



**LE SUEUR CITY COUNCIL
WORK SESSION AGENDA
Monday, July 18, 2016
203 South Second Street
6:00 P.M.**

1. Call to Order
2. 2016/2017 Street Improvement Financing Discussion
3. Discuss Economic Development
4. Adjourn



CITY OF LE SUEUR
MEMORANDUM

TO: Mayor and City Council

FROM: Jenelle Teppen, City Administrator

SUBJECT: 2016/2017 Street Improvement Project Financing

DATE: For the City Council Work Session of July 18, 2016

For the discussion Monday evening, Doug Green from Springsted, and Zach Doud, Finance Director and myself will be in attendance to review financing options for the proposed 2016/2017 Street Improvement project.



CITY OF LE SUEUR
MEMORANDUM

TO: Mayor and City Council
FROM: Jenelle Teppen, City Administrator
SUBJECT: Discuss Economic Development
DATE: For the City Council Work Session of Monday, July 18, 2016

PURPOSE/ACTION REQUESTED

Discuss the future of Economic Development in Le Sueur.

SUMMARY

In May the City Council received information on how economic development activities have been performed in the City for the past 40-50 years. You also heard from a retired management professional who has experiences across a number of rural/out-state communities in southern Minnesota.

As Council will recall from that meeting, the City has contracted with Le Sueur Development Inc. (LSDI) to perform economic development activity on behalf of the City. If there are items requiring action, a recommendation comes to the City's Economic Development Authority (EDA) from LSDI.

A component of the contract between the City and LSDI is that LSDI is to submit an annual Work Plan to the EDA for their review and approval. In addition to the Work Plan, LSDI is to submit a proposed budget to the EDA annually. Through the years of the relationship, some work plans and budgets were submitted, while others weren't.

Attached is a copy of the 2016 Draft Work Plan.

As you can see by that draft, the primary focus of LSDI is and has been industrial development. Over the years, LSDI has been very successful in this effort; the City has a very strong industrial base of which it should be proud and the credit for that is owed to LSDI.

At the time that LSDI was created and for the next two decades or so, growing industry was the primary focus of many communities. As time has gone on, the focus of economic development has shifted to a broader community-wide perspective.

A proven comprehensive strategic economic development plan accounts for:

- Public and private partnerships and investment
- Human resource development, education and training.
- Land use and sustainable housing growth.

- Commercial and Industry stock.
- Social, recreational, arts and cultural development.

In order to build towards this broader focus I recommend the City budget for a Community Development Director for 2017.

This position would be tasked with not only economic development activities, but planning and zoning activities, and housing, both development and redevelopment. Today the planning and zoning and housing activities fall to me and I'm unable to manage that additional workload effectively.

A program of proactive economic development engages in all aspects of City related functions from parks and recreation, to street and sidewalk improvements, to marketing/communications. We currently have a marketing and communications program that does a great job with programs and activities, but we should take that next step and market the city to a larger audience from an economic development perspective.

An in-house staff person would ensure that these activities and necessary relationships are maintained.

It's not anticipated that this proposed staff person would be the Executive Director of LSDI. Ed Tschida has fulfilled both the Executive Director of the EDA and LSDI over the past several years.

An option the Council could consider to fund this position and associated activities either in whole or in part is to establish an EDA levy. This would be outside the regular property tax levy.

RECOMMENDATION

Staff recommends Council provide direction to include with the 2017 budget a Community Development Director position and if it should be funded in whole or in part from an EDA levy.

Left to the Council to discuss is how LSDI fits into this future.

Note:

I've attached two articles that I encourage you to read. Commissioned by the McKnight Foundation and published just this June, the pieces focus on the challenges facing communities outside the metro area, what some of the changes have been, and also examples of what some communities are doing to maintain the vitality of their cities.



Le Sueur Development, Inc.

500 N Main Street
Le Sueur, MN 56058
507-665-3435

To: LSDI Board of Directors

From: Ed Tschida

Re: Draft LSDI 2016 Work Program and Budget

Date: March 9, 2016

Following is the LSDI work plan presented for discussion as a basis of the future direction that LSDI desires to take with regard to its role in community economic development.

PROPOSED 2016 LSDI WORK PLAN

THEME: Successful community development involves working with groups of diverse interests to bring about consensus and subsequent action on issues and projects for the betterment of the community.

GOALS:

Understand industry's needs for locating new facilities or adding to industrial base in the community.

Focus LSDI efforts on industrial development to cause development of specific projects.

Continue as a representative of "positive influence" on decisions that are important to the future development of the community. As one of many private and public participants, LSDI must continue as a successful participating organization speaking to the issues, which create or tarnish Le Sueur's image as an inviting location for expanding or relocating business and industry. The degree to which LSDI contributes in this effort will depend, in large measure, on its image as an agent of "positive influence" on important community development decisions.

2016 WORK PLAN:

- **US Highway 169 Development Corridor.** Progress occurred on planning, design and engineering during the time that LSDI controlled the Le Sueur Business Park. LSDI's efforts led the way to providing adequate infrastructure to the development property and funding strategies that paid for access to US Highway 169. With the transfer of the Le Sueur Business Park to the EDA, LSDI should continue the following tasks:
-

- Participate in the continued planning and development of the Highway 169 corridor, as this area continues to be Le Sueur's opportunity/challenge for the future. The community's prospects for industrial growth lie in its ability to create an industrial park with highway access, planned to accommodate larger industries.
 - Integrate the new US Highway 169 entrance into the Le Sueur Business Park as part of the TH 169 Le Sueur wayside rest project. The property formerly occupied by the service station should be used to announce/market the area for industrial development. This parcel is too small to accommodate development; however, it is large enough for monument signage and a landscaped entrance.
 - Continue to work with City, County, US Highway 169 Corridor Coalition and MnDOT to provide adequate access to US Highway 169 development corridor.
 1. Assist the City to implement the \$2,072,571 Transportation Economic Development program grant for the TH 169 Le Sueur Hill Access and Rest Area Improvements project.
 2. Assist property owners/businesses in their efforts to coordinate private development with TH 169 access and right-of-way issues.
 - Participate with EDA, planning commission and City Council to develop the land-use plan, zoning and development criteria for the US Highway 169 development corridor.
 - Identify resources to assist in development and marketing.
- **Monitor and respond to all development inquiries/opportunities within the community.** Without exception, LSDI has responded to each inquiry for development assistance within the community. In this regard, LSDI should continue the following tasks:
 - Monitor potential developments in the community.
 - Respond to proposals to expand existing industry or add new industries.
 - Function as the lead entity to implement development assistance for new or expanding enterprises.
 - Initiate a strategy to introduce entrepreneurs, business startups and small businesses to the numerous programs and services available through GMG and the Small Business Development Center to aid them to create jobs in the community.
- **Marketing and promotion.** In 2010, the city of Le Sueur entered into an agreement to participate in a Regional Economic Development Alliance (REDA) with Greater Mankato Growth (GMG). GMG's principal responsibility under this agreement is to provide, marketing efforts relating to regional economic development including the development and implementation of programs that identify and support expansions and new business in the community, whether from firms currently operating locally or through recruitment of new enterprises. LSDI should engage with GMG in the following tasks to market and promote the community:
 - Facilitate initiatives targeted at retaining and growing existing businesses, including an annual program of company visits for the purpose of assessing individual and area business needs as well as identifying potential development and expansion opportunities.
 - Develop Le Sueur's component of a comprehensive marketing communications plan. The plan will market the collective strengths of the regional marketplace as a site for growing or expanding a business

to potential businesses, organizations and site selectors from outside and within the regional marketplace.

- Ensure that Le Sueur conveys its message and economic development resources by fully participating in the development of advertising, internet, press releases, relationship marketing, special events and direct mail.
 - Update the community on GMG's activities and achievements on behalf of Le Sueur.
 - Ensure that Le Sueur development properties are included in the regional property inventory to create a comprehensive area-wide inventory that can then be accessible from the GMG web site and other sites that link to it.
 - Meet monthly with GMG to review proposals and prospects of interest to Le Sueur and promptly follow up on said items.
 - Monitor and report on all the on-going economic development-marketing efforts within the community.
- **Continue close communication with local employers.**
 - Remain current on local industries' expansion and growth goals.
 - Maintain continual dialogue with companies to identify their needs, wants, and then help them to attain their goals in Le Sueur. In this regard, coordinate with GMG on annual company visits.
 - Continue LSDI efforts to express appreciation for the fine companies located in Le Sueur and make the public aware of their contributions. Support and sponsor programs/events that make business and industry aware of what Le Sueur offers.
 - Schedule and assist LSDI staff in arranging Appreciation Events.
 - **Continue to be supportive of the retail/housing/service sectors.** Although requests in these areas are relatively infrequent, LSDI offers development expertise and access to financing with that may be appropriate in some instances.
 - LSDI should participate in responding to specific proposals for development or redevelopment upon a request by an individual business or local government.
 - **Monitor and process on-going Revolving Loan Fund requests for loans.**
 - Interview applicants, process loan applications and bring recommendations to the Board.
 - Make periodic reviews to Board of loan status and activity.
 - **Meet with EDA to discuss Le Sueur economic development.**
 - Meet twice per year with the Le Sueur EDA to discuss community development plans.
 - In areas of mutual interest or overlapping responsibilities work to dovetail efforts for the betterment of the community.
 - **Maintain full and active Board membership.** At its 2011 annual meeting, the LSDI Board of Directors voted to maintain a 12-member Board. Board member terms expiring in early 2014 include Keith Maetzold, Ben

Hutton and Mary Scott Riviere. LSDI should complete the following tasks to maintain a strong and active Board:

- Determine interest in these individuals continuing Board membership.
 - If required, select and obtain acceptance of nominee(s) for Board membership.
 - Present nominees for officers' positions at Annual Board Meeting that is tentatively scheduled for February 11, 2014.
- **LSDI committees.** Currently LSDI operates the following committees:
 - "Industrial Park Committee" consisting of Tom Tellijohn, Robert Oberle, **open seat** and Ed Tschida;
 - "Marketing Committee" consisting of Paul Borchert, Bob Brown, **open seat** and Ed Tschida;
 - "Industry Communication and Promotion Committee" consisting of **open seat**, **open seat** and Tom Doherty;
 - "Residential Housing Committee" consisting of Bruce Olness, **open seat** and **open seat**;
 - "Revolving Loan Committee" consisting of Bruce Olness, **open seat** and Ed Tschida; and
 - "Nominations Committee" consisting of Jim Anderson and Tom Tellijohn.
- Discuss current committee structure, committee responsibilities and membership.

VIGILANCE: While it is possible to set forth the scope of activity for LSDI, it should be understood that the very nature of LSDI's mission involves a program that responds to situations as they may develop. LSDI needs to be an alert and keenly aware of developments that can affect the community's future.

LSDI BUDGET: Information on the following page shows previous income and expenses, as well as, a projected LSDI budget for 2014.

Le Sueur Development, Inc. Budget				
Actual Expenditures and Budgets				
INCOME	2011 Actual	2012 Actual	2013 Budget	2014 Budget
Cash (checkbook)	4,747	2,316	5,440	5,000
City Contribution	30,000	30,000	35,000	35,000
Land Rent	0	0	0	0
Miscellaneous	0	0	0	0
Interest Receivable (EDA Note)	0	0	0	3,421
US Treasury	3,887	0	0	0
TOTAL INCOME	38,634	32,316	40,440	43,421
EXPENSES				
Accounting/Legal	2,698	1,490	3,000	3,000
Advertising	0	0	200	200
Bank Charges	0	0	0	0
Community & Development Promotion	0	0	0	0
Director Contract @\$2,000/mo.	24,000	24,000	24,000	24,000
Insurance	751	503	750	500
Office Supply & Expense	748	989	450	900
Miscellaneous	576	0	150	0
Real Estate Taxes	0	0	0	0
Income Taxes	0	0	0	0
Rent, Office	6,898	6,898	7,000	7,000
Travel	0	0	0	0
Utilities/Telephone	584	551	600	600
Engineering Expense	0	0	0	0
Interest Note Payable FF&M LOC	0	0	0	0
TOTAL EXPENSES	36,255	34,431	36,150	36,200
CURRENT OPERATING INCOME- MINUS EXPENSES	2,379	-2,115	4,290	7,221
NET CHANGE	-2,368	-4,431	-1,150	2,221
Wednesday, September 11, 2013				

In addition to the cash in the checking account, LSDI has a note receivable plus accrued interest from the Le Sueur EDA that has a value of \$124,308 as of December 29, 2013.

MINNPOST

It's time for a new narrative about Greater Minnesota

By [Jay Walljasper](#) | 06/13/16



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Washington Post blogger Christopher Ingraham had never been to Red Lake County, or anywhere near it, when he called it “the absolute worst place to live in America.” Now he’s moving there.

First of two articles

The McKnight Foundation commissioned writer and consultant Jay Walljasper to do a series of reports looking at the prospects and challenges in Minnesota’s 80 counties outside the metro area. This is the first of two articles drawn from his latest report, “[North By Northwest: Rural Resilience in Northwest and North Central Minnesota.](#)” [PDF] His earlier report on southeast Minnesota is available [here](#) and northeast Minnesota [here](#).) North central and northwest Minnesota are defined here as the corner of the state west of a line from St. Cloud to Warroad, and north of I-94 or Minnesota Highway 27 west of Alexandria.

There’s a sharp difference of opinion about the desirability of northwest and north central Minnesota as a place to live.



In National Geographic magazine a few years back, Garrison Keillor described feeling as if he has “come into paradise” when driving into this corner of Minnesota, the setting of his fictional town of Lake Wobegon.

But in summer 2015, Washington Post blogger Christopher Ingraham painted a starkly different picture for the paper’s website, noting that the worst places to live in America, in terms of scenery, are “clustered around the Minnesota/North Dakota border region.”

“The absolute worst place to live in America,” he continued, “is Red Lake County, Minnesota.”

Ingraham had never been to Red Lake County, or anywhere near it. He was merely quoting the 1999 Natural Amenities Index created by the US Department of Agriculture, which rated the “natural aspects of attractiveness” of every county in the country based on climate, topography, and access to bodies of water.

Reactions to Ingraham's blog post from the North Star State came fast and furious. “I had never been disagreed with so much,” Ingraham **reported**. “And so politely.”

Along with numerous refutations of Ingraham’s research came an offer to visit the Red Lake County from Jason Brumwell, whose family runs Voyageur’s View Campground and Tubing on the Red Lake River. Soon Ingraham was on the ground in Minnesota — kayaking, touring farms, visiting a shooting range, eating fried walleye and talking with friendly folks in Main Street taverns, including a local banker who had come home for a less frantic life after eight years on Wall Street.

“It sure didn’t seem like the worst place in America,” he confessed “or one lacking in natural amenities, or natural beauty, either.”

The civic spirit of Red Lake County particularly impressed him. “Over and over, the folks I spoke with told me it was that sense of community that kept them there.”

This spring, Ingraham, 34, **announced** that he and his wife, Briana, and their 2-year-old twins were moving to Red Lake County, where he will continue to work for the Post via Internet. Ingraham’s dramatic change of heart, which drew headlines around the country, dispels the widespread belief that rural Minnesota holds little appeal as a place to live for anyone not born there. Upon closer inspection, as he found out, small town life offers many qualities, from high civic involvement to affordable housing.

Rural Minnesota’s 'brain gain'

Ingraham expresses wonder that he’s moving to rural Minnesota, but University of Minnesota Extension sociologist Ben Winchester is not at all surprised.

For years Winchester has been documenting what he calls rural Minnesota's "brain gain" — a spike in people ages 30 to 50 moving from suburbs and big cities to small towns.

"A lot of these people coming into our rural communities are arriving with high levels of education, with earning power, with experience, and with children," he explains. At a recent **Fergus Falls Business Summit**, for instance, a third of the attendees reported they had moved to the area between the ages of 30 and 50.

This partly compensates for the well-publicized "brain drain" of 18- to 25-year-olds who leave small towns for college and to start careers. "We need to write a new narrative about our rural communities, not the story of decline that we've been told since the 1950s," stresses Winchester, who lived in rural Hancock for many years and now lives in St. Cloud (for his wife's job).

Winchester notes that the population of rural Minnesota is not dwindling — it has grown by 11 percent since 1970. Minnesota's urban population has risen by 66 percent over the same period, although some of that growth comes from the recent reclassification of Blue Earth and Nicollet Counties (the Mankato-St. Peter area) from rural to urban, and other rural counties being incorporated into the Twin Cities, Rochester, Duluth, St. Cloud, Fargo and LaCrosse metro areas.

He points to four leading reasons for this unexpected migration: 1) slower pace of life 2) greater sense of security and safety 3) lower cost of living, and 4) better access to outdoor recreation. And for the roughly half of brain-gain newcomers who move with children, smaller schools often factor into their decision.

The broad reach of the Internet is fueling this trend as urban professionals like Ingraham can bring their jobs with them to a small town. The lack of **high-speed broadband connections** needed by entrepreneurs and telecommuters, however, remains a problem in some parts of rural Minnesota.

Technology has also reduced the lag time for new cultural currents to hit rural communities. "There's much less difference between rural life and city life now," Winchester says. "Small towns are much more socially diverse. Not everyone is going to belong to the Eagles Club anymore. Many are now involved in outdoor recreation groups like canoeing associations."

Winchester spots a couple of demographic shifts on the horizon that may accelerate the brain gain. "One of the biggest opportunities we've had to reinvigorate rural Minnesota in 120 years is the large number of baby boomers that are retiring and looking to sell their homes in the coming years" — opening more housing options in small towns. "And the millennials are just turning 30," Winchester adds. "Let's see what happens with them."

Park Rapids: Small-town comforts with big-city options

Big ambitions are afoot in Park Rapids (pop. 3,700), where the Upper Mississippi Center for the Arts will occupy the historic National Guard Armory thanks to \$2.5 million in bonding from the state Legislature.

The plans call for the armory to become a community gathering spot with art classes, music lessons,

lifelong-learning programs, meetings, events, receptions, concerts, and summer productions of the Northern Light Opera Company, whose staging of "West Side Story" sold out all eight performances in 2015.



CC/Flickr/Brian Moen

People who vacation in Park Rapids feel very invested in the community, even when they're back home.

Arts proponents like Cynthia Jones, president of the Downtown Business Association, say public events can bring the whole community together — year-round residents and summer people, low-income families who live in town and wealthier ones who live on lakes, kids and parents and grandparents. “Everyone comes out for the outdoor music concerts we do downtown Thursday evenings in the summer,” she notes. “They all bring their lawn chairs.”

Despite the presence of a Walmart Supercenter on the outskirts, Park Rapids’ Main Avenue — with businesses ranging from a Ben Franklin store to the Bella Caffé — is a lively social hub stretching four blocks.

One of Main Avenue’s anchors is The Good Life Café, a homey spot that splits the difference between a small-town diner and a gastropub. Co-owner Molly Luther, 34, grew up in town and moved back home after seven years in Boston at a software firm. “They let me telecommute from Park Rapids,” she explains. “I knew that if I wanted to live here I’d have to bring my own job — or create one myself,” which she eventually did in starting the café with her sister and husband.

“When you leave, you really appreciate what a small town offers,” Luther adds. “Yet I feel small towns should also have the same kind of options as living in Boston or Minneapolis.” That’s part of her mission with the café, which features local craft beers, inventive cocktails, walleye tacos, and gouda-bacon mac-and-cheese.

In vacation destinations like Park Rapids, the brain gain extends beyond the 30- to 50-year-old set. “Seasonal, occasional, and recreational residents have traditionally provided a strong customer base for local businesses and organizations, and may become increasingly important to communities as these part-time residents transition to become permanent residents,” notes a 2015 [report](#) from the University of Minnesota Extension. This is already true in Park Rapids.

Cynthia Jones, who owns RiverBend Home Expressions, a furnishings and accessories store, moved from Kansas City with her husband, Ellis, after many years of summering in Park Rapids. Paul Dove, founder of the Northern Light Opera Company, moved from Evansville, Indiana, with his wife, Pat. John Rasmussen, current president of the Park Rapids Rotary Club, moved from Omaha with his wife, Christie.

People who vacation in Park Rapids feel very invested in the community, even when they're back home. "We've got a webcam looking out on Main Street," Jones says, "and if it goes down, we soon hear about it from people across the country."

White Earth: Recovering land, culture, and hope

Traveling through Becker County in early autumn — blue prairie skies with splotches of red and orange appearing in the trees — Robert Shimek, executive director of the **White Earth Land Recovery Project** (WELRP), looks out at a pasture golden-lit by afternoon sun and says, "This land is lonesome for buffalo."

"That's where I want to put in a buffalo herd," he adds. "I wouldn't have thought that 20 years ago. Well, yes I did, but I wouldn't have talked about it."

His organization seeks to get back some of the land that belongs to the Anishinaabeg (Ojibwe) Nation according to the 1867 treaty with the United States.

"We've bought 1,400 acres," says Shimek, which WELRP uses to help White Earth Reservation residents sustain livelihoods by hunting, fishing, trapping, logging, wild rice gathering, maple sugar harvesting, berry picking, and other traditional practices.

"We want to get at the 45 percent unemployment around here by adding a little more certainty, cash income, and opportunity to people's lives," he emphasizes. "Poverty is our overriding challenge."

The group operates out of an old elementary school in Callaway, just north of Detroit Lakes, on the White Earth Reservation. The school also houses NijjiiRadio (KKWE 88.9 FM, whose motto is "Independent Radio for an Independent Nation") and Native Harvest, the business arm of WELRP that sells native foods and crafts such as wild rice, maple syrup, buffalo sausage and birch-bark baskets.

They run a multitude of projects — ranging from community gardens that feed schoolchildren and families to seed libraries preserving indigenous crops and medicines to wild rice and maple sugar harvest events in which centuries-old skills are handed down to the next generation.

WELRP also speaks out to protect wild rice from genetic modification and the proposed Enbridge Sandpiper crude oil pipeline, which Shimek notes "goes through the heart of wild rice country in Minnesota."

St. Cloud: Take another look

It's commonly assumed that Minnesota's population growth all occurs in the Minneapolis-St. Paul region. In reality, the rest of the state continues to experience modest growth, with some places on par

with the metro area, including St. Cloud. The City of St. Cloud saw 11.3 percent growth between 2000 and 2012, and the St. Cloud metropolitan region (encompassing Stearns and Benton counties) grew even faster than the Twin Cities at 20.7 percent.

Another misconception is that St. Cloud is overwhelmingly white and, according to some, not friendly to those who aren't. "There are 44 languages spoken in the school district," answers Don Hickman, vice president for Community and Economic Development at the Initiative Foundation, which serves Central Minnesota. Approximately 10,000 Somalis, along with immigrants from other African countries, and 5,000 Latinos live in and around St. Cloud, he notes. While several unfortunate incidents have been widely publicized, he says that the community as a whole sees immigrants as a great asset in a global society and economy.

"With so many aging baby boomers, our region's workforce needs newcomers," Hickman says.

A robust economy, along with the presence of 35,000 students at St. Cloud State University, Saint John's University, College of Saint Benedict, and St. Cloud Technical and Community College, explains the rise in both population and diversity. The Greater St. Cloud Development Corporation, a collaborative of more than 100 regional business and community leaders founded in 2011, is focusing on six key goals to keep the economy humming: business development, talent attraction and retention, workplace well-being, innovation, transportation and downtown vitality.

Another surprise in St. Cloud for folks who haven't visited recently is downtown, which has welcomed **24 new businesses** since mid-2014, accounting for \$9 million in investment, according to Pegg Gustafson of the St. Cloud Downtown Council. Nearly every storefront in the heart of town on St. Germain Street is open for business: boutiques, a halal butcher shop, Herberger's department store, a children's theater, coffee shop, art gallery, used book store, the Paramount Theatre for performances, gift and housewares stores, a game shop, plus bars and restaurants to meet virtually anyone's taste.

Like Minneapolis, St. Paul, and other cities across the country, St. Cloud is rediscovering its riverfront as a strategic recreational and cultural asset. Bike and walking trails parallel the Mississippi on both sides; parks and superb floral gardens line much of the east bank, and a new boardwalk and walk bridge following the west bank near downtown is set to open in summer 2016.

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Jay Walljasper, author of "The Great Neighborhood Book," is editor of OnTheCommons.org. He writes, speaks, consults and strategizes about enriching urban and community life. Walljasper lives and bikes in the Kingfield neighborhood of Minneapolis.

COMMENTS (1)**"Misconceptions"**

SUBMITTED BY PAT TERRY ON JUNE 13, 2016 - 1:31PM.

You pretty much lost me by trying to whitewash the racial issues in St. Cloud. Gross.

<http://www.citypages.com/news/st-cloud-is-the-worst-place-in-minnesota-t...>

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MINNPOST

Towns like Fergus Falls and Alexandria invest in quality-of-life efforts to ensure vitality

By [Jay Walljasper](#) | 08:20 am



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While not a tourism center, college town, or high-income enclave, Fergus Falls would strike most people as a nice place to live.

Second of two articles

The McKnight Foundation commissioned writer and consultant Jay Walljasper to do a series of reports looking at the prospects and challenges in Minnesota's 80 counties outside the metro area. This is the second of two articles drawn from his latest report, "[North By Northwest: Rural Resilience in Northwest and North Central Minnesota](#)" [PDF]. The first article is [here](#). Walljasper's earlier report on southeast Minnesota is available [here](#) [PDF] and northeast Minnesota [here](#) [PDF].) North central and northwest Minnesota are defined here as the corner of the state west of a line from St. Cloud to Warroad, and north of I-94 or Minnesota Highway 27 west of Alexandria.

Brainerd native [Charles Marohn](#), a planning engineer and influential national authority on creating vital communities, offers a common-sense and controversial perspective on the future of Minnesota's small towns and cities. "It's simple," he declares. "Communities need to stop thinking they can import prosperity" by attracting a big employer to town or undertaking some massive project. "You can't make instant success like you do instant mashed potatoes."

A more effective strategy is "bottom-up investment," he believes. "Focus on how to make it a better place for people who live here right now. If you do that year after year, you'll have a great place that attracts people and business."

Marohn outlines how this idea could work for his hometown of Brainerd, which is struggling with



poverty and unemployment, in the report "**Neighborhoods First: A low risk, high return strategy for a better Brainerd.**" Published by **Strong Towns**, the national organization Marohn leads, the report is introduced with the **observation** that "cities across the country are starting to realize that the 'big project' approach takes up too much staff time, wastes too much political energy, and distracts too much from the basic needs of existing neighborhoods. Risky, low returning projects too often become expensive boondoggles that haunt a community for decades."

He then proposes eight important projects for Brainerd's future, which together cost a modest \$16,800. They

include bike lanes, a pedestrian corridor, safer pedestrian crossings, and tree planting, all in lower-income neighborhoods. While this might sound like a "kids'-meal" version of your typical big-city liberal agenda, Marohn, 42, identifies himself as a "conservative" (revealing he has "never voted Democratic for president"), and still lives in the Brainerd area with his wife and two school-age kids.

A key foundation of Strong Towns' philosophy and its plan for Brainerd is fiscal restraint, which is explained as 1) not "taking on onerous long-term liabilities or gambling on speculative future development" and 2) not becoming "dependent on local government aid and other, unstable funding from state and federal sources to provide basic services." Marohn contrasts his proposal with Brainerd's current economic development policies, such as \$9 million for widening a two-mile stretch of road popular as a short cut out of town, or forking over 26 years of tax subsidies to a Taco John's restaurant.

Marohn thinks a better path to success is smaller, sounder investments that improve people's quality of life, "which boosts the livability of the town and gives it a whole different view of itself, which creates the conditions for investment to come in."

Marohn points to Wadena and Fergus Falls as regional examples of strong towns, which he defines as places where "you see the quality of life going up for everyone. Not booming in a gold rush sort of way, but things are getting better gradually."

Fergus Falls: The art of community

While not a tourism center, college town, or high-income enclave (the usual contenders in rankings of the best small communities), Fergus Falls (pop. 13,000) would strike most people as a nice place to live. **Livability.com** rated it **#62** on its list of the Top 100 Best Small Towns in America (Alexandria was **#22**; Bemidji **#74**), citing its good schools, quality health care, shopping options, natural amenities, and arts offerings.

Lake Alice, offering Lake-of-the-Isles ambience with classic early 20th-century architecture, lies three blocks from Main Street. The falls themselves are just a block away in the other direction, and mark

the starting point for a nature trail running alongside the Otter Tail River. Well-kept Lincoln Avenue could stand in as a 1940s Main Street in a movie, with the Viking Cafe, the City Bakery, Lundeen's stationery, Olson Furniture, Biffley's used books, a Sears appliance store, a drugstore, dance studios, jewelry stores and law offices.

But Fergus Falls is not frozen in time. Around the corner from Lincoln Avenue is a foothold of 2010s hipster culture. It's home to the Union Avenue Pizza & Brewing Company, which offers its own house-made beer and brick-oven pizzas, as well as Café 116, serving coffee amid a retro dinette décor, and Riverfront Square, a vintage and gift shop. Even Main Street has been updated with boutiques, the Body Mind Center for wellness, Don Pablo's Mexican restaurant, and the Kaddatz Galleries. The movie theater is now home to the Center for the Arts, which showcases touring musicians, community theater, choir concerts, and other performing arts.

Fergus Falls is turning to the arts to fortify its quality of life and attract new residents and businesses. That's why St. Paul-based **Springboard for the Arts**, whose mission is to strengthen communities and artists by tapping their creative potential, said yes when the **Lake Region Arts Council** invited it to open a field office in Fergus Falls. "Just like in urban neighborhoods, artists are gatherers and story tellers of the things that set our communities apart, and they can also be the first wave of things to change," explains Springboard Rural Program Director Michele Anderson.

A number of younger artists have moved to Fergus Falls seeking lower rents for housing and studio space, observed Anderson, 33, a classical pianist and composer who moved from Portland, Oregon. "But it's more than money. Young people today want to help shape the places we live, whether we are artists or not. In a small town you can step up and do that. I liked Portland, but didn't feel I could make a difference there," she says. "Here I feel like I am involved every day in helping make things happen."

Among other towns in the area embracing arts and culture to ensure their vitality are Vining, featuring mammoth depictions of everyday objects such as a clothespin in the Nyberg Sculpture Park; and New York Mills, where the Regional Cultural Center sponsors a jam-packed calendar of music, film, yoga classes, a puppet pageant, a kite festival and The Great American Think-Off, a philosophy debate that put the town on the map for folks outside Minnesota.

Alexandria: keeping downtown lively

Ranked #22 of America's best 100 small towns by Livability.com, Alexandria (pop. 11,000) has taken steps to ensure its appeal as a place to live by making downtown more inviting. The main street, Broadway, is also Minnesota Highway 29, which meant that heavy traffic hurrying through the five-block shopping district tarnished the town's quality of life. That's why Alexandria undertook a project in 2014 to widen sidewalks, narrow traffic lanes, and encourage motorists not to speed through town.

The results could be seen immediately. Traffic accidents were down 49 percent in 2015, compared with the average from 2009 to 2013, on this five-block stretch of Broadway, according to city engineer Tim Schoonhoven. "Wider lanes tell people to sail through here as fast as you can," says Alexandria city planner Mike Weber. That's bad for business as well as for people on foot. "People can't shop from their cars. Shoppers are pedestrians."



Alexandria Tourism

Ranked #22 of America's best 100 small towns by Livability.com, Alexandria (pop. 11,000) has taken steps to ensure its appeal as a place to live by making downtown more inviting.

Alexandria's downtown improvements are part of its Complete Streets policy — an innovative approach to planning adopted by a number of Minnesota cities and counties (and the state itself) that looks out for the needs of all users on public roads, not just motorists. Another project in Alexandria is the Safe Routes to School program to promote biking and walking for kids, which led to building sidewalks on streets near an elementary school that had none.

Battle Lake: It takes a whole town to stay vital

Battle Lake (pop. 875) is also embracing Complete Streets in its aspiration to attract young families and new businesses. "We didn't want to be another small town on the prairie that loses people, loses our school, and becomes a ghost town," explains Dan Malmstrom, a local resident who started Douglas Scientific in Alexandria and other high-tech companies.

Better conditions for biking and walking are a key part of this strategy. When local folks heard that Minnesota Highway 78 running through downtown would be resurfaced, they persuaded the Minnesota Department of Transportation to narrow it from four lanes to three and substantially widen the sidewalks. The middle lane accommodates turns in either direction — a new design known as a "road diet" that curbs speeding and reduces crashes by 29 percent, according to Federal Highway Administration research.

Reba Gilliland — who works at a nonprofit art gallery and is part of an ad hoc group of more than 100 people pushing to invigorate Battle Lake — stresses that calming traffic is only the tip of the iceberg. Over the past three years, citizens have approved a school levy to improve education, worked to bring natural gas to Battle Lake, beautified downtown with striking mosaics, sponsored numerous social

events like the now-annual Pumpkin Fest and are busy planning Battle Lake's 125th birthday celebration this year

The most noticeable change in Battle Lake is a more lively downtown.

"In the summer you can hardly walk down the street," Gilliland enthusiastically reports. A popular Fergus Falls bakery opened a branch here, joining a pharmacy, lumberyard, tavern, vintage store, and other eateries. Meanwhile the "world's biggest coloring book" awaits kids in a refurbished, car-free alley, with chalk available in an old post box.

"You still hear some grumbling about we don't want to be an art town, we want to stay the way we are," admits Gilliland, who then quickly notes that 30 more kids were enrolled in the school last year than the year before. "The drive with all this is to get more families with kids to come here."

Frazee: where the trails lead

Besides Portland, Boulder, San Francisco, Madison, and Minneapolis, the list of **Bicycle Friendly Communities** from the League of American Bicyclists includes Moorhead, Bemidji, and Frazee, all in northwest Minnesota. Moorhead and Bemidji are college towns, but Frazee? Well, Mayor Hank Ludtke, a retired truck driver, envisions making Frazee into Minnesota's premier trail town — a center for all kinds of outdoor recreation.

Indeed, three distinctly different kinds of trails connect here. The popular Heartland State Trail, used primarily by bicyclists and snowmobilers, is slated to come to town on its eventual route from Park Rapids to Moorhead. The North Country Trail, a 4,600-mile hiking path (about half-developed) from North Dakota to New York State (akin to the Appalachian Trail) winds through Frazee along the Otter Tail River. The river itself is a designated state water trail for paddlers, who can cover 175 miles between Rochert and Breckenridge.

Tourism plays a role in the mayor's plans, but his major aim is attracting new residents. The city's unique geography as a peninsula virtually surrounded by lakes and the river makes it unattractive as an industrial site, he explains. "So if we are going to be a bedroom community to Perham and Detroit Lakes, let's be a really good one."

Ludtke won office on a platform of increasing the town's appeal to older people and young families with kids, both of which prize outdoor recreation. In addition to plans for capitalizing on the trails, he has overseen the creation or planning of new on-street bike lanes, a bike/ped path leading to the elementary school, a bike safety course for kids, a Safe Routes to School program, a police-on-bikes program, and public kayak and canoe facilities.

"Being outdoors is good for kids' and everybody's health. You see nature, have fun," exalts Ludtke.

Looking ahead

North central and northwest Minnesota face challenges the same as rural regions all over the country: an aging population, the exodus of college-age kids, regular slumps in agriculture and industry, a shortage of jobs paying middle-class wages and marginal Internet service in some locales. Yet their

biggest problem is a stubbornly pervasive sense that small-town Minnesota is played out, depleted of talent and resources after 100 years of decline. Many people both inside and outside the region believe that young people’s only hope is getting out, and everyone who stays should not expect much in terms of opportunity, services or community quality of life.

This part of the state is full of folks who don’t buy that story. These are the committed residents who pull together to enliven Main Streets, attract businesses and young families, nurture the arts, improve education and instill confidence that their towns will thrive in the years to come.

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SUBMITTED BY JEFFREY KLEIN ON JUNE 14, 2016 - 11:43AM.

Policy makers, please learn from Chuck. This guy gets it.

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