

ECONOMIC DEVELOPMENT

I. ECONOMIC DEVELOPMENT OVERVIEW

Economic development seeks to strengthen a community through the expansion of its tax and employment base. A strong tax and employment base allows the community to support a higher quality of life for its residents by improving public services (parks, schools, sewer and water services, police, fire and emergency response and other governmental services). Ideally, economic development should balance economic vitality with stability, environmental protection, and preservation of Osakis's small town character.

The principal components of this Chapter include:

- An overview of economic trends affecting the City of Osakis and its greater region;
- An overview of a general trade area for the City of Osakis with respective income characteristics;
- Public input on economic development;
- An overview of commercial development and goals for future (re) development; and
- An overview of industrial development and policies and goals for future (re) development

II. ECONOMIC TRENDS

Economic trends can be important indicators as to the economic health of the community. Following is a summary of several economic indicators including income/wages, employment and labor force demographics.

Income/wages:

The 2000 Census reports a median family income in Osakis of \$38,864, with male full-time year-round workers earning an average of \$28,819 per year while female full-time year-round workers earn an average \$20,000 per year. The per capita income in Osakis, \$15,212, is lower than both that of Douglas and Todd Counties, \$18,850 and \$15,658 per capita average respectively. Osakis's average per capita income also falls considerably below the state average (\$23,198) and federal average (\$21,857).

The 2000 Census reports 9.1% of the population in Osakis (136 individuals) are below the poverty level, with 23 families (5.6% of all families) in this category. Two of the families living below poverty had children under five years old. According to the 2000 Census, 5.1% of families within Minnesota and 7.9% of individuals were considered to be at poverty level in the year 1999.

Table 11-1 on the following page illustrates household income in Osakis and Minnesota. Osakis has a wide array of household incomes; however, approximately 43.4% of the households in Osakis make less than \$25,000 per year. Providing housing and service opportunities for the lower income households will need to be addressed by the community. The 1999 median household income in Osakis was \$29,833, compared to \$47,111 for of the State. Household income is defined as total money received in a calendar year by all household members 15 years old and over. Family income is the total income received in a calendar year by family members related by birth, marriage or adoption. Many households are not families, for example single people living alone or with non-related roommates are considered a non-family household. Median household income is often lower than median family income.

**Table 11-1
Household Income
City of Osakis
1999**

Income	Osakis		Minnesota	
	Number	Percent	Number	Percent
Less than \$10,000	87	13.3	127,955	6.7%
\$10,000 - \$14,999	77	11.7	102,205	5.4%
\$15,000 - \$24,999	121	18.4	216,084	11.4%
\$25,000 - \$34,999	91	13.9	234,300	12.4%
\$35,000 - \$49,999	127	19.4	322,529	17%
\$50,000 - \$74,999	100	15.2	424,867	22.4%
\$75,000 - \$ 99,999	39	5.9	228,834	12.1%
\$100,000 - \$149,000	11	1.7	156,565	8.3%
\$150,000 - \$199,999	3	0.5	40,734	2.1%
\$200,000 – or more	--	--	42,131	2.2%
Total	656	100%	1,896,209	100%
Median Household Income:	\$29,833		\$47,111	

Source: U.S. Census Bureau (2000 Statistics)

**Table 11-2
Wage Comparison**

Area	Avg. Weekly Wage	Avg. Hourly Wage
Osakis (Douglas County)	\$406.00	\$10.15
Sauk Centre	\$456.00	\$11.40
Long Prairie	\$556.00	\$13.90
Glenwood	\$513.00	\$12.83
Alexandria	\$534.00	\$13.35
Douglas County	\$525.00	\$13.13
Todd County	\$484.00	\$12.10
Minnesota	\$777.00	\$19.43

Source: MN Department of Economic Security

While wages within Osakis are generally lower than that of other areas of the region and state (See Table 11-2), wages have been increasing over the past five year period. Table 11-3 on the following page illustrates this increase with two industry exceptions: leisure and hospitality and membership organizations.

The average wage in Osakis (Douglas County) is \$10.15 per hour. The highest wages are in administrative and professional occupations; however, these are the minority of positions within the community. The other occupation groups with the highest wages are construction, maintenance and repair. The lower average wage within the City of Osakis is likely due to a higher concentration of jobs within the community in the service-providing domain (487) rather than the goods-producing domain (95).

**Table 11-3
Osakis (Douglas Co.) Wage Trends: 2000-2005**

NAICS Code	Industry	2000 Avg. Weekly Wage	2005 (1st Qtr.) Avg. Weekly Wage	Change 2000 - 2005	Percent Change 2000-2005
	Total, All Industries	\$339	\$402	\$63	18.6%
	Total, All Industries (Private)	\$324	\$375	\$51	15.7%
	Total, All Industries (Government)	\$383	\$481	\$98	25.6%
101	Goods-Producing Domain	\$454	\$507	\$53	11.7%
102	Service-Providing Domain	\$319	\$381	\$62	19.4%
238	Specialty Trade Contractors	\$355	\$401	\$46	13.0%
1013	Manufacturing	\$395	\$505	\$110	27.8%
1021	Trade, Transp. & Utilities	\$294	\$433	\$139	47.3%
1026	Leisure and Hospitality	\$119	\$88	-\$31	-26.1%
44	Retail Trade	\$199	\$231	\$32	16.1%
447	Gasoline Stations	N/A	\$222	--	--
1025	Education and Health Services	\$442	\$481	\$39	8.8%
1028	Public Administration, Executive	\$163	\$431	\$268	164.4%
813	Membership Organizations	\$141	\$140	-\$1	-0.7%
1027	Other Services	\$166	\$164	-\$2	-1.2%

Source: DEED, Labor Market Information: QCEW, 1st Quarter, 2005

* Note: The Unemployment Insurance system covers about 97 percent of Minnesota employment. Workers and jobs excluded from these statistics include proprietors and the self-employed, railroad workers, family farm workers, full-time students working for their school, elected government officials, insurance and real estate salespeople, and others who work only on a commission basis.

Employment:

The following two tables depict the employment characteristics of Osakis. Table 11-4 indicates occupation status and the population of employed workers. The information contained in Table 11-4 provides the City with important data to use when determining economic development needs and focus for marketing and recruitment. The City may use this data to focus efforts in occupational opportunities that are lacking in the community.

Table 11-5 illustrates the industries in which Osakis residents work. The Professional, Scientific, Management, Admin, and Waste Mgmt. related industry employs the largest percentage of Osakis citizens (176 persons). This industry provides 25.2% of the jobs for the City's employed residents. Manufacturing employs about 23% of the city's workforce (160 persons).

**Table 11-4
Employment by Occupation
City of Osakis**

Occupation	Number of Persons	Percent of Total
Management, Professional, and related occupations	171	24.5
Service occupations	122	17.5
Sales and Office occupations	155	22.2
Farming, Fishing, Forestry occupations	5	0.7
Construction, Extraction, and Maintenance occupations	50	7.2
Production, Transportation, and Material Moving occupations	196	28.0
Total	699	100%

Source: U.S. Census Bureau (2000 Statistics)

**Table 11-5
Employment by Industry
City of Osakis**

Industry	Number of Persons	Percent of Total
Ag, Forestry, Fisheries, Hunting and Mining	12	1.7
Construction	25	3.6
Manufacturing	160	22.9
Transportation/Communications/Other public utilities	12	1.7
Wholesale Trade	95	13.6
Retail Trade	24	3.4
Finance, Insurance, and Real Estate	13	1.9
Information	19	2.7
Educational, Health, and Social Services	42	6.0
Professional, Scientific, Management, Admin, and Waste Mgmt.	176	25.2
Public Administration	63	9.0
Arts, Entertainment, Recreation, Accommodations, & Food Service	49	7.0
Other Services (except public administration)	9	1.3
Total	699	100%

Source: U.S. Census Bureau (2000 Statistics)

Table 11-6 summarizes data from the Quarterly Census of Employment and Wages (QCEW or ES-202), completed by the MN Department of Employment and Economic Development (DEED) for the compilation of employment and wage statistics, for several employment sectors. All establishments covered under the Unemployment Insurance (UI) System are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program. The table includes comparative economic data for selected NAICS codes within the City of Osakis. Table 11-6 compares employment statistics for the City of Osakis from the year 2000 to 2005.

**Table 11-6
Osakis (Douglas Co.) Employment Trends
2000-2005**

NAICS Code	Industry	2000 Avg. Number of Employees	2005 (1 st Qtr.) Avg. Number of Employees	Change 2000-2005	Percent Change 2000-2005
	Total, All Industries	578	582	4	0.7%
	Total, All Industries (Private)	427	433	6	1.4%
	Total, All Industries (Government)	151	149	-2	-1.3%
101	Goods-Producing Domain	86	95	9	9.5%
102	Service-Providing Domain	492	487	-5	-1.0%
238	Specialty Trade Contractors	10	13	3	23.1%
1013	Manufacturing	45	55	10	18.2%
1021	Trade, Transportation and Utilities	133	106	-27	-25.5%
1026	Leisure and Hospitality	45	46	1	2.2%
44	Retail Trade	91	66	-25	-37.9%
447	Gasoline Stations	N/A	30	--	--
1025	Education and Health Services	113	129	16	12.4%
1028	Public Administration, Executive	34	18	-16	-88.9%
813	Membership Organizations & Associations	22	28	6	21.4%
1027	Other Services	27	31	4	12.9%

Source: DEED, Labor Market Information: QCEW, 1st Quarter, 2005

* Note: The Unemployment Insurance system covers about 97 percent of Minnesota employment. Workers and jobs excluded from these statistics include proprietors and the self-employed, railroad workers, family farm workers, full-time students working for their school, elected government officials, insurance and real estate salespeople, and others who work only on a commission basis.

As shown above, most industry sectors have added jobs since 2000, with those in specialty trade contractors and membership organizations and manufacturing seeing the largest increases (23.1%, 21.4% and 18.2% respectively). Conversely, the public administration (-88.9%), retail trade (-37.9%) and trade, transportation and utilities (-25.5%) industries have seen a decrease in the number of employees.

Osakis has seen modest growth in the number of establishments over the five year period. As of March 2005, a total of 70 business/industrial establishments were located within the community compared to 65 reported in 2000. It is noted that the Unemployment Insurance system covers about 97 percent of Minnesota employment. Workers and jobs excluded from these statistics include proprietors and the self-employed, railroad workers, family farm workers, full-time students working for their school, elected government officials, insurance and real estate salespeople and others who work only on a commission basis.

Table 11-7 lists major employers within the City of Osakis by name and includes the number of persons employed by the establishment.

**Table 11-7
Osakis Major Employers**

Employer	Products/Services	Employees
Osakis Public Schools	Elementary & Secondary Schools	96
Community Memorial Home	Nursing Care Facilities	90
Rollie's Sales & Service	All other Transportation Equipment Manufacturing	38
Lind-Rite Precision Engineering Inc.	Precision Turned Product Manufacturing	35
Just Like Grandma's	Bed & Breakfast Inns and Retail	34
Food -N- Fuel	Gasoline Station w/ Convenience Store	17
Hensley Inc.	General Freight Trucking, Long-Distance, Truckload	16
First Nation Bank of Osakis	Commercial Banking	14
Home Quality Foods	Supermarket & Grocery	13
St. Agnes School	Elementary School	12
Osakis Clinic	Offices of Physicians	11
Osakis Creamery Association	Fluid Milk Manufacturing	11
City of Osakis	General Government	10
Thrifty White Drug	Pharmacies & Drug Stores	9
Mark's Welding Inc.	Machining and Equipment, Repair & Maintenance	5
TOTAL		411

Source: Community Profile, DEED

Labor force Demographics:

As indicated in Chapter 3 (Demographic Trends and Assumptions) the "over 55" age brackets will comprise the fastest growing segment of the population as baby boomers retire and continue to live longer. This may have significant implications for the community's workforce. There is some debate as to whether economic conditions and longer lives might compel older workers to remain or reenter occupations.

The Minnesota Work Force Center estimates 20,716 people in the labor force in Douglas County in October, 2005, with 20,201 employed, resulting in a 2.5% unemployment rate. Todd County reported a 3.6% unemployment rate with 12,570 people in the labor force with 12,114 persons employed. During this same time period Minnesota had an unemployment rate of 3.1% and the United States unemployment rate was 4.6%.

Employment statistics from the 2000 Census indicates an available civilian workforce (over the age of 16) in Osakis of 721 persons. The Census estimates a total of 1,267 persons within the community aged sixteen and over. This indicates 56.9% percent of persons over the age of 16 who reside in Osakis are within the available civilian workforce.

The 2000 Census estimated of the 721 persons in the available civilian workforce in Osakis 699 (97%) were employed, corresponding to a 3% unemployment rate within Osakis. The annual average unemployment rate in 2000 for Douglas County was 2.6%, for Todd County was 3.3% and for the State of Minnesota 3.3%.

Although labor projections for minor civil divisions are not available, projections for employment within the County can provide insight as to future employment within Osakis. Because the majority of Osakis lies within Douglas County, Todd County projections were not utilized. Table 11-8 below illustrates projected growth in the labor force in Douglas County through the year 2030. As indicated, the total labor force within Douglas County is projected to increase 36.9% by 2030, with the largest increase occurring in the availability of laborers over the age of 65.

**TABLE 11-8
DOUGLAS – LABOR FORCE PROJECTIONS**

Labor Force Type	2000	2005	2010	2015	2020	2025	2030	2000-2030 % Change
Males	9,262	10,070	10,690	11,200	11,560	11,990	12,450	34.4%
Females	7,910	8,750	9,450	9,940	10,280	10,630	11,050	39.7%
Ages 16-24	3,141	3,650	3,650	3,610	3,600	3,790	4,070	29.6%
Ages 25-44	7,368	7,340	7,690	8,400	8,990	9,300	9,330	26.6%
Ages 45-64	5,949	7,020	7,830	7,890	7,680	7,630	7,980	34.1%
Ages 65+	714	810	980	1,240	1,570	1,900	2,120	196.9%
Total Labor	17,172	18,820	20,140	21,130	21,840	22,630	23,500	36.9%

Source: MN State Demographic Office, 2003 Projections

Historically, the unemployment rate has fluctuated within Douglas County and within the state of Minnesota, with the unemployment rate in Douglas County higher than the state average until about 2001 where the State average started increasing. While the labor force is projected to continue to increase, the unemployment rate may fluctuate with the economic status of the area, state and nation. Table 11-9 provides historical labor force statistics for Douglas County over the last ten year period. Note the actual labor force numbers shown below for 2004 exceeded the 2010 projected labor force numbers.

**TABLE 11-9
DOUGLAS COUNTY – UNEMPLOYMENT RATES**

Year	Douglas County Labor Force	# in Douglas Co. Labor Force Employed	# in Douglas Co. Labor Force Unemployed	Douglas County Unemployment Rate	State of Minnesota Unemployment Rate
1994	15,825	15,165	660	4.2%	4.1%
1995	16,157	15,451	706	4.4%	3.7%
1996	16,704	15,943	761	4.6%	3.9%
1997	16,812	16,170	642	3.8%	3.3%
1998	16,986	16,433	553	3.3%	2.7%
1999	16,897	16,324	573	3.4%	2.8%
2000	18,607	18,001	606	3.3%	3.2%
2001	18,859	18,171	688	3.6%	3.9%
2002	19,572	18,854	718	3.7%	4.6%
2003	20,209	19,450	759	3.8%	4.9%
2004	20,579	19,818	761	3.7%	4.7%

Source: Minnesota Workforce Center

Area Employment Forecast:

A report issued in October, 2005 by the Minnesota Department of Employment and Economic Development, *Labor Market Profile*, indicates that employment projections suggest that healthcare, business and financial, computer and engineering jobs will grow the fastest. In West Central Minnesota (Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin counties) employment growth is projected to be fastest in three occupational sectors:

- Healthcare Support fields are expected to expand by 31.6 percent over the decade. The strongest performers will include home health aides, nursing aides and attendants, medical assistants, and medical transcriptionists.
- Community and Social Services fields are expected to grow by 24 percent over the decade. The top gainers will include social workers and social and human services assistants.
- Computer and Math-Related fields are expected to expand by 26.1 percent over the decade. Growth-leading occupations will include computer support specialists, computer software engineers, and systems analysts.

The Department of Employment and Economic Development (DEED) indicates that overall the future job market favors “knowledge” workers and service-producing jobs. Many farming-related occupations, production occupations, and other blue collar fields are expected to add a minimal number of jobs or decline. These Minnesota regional projections employ the same trend analysis used by the U.S. Department of Labor in national employment projections. Both nationally and in Minnesota, employment projections are widely used in educational program planning and career guidance.

Composition of the Tax Base

Over the past several years, Osakis’s tax base has typically consisted of a high level of residential properties. Based on taxes payable 2005, approximately 72% of the City of Osakis’s assessed market value is residential (single and multiple-family) in nature, 10.5% is commercial/industrial and 17% is ‘other’ including institutional/agricultural. The following table compares the assessed values for residential and commercial/industrial properties within various cities. Osakis’s tax base mix is lower in the commercial/industrial base and considerably higher in the ‘other’ classification than that of surrounding communities. According to the MN Department of Revenue, 2002, the Statewide Average in 2000 was 15.31% of the tax base as commercial.

**Table 11-10
Market Value Comparisons
Payable 2005**

City	Commercial	%	Residential	%	Other	%	Total	City Tax Rate
Osakis	\$ 7,615,167	10.5%	\$ 52,613,640	72.4%	\$ 12,466,940	17.1%	\$ 72,695,747	42.85%
Alexandria	\$ 259,646,267	37.9%	\$ 403,612,400	58.9%	\$ 22,008,122	3.2%	\$ 685,266,788	32.84%
Glenwood	\$ 18,086,167	16.4%	\$ 82,162,473	74.5%	\$ 10,076,877	9.1%	\$ 110,325,517	64.22%
Long Prairie	\$ 23,714,533	21.6%	\$ 83,984,440	76.4%	\$ 2,255,919	2.1%	\$ 109,954,892	40.01%
Sauk Centre	\$ 35,867,367	18.5%	\$ 154,971,080	80.0%	\$ 2,843,713	1.5%	\$ 193,682,160	75.76%
Total	\$ 344,929,501	29.4%	\$ 777,344,033	66.3%	\$ 49,651,571	4.2%	\$ 1,171,925,104	--

Source: MN Department of Revenue

Osakis Economic Development Program:

Successful economic development is affected on the availability of land, financial resources, transportation access, available labor pools, size of service area, educated employees and the entrepreneurial spirit.

The City of Osakis is committed to the goal of economic development. The preservation and creation of jobs, enhancement of tax base and promotion of the general welfare of the people of Osakis are the primary objectives of the City's economic development activities. To meet these objectives, the Osakis Economic Development Authority (EDA) was established by the City Council in 1997. The Council granted the EDA limited powers available to EDA's under MS Sections 469.090 to 469.108. The Osakis EDA primarily functions as an advisory board while the City Council has all final decision-making authority.

Through the EDA, the City provides business assistance with tax increment financing (four active TIF districts), tax abatement, the use of JOBZ acreage, the issuance of industrial revenue bonds and works with local lenders to provide conventional financing. The City also works closely with regional and state agencies, such as West Central Initiative Foundation and the Minnesota Department of Employment and Economic Development (DEED), which offer additional economic development programs. The City also works closely with the Osakis Economic Development Corporation, which was established by local businesses owners in 1985. The OEDC is a local organization currently active in promoting economic development within the community. The OEDC has a charitable gambling license with all proceeds donated back into community to enhance economic development opportunities, scholarship establishment and to fund downtown storefront renovations.

Some notable economic development activities recently occurring in the City include:

- In 2003, the City of Osakis completed the sale of 29 lots within Osakis Properties Housing Subdivision and the sale of property for a pending development of a 28 unit twin home Planned Unit Development marketed to seniors.
- Phase II of Osakis Properties was completed in 2005 providing 23 additional single family housing lots for the community. The development continues to utilize Tax Increment Financing to write down land and assessment costs for income eligible families. Approximately five lots were sold in 2005.
- In 2003, the Highway 27 reconstruction project was completed with the addition of decorative street lighting and sidewalks where feasible.
- In 2003 the City was awarded a Small Cities grant to help build affordable housing in Osakis Phase I, rehabilitate a number of homes and for the replacement of decaying infrastructure.
- Redevelopment along the main thoroughfare (Highway 27/Nokomis Street) has been occurring with the redevelopment of a former cement block plant and development of a motel and RV Park completed in 2004 through the use of tax abatement.
- The renovation of a vacant building accommodating a large tourist attraction (Osakis Meat Shop and Deli).
- Improvements to the downtown aesthetics continue to be made through the Downtown Improvement Fund which contributes up to \$2,500 per project to downtown businesses seeking to make storefront and exterior building improvements. Approximately five projects were assisted in 2005 and additional funding is anticipated to continue this effort in 2005.
- The City and EDA assisted their largest manufacturer (Lind-Rite Precision) with their second expansion of a 12,100 square foot development through the use of JOBZ benefits. The project created a minimum of four new jobs paying not less than \$11.50/hour helped create a \$550,000 capital investment in the industrial park. Construction of the project was completed in 2005.

Continuing City /EDA efforts include concentrating on marketing and developing the existing industrial park. In 2005 the City/EDA looked into the feasibility of installing street, curb, gutter and storm water improvements to help improve the marketability of the property. The City will be seeking funding through the DEED Public Infrastructure Grant program. If successful, this project will serve to not only improve the marketability of the industrial park, but also address storm drainage issues on the east side of town. The EDA has a work plan for economic development; however, should consistently review and update the plan on an annual basis.

Economic summary:

Osakis's economy benefits from its location adjacent to I-94 and its proximity to the Alexandria metropolitan area. Additionally, the area's lakes draw retirees, advancing service and construction occupations. Resulting opportunities draw experienced workers, which may stabilize slowing labor force growth and an aging workforce. Healthcare, food service, and construction, which all have strong employment growth, are somewhat place-bound. Work must generally be done in the same place that the good or service is consumed. In contrast, manufacturing and call centers face regional and global competition. However, if manufacturing continues its current growth path, it will disprove the conventional wisdom that declining manufacturing employment is an inevitable consequence of globalization.

Global, regional and demographic trends are shaping the region, bringing both benefits and challenges.

While the City of Osakis has in the past generally maintained its current economic characteristics, it is expected the local economy will begin to diversify within the next few decades.

Several factors suggest the expansion of the commercial/industrial tax base within the community.

1. The formation of an Economic Development Authority in 1997 and the addition of an Economic Development Staff Consultant in 2000.
2. Growth of the Alexandria metro and Lakes area.
3. Labor force numbers for Douglas County have surpassed projections prepared in 2003, which suggested a 36.9% increase from 2000 to 2030.
4. The unemployment rate has remained below state and national averages within the past several years.
5. As retirees resettle in the lakes area, additional demand for services and construction will be required.

III. PUBLIC INPUT ON ECONOMIC DEVELOPMENT

In order to obtain community input on economic development within the City, several questions relating to commercial and industrial development were included in the community survey. In addition, the topic was discussed at the community meeting as well as at a business meeting. Following are comments that were received:

Positive economic attributes for Osakis:

As a part of the Business Meetings the following were identified as positive attributes of doing business in Osakis:

- Small town atmosphere, Close knit community
- Lake, Recreation and Location
- Diverse Economy Base
- Adequate Labor Force
- Business Support Organizations

Economic Development Challenges:

As a part of the survey/interview process, participants were asked to identify the major challenges facing Osakis. Responses relating to economic development included;

- Future needs in technology
- Competition between businesses
- Developing labor force
- Lack of customers
- Slow growth
- Convincing community members to buy local

- Loss of resorts
- Changing economic base

Additional economic opportunities:

Those attending the business meeting suggested a real need for support services such as farm supply stores, vet clinic etc. Those responding to the community survey and community meeting identified the following businesses or services as potential additions to the community: Dollar Store, Personal Services, Apartment Housing, Small Industry and a Veterinary Clinic.

Other responses from the survey included: Restaurants, Clothing Store, Variety Store, Floral Shop, Movie Theatre, Manufacturing and Health Club

Public assistance to promote economic development:

The state of Minnesota requires public entities to establish wage and job goals for businesses which are receiving public financial assistance or a “business subsidy”. The majority of those attending the business meeting suggested that the wage goal necessary for the City to participate with business incentives should be \$10.00 to \$11.99.

IV. Tourism

Osakis serves as a tourist attraction through most of the year. The City offers visitors a wide variety of recreational opportunities including fishing, water activities, camping/RV, resort activities, recreational trail activities, bowling, golfing, snowmobiling and unique shopping. Events and attractions include the Osakis Festival, Rose Days, Easter Days, the summer fishing contest, Quilts Along the Trail, Santa Day and Roddin’ around the Lake among others. Parks and recreational offerings are further discussed in Chapter 10, Parks and Recreation. The commercial base reflects the impact tourism has on the community. There are numerous antique and specialty shops in the downtown area including antiques, quilt shops, crafts and other gift shops and restaurants.

Tourists have a positive financial impact on the community’s economy and provide funds through the increased traffic, especially in the summer months. Considerations required to service tourists include weekend business hours, options for evening entertainment or “night life” and provisions for parking of recreational vehicles.

Recommendations relating to tourism in the area:

1. Continue to consider the impact tourism has on the community’s streets and traffic congestion while preparing the capital improvement plan for street improvements.
2. The community should consider the needs and desires of residents as well as tourists when planning future park improvements.
3. Continue to highlight area tourist attractions, events and commercial/service related businesses and monitor and adapt to changes in tourism including business hours of operation.
4. A tourism study should be considered which includes demographic information on tourists, their spending habits and potential ways to capitalize on tourism in the community.

V. TECHNOLOGY

Osakis’s telecommunication profile includes availability of internet access services either through broadband or wireless pathways, and dial-up.

As a part of the business meetings participants noted the availability of technologically advanced communication services is becoming increasingly important. Remote distance learning, high-speed internet access and digital technology are utilized by some of the businesses currently, but demanded by an increasing number of establishments.

Recommendation relating to technology:

1. The City may wish to research state and regional financial resources as a means of supporting commercial/industrial technology upgrades.
2. The City may wish to proactively work with local high-speed data access providers when utilities are installed in commercial/industrial corridors. The City may wish to consider installing high-speed data conduit (if local telephony providers do not) and leasing space to telephony providers as a means of encouraging access to high-speed data lines in commercial/industrial areas.
3. The City should distribute copies of preliminary plats to local telephony providers as a means of encouraging the placement of high-speed data lines and/or conduit when improvements are made.

VI. TRADE AREA

The geographic area from which a retail location attracts its customers is generally referred to as a trade or service area. Service areas can be defined in a number of ways, and their uses vary depending on the type of business conducted at the retail location. Map 11-1 on the following page depicts a general 15 and 30 mile trade area of Osakis. The total population within a 30-mile radius of the City is 47,080. Income characteristics within the trade area are as follows:

**Table 11-11
15 and 30 - Mile Radius Income Characteristics**

2000 Households by Household Income	Total 14,633	%	Total 17,935	%
Income Less than \$15,000	2,537	17.34	3,459	19.29
Income \$15,000 - \$24,999	2,364	16.16	2,710	15.11
Income \$25,000 - \$34,999	2,058	14.06	2,667	14.87
Income \$35,000 - \$49,999	2,713	18.54	3,537	19.72
Income \$50,000 - \$74,999	3,035	20.74	3,462	19.30
Income \$75,000 - \$99,999	1,055	7.21	1,175	6.55
Income \$100,000 - \$149,999	593	4.05	590	3.29
Income \$150,000 - \$249,999	202	1.38	265	1.48
Income \$250,000 - \$499,999	59	0.40	60	0.33
Income \$500,000 or more	17	0.12	11	0.06

Source: 2000 Census

One use of trade areas is for new business prospecting. Retail opportunities exist, both in the downtown and in future highway commercial areas of Osakis. However, the closest freeway oriented "big box" retail is 11 miles to the west in Alexandria and another "superstore" will be opening in 2007 less than ten miles away in Sauk Centre. According to downtown development experts, small retailers can grow and prosper even with new superstore competition. Generally, small stores cannot compete on the basis of price and selection, but they can find special products and services that the superstores do not offer. Gaining customer loyalty through consistent value and good shopping experiences is essential. The National

Grocers Association and others offer some tips for grocers, facing the new competition from superstores. The recommendations apply to general retail as well.

- **Service.** A general weakness of large supermarkets is their inability to provide fast and friendly service, especially on weekends. Large stores often do not have enough employees or managers to solve problems. Small grocers can offer a smile and personal service (such as baggers that carry groceries out to cars).
- **Offer Convenience.** Many consumers today are looking for a one-stop shop (banking/ATM, childcare, pharmacy, restaurants, photofinishing, etc.). Small retailers should explore ways to fit additional services in their limited space.
- **Use Technology.** New technology such as self-checkout lanes are being installed in many stores today. Credit card capabilities are essential as well.
- **Enhance Store Atmosphere.** Some argue that consumers are tired of long aisles and boring atmosphere. Consider creating a more pleasing shopping experience by changing the lighting and floor plans. Make sure the stores are easy to shop in and are clean and modern.
- **Offer Order-By Phone.** Local stores that have a high elderly population within its market area may want to consider "order-by-phone" service with personal delivery.
- **Collaboration with Other Stores.** A store should choose products and services that are not duplicative of other businesses. Cooperation including among local businesses is necessary. In rural areas, regional retailers can work with each other by having one store deliver to other stores, helping each of them to stay in business.
- **Don't be Fussy about Where You Get Sales.** Downtown retailers should pay close attention to their key market segments including walking-distance residents and downtown employees. However, they must recognize that other market segments (such as tourists) may provide the additional sales volume to make the business profitable. Aggressive promotion is necessary.
- **Sell High Quality Perishable Food.** Customers indicate that quality and freshness are often more important than price. Quality fruits, vegetables and meats as well as use-before/sell-by dates are some of the most important factors in selecting a store. Most chains are weak on perishable foods. Some believe that fresh food sections will grow in popularity while canned and boxed good sections (the strength of superstores) are shrinking.
- **Ready-To-Eat Foods.** Today's fast-paced lifestyle is responsible for the steady growth in away-from-home food expenditures. This leads to a decline in sales on items for in-home consumption. Grocery stores can regain lost sales by preparing ready-to-eat foods, such as salads, soups, and pastas. Consider an in-store café.
- **Offer Unique Products.** Gourmet items (i.e. fresh breads, deli meats, desserts), organic and vegetarian items, extensive Herbs & Spices, imported wines/beers, local artisan crafts and goods and seasonal items can differentiate a store from the competition.
- **Don't Compete on Price.** Some industry experts argue that price is not as important as quality and customer service. However, prices should be reasonable in the eyes of the consumer. Develop marketing strategies with wholesalers and direct store delivery companies.

VII. CENTRAL COMMERCIAL DISTRICT

It is essential that a community understands the importance of all commercial and industrial areas and the overall impact each has on the community as a whole. The City's zoning ordinance classifies commercial areas into one commercial zoning district. This classification does not allow for flexibility in utilizing official

controls nor does it allow for the highest and best use of property. Separate commercial classifications are necessary to preserve the character of downtown area and highway commercial areas as well as to conserve the value of buildings and encourage the most appropriate use of land throughout the City.

Recommendations for Central Commercial Development

1. The City shall focus on strengthening the downtown as a vital center of the community offering:
 - a. A diverse mix of activities such as retail shops, residences, eateries, public buildings, workplaces and parks;
 - b. Lively, pedestrian-friendly amenities (e.g. ornamental lighting, benches, green space, unified streetscape, wide and continuous sidewalks, etc);
 - c. Unique pedestrian systems tied to existing and future park/open space facilities, historic buildings; and,
 - d. Opportunities for personal interaction and tourism within the community such as museums, bed and breakfasts and community gathering spots, occasions and celebrations.
2. Areas for the establishment of a potential “Downtown Redevelopment District” should be identified with respect to the acquisition and/or rehabilitation of substandard properties and the preservation of structures for rehabilitation. Potential financial assistance sources for improvements such as the establishment of a redevelopment or renewal/renovation tax increment financing district and/or Small Cities Development Program (commercial/residential rehabilitation) should also be identified.
3. Governmental, semi-governmental and institutional services and buildings including City offices, the establishment of a community park shelter and parkland/trail connections impact the vitality of a “Downtown” business district and should be encouraged/retained/expanded in the downtown core.
4. New single-family housing units on lots directly abutting Nokomis Street between First Avenues East and West should be discouraged due to compatibility concerns. Housing more appropriate in this type of setting is of a multiple family type and/or mixed commercial/residential structures, such as senior housing in which residents may walk to nearby services. Adequate off-street parking and open space should be provided for residential uses.
5. The City should encourage the construction of new housing units in areas adjacent to the downtown core as a means of increasing pedestrian traffic/interest in the downtown area.
6. The pedestrian circulation system should be enhanced by improving sidewalks, street furniture, and mitigate conflicts with traffic and street intersections by providing proper separation and signage control and enforcing such signage regulations.

VIII. HIGHWAY COMMERCIAL DISTRICT

General commercial/business construction is expected to occur within the City of Osakis adjacent to high-volume transportation corridors such as T.H. 27 and Highway 127. With the availability of municipal utilities adjacent to said roadways, and assuming adequate capacity within the system, the City may reasonably anticipate general commercial/business development in said areas within the next several years. Therefore, Osakis should plan to utilize the properties abutting major transportation corridors to establish attractive commercial areas. Since the highway corridors may serve as commercial districts for the City, which could impact the downtown core, commercial development adjacent to major roadways should be complimentary to the services in the Downtown. These developments should be of a specialized nature exhibiting needs of highway access and visibility.

City financial assistance to highway commercial growth should be limited to non-competing commercial activity which is deemed in the best interest of the community and which would not occur without assistance. Commercial land use is planned along County Roads 3, and 127, which could accommodate larger lot developments as well as along Highway 27. A total of 143 acres have been designated as Highway Commercial in the future land use map.

Policy Statements for Highway Business Development

1. The City should strive to attract highway business developments that are complimentary to those offered in the central business district.
2. Commercial developments adjacent to T.H. 27 should be of a specialized nature exhibiting the unique needs associated with major highway access and visibility.
3. Commercial and service centers should be developed as cohesive, highly interrelated and coordinated units with adequate off-street parking and appropriate regulated points of access.
4. Revisions/additions of certain development standards should be considered to insure the quality of development desired by the community including minimum lot sizes, lot coverage, landscaping standards, building construction, lighting, screening and outdoor storage.
5. The City should conduct research on design standards employed by neighboring communities and solicit input from the local business community to determine if such standards are beneficial for the City of Osakis and to what extent such standards may be employed.
6. Commercial maintenance codes may be enacted and enforced to help ensure that the commercial development maintains community character on an ongoing basis.
7. Immediate, short-range market potential and demands for activities that are not suggested for a site or area by the Comprehensive Plan or allowed by the Zoning Ordinance should not be the sole justification for a change in activity.
8. The EDA should work toward the establishment and implementation of a five-year work plan and goals for commercial redevelopment and development and complete an annual review of the plan.
9. The EDA should develop marketing tools and information packets to distribute to commercial development leads seeking information regarding locating in the City or expanding within the City.
10. The EDA should continue to maintain an inventory of available commercial parcels/lots available for development or redevelopment for distribution to development prospects, posting on the DEED website, etc.
11. Safe and convenient pedestrian movement and transportation alternatives should be considered within all service and commercial districts.

IX. INDUSTRIAL DEVELOPMENT

The City of Osakis is fortunate to have a fair industrial base. The City has bonding authority to assist and encourage industrial development. The Industrial Park is currently 65% full, with five lots available for development.

Policy Statements for Industrial Development:

1. The EDA should continue to work on the establishment of a five-year work plan and goals for industrial development and complete an annual review of the plan.

2. The EDA should establish financial assistance policies and a business retention and expansion program.
3. The EDA should develop marketing tools and information packets to distribute to industries seeking information regarding locating in the City or expanding within the City.
4. The EDA should continue to maintain an inventory of available industrial parcels/lots available for development or redevelopment for distribution to development prospects, posting on the DEED website, etc.
5. Existing industrial uses should be retained and new industrial development should be encouraged to locate in existing industrial parks and industrially zoned areas.
6. Traffic generated by industrial activity should be prohibited from penetrating residential neighborhoods.
7. The City and its Economic Development Authority should actively promote industrial developments that maximize the return on city investments in public facilities and services, provide quality employment opportunities and compliment existing services.
8. Existing industrial uses and new industrial development should not cause pollutants or contaminants to be emitted into the surrounding environment (including air, soils, ground water, drainageways, sanitary sewer and storm sewer) in excess of State and Federal regulations.
9. Industrial areas should be adequately screened and appropriately landscaped and designed according to City standards. For both existing and new industrial development, regulations should be maintained with criteria regarding: building appearance and materials; screening of outside storage areas; screening of off-street parking facilities; use of landscaping; and proper handling of environmentally sensitive areas.
10. Industrial activities complementary to existing uses should be identified and the development of such industries should be promoted and facilitated.
11. Alternative fiscal incentives should be investigated to attract new desired industries to Osakis.
12. Due consideration should be given to all potential physical implications and services and facility demands (i.e., traffic generation, sewer and water demands, etc) of any proposed industrial development. Extension of utilities and annexation of areas about to become industrial in nature should occur prior to the issuance of building permits for the industrial construction.