest Auto Parts). Hallquist requested additional money from the available \$95,780 to be made available for other requests.
Motion: AG/CL to recommend that the City Council add an additional \$20,000 to be added to the Program for 2020. Roll call vote. Motion passed 5-0.

C. Highway 212 Construction Marketing Plan

Hallquist and OrangeBall Creative have completed work on #NYAisOpen brochures and have shared marketing information through a business survival kit (available by the end of the month). Billboards have gone up the day before construction is starting on Highway 212. A letter is going to all properties along Highway 212 to give them additional information about the project.

D. Commercial Market Study

Hallquist received a new proposal came from Keith Wicks that included an increase in price.

8. Miscellaneous Reports

A. NYA Area Chamber of Commerce Updates

Taste of NYA and the Minn-e-Rod events have been cancelled. Music in the Park has been cancelled. National Night Out has been postponed until October 8. City-wide garage sales have been rescheduled for August 6-8. Anyone interested in having a garage sale, please contact the chamber through the website to be included in the map.

9. Upcoming Meetings

- ### **A. Next EDC meeting – 6 PM on July 8, 2020 with the Intent to be face-to-face with social distancing. Masks are optional, recommended but not required.**

10. Adjournment

Motion: MM/JW to adjourn at 7:15 PM. Roll call vote. Motion passed: 8-0.

Respectfully submitted,

Karen Hallquist, ED/Marketing Director



TO: Economic Development Commission
FROM: Karen Hallquist, Economic Development Marketing Director
DATE: July 8, 2020
SUBJECT: Unfinished Business

Elm Street Municipal Parking Lot

Staff met with and are currently waiting for proposals back from Jesse Flury of Turfworx Landscaping and Tom Fritz of Fritz Landscaping about improvements to the Elm Street Parking Lot.

Mural

The City Council approved the hiring of Lana Beck for creating a mural on the west side of the SLS building on June 22, 2020. The vote was 4-1 with Councilmember Stolz opposing. His concern was the railroad theme. Discussion was had about adding in a few features such as Oak Grove Dairy, Church in the Maples/steeple and some sort of patriotic gesture as we have extremely active civic organizations who contribute to our community.

Contracts with SLS Properties, LLC and Lana Beck are being reviewed by the city attorney with the intentions of having them signed the week of July 6, 2020. City staff will be preparing the site the week of July 20th with Beck starting the mural at 8:00am on Monday, July 27, 2020. Beck has provided detailed supplies for the priming preparation and the anti-graffiti paint. Beck is planning to visit more with Willkommen Heritage Center President LaVonne Kroells about the requested additions.

Decorative Streetlights - 200 Block of Main Street

Damon Johnson, Xcel Energy Outdoor Lighting Department has provided an email estimate of the proposed project:

"The cost would be \$69074 to install 9-poles and lights on Main St E. 4-B rate LED cobra fixtures on 30' base mounted AL poles, and 5-B rate LED Acorn fixtures on base mounted AL poles, green in color with outlets. Install by direct bore approx. 820' of wire in conduit and install feed point cabinet. I have attached a map with the proposed locations. This bid does not include any restoration."

According to the city engineer, if the proposed lighting layout is acceptable, the next step is a formal quote and/or agreement. The would be reviewed by the EDC before the City Council.

Action

Commissioners are asked to discuss the scope of work and further direction of the project.

Norwood Young America

Business Subsidy Resolution

Staff, Commissioners Lagergren and Commissioner Gerth will be scheduling a meeting to revise a draft for an updated Business Subsidy Resolution.

Norwood Young America

310 Elm Street West PO Box 59 – Norwood Young America, MN 55368 – (952)467-1800 – www.cityofnya.com



TO: Economic Development Commission

FROM: Karen Hallquist, Economic Development Marketing Director

DATE: July 8, 2020

SUBJECT: Commercial Market Study

Background

Keith Wicks & Associates will be starting the Commercial Market Study in July. Wicks was hired to complete a Retail Market Survey Update and Retail Food Market Survey. The intentions are to create a gap analysis to determine the needs of Norwood Young America when it comes to our growing business community and use the information as a preparation tool for attracting a grocery store or food co-op.

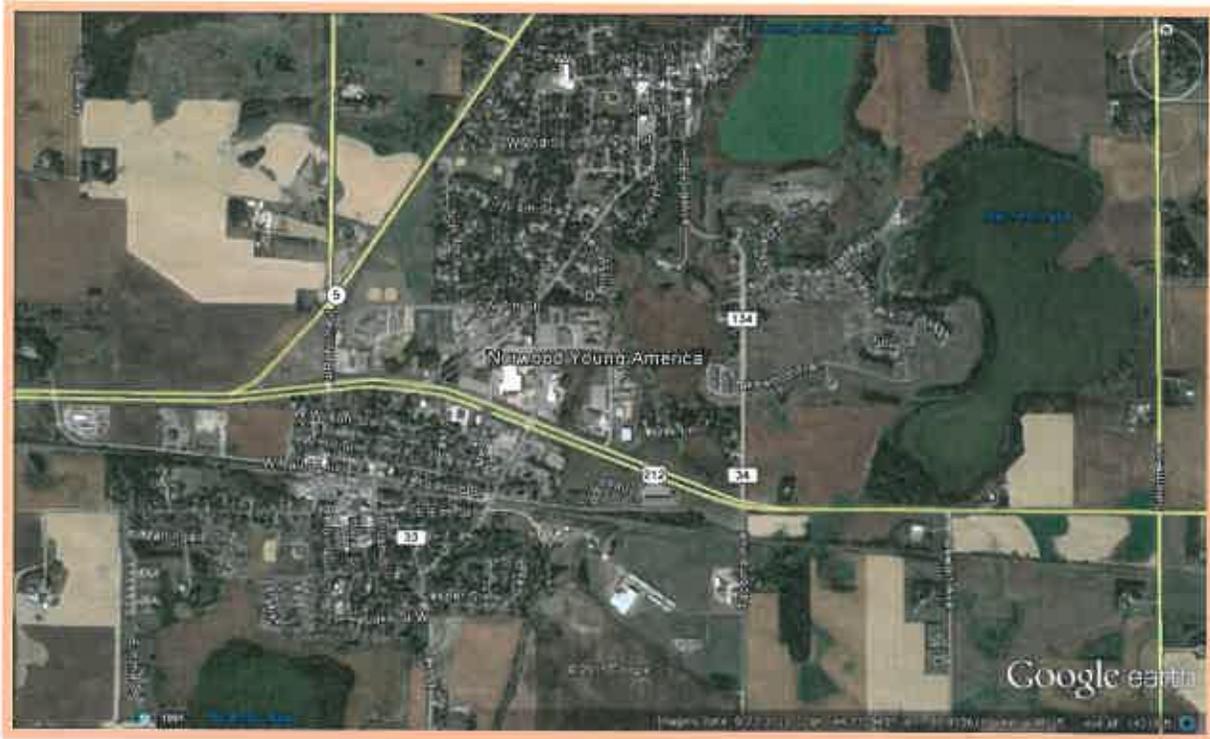
Wicks is planning to attend the August 12, 2020 EDC meeting. Wicks will review the accomplishments that NYA has achieved since the 2016 Commercial Market Study and explain some conventional food co-op models. His visit will also include a site visit of potential opportunities for commercial growth and expansion.

Action

Commissioners are asked to review the 2016 Commercial Market Study and list accomplishments the City of NYA has achieved in business development within the last four years.

Norwood Young America

Commercial Market Study



Norwood Young America, Minnesota

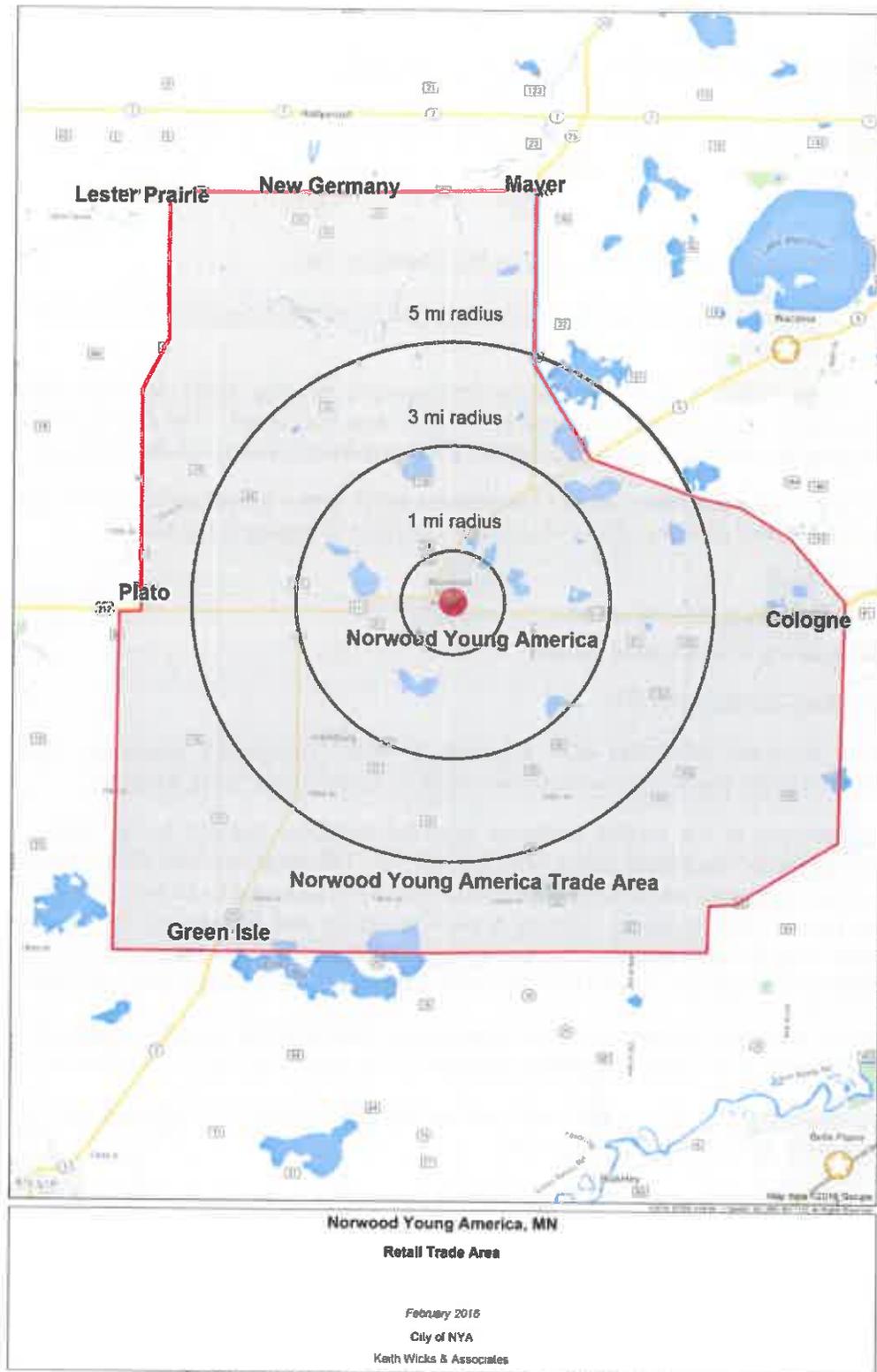
Prepared for:
Norwood Young America Economic Development Commission

March 22, 2016

By Keith Wicks & Associates

Contents

| | Page |
|--|------|
| EXECUTIVE SUMMARY | |
| Trade Area Map | 3 |
| Study Introduction and Objective..... | 4 |
| Phased Development | 6 |
| Community Identity & Development Support..... | 9 |
| NYA Consumers..... | 15 |
| NYA Economic Overview | 18 |
| Conclusion & Recommended Commercial Development Strategy | 22 |
| APPENDIX | |
| Abbreviations, Definitions, Qualifier and Source Data..... | 26 |



Introduction

City of Norwood Young America (NYA) has commissioned Keith Wicks & Associates (KWA) to conduct a commercial market study.

Study purpose

1. Assess NYA's primary commercial trade area (the *market or T.A.*).
2. Review the market's reported supply and demand data to determine gap analysis (i.e. market demand leaking to other markets).
3. Make recommendation of a commercial development strategy (CDS) to assist NYA's existing businesses with upside opportunity, and to develop new businesses. The strategy is judged to be reasonably achievable with regard to projected goals in phased timelines of related group tactics.
4. Provide NYA's Economic Development Commission (EDC) with a formal report of this study's results for use with internal planning and for recruiting businesses to engage in the CDS.

Study Process

The recommended CDS is determined per:

- First-hand review of NYA's retail market.
- *Discovery* work sessions with EDC.
- Additional *discovery* interviews with a variety of NYA's commercial businesses from all three commercial districts (highway, Downtown Norwood and Downtown Young America).
- Statistical analysis of the market addresses reported consumer demand by business category and reported supply by businesses within NYA and the T.A. The recommended CDS is determined with considering gap analysis which is the expenditures not being captured by NYA businesses, thereby lost to other markets (i.e. leakage). Existing businesses upside and opportunity for new businesses is made with considering potential capture of leakage and capturing new, destination business including the daytime worker sector. Reported data is according to U.S. Census and Census of Retail Trade.
- Commercial categories without reported expenditures can consider respective, physical positions to those measurable businesses, and upside potential in that exposure and increased traffic.

The recommended CDS is also made upon considering NYA's community impressions of character, lifestyle, attractions and related regional trends.

Mayor Tina Diedrick's message at the city's website states NYA is *"a community that prides itself on having the inherent characteristics of a small town, but also the progressive qualities of a large city."*

The CDS is supportive of both traits stated by Mayor Diedrick...a plan that compliments NYA's small town character while proactively pursuing improvements in qualities, service and experience from convenient, local services and to help those services become stronger businesses.

See the CDS matrix at page 22.

Introduction (continued)

Study Process (continued)

This study began Tuesday, October 26, 2015 with a *discovery* work session among KWA and EDC representatives. The objective was for insights of the NYA community and market; discussion about the residents, lifestyle, community businesses and competing markets of Waconia, Glencoe and Western Twin Cities Metro.

This report is intended to help EDC to develop a proactive community development program.

An opening point is that the CDS is made with the assumption that NYA will develop:

- ✦ Strategy for renewed community identity and marketing.
- ✦ Strengthened process for new business development.
- ✦ Assistance with identifying development incentives.



Study Results

This report and the recommended CDS are meant to contribute to EDC's proactive community planning objective. It provides insight of the market and individual commercial sectors regarding existing business upside and preparation for developing new businesses.

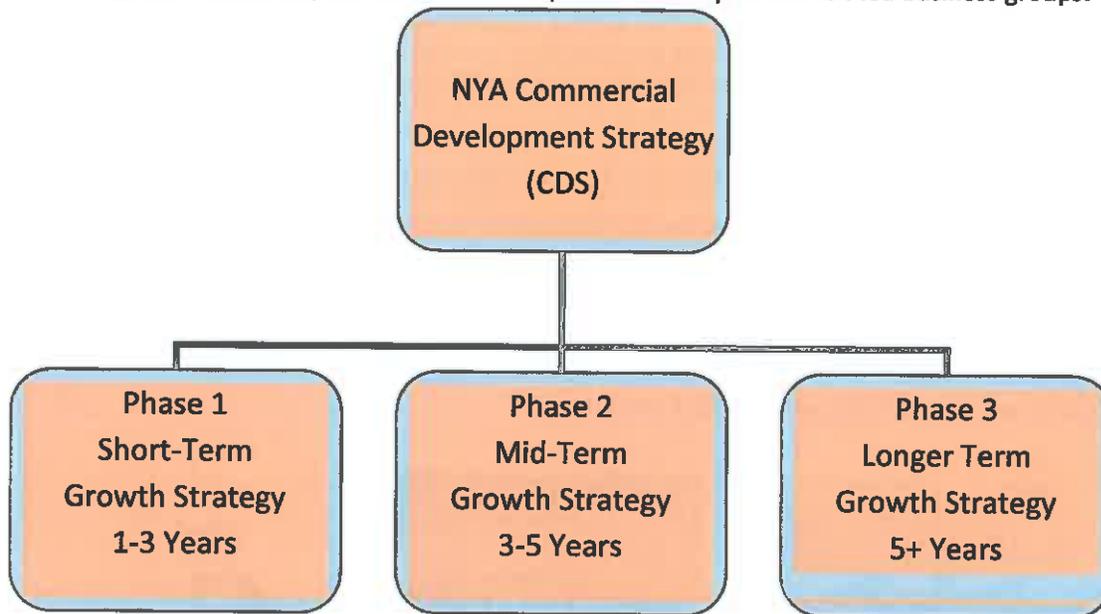
The assessments and forecasts are guidelines and vision for EDC's development plan. The CDS makes sense for the commercial objective and timelines for accomplishing the goals.

However, actual commercial developments will likely change from the CDS due to a variety of matters of interest, willingness and ability to engage. Therefore, EDC needs to be prepared to alter the CDS strategy accordingly in the forward progress.

This report is intended to understanding and direction for EDC's internal planning needs, and to generate interest by existing and prospective commercial investors/operators thereby leading the business to next step planning for decisions. **KWA is available for continued assistance with next step planning.**

Phased Development

Ideally the CDS tactics are developed in aggregate for maximum market impact and optimizing the business goals...realistically the tactics occur in phased developed and related business groups:



Phase I - Short-Term Growth Plan

1. New community identity, assistance to existing businesses and new business recruitment.
2. This first phase begins with the most workable upside sector, NYA's existing businesses.

An existing business can remain as is to capture new trade from increased consumer activity with NYA's CDS, or optimize its upside potential by developing its own upgrade plan. Such plans range from new marketing to cosmetic upgrade to major remodels, relocation and even changed format.



Econofoods is NYA's anchor retailer and keystone CDS tactic. It generates the market's strongest consumer traffic and shopping frequency. Therefore, a baseline for other NYA businesses to weigh their respective situation and relation to Econofoods' upside plan. Current estimate is **5,000 weekly transactions that draw 7,500 consumers** (1.5 customers per transaction). Its upside, ahead of a defined plan is related to improved presence at Highway 212 along with a significant upgrade of the format and operation.

Phase I (continued)

The recommended opening tactic is a projected upgrade of Econofoods. The first-pass forecast is made with general assumptions of the upgrade, projected to lift Econofoods' performance 20%. The increased customer traffic can benefit other businesses exposed to that upside traffic of about 1,000 transactions or 1,500 customers, weekly. Econofoods' upside can benefit other businesses but in turn Econofoods would benefit from the other businesses upside strategies.

Other NYA Businesses



Marsden Pharmacy



Hillcrest Café



Lano Lanes



Phase II - Mid-Term Growth Plan

1. Continued assistance to existing businesses.
2. New retail/commercial business recruitment by NYA's EDC.
3. Review options to revitalize the downtown districts in Norwood and in Young America.
4. Reposition the Sinclair property as a new, strong business attraction with regard to anchor business character and a multi-service business model.



5. Develop the "Triangle Lot" at the intersection of Highway 212 and Routes 5 and 33; across from Kwik Trip. Prime real estate for a community or commercial development. MnDot owns the property; acquisition could take up to a year. Phase I development might be possible but more likely in Phase II.



Phase III – Longer-Term Growth Plan

Developments needing extended timeline for planning, financing and further market development in order to justify feasibility of the investment.

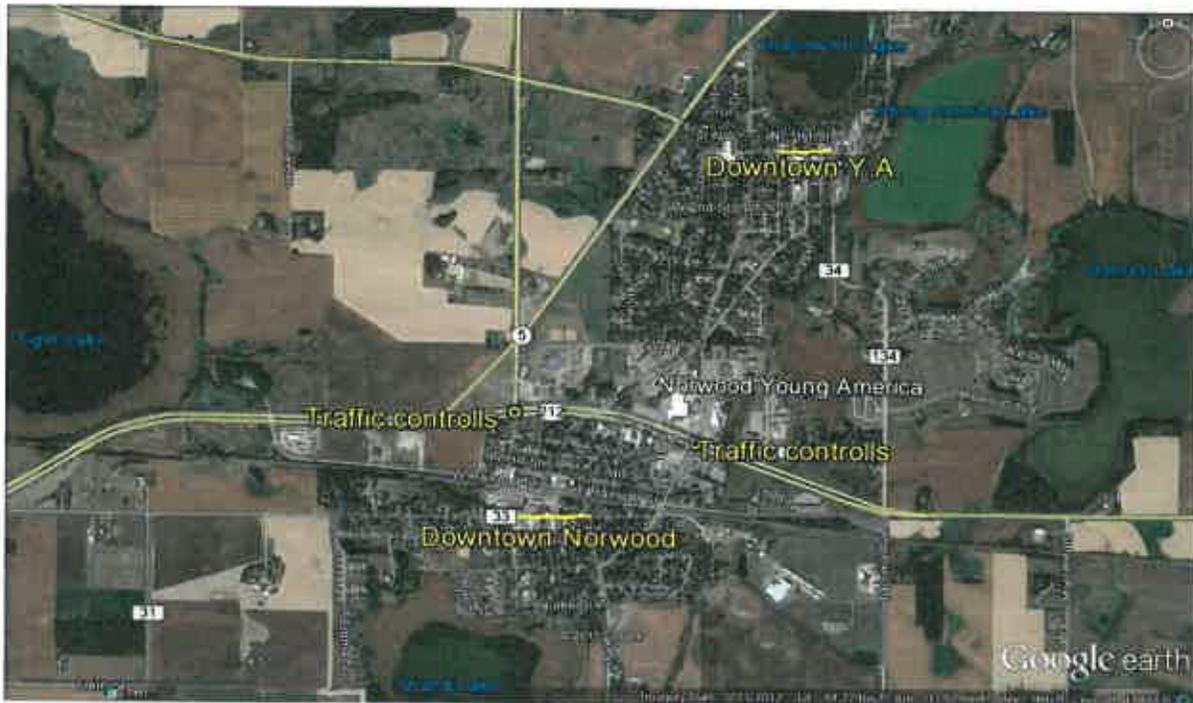
Community Identity & Development Support

The relative importance of this tactic is with executing the CDS upon a proactive community support strategy for successful developments...strengthened support of the process and costs for approval and development to store opening. Further with the community contributing to business marketing.

The objective here is to develop new community impressions for the local and greater market. Tactics including websites, social media marketing and physical points in NYA for presenting new impressions.

Also to strengthen NYA's support process of situation assessment (e.g. this CDS report), new business planning, zoning support and approval, timelines and costs.

This community strategy supports the commercial goals and those for industrial and residential growth.



Community Support Strategy Process

1. EDC facilitates development of a plan and gathering of resources to design and produce the objective:
 - a. **Refreshed logo, new slogan and other impressions** that capsulize NYA's persona. Marketable impressions to convey NYA's difference-making experience and attractions.
 - b. **Application of the new impressions** to websites, social media and other means for local and extended marketing.

Community Identity & Development Support (continued)

- c. **Points to consider for the impressions:**
- i. **Small market poised for growth.** NYA is a bedroom community twenty minutes from the western fringe of the Twin Cities Metro.
 - ii. **Located at the crossroads of highways 212 and 5.** Comfortable commute from the West End Metro; a picturesque corridor through Carver County farms.
 - iii. **Comforts of small town lifestyle, well-ranked schools, growing sector of retail services.**
 - iv. **German heritage;** including the annual Stiftungsfest, the oldest town festival in Minnesota (established 1861).
 - v. **Bongards** as a major brand and home area business.
 - vi. **Industrial development opportunity at Tacoma West Industrial Park.**
 - vii. **NYA retail reportedly is trending with slight sales growth** but that includes rising cost of goods. There is some growth occurring in this sector with the two-year-old Kwik Trip and in-process relocation of Family Dollar but for the most part the retail sector has plateaued.

NYA's commercial and community situation is supportive for commercial upside planning. **There are three commercial districts to consider:**

- ✦ **Highway District** – the retail corridor along Highway 212, in between NYA's two, highway traffic controlled intersections. NYA's strongest mix of services with independent, regional and national brands. The best properties have comfortable access and good highway sight line...at least good sight lines.



- ✦ **Competitive, fundamental and convenient services.**
- ✦ **Econofoods** is the anchor attraction but its performance is penalized by an off-route site. Upside comes with creating business presence at the highway and with upgrade plans for the retail model.

Community Identity & Development Support (continued)

Primary retail districts (continued)

⬇ Sinclair is the most interesting, upside property in the district:

- Sinclair is a premium retail site at the northwest corner of the Faxon Road intersection; excellent sight lines and access.
- 1.5+ acres for redevelopment.
- **Recommended Sinclair property tactic:**
Develop as a multi-service format with basis of a family restaurant with special attractions to draw local and destination business.

Potential is optimized by adding services which can enhance the overall attraction, e.g. adding a coffee shop with drive-thru, and a gift shop. Further with featuring local heritage, German, specialties as well as promoting a local, major brand, Bongards in the recipe mix. Family restaurant with sports bar and possibly in-house brewing.



Community Identity & Development Support (continued)

NYA has two, low profile districts:

- Downtown Norwood is out-positioned** from the highway district. Anchored at the west end by NYA’s new library and residential complex; one, branded retailer, Hardware Hank. There is history, a mixed setting of storefronts and many vacancies. **Opportunity to develop a reuse plan for developing residential and commercial.**

Reuse likely involves independent investors and operators relying on assistance in funding and startup costs from resources with interest in supporting agri-communities and reuse plans for struggling small market downtowns.



View East midway in Downtown Norwood

Aerial View



Hardware Hank, View West

Library and Residential Complex, View East

A reuse plan is further supported with combined use zoning for residential and small business...a *live & work* model; affordable. One of the downtowns might be NYA’s best opportunity for developing lodging in form of a B & B or travelers’ hostile.

This plan is a mid- to longer-term development for determining the business model and feasibility.

Community Identity & Development Support (continued)

NYA has two, low profile districts (continued)

- Similar to Norwood, **Downtown Young America** is **out-positioned** from the highway, has mix of storefronts and vacancies but is a physically smaller district than Norwood. It has significant retail: Uncle Thirsty’s an established bar & grill situated at the west end; east end anchored by the Mills (**Flower Mill and The Old Mill House Antique & Gift Shoppe**)...special attraction for the CDC.



The “Mills” complex view Northeast

Uncle Thirsty’s, View East



Downtown Young America

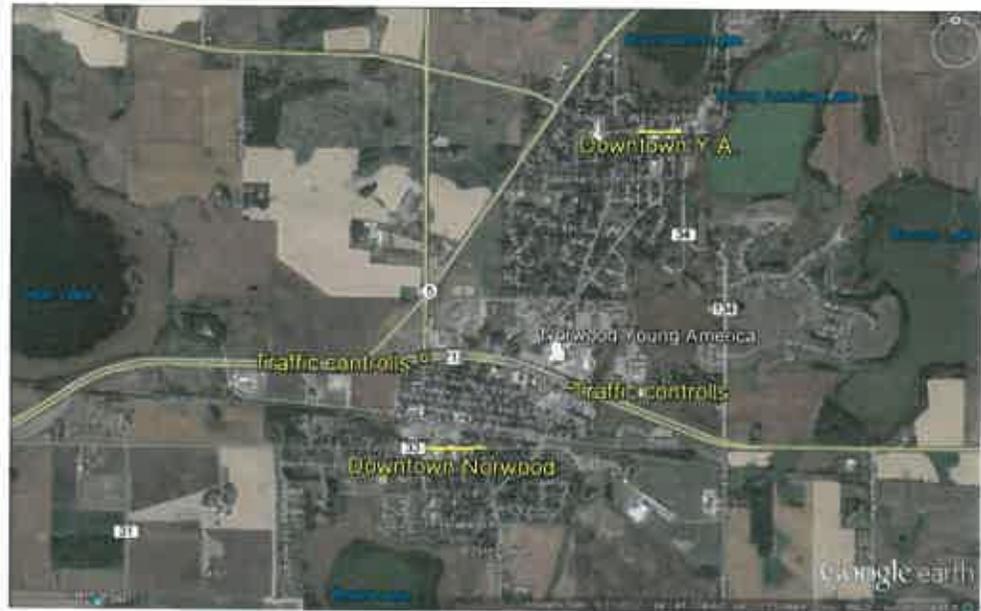
Mid-district, 2nd Ave. View East

Downtown Young America could be an alternative area for the reuse plan if Norwood isn’t feasible or if tied in with a Norwood plan. Developing both downtowns can be marketed as *come live, dine & shop in NYA’s two downtowns*.

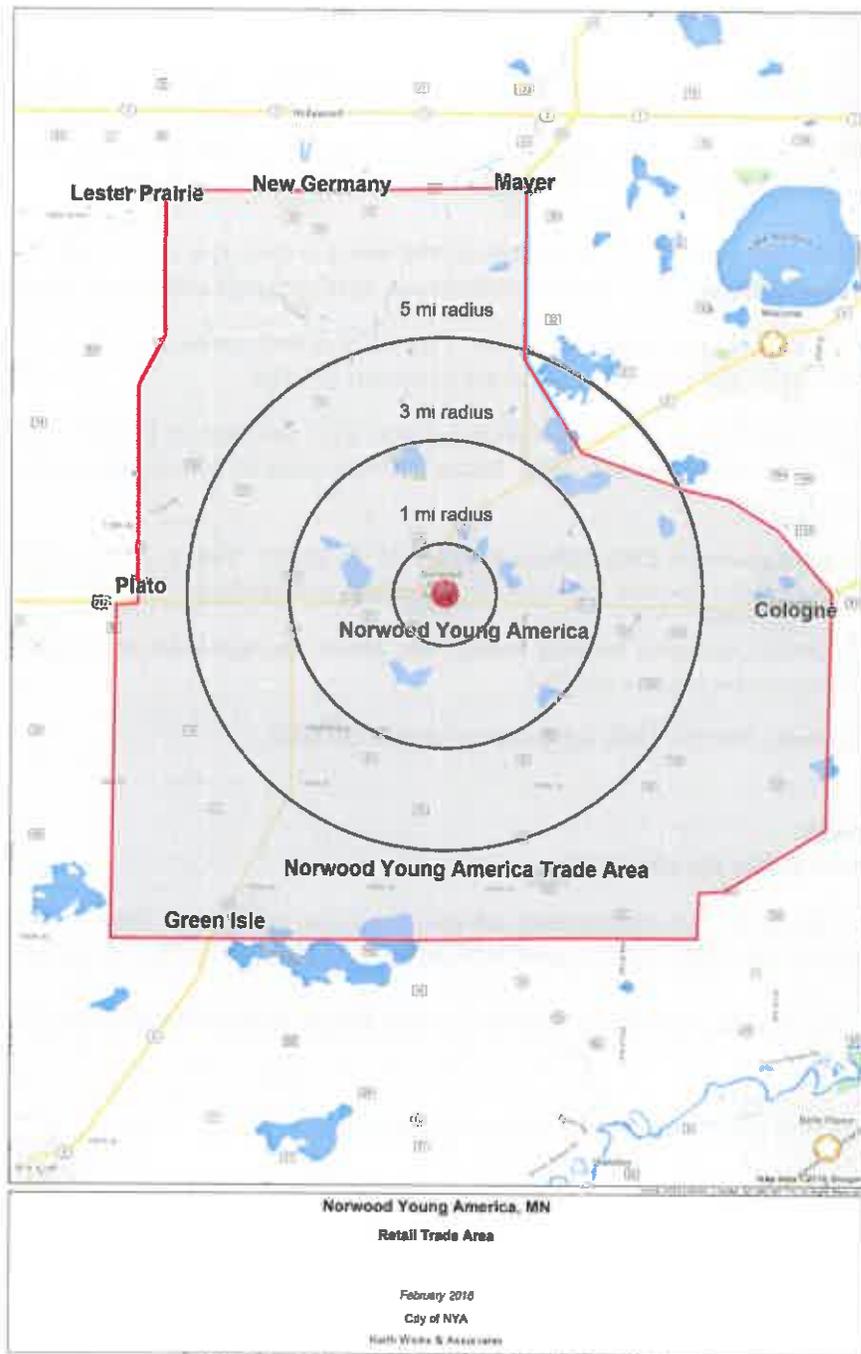
Unfortunately Flower Mill is closing in January 2016 due to a lifestyle decision by the owner; no buyer surfaced for what appears an attractive buyout: established FTD store, significant brand, inventory and equipment. This is part of the CDS via a replacement floral operator or with combination of reusing the facility’s special character for another specialty retail store and relocating floral service to the Sinclair plan or into Econofoods...either of which still require an experienced florist.

Community Identity & Development Support (continued)

- ✦ **NYA has several lakes in the area with recreational trails and natural views.** This should be part of the community identity and raises the question of how the lakes feature can be further leveraged for greater market interest? The answer is dependent on zoning, DNG, available real estate or a marketing plan to tie that area in with the CDS and EDC's community development plan.



NYA Market Consumers



The trade area is delineated with considering distance, traffic patterns and the competing markets of Glencoe, Waconia and aggregate influence from Western Twin Cities Metro. It is the primary area of business for NYA’s c retail sector. It includes rural farms, country homes and the small communities of Plato, Cologne, Green Aisle and Hamburg.

NYA Market Consumers (continued)

NYA convenience retailers capture a majority of sales from this market plus a portion of *beyond* sales depending on each retailer's business model and situation. *Beyond* business includes the transient traffic sector (e.g. Highway 212 and Routes 5 and 33), community visitors (limited attractions at this time) and small market share from residents of Waconia and Glencoe.

Trade area population, 10,850 consumers, is a mix of typical mid-western consumers. The trade area is delineated per existing and projected commercial competitiveness, road network and school zones:

- ✚ **37.8 years average consumer age.** Fairly typical for a family-oriented market as NYA is. There is typical share of children (26.5%) and significant share of seniors (13.5%).
- ✚ **Solid, middle-income market;** consistent household income level (average at \$79,083 with little deviation compared to the Median at \$75,274). Below average share of households with income less than \$35,000 (20.2%).
- ✚ **23.1% of the market's consumers have college degrees of 4+ years.** This is a fair trait for this market with regard to a retailer's criteria for higher-end qualities and services.
- ✚ **4,267 housing units (4,144 occupied housing units).** An above average share of this market's consumers own and occupy their home (83.3%).
- ✚ **2.6 person per household,** which is fairly typical for a market like NYA.
- ✚ **Daytime sector:**
 - **419 businesses.**
 - **3,983 workers within the trade area.**

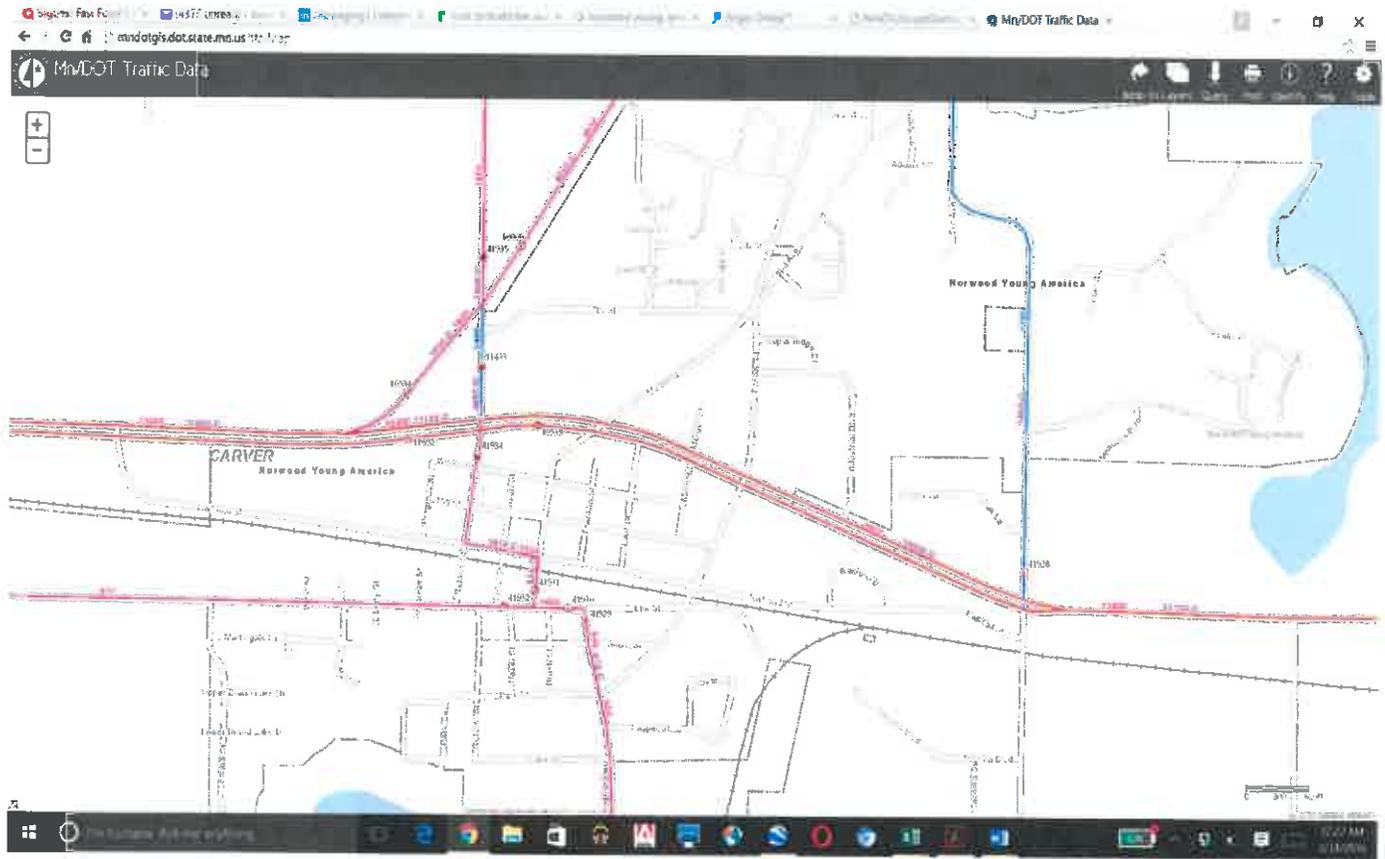
Retail strategies are best suited to the mainstream of this market's consumers with comfortable household income but at a level that holds practical perspectives for fair value and quality of services.

Furthermore, tailoring for family and small-town culture, and the needs of small households including NYA's significant senior sector.

See separate files for NYATADemographics1 and NYATADemographics2.

Traffic Pattern

Consumer gravitation according to Minnesota Department of Transportation:



Average Daily Traffic:

11,500 vehicles Highway 212 west of juncture with Routes 5 and 33.

9,000 vehicles Highway 212 mid-town.

11,400 vehicles east end of town.

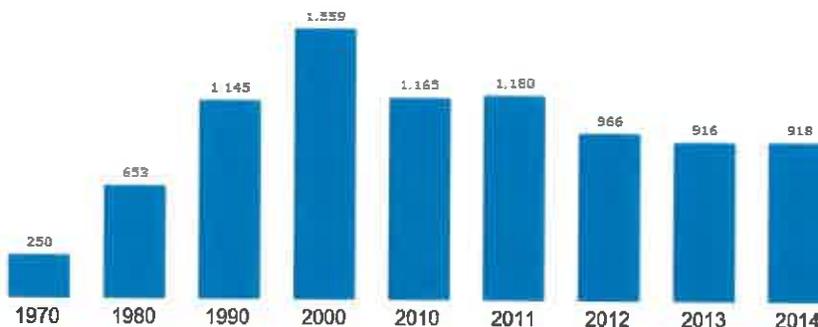
4,550 vehicles Route 5.

1,650 vehicles Route 33.

NYA - Economic Overview

Source: Quarterly Census of Employment and Wages, Minnesota Department of Employment and Economic Development, 2nd quarter data; Metropolitan Council staff have estimated some data points. 2010 US Census.

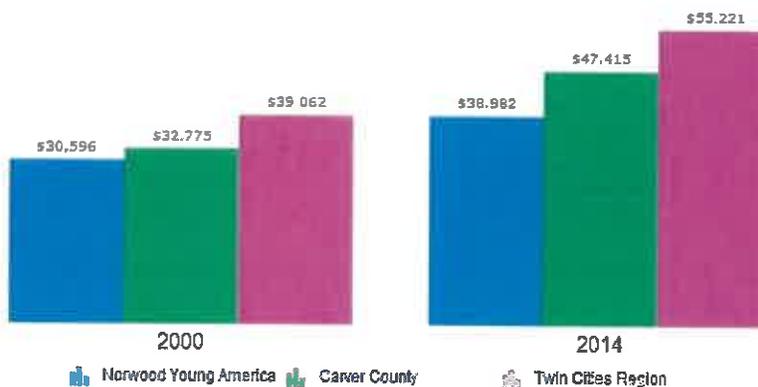
**Employment in Norwood Young America
(place of work)**



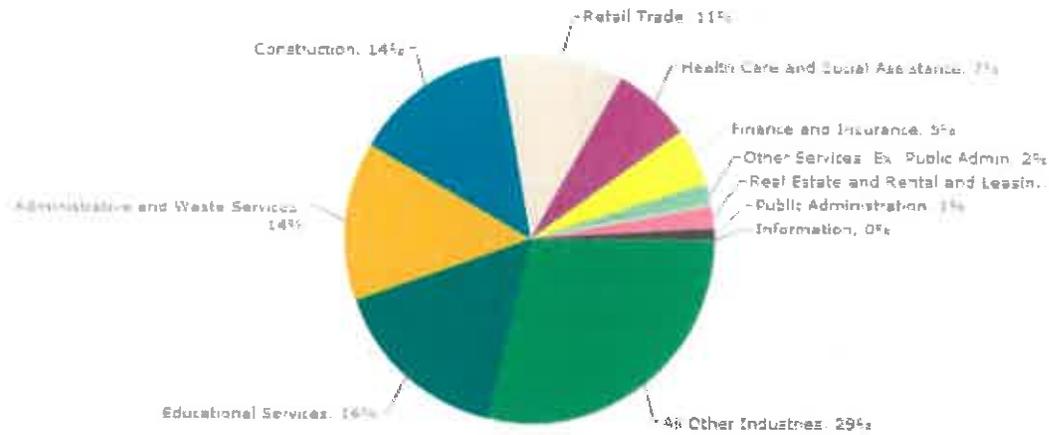
Forecasted Employment in Norwood Young America



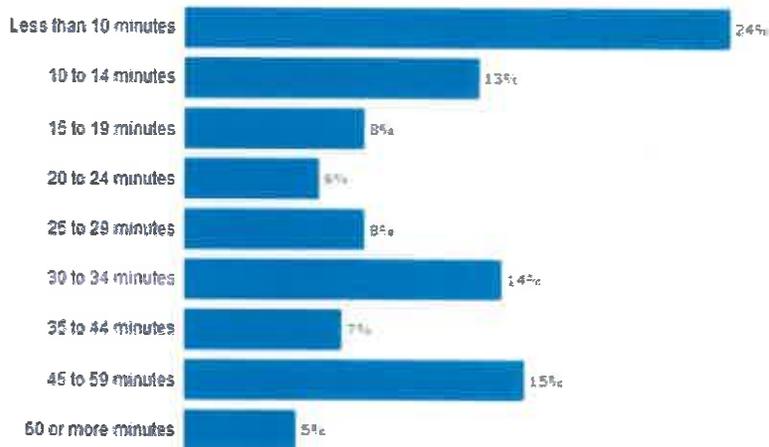
Annual Average Wages in Norwood Young America



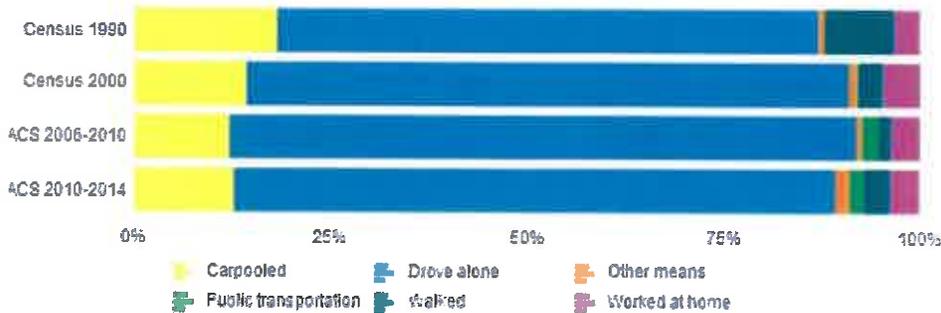
Employment by Industry in Norwood Young America



Travel Time to Work, Norwood Young America Residents



Means of Transportation to Work, Norwood Young America Residents



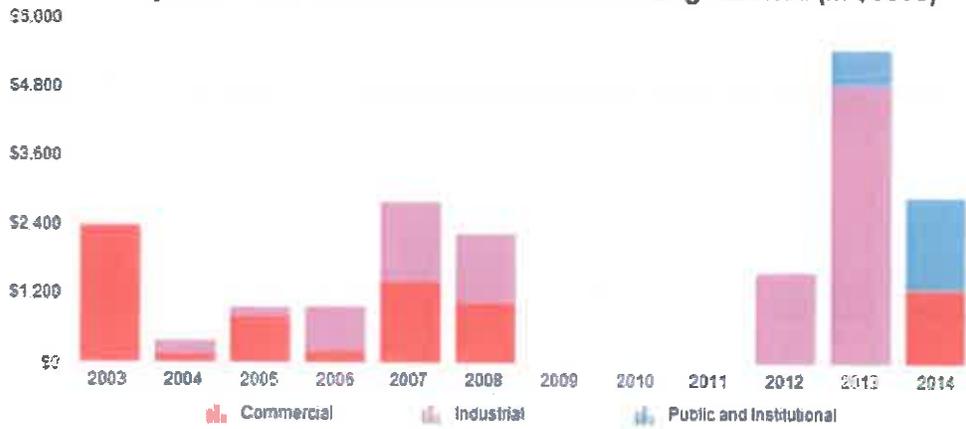
Top ten workplaces of people who live in Norwood Young America 2012

| Workplaces | Workers |
|-----------------------|--------------|
| Waconia | 248 |
| Norwood Young America | 199 |
| Chaska | 123 |
| Chanhassen | 120 |
| Eden Prairie | 118 |
| Minneapolis | 91 |
| McLeod County, MN | 64 |
| Shakopee | 52 |
| Minnetonka | 46 |
| Benton Township | 38 |
| Other | 583 |
| Total | 1,682 |

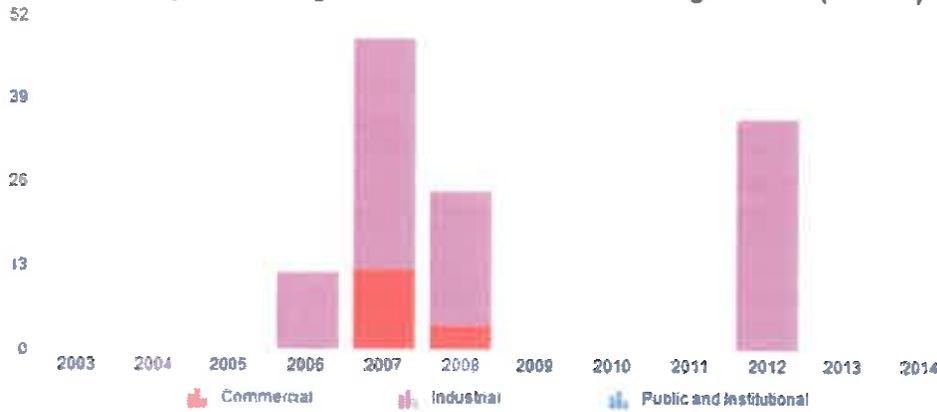
Top ten residences of people who work in Norwood Young America, 2012

| Residences | Workers |
|------------------------|------------|
| Norwood Young America | 199 |
| McLeod County, MN | 112 |
| Sibley County, MN | 75 |
| Young America Township | 39 |
| Hamburg | 32 |
| Waconia | 29 |
| Wright County, MN | 22 |
| Cologne | 20 |
| Mayer | 19 |
| Chaska | 17 |
| Other | 246 |
| Total Reported | 810 |

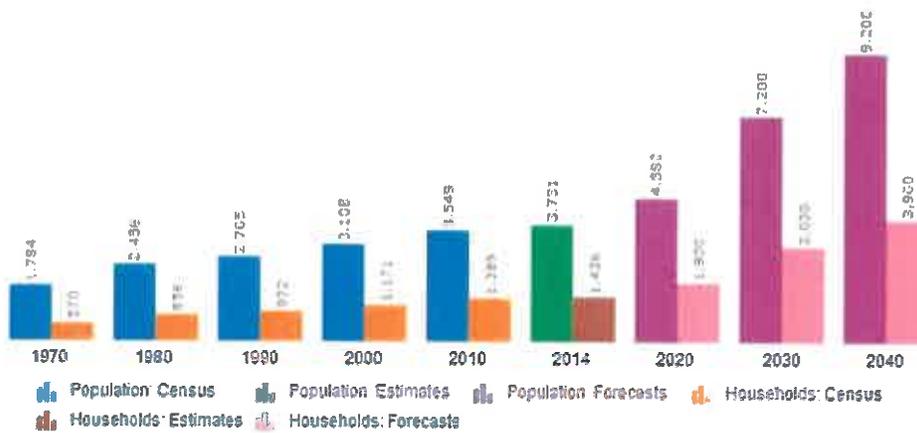
Commercial, Industrial, and Public and Institutional Construction Projects: Total Permit Value in Norwood Young America (in \$000s)



Commercial, Industrial, and Public and Institutional Construction Projects: Total Square Footage Permitted in Norwood Young America (in 000s)



Population and Households in Norwood Young America



| Conclusion - NYA Commercial Development Strategy (CDS) | | | | | | | | | |
|--|---|-------------------|--------------|--------|---|------------------------|--------------|---------------|----------------|
| Recommended Business Development Tactics | Current Market Assessment of Existing Business | | | | Projected Upgrade & First Pass Forecast | | | | |
| | Total Store Size (\$F) | Est. Weekly Sales | Market Share | \$/SF | Total Store Size (\$F) | Projected Weekly Sales | Market Share | \$/TSF | Sales Increase |
| Phase I | | | | | | | | | |
| 1. Econofoods Upgrade | 24,000 | \$120,000 | 33.3% | \$5.00 | 24,000 | \$144,000 | 40.0% | \$6.00 | 20.0% |
| Option: floral with FTD, lease | 1,500 | \$3,846 | 64.0% | \$2.56 | 250 | \$2,400 | 45.7% | \$9.60 | -37.6% |
| Option: Rx w/drive-thru, lease | 2,000 | \$15,385 | 4.3% | \$7.69 | 750 | \$18,846 | 6.2% | \$25.13 | 22.5% |
| 2. True Value Hdwr. Upgrade | 10,000 | \$20,000 | 23.9% | \$2.00 | 10,000 | \$26,000 | 31.1% | \$2.60 | 30.0% |
| Appliance & Mattress Sales | Incl. | \$4,000 | | | Incl. | \$5,000 | | | |
| Total True Value Sales | 10,000 | \$24,000 | | \$2.40 | 10,000 | \$31,000 | | \$3.10 | 29.2% |
| 3. Sinclair Site Redevelopment | Raze and rebuild mixed-restaurant use | | | | | | | | |
| Sinclair Redeveloped as Restaurant | | | | | 5,000 | \$21,371 | 10.0% | \$4.27 | |
| Coffee Shop w/Drive-thru | | | | | 500 | \$5,000 | | \$10.00 | |
| Gifts | | | | | 200 | \$1,000 | | \$5.00 | |
| Totals | | | | | 5,700 | \$27,371 | | \$4.80 | |
| 4. Marsden Pharm. Upgrade | 1,500 | \$12,000 | 4.7% | \$8.00 | 1,500 | \$13,200 | 5.5% | \$8.80 | 10.0% |
| 5. Good Time Liq. Upgrade³ | 3,500 | \$20,000 | 13.0% | \$5.71 | 3,500 | \$23,600 | 15.0% | \$6.74 | 18.0% |
| 6. Group Upgrade Plan | Organize small businesses for coop shared costs for resources for business planning. Shared costs for websites, social media, assistance in business assessment and design. Goals: +10-20% | | | | | | | | |
| 7. New business development | Opportunity at the Sinclair Site, the <i>Triangle Property</i> , bowling alley and downtown' space. | | | | | | | | |
| Motel | The market might support an economy franchise motel (e.g. Days Inn) or independent banner. Baseline of 30-50 rooms with goal of 60% occupancy. A model with pool and conference area to attract personal and business events. The <i>Triangle Property</i> is a suitable location. | | | | | | | | |
| Mixed-use Complex | The Triangle property might also be considered for a balanced complex and mix of businesses for office and retail. Timing for defining, marketing and opening a complex could lead to Phase II with developed support of NYA's improved infrastructure and initial execution of the CDS as well as continued development of industrial properties like the Young America Corp. | | | | | | | | |
| Community Recreation Complex | The Triangle property can also be considered for this proposed complex; the site would optimize its exposure and contribution to community character. ROI might consider potential revenue from a community/event room as an option if not covered by the motel tactic. A hybrid model might consider a lodging wing. Timeline to opening could well lead to Phase II or Phase III opening. | | | | | | | | |
| Phase II | | | | | | | | | |
| 1. Continuation of Phase I assistance to existing businesses and development of new businesses. | | | | | | | | | |
| 2. Downtown Reuse Plan | Develop a conceptual plan for mixed-use residential and commercial; explore themes like an artisan district, business incubator and even building upon the "Mills" attraction. | | | | | | | | |
| 3. Continuation of New Business Development | This relates to the two, subject development properties, interests for reuse of the bowling alley and planning for the downtown district. | | | | | | | | |
| Phase III | | | | | | | | | |
| 1. Execute longer term goals like the community center, <i>Triangle Property and Downtown District</i> . | | | | | | | | | |
| 2. Reassess the market. | Review the changed market and emerging, feasible business opportunities upon that growth. | | | | | | | | |

Conclusion (continued)

The table presents recommended tactics for growing business in NYA, identifying measureable commercial/retail categories in the recommended Commercial Development Strategy (CDS).

The first set of data columns present current estimate of performance for a specific business.

The second set present a first-pass forecast for business upside in the assumption of a general upgrade as part a part of the CDS, including effects of a community support plan.

A business model may capture sales from multiple categories. For example, True Value captures from the hardware category plus business with mattress and appliance service. The tables on pages 24 and 25 illustrate a broader list of categories for review.

CDS Table Notes

1. **Econofoods upgrade** is assumed to have increased presence at the highway along with a store upgrade plan that would also consider the option of leased, Rx space and/or floral.
2. **True Value Upgrade** likewise is related to increased presence at the highway and updating presentations to new business activity with the CDS plan.
3. **The suggested restaurant model** is family friendly and with a lounge catering to sports interests. NYA presents opportunity for a themed affair and menu specialties. Potential with local sources, craft beer trend and NYA's German heritage.
4. **Marsden Pharmacy recently changed ownership.** That change and forward strategy can strengthen the brand and services in hand with the CDS. The current, in-line of strip center situation might possibly be improved upon by repositioning to more effective space with drive-thru at Econofoods.
5. **Good Times Liquor** is up-to-date and well-situated for exposure to increased traffic with the CDS. It may also have further upside with tailoring for the CDS.
6. **Other existing and prospective, new retailers without specific category data** can consider upside opportunity that would come from increased business exposure with the CDS as well as upgrading for further upside. New businesses can consider the ground-up development site at the Triangle property, and potential redevelopment of the Sinclair property, reuse of the bowling alley and space in both downtown districts.

Other Recommendations

- The report presents assessment of the NYA market. If a business finds interest in the initial assessment and category upside, then the next step is to:
 - Use internal resources to conduct a comprehensive study and development plan in order to confirm the opportunity.
 - Or use planning and research resources via a supplier or related organization.
 - Or use KWA services for research and planning.
 - Or to coop for cost savings for business planning and marketing, coordinated by a business association or by the city.

The following two pages present broadened categories for reviewing market potential.

The chart first presents market Demand regarding population, and expenditure by business category in annual and weekly sales.

Demand statistics then lead to Supply estimates of the markets businesses by category.

Gap Surplus is the portion of a categories Demand that is not captured and leaking to competing markets. CDS forecasts consider capturing a portion of that Gap and from transient/seasonal/destination trade.

| NYA Commercial Categories | | | | | | | | | | | |
|--------------------------------|--|---------------|-------------|-------------|--------------|--------------------|--------------|-------------------------|---------------|-------------|--|
| Households/Population 4,144 | 2016 Demand | | | 2016 Supply | | | | Opportunity/Gap Surplus | | | |
| | Market Share | Annual | Weekly | # of Stores | Annual | Total Sales Weekly | Market Share | Market Share | Annual | Weekly | |
| 10,850 | 100.0% | \$210,047,544 | \$4,039,376 | | \$67,370,210 | \$1,295,581 | 32.07% | 67.5% | \$141,877,421 | \$2,728,412 | |
| T.A. ¹ Expenditures | | | | | | | | | | | |
| Grocery Stores/Food at Home | 8.0% | \$16,867,389 | \$324,373 | 7 | \$9,880,000 | \$190,000 | 58.6% | 41.4% | \$6,987,389 | \$134,373 | |
| Beer, Wine & Liquor Stores | 3.4% | \$7,214,404 | \$138,739 | 3 | \$1,872,000 | \$36,000 | 25.9% | 74.1% | \$5,342,404 | \$102,739 | |
| Gasoline Stations (fuel) | 7.2% | \$15,137,571 | \$291,107 | 5 | \$24,916,123 | \$479,156 | 164.6% | -64.6% | -\$9,778,552 | -\$188,049 | |
| Food Service & Drinking | 10.5% | \$22,148,133 | \$425,926 | 14 | \$6,259,252 | \$120,370 | 28.26% | 71.7% | \$15,888,881 | \$305,555 | |
| Full Service | 4.8% | \$10,001,809 | \$192,342 | 6 | \$2,005,523 | \$38,568 | 20.1% | 79.9% | \$7,996,286 | \$153,775 | |
| Ltd. Service | 4.2% | \$8,848,094 | \$170,156 | 5 | \$3,828,149 | \$73,618 | 43.3% | 17.6% | \$5,019,675 | \$96,532 | |
| Special Food Services | 1.2% | \$2,502,068 | \$48,117 | 0 | \$0 | \$0 | 0.0% | 100.0% | \$2,502,068 | \$48,117 | |
| Drinking Places, Alcohol | 0.4% | \$855,579 | \$16,453 | 3 | \$425,311 | \$8,179 | 49.7% | 50.3% | \$430,268 | \$8,274 | |
| Health Care | 5.6% | \$11,828,269 | \$227,467 | 1 | \$1,831,410 | \$35,219 | 15.5% | 84.5% | \$9,996,859 | \$192,247 | |
| Pharmacies & Drug Stores | 4.5% | \$9,383,396 | \$180,450 | 1 | \$900,000 | \$17,308 | 9.6% | 90.4% | \$8,483,396 | \$163,142 | |
| Optical Goods | 0.3% | \$590,766 | \$11,361 | | \$56,093 | \$1,079 | 9.5% | 90.5% | \$534,673 | \$10,282 | |
| Other Health, Personal Care | 0.4% | \$822,311 | \$15,814 | | \$0 | \$0 | 0.0% | 0.00% | \$822,311 | \$15,814 | |
| Cosmetics, Beauty Supply | 0.4% | \$822,311 | \$15,814 | | \$0 | \$0 | 0.0% | 0.00% | \$822,311 | \$15,814 | |
| Bldg. Material & Supply | 10.7% | \$22,520,071 | \$433,078 | 3+ | \$11,481,472 | \$220,798 | 51.0% | 49.0% | \$11,038,598 | \$212,281 | |
| Home Centers | 3.7% | \$7,763,274 | \$149,294 | 0 | \$0 | \$0 | 0.0% | 100.0% | \$7,763,274 | \$149,294 | |
| Paint, Hdwr, Supplies & Other | 2.6% | \$5,529,104 | \$106,329 | 3 | \$1,950,000 | \$37,500 | 26.5% | 64.7% | \$3,579,104 | \$68,829 | |
| Building Mtl. Dealers | 1.6% | \$3,260,471 | \$62,701 | Misc | \$673,593 | \$12,954 | 20.7% | 79.3% | \$2,586,878 | \$49,748 | |
| Lawn, Garden & Supplies | 1.6% | \$3,367,636 | \$64,762 | Misc | \$5,043,417 | \$96,989 | 149.8% | -49.8% | -\$1,675,781 | -\$32,227 | |
| Clothing & Accessories | 4.3% | \$8,975,744 | \$172,610 | 2 | \$320,989 | \$6,173 | 3.58% | 96.4% | \$8,654,755 | \$166,438 | |
| Shoe Store | 0.4% | \$754,088 | \$14,502 | 0 | \$0 | \$0 | 0.00% | 100% | \$754,088 | \$14,502 | |
| Sporting Goods, Hobby, Toy | 1.8% | \$3,677,012 | \$70,712 | 0 | \$0 | \$0 | 0.00% | 100% | \$3,677,012 | \$70,712 | |
| Furniture, Home Furnishing | 1.93% | \$4,047,162 | \$77,830 | 1 | \$165,821 | \$3,189 | 4.1% | 95.9% | \$3,881,341 | \$74,641 | |
| Furniture | 1.04% | \$2,184,653 | \$42,013 | 0 | \$0 | \$0 | 0.0% | 100% | \$2,184,653 | \$42,013 | |
| Home Furnishings | 0.89% | \$1,862,509 | \$35,817 | 1 | \$165,562 | \$3,184 | 8.9% | 91% | \$1,696,947 | \$32,634 | |
| Electronics & Appliances | 1.71% | \$3,598,996 | \$69,211 | 1 | \$141,201 | \$2,715 | 3.9% | 96.1% | \$3,457,795 | \$66,496 | |
| Books, Mags & Music | 0.22% | \$466,361 | \$8,968 | 0 | \$0 | \$0 | 0.0% | 100% | \$466,361 | \$8,968 | |
| General Merchandise | 11.06% | \$23,227,751 | \$446,688 | 2 | \$1,565,244 | \$30,101 | 6.7% | 93% | \$21,662,507 | \$416,587 | |
| Misc. Retailers | 2.70% | \$5,663,568 | \$108,915 | | \$2,867,554 | \$55,145 | 50.6% | 49.4% | \$2,796,014 | \$53,770 | |
| Florists | 0.10% | \$218,659 | \$4,205 | 1 | \$163,839 | \$3,151 | 74.9% | 25.07% | \$54,820 | \$1,054 | |
| Office, Gift, Used | 8.36% | \$17,564,183 | \$337,773 | n/a | \$2,703,715 | \$51,995 | 15.4% | 85% | \$14,860,468 | \$285,778 | |
| Motor Vehicle & Parts | 21.60% | \$45,373,482 | \$872,567 | | \$4,964,003 | \$95,462 | 10.9% | 89.1% | \$40,409,479 | \$777,105 | |
| Auto & Other Dealers | 17.88% | \$37,563,488 | \$722,375 | 1 | \$251,944 | \$4,845 | 0.7% | 99.33% | \$37,311,544 | \$717,530 | |
| Auto Parts, Accessory & Tire | 1.38% | \$2,904,832 | \$55,862 | n/a | \$3,981,281 | \$76,563 | 137.1% | -37% | (\$1,076,449) | -\$20,701 | |
| Banks | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| Hotel | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| N & YA Downtowns | Suggesting a task group to inventory the downtown store fronts, spaces and investigate funding, grants and design reuse plans. | | | | | | | | | | |

Commercial Categories Table Footnotes:

1. "T.A." is the NYA' primary *trade area*. Accounts for market population and commercial/retail expenditures as identified. Delineation accounts for the NYA public school district.
2. Demand is estimated 2016 market population and expenditures by identified commercial/retail category.
3. Supply is estimated sales of commercial/retail businesses within the trade area. But noting that a store could draw a portion its sales from transient traffic or from residents beyond the trade area boundary.
4. Opportunity/Gap Analysis is the remaining share of market potential by commercial/retail category that is being captured by competition other than businesses in the NYA trade area. It is the *gap* opportunity to be considered with NYA forward strategy and the CDS.

The objective of this study is to present an overview of NYA's commercial/retail market potential and first-pass assessment of market's current competitive structure.

The purpose is to help EDC, the community and interested business parties identify categories with opportunity for greater market share with upside plans for existing businesses as well as to help new business interests in their respective opportunity in the NYA market.

This study's first-pass assessment and forecast is intended for initial understanding leading to next step comprehensive study by specific category and with a detailed plan thereby leading to refined forecasts.

| NYA Commercial Categories | |
|-----------------------------|---|
| Households/Population | Explanation of Competition |
| 4,144 10,850 | |
| Grocery Stores/Food at Home | Econofoods, Family \$ (groc.), Kwik Trip, Holiday, Sinclair, Plato & Cologne c-stores |
| Beer, Wine & Liquor Stores | Good Times Liquor, Cologne & Plato liquor stores. |
| Gasoline Stations (fuel) | Indicating transient capture but yet overstored. |
| Food Service & Drinking | (3) full-service, (3) fast food, (3) bar & grill, (5) bars. No specialty stores like coffee house, bakery, etc. |
| Health Care | NYA Marsden Health recently sold to store manager. NYA's Southwest Eye care for optical service. |
| Hardware | Hardware Hank, True Value (less mattress, major appliance), Mayer Do It Best. Cologne specialty stores. |
| Clothing & Accessories | Est. sales of <i>other</i> stores; Maggie's Mat'l World (wedding/tux), Old Mill Antique & Gift |
| Shoe Store | None |
| Sporting Goods, Hobby, Toy | None |
| Furniture, Home Furnishing | Old Mill Antiques & Gifts |
| Electronics & Appliances | Hardware stores. |
| Books, Mags & Music | None |
| General Merchandise | Fam. Dollar & Old Mill |
| Misc. Retailers | |
| Florists | Closed Flower Mill (as of Jan. 2016). |
| Office, Gift, Used | The "Mills". |
| Banks | Citizens and Klein. |
| Hotel | None. |

Definitions

STUDY AREA/TRADE AREA: the delineated, primary area of business for the subject market and store/site.

SECTORS: geographic and road network affected units of study area; i.e. neighborhoods.

DRAW: portion of a store's total sales derived from the study area (remainder from *beyond*).

FLOAT: that portion of trade area potential going to other competition than is identified with a study.

BARRIERS: physical or psychological obstacles that affect consumer gravitation (e.g. rivers, limited access freeways, commercial and industrial buffers).

Qualifier

This study is furnished pursuant to a request by the City of Norwood Young America, Minnesota. The request is to conduct a market study with collecting latest information on population changes, assessing competitive structure, creating a market model and thereby providing first-pass forecasts for the commercial development study. The client acknowledges that while it believes the services to be performed hereunder by Keith Wicks & Associates will be a valuable tool in management decision making it also understands that an important part of said services involves subjective judgment, which is dependent upon the correctness of the information made available to Keith Wicks & Associates. Therefore, the client further acknowledges its understanding that Keith Wicks & Associates does not guarantee any result from the use of the analysis or other services performed hereunder, not shall Keith Wicks & Associates be responsible for any loss incurred as a result of the use of said analysis or other services.

The projections are based on the conditions identified in the study. Any deviation from the study assumptions or changes in economic conditions could cause significant variation between these projections and actual sales. The possibility of this occurring increases with time.

Source Data

"Number of Inhabitants, Minnesota," 2010 Census of Population, U.S. Department of Commerce, Bureau of the Census.

"Block Statistics, Minnesota," 2010 Census of Housing, U.S. Department of Commerce, Bureau of the Census.

"2010 Census of Population and Housing" for Minnesota CPH-5-45, FL94-171 Data, STFIA and STF3A.

Per capita expenditure, LOCUS and U.S. Census demographic profile of the specific market and surrounding areas.

Carver County information sources.

Minnesota Department of Transportation.

ReGIS (SitesUSA) demographic and mapping service.

Internet resources

Field study and work session with City of NWA' EDC, by Keith Wicks & Associates.

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