



NORTHFIELD 3RD BUSINESS AND INDUSTRIAL PARK

Northfield Economic Development Authority/
Joint Steering Committee Meeting
Meeting Minutes – November 12, 2009
City Hall Council Chambers

MEMBERS PRESENT: Rick Estenson, Jenelle Teppen, Steve Engler, Victor Summa, Rhonda Pownell, Jim Pokorney, Marty Benson, Tracy Davis, Pete Sandberg, Erica Zweifel, Neil Lutsky, Jay Jasnoch, Scott Richardson, Christopher Sawyer, Tim Geary and Steve Engler

ALSO PRESENT: Mark Koegler, Jeff McMenimen-Hoisington Koegler, Elliot Hoyt-Design Workshop, Keith Covey, Northfield News, Community Development Director Brian O'Connell, Economic Development Manager Jody Gunderson, Recording Secretary Barb Thompson

1) **Market Analysis**

Elliot Hoyt with Design Workshop reported on the preliminary findings of the market analysis. The market analysis will be used to provide market information that will inform decision making on the master plan. Eliot reviewed the following materials with the EDA/Steering Committee:

A. Recent Activity

- Design Workshop, Prologis and HKGi visited the site in mid-October
- A market tour was conducted in the metro area – visiting business and industrial parks to gain insight on local competition, quality and types of developments in the metro area.
- Interviews with local (Northfield) business operators were conducted to gain insight on what attracts and retains businesses in Northfield.
- Conducted broker meetings with CBRE and Colliers to gain information on the state of the office and industrial markets in the metro area.

B. Definition of the Market Area

- There are 8 submarkets in the Twin Cities Metro Area. Northfield lies just outside the southwest and south central areas.
- Current vacancy rates for office and industrial space are in the 10-11% range, the highest in five years.

- The current vacancy rates for the greater MSP region are below national vacancy rates.
- Average absorption rates for industrial space in the greater MSP area are 1,881,885 sf.
- 2009 YTD absorption rates are -2,446,982 sf.
- Property prices are 30% lower than the 2007 peak.
- Speculative industrial development for the near term (18-24 months) is expected to remain on hold, until current vacancy of industrial space is absorbed.
- Build to suit is the only development activity expected in the next 18-24 months.
- Strongest growth area is considered to be in the northwest metro area due to affordable housing, population growth, transportation infrastructure and transit.
- South metro is growing too.
- Estimate for recovery – 18-24 months.

C. Identification of Competition

- Competitive market area includes Shakopee, Eagan, Lakeville, Farmington, Faribault and Owatonna
- Rochester may be a player in the competitive market area.
- Design Workshop has been looking at businesses located in these communities
- Talking with these communities regarding incentives, level of infrastructure, amenities, property tax relief programs, abatements, infrastructure grants, training credits, TIF, economic development bonds, enterprise zone programs, free trade zones, etc.
- The following developments were visited and analyzed within the competitive market area:

Dean Lakes, Shakopee, MN
The Waters Business Park, Eagan, MN
Lakeville Industrial Park, Lakeville, MN
Faribault Industrial Park, Faribault, MN
Owatonna Industrial Park, Owatonna, MN

D. Demand and Absorption

- Methodology
 - GDP as a leading industrial demand and absorption indicator
 - Federal Reserve Boards Index of manufacturing output (IMO, monthly)
 - Monthly traffic flows
 - Manufacturing ISM Report on Business (Institute for Supply Management, monthly)

E. Comparables Analysis

- Investigation of business parks in communities with similar profiles (college towns in Midwest primarily, but not exclusively)
- Investigation of business parks integrating amenities and features appealing to quality of life
- Investigation of business parks worldwide that integrate a fuller range of uses (office, residential, hospitality, retail)
- Specific comparables reviewed and discussed:

Heal Creek, Rhinelander, WI
Glory Bee Foods Business Park, Eugene, OR
Mountain Ranch Business Park, Fayetteville, AR

F. Trends in Industrial Development

- Splinter/Consolidate – will depend in large part on the price of oil
- Medical technology and office, food service support, and professional service are likely growth areas.
- High bulk buildings – 35 feet and over for warehouse – provides flexibility for expansion and contraction depending on market conditions.
- Sustainability focus is growing fast – big players are committing to LEED certified projects
- Prologis – all new buildings are LEED
- Uponor in Lakeville is seeking LEED certification
- Northmarq won a 2009 Xcel energy efficiency award (same as St. Olafs)
- Models for generating renewable energy on-site, with a return, are being tested.
- Prologis solar program – leasing out rooftop space to solar energy companies.
- Potential for Geothermal in MN

G. Thoughts on the Northfield Business and Industrial Park

- Qualities that have attracted businesses to Northfield (from interviews):
Strong sense of place and community
Workforce is well educated, loyal and reliable
Access to both Mpls and St. Paul
Access to the airport without having to go through the city
- Qualities that may have hindered growth and retention:
Not right on I-35
Lakeville, Shakopee and Eagan are closer to city and airport
Need to pay same rates as Twin Cities because close enough that people can commute

In the past, the city did not always actively help businesses to locate and grow here
Almost impossible to attract businesses from out of state because of the tax structure (true for entire market)

- How to differentiate from the competitive market area?

Need to offer more than raw land with potential for infrastructure
Complete the master plan for an amenitized park with good infrastructure and access
Strong design guidelines
Seek opportunities to integrate various land uses
Potential for co-generated power, heating and cooling
Capitalize on synergies with existing companies (Malt-o-Meal, Cardinal Glass, Hospital)
Look for businesses interested in co-branding with the city and the colleges
Aggressive use of state programs

Comments included:

Possible to look outside US for business, European business use sustainability more frequently
Looking at co-branding with businesses in area
Sell area by it's amenities including trails, parks...
Work development in phases
How to differentiate this property

2) **Site Analysis**

Jeff McMenimen reported on the analysis of site conditions for both sites (north and south). Site analysis included:

Transportation systems
Utilities – storm water, sanitary sewer, gas, electric, fiber optic, etc.
Habitat quality
Hydric soils
Hydrology/wetlands
Urban growth and expansion areas mapping
Parks, trails and open space mapping
Existing and future land uses
Zoning

The site analysis is layered together to create an opportunities and constraints plan for each site. These plans will serve as the base maps for physical planning efforts which will begin during the strategic visioning charrette, scheduled for Dec 1-2.

3) **Project Inventory Review**

The planning team has been reviewing adopted and accepted policy documents, planning studies and other background materials to become more familiar with the project sites and city regulations and guidelines for future industrial and business park development on these sites. Several summary memos have been prepared and distributed to the members of the EDA and Technical/Steering Committee. The summary of each of these memos was reviewed to develop a list of common themes that may influence planning efforts. The following is a list of those common themes:

1. Promote economic development by supporting existing businesses, retaining and attracting talent, aggressive business recruitment and by increasing the availability of commercial and industrial land.
2. Promoting expansion of new commercial and industrial sites should not detract from the vitality of downtown Northfield.
3. Future development should be considerate of elements that have historically defined Northfield's small town character, agricultural heritage, local architecture, and traditional development patterns.
4. Engage St. Olaf and Carleton Colleges better by attracting and retaining alumni and recent grads with jobs in Northfield and finding industries that align with the colleges.
5. Protect and preserve significant natural resources and environmentally significant areas, particularly along the Spring Brook and Heath Creek waterways.
6. Promote sustainable development practices – conserve energy, reduce waste, reduce reliance on the automobile, promote healthier lifestyles and encourage green building techniques.
7. Improve the entry points (gateways) into the community, particularly along Highway 19, by creating architectural and site design standards.
8. Provide diverse and affordable housing choices for those who choose to live and work in the community.
9. Target the retention and recruitment of those industries that have the highest potential for success in Northfield:
 - Logistics
 - Specialty Manufacturing
 - Healthcare and Medical
 - Professional and Technical Services
 - Information Technology

10. Work with stakeholders to ensure that any new industrial park be powered by renewable energy, be developed using best environmental practices, and attract “green” businesses of many types.
11. The greenway corridor is one of the most important aspects of the park system. Maximizing access to the greenway is especially important.
12. Minimize vehicle traffic by providing a mixture of land uses, pedestrian-oriented development, compact community form, safe and effective multi-modal circulation systems and adequate on- and off-street parking facilities.

6) **Next Steps**

The Charrette was discussed. The Charrette will be held on Dec 1-2, 2009 in Northfield and will include site visits, creative workshops and public viewing of concepts. To prepare for the Charrette, members were invited to think about business parks now and what they like and dislike about the current structure.

7) **Comments**

Are any of the requirements considered a deal breaker?
Could the housing topic become inflammatory?
Create a sustainability project with employees having the opportunity to walk to work
The proposed schedule was discussed. The schedule is subject to change

8) **Next Meetings**

EDA/Steering Committee Meetings:

December 1-2, 2009 – Master Plan Design Charrette

December 17, 2009- Joint meeting