

Chapter 4: The Economy

Introduction:

The City of Isanti has had good economic growth since the 2008 Comprehensive Plan. Through its Economic Development Authority (EDA), the City has achieved major economic goals, with location of a Medical Clinic, Pharmacy and Hotel in the City. There has also been substantial industrial growth, with location of the Ever Cat Biodiesel Facility, featuring a new process for production of biodiesel, and recruitment and relocation of SnoBear USA in the City from an adjacent state. Commercial development has also continued, with new development on the south side of the Highway 65 and Heritage Boulevard intersection, with location of a new Coborn's Grocery Store, containing a pharmacy, and an O'Reillys Autoparts store on the east side of Highway 65. Commercial development on the west side of Highway 65 includes an Allina Medical Clinic, Best Western Hotel and redevelopment of the former Riverside Market site with a Kwik Trip Store. The City has received recognition of its economic development efforts with awards from the Economic Development Association of Minnesota.

With its location along a major highway corridor and continued growth in population and households, the City has the ability to draw a variety of commercial businesses. Its location also continues to be attractive to industrial development. Installation of roads and infrastructure on the east side of Highway 65 have opened substantial tracts of property to commercial development. There are also lots developed and ready for commercial development on the southwest side of highway. Recent development of the Allina Clinic and Hotel could assist with getting infill development on those lots in the next decade. There is also open commercial land available on the northwest side of the intersection.

The City has and continues to be involved and deliberate in economic development. Opportunities range from new commercial businesses locating in Isanti to potential location of a large industrial expansion. With those opportunities, there is substantial competition in our region for commercial and industrial projects. In the next 10 years, there will need to be planned efforts and targeted investment by the City to make development happen. Depending on the project, there may also be regional and state assistance. Those developments provide local jobs, shopping and tax base for the growing City. Commercial and industrial development should be planned to complement the existing land uses, natural amenities and growth patterns in the city.

Existing Conditions:

Past planning efforts have placed the City in good position for commercial and industrial growth. While a majority of land in the city limits is guided for residential development, a substantial portion has infrastructure for commercial development. There is also substantial acreage available in the Industrial Park. The City also owns undeveloped land adjacent to the BNSF railroad that has been preliminary planned for a possible rail industrial park. Regarding commercial uses, with the changing retail and office commercial environment a market study may be necessary to refocus City recruitment efforts. Local industries should continue to be contacted on an annual basis regarding both possible expansion opportunities, as well as what ancillary businesses could be recruited to enhance their production capabilities. As noted in the 2008 Comprehensive Plan, a majority of residents are still commuting for jobs outside the City, with the majority heading into the metropolitan area. Local job growth provides opportunities for new employees, if the jobs can be created at wage levels that would be attractive to commuters.

Employment in Isanti:

The potential workforce in Isanti is described as those residents between the ages of 16 and 65. That would include 65% of City residents. Of those potential employees, 1525 or 38% are in the local labor force. The following table shows the categories of Isanti businesses and industries where residents were employed in 2014 and 2019. The largest employers in 2019 were in Education & Health Services, Trade, Transportation & Utilities, and Manufacturing.

Table 1

City of Isanti Employment by Industry

	2014		2019	
Construction	5%	50	5%	86
Manufacturing	17%	172	13%	253
Trade, Transportation & Utilities	14%	147	35%	678
Financial Activities	3%	34	4%	76
Education & Health Services	27%	281	30%	588
Leisure and Hospitality	22%	220	9%	163
Other Services	8%	77	2%	40
Public Administration	4 %	45	2%	46
Workforce population	100%	1,026	100%	1,930

Source: Mn DEED / City of Isanti

Travel and Commuting:

As noted in the last comprehensive plan, many residents continue to commute to the Twin Cities metro area for their work. In a recent DEED report, in our region 59% of workers commute to employment outside of the area. Commute times average 35 minutes. Of those commuting, 82% are driving their own vehicle, 12% carpool with others, 1% take mass transit, and 5% work from home. The percentages of those traveling alone and carpooling has little to no change over the past 10 years. Mass transit options and links are available to connect to metro transportation in Anoka County, but the timeframes and availability is limited. It is uncertain in the next 10 years if mass transit options will improve. The City should continue to work with neighboring communities and regionally to increase transportation options. Planning should also continue for future carpooling parking locations, in conjunction with consideration of future passenger rail options. A growing trend that should be recognized is the number of employees that work from home. For many who do this, it is a combination of work from home and work in the office. Whether fully or part-time from home, this reduces the cost of commuting and encourages the economic benefit of buying more locally. With continued improvement in technology, the number of workers that spend at least part of the work week in their home will continue to increase in the next 10 years.

Income:

The table below shows the current incomes of Isanti residents in 2017. As portrayed in Table 2, 23.9 % make less than \$40,000 a year, 49.1% make between \$40,000 and \$100,000 a year, and 26.99% make over \$100,000 a year. Regionally, Isanti continues to have higher income levels than neighboring communities. Economic opportunity locally and in the adjacent metropolitan area lend to higher income levels. This is significant in both recruitment of commercial and local services and labor force potential for industrial firms looking to relocate.

Table 2

City of Isanti Household Income

Income	Households	Percentage
Less than \$10,000	84	3.85%
\$10,000 to \$20,000	103	4.73%
\$20,000 to \$30,000	140	6.44%
\$30,000 to \$40,000	194	8.89%
\$40,000 to \$50,000	246	11.29%
\$50,000 to \$60,000	198	9.07%
\$60,000 to \$75,000	259	11.86%
\$75,000 to \$100,000	368	9.07%
\$100,000	589	26.99%
Total	2,181	100%

Source: US Census

As shown in Table 3, supportive of previous discussion, the median income of Isanti in 2017 is \$83,103. This is 121% of the State median income. This is a continuing and increasing trend from the data that was collected from 2006, where the median income of Isanti was \$58,419, 110% of the State median income of \$53,106.

Table 3

City of Isanti
City and State Median Household Income

	<u>Isanti</u>	<u>State of MN</u>	<u>% of State</u>
Median income	\$83,103	\$68,400	121%

Source: US Census

Employment:

The City has enjoyed increased local employment opportunities with growth in retail, service and industrial sectors. As of 2019, the City of Isanti is home to 182 businesses and 1,930 employees. This compares to 1,145 jobs in 2005, a 59% growth rate. In comparison, the East Central Region experienced a 6% growth rate in the same time period. Part of the lower regional growth was loss of jobs in the great recession and a continuing tight labor market due to retiring workers and fewer replacement workers. Projections for job growth in the East Central Region in the next several years are in the following categories : Healthcare Support, Healthcare Practitioners, Personal Care Services, Computer and Mathematical, Community and Social Service (Source: DEED). Addition of direct and support businesses in these categories will be advantageous in growing the local economy. The Region and City will also be facing an aging workforce, so development of a skilled workforce and succession planning will be important. The City, through its EDA as the lead agency, should continually monitor labor and employment trends and target resources to take advantage or create opportunities for economic growth.

Land Use / Growth:

The 2008 Comprehensive Plan provided direction on land use designation and development in the City. Current land uses (2019) are listed out by zoning designation in Table 4-Land Uses. The City has open space for commercial and targeted industrial growth. The future land use map is still valid and will be reviewed as a part of this comprehensive plan update. That map provides a guide for further growth of the City.

Table 4

City of Isanti Zoning / Land Use

Land Use Category	Gross Acreage	Percent
CBD	18.26	0.64%
CBD Transitional	26.49	0.92%
Neighborhood Commercial	7.66	0.26%
General Commercial	264.62	9.24%
Industrial	226.25	9.29%

Source: City of Isanti

The land use plan includes the commercial and industrial zoning areas listed above in the Table. Each zoning designation has both permitted and conditional uses that serve to accommodate commercial and industrial development that are beneficial to City economic development and are included in the future land use map. A general description of these areas is made in the following sections:

Central Business District

The Central Business District (CBD) classification encompasses what is considered the traditional downtown area of the City. This is where most general commercial uses were once located. It contains historical buildings and locations. In Isanti, as with other cities, commercial use of historical buildings has shifted from a general commercial base to specialty commercial or retail, and commercial services. There is also mixed residential use; ranging from commercial buildings with second floor apartments to single family homes. The historic downtown provides both re-use and rehabilitation opportunities for commercial and mixed use buildings. Although the core historic downtown area is located off the main vehicular traffic route, Heritage Boulevard, it retains good access to that street and is also served by a eastern controlled access connection via Main Street to State Highway 65 and Whiskey Road (CSAH 23).

Central Business District Transitional District

These sub-districts were put in to accommodate both historic commercial, housing and light industrial areas adjacent to the BNSF railroad tracks and core central business district areas. They are two district transition areas. The area on the east side of the railroad was part of the historic industrial complex for the City and the area on the west side contains a mix of historic commercial and vintage single-family housing. The districts allow current uses and provide direction for future redevelopment to accommodate mixed use commercial and public purposes.

Neighborhood Commercial

This commercial designation is for small limited commercial areas that serve the adjacent residential neighborhoods. These are typically guided for outlying residential neighborhoods that don't have immediate access to the CBD or General Commercial area. Uses such as a small grocery store, coffee shop/deli, personal and health type services would be located here.

General Commercial

This classification is for the highway or arterial general business district for the City that is adjacent to State Highway 65. The City is fortunate to have large segments of land guided for commercial development on the east and west side of State Highway 65. This area is guided for both retail and service commercial, and contains larger commercial lots. The most recent developments include a Best Western Hotel, Allina Medical Clinic, Coborn's Grocery Store, with a pharmacy and coffee shop, and an O'Reilly's Auto Parts store. In order to ensure the quality of development, the City has placed an overlay district on parcels with direct visual access to the highway. Areas southeast and southwest of the Highway 65/Heritage Boulevard intersection have benefitted from road and utility systems that have been developed to interconnect the commercial areas to existing road systems. This area has seen the most commercial growth in the past ten years. The commercial area northeast of that intersection has the most open contiguous land with the fewest constraints on development. It will take extension of a central road system and utilities to assist in encouraging development of the area. With the change in the retail market since 2000, the hope for larger commercial development may not happen. Smaller mini mall or freestanding commercial or service specialty buildings may end up locating in this area in the future. As with past consideration of an Assisted Living Facility in that area, the City will need to periodically evaluate commercial uses that could be guided for that area. The City should also consider higher density residential development in the eastern areas of this district. This residential use would provide a buffer between the highway commercial development and low-density residential development to the east. It would assist both with the need for that housing stock in the City and provide both customer and employment base for recruitment of businesses to locate in the commercial corridor.

Industrial

The City has industrial uses in the Central Business District Transitional areas and north of Heritage Boulevard, adjacent to First Avenue NW. Overall, the uses are light industrial and service commercial in nature. Industrial uses also located adjacent to East and West Dual Boulevard. That area also has metal fabrication and machining uses. In the early 2000s the City developed an industrial park addition just north of the Dual industrial area, that extended to Cajima Street NE and west of Enterprise Avenue NE. Since then several industrial companies have located to facilities constructed in that addition. Incubator facilities consisting of smaller "suites" in single multi user buildings were also built to entice smaller companies to locate to the park, hoping that their growth would lead to future independent facilities or location of ancillary facilities in the park. The City has achieved two landmark developments, with location of the Ever Cat Biodiesel Facility and

relocation of the SnoBear USA Facility in the park. The industrial park is 62 acres in size, and at the time of this update, 24 acres in various size parcels are still available for new facilities. There is also the potential of expansion of the park north of Cajima Street NE, as there are 32 acres of privately held land available. The City has and will continue to work with that property owner on development of that parcel.

There is also 80 plus acres of City owned property northwest of the current park on the west side of the BNSF railroad line that has been preliminarily planned as a potential future rail industrial park. Studies have been done by Isanti County and this site has been designated as the most feasible site. The question becomes whether sufficient resources from public and private sectors can be brought together for this project. A commitment by a major user would assist in gaining both public funding and railroad support to move the project ahead. Additional land could be freed up for this project with conversion of the existing wastewater pond processing plant to a mechanical plant that would take up a much smaller footprint. Development of the park is a major goal for the City's Economic Development Authority.

City Role In Economic Development:

Isanti has and should continue to take a lead role in economic development efforts in the City. The City Council has included economic development initiatives as a part of its annual strategic planning. Resources have been provided for proactive economic development, with activities ranging from periodic meetings with local businesses to active recruitment of new businesses and industry. The Economic Development Authority, through its Comprehensive Economic Development Strategy (CEDS) and on-going work plans, have directed staff with annual initiatives and projects. Periodically, the City has also worked with other local governments, chambers of commerce, regional economic development groups and Isanti County on economic development matters, when such membership, projects or programs would be beneficial to the City. It is encouraged in these days of limited resources, that the City continue to evaluate possible joint ventures to achieve its economic development goals.

As discussed in the past comprehensive plan, there is validity in reviewing the following areas that the City can focus on in its economic development efforts over the next decade:

Economic Development Contact:

It is encouraged that the City remain the primary contact for information and resources for businesses and developers. This includes information on the City, demographics and resources. The City should have information available on the Centennial Industrial Park, as well as other properties and space available in the City. Relationships with local businesses should be continued through annual business retention meetings and periodic contacts. This is crucial, as local business growth is primary in gaining local employment opportunities. In working with developers or site selectors, the City should be involved in coordinating resources, both City and external, to assist in making projects viable. Overall, the environment for economic development needs to be positive and

supportive from the policy makers to the citizens for the City to be successful in achieving economic development goals.

Housing Development:

The City needs to be supportive in working with local developers to meet housing demands in the City. This ranges from work with developers on single family residential projects to meeting the demand for multi-family and senior assisted living housing. Increases in population in turn drive commercial demand and provide a local workforce for industry.

Commercial Development:

The City has had recent success in fulfilling commercial development goals. Commercial goals include commercial building development/redevelopment, commercial retail businesses, and service commercial businesses. Additional study and planning should be undertaken to identify unmet commercial needs and what businesses the City can attract in the commercial sector. The Highway 65 corridor brings opportunities that Isanti should capitalize on.

Analysis and Recommendations:

The Downtown

The Downtown serves as the historical center and core of commercial development. The City should work to retain existing service commercial and specialty businesses. The specialty businesses are often destination businesses, with both a local and regional draw. The draw of outside customers could provide business for existing commercial entities in the Downtown or other commercial areas of the City. City marketing efforts should seek additional businesses that complement the existing Downtown businesses or provide new commercial services that are not available in the community. The City should also consider expansion of its definition of ‘downtown’. The commercial area adjacent to the east of the historical downtown is in reality part of the “downtown”. Extension of the area from Main Street to Highway 65 and north from Heritage Boulevard to First Avenue NW could be considered. With that, transportation corridors could be designated, roadway lighting to define the new areas could be installed and development and redevelopment areas redefined. From a marketing perspective, the area could be marketed together, with events and promotions.

Highway 65 Corridor

As discussed in the past comprehensive plan, the southern end of Isanti along Highway 65 is the “gateway” into the City and development along there sets the tone for the highway commercial area. The City has recognized this and has placed a zoning overlay district that regulates and encourages quality development in new buildings and developments. The City should continue to use its site

plan review process to evaluate projects, buildings and site amenities. The City should also consider if it actively wants to get involved in commercial development, especially on the east side of Highway 65 from Heritage Boulevard to Cajima Street NE. The area needs to have completion of interior road and utility systems to encourage it to develop in a planned phased manner. If the City chooses not to be involved, there could be commercial development that would be detrimental to its future development. There is also opportunity on the east end of the commercial district near 8th Avenue for multifamily housing development. This development could serve as a catalyst for further commercial development. This should be considered in City land use planning. As a final note, there are natural amenities in these areas that include woodlands, ponds and wetlands that should be factored into development plans for these corridor areas. Inclusion of these systems is a benefit to the City and the environment.

Neighborhood Commercial

As neighborhoods develop on the east side of Highway 65, land use plans should include guidance for development of neighborhood commercial locations to provide businesses that would serve the adjacent commercial areas as discussed earlier in this Chapter. With those designations, transportation corridors, including pedestrian and non-motorized access needs to be planned for such commercial developments.

Industrial

The City is and will continue to actively market industrial park land; “shovel ready lots” for industrial development or expanding or new industry. Opportunities are available for public and private partnerships to expand industrial development and employment opportunities in Isanti. The City should continue partnerships with regional economic development groups and State agencies to assist with development efforts, especially with the potential Rail Industrial Park Project. The City should consider direct contact and marketing to north metro firms to get leads and potential business relocations.

Economic Development Tools

The City has and should continue the use of economic development tools, such as tax increment financing, tax abatement, and revolving loan funds to achieve economic development objectives and goals. Resources from other agencies, such as the East Central Regional Development Commission, Initiative Foundation and the Minnesota Department of Employment and Economic Development can also assist with economic development projects and initiatives.

Goals/Strategies:

Economic development goals and strategies are provided in Chapter 1. The following list are additional goals and strategies for consideration.

- 1) Look to partnerships with local and regional public entities and private firms to begin steps to develop a rail industrial park.
- 2) Prepare a new Downtown Plan to incorporate the historic downtown area and adjacent commercial area west of Highway 65 to tie these commercial areas together with specific lighting, signage and transportation improvements for both vehicle, non-motorized and pedestrian usage. Recognize the impact that housing in and adjacent to this district has on sustaining the commercial viability of this commercial area.
- 3) Review commercial development needs regarding road and utility systems in the east highway 65 district. Consider if partnerships are necessary for development of this commercial area. Consider multi-family housing development on the west side of this commercial area.