

COMMERCIAL-INDUSTRIAL LAND USE STUDY: PHASE I SUMMARY REPORT

EUREKA TOWNSHIP, MINNESOTA

This document provides a summary of work completed to date, including the review of existing documents, market demand analysis, and Task Force recommendations.

DECEMBER 6, 2010

TKDA Project Number 14690.000

TKDA

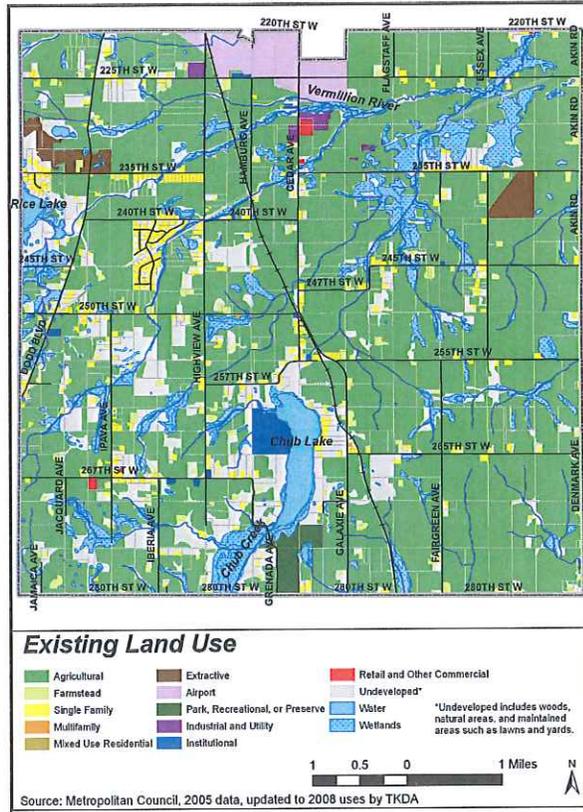
ENGINEERING • ARCHITECTURE • PLANNING

COMMERCIAL-INDUSTRIAL LAND USE STUDY PHASE I: SUMMARY REPORT

Eureka Township’s Commercial-Industrial Land Use Study Task Force began meeting in late August, 2010. The Task Force completed the following tasks: (1) reviewed existing planning documents related to potential commercial-industrial land use designation in the Township, (2) reviewed and discussed a Market Study for potential new commercial and industrial land use, and (3) completed a draft survey for Board review that to be mailed to Township landowners. The survey will be used to gauge local interest in future designation of areas to develop new commercial and industrial land uses in the Township. This report summarizes the analysis completed in Phase I of the Commercial-Industrial Land Use Study.

EUREKA TOWNSHIP PLANNING DOCUMENTS

I. COMPREHNSIVE PLAN, EXISTING LAND USE AND ZONING



All of the Township is currently zoned Agriculture. Some commercial land uses are allowed by Interim Use Permit. These include new Mining operations and Airstrip. (Map Source: 2030 Comprehensive Plan)

II. PAST PLANNING STUDIES

The Township's 2003 Commercial –Industrial Land Use Study and 2007 Strategic Vision recommended that new Commercial-Industrial land use areas not be designated in the Township at the time of the studies.

- Both studies suggested that the lack of municipal sewer and water services in the Township and their availability in nearby areas was a barrier to new development. They expressed concerns about the potential impacts of commercial-industrial development on the Township's rural character, quality of life, and environment.
- The studies suggested that if commercial-industrial development is allowed in the future, it should bring a fiscal benefit to the Township's tax base, and be concentrated in identified zones.
- The survey of Township residents taken for the 2007 Strategic Vision indicated that there was not a consensus on this issue at that time.

The 2030 Comprehensive Plan maintained the Township's zoning for Agricultural use. It recommended that the Township conduct a thorough study before designating any land for commercial and industrial uses. The study should include: types of uses that support Township goals; market demand; fiscal impact on the Township; aggregate resource availability and mining feasibility; the potential for mixed-use development; landowner interest; timing of urban services; and land use relationships in adjoining municipalities. The 2010 Commercial-Industrial Land Use Study is implementing the recommendations in the Comprehensive Plan.

III. 2010 COMMERCIAL-INDUSTRIAL LAND USE STUDY

Market Study

A key element of the current Commercial-Industrial Land Use Study is a market analysis, completed by Donjek, a financial consulting firm that specializes in financial issues that affect public and private interests. Donjek completed a review of recent market studies in Dakota County and adjacent communities, reviewed local comprehensive plans, and completed focused interviews with professionals experienced with commercial/industrial lending, brokerage and development in Eureka Township and the local area.

Based on the analysis completed to date, Donjek's key findings about the market for new commercial and industrial land uses in the Township include the following:

- Eureka Township is likely to grow in strength and commercial market potential in the long term (five to fifteen years into the future). The Township’s location, local transportation infrastructure (county roads, airport and rail) and working population are assets that could attract and support future commercial and industrial uses.
- In the shorter term (1 to 5 years) several factors will likely dampen the interest in commercial and industrial development in the Township—including the availability of over 300 acres of land that is ready for sale or lease for commercial and industrial uses with sewer and water service in Lakeville and Farmington; relatively low land prices in the current market; and a soft lending market.
- Availability of infrastructure and public services are important factors for some types of commercial and industrial land uses. These services include sewer and water services as well as fire protection, energy, and communication bandwidth.
- The Township may be able to compete well with its neighbors for business related to warehousing and distribution, trucking, landscape businesses, smaller manufacturing businesses and others that require larger land areas and may not require sewer and water infrastructure.
- The Township should consider how it will distinguish itself and identify its own “market niche” if it intends to compete for new commercial and industrial land uses with neighboring communities. The niche could consider businesses that could be attracted to the Township without municipal sewer and water services available in the near term, and perhaps with infrastructure available in the long term.

TKDA staff reviewed property tax studies and fiscal impact studies that compared the community costs associated with developing commercial and industrial land uses with the potential fiscal benefits. The studies generally concluded that commercial and industrial development provide a net fiscal gain for communities like Eureka Township, while single-family residential uses generate a net fiscal loss.

Task Force Discussion of Market Study Findings

Task Force members discussed the information provided by the Market Study, and noted the following:

- Task Force members noted that some of the business types that were identified as opportunities for the Township may provide low tax return and might be shorter-term uses. The Township may need to consider how to encourage transition to longer-term uses that provider a higher value to the Township.

- Task Force members summarized the Township’s advantages for attracting new commercial and industrial uses as follows:
 - Lower land cost than Lakeville and Farmington
 - Lower cost to develop sites due to good soils
 - Good transportation access, including county roads, Airlake Airport and rail line
 - Local employee base
 - Zoning standards that do not have highly restrictive performance standards for buildings
- Members asked about the attractiveness of the Township for Commercial/Industrial uses related to agriculture and horticulture. Jon Commers of Donjek indicated that while these uses may be attracted to the Township because they require a large land area, these uses typically do not have a high economic return.
- Task Force members also noted that environmental conditions in the northern portion of the Township may limit new commercial and industrial development.
- The Township may need to partner with others to attract higher value business to the Township, and compete successfully with Lakeville and Farmington.
- The Task Force is focused on the long term. Actual commercial and industrial development may be 7-10 years away, based on current market conditions. This allows time for the Township to gauge local interest, and take the steps needed to make it possible.
- The findings of the market study should be provided to Township property owners along with the survey regarding interest in new commercial/industrial development.

Task Force Recommendations

The Task Force recommended the following next steps for the Commercial/Industrial Land Use Study:

- Survey of property owners. The Task Force developed a draft survey to gather information on property owner interest in new commercial and industrial development. The draft was provided to the Town Board for review and approval.
- Contact with Metropolitan Council. If the survey shows sufficient interest in new commercial and industrial development, the Task Force suggested that a next step in the study would be to meet with Metropolitan Council representatives to discuss potential infrastructure availability and timing.
- Phase II of the Commercial/Industrial Land Use Study. Based on property owner interest and discussions with the Metro Council, the Town Board could authorize Phase II of the

Study, which would include development of land use scenarios, an infrastructure study, a fiscal impact study and completion of recommendations.