



## MAYOR & COUNCIL COMMUNICATION

**DATE: March 18, 2014**

**REGULAR**

**ITEM # 12**

**AGENDA ITEM:** Downtown Lake Elmo Market Area Profile – Authorize Execution of Contract with University of MN Extension Service

**SUBMITTED BY:** Kyle Klatt, Community Development Director

**THROUGH:** Dean Zuleger, City Administrator

**REVIEWED BY:** Nick Johnson, City Planner

### **SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item .....Community Development Director
- Report/Presentation.....Community Development Director
- Questions from Council to Staff..... Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

**POLICY RECCOMENDER:** Staff – as per direction from the March 11<sup>th</sup> City Council/EDA workshop.

**FISCAL IMPACT:** \$750 for the study. The preparation of the report will require Staff time, and the City will need to help coordinate the participation of the local businesses community as well. Staff is proposing to use the Planning Department’s contractual services budget for the project.

**SUMMARY AND ACTION REQUESTED:** The City Council is being asked to enter into an agreement with the University of Minnesota Extension Service to conduct a downtown Lake Elmo market area profile. The Council recently viewed a presentation describing the study at its March 11<sup>th</sup> joint workshop with the EDA. There was a general consensus at this meeting to proceed with the Study, and Staff is seeking authorization to enter into a contract with the Extension Service to begin the project. The work is expected to take approximately six to nine months, and will require the participation of representatives from the local business community.

*The recommended motion to take action on this item is as follows:*

***“Move to authorize Staff to enter into an agreement with the University of Minnesota Extension Service to complete a Market Area Profile for Lake Elmo”***

**LEGISLATIVE HISTORY:** With the completion of the Village Area Comprehensive Plan amendment, the City may now move forward with implementation of the goals and objectives from the plan. An important step to take prior to moving ahead with commercial development initiatives is to gain a better understanding of current market conditions and to better understand the potential for attracting certain types of businesses into the downtown. Staff met earlier this year with our local Extension Service Educator to discuss the market study work that is performed by the University of Minnesota Extension Service, and this work appears to be a very good fit for Lake Elmo and can be done at a very reasonable cost.

The Market Area Profile that would be conducted is intended to help identify the City’s market area and to better understand the types of businesses that may or may not be a good fit for the community. The study makes use of available demographic and retail sales information in order to better understand the market for Lake Elmo. The attached Extension Service handout provides a summary of the Market Area Profile program, which is consistent with the information presented during the recent downtown workshop.

Should the Council elect to move forward with the study, Staff will work to assemble a Market Profile Team comprised of Staff, local officials, and members of the business community. This group will be tasked with identifying the City’s market area that will serve as the basis for the information analysis. Although the attached agreement specifies a project end date of April 1, 2013, the entire study is expected to take six to nine months.

**BACKGROUND INFORMATION (SWOT):**

- |                      |   |
|----------------------|---|
| <b>Strengths</b>     | <ul style="list-style-type: none"><li>• The Market Area Profile will help the City and local businesses better understand the City’s market area.</li><li>• The Extension Service performs this work at a minimal cost to the City.</li></ul>   |
| <b>Weaknesses</b>    | <ul style="list-style-type: none"><li>• Undertaking the study will require a time commitment from the City and a local study group.</li></ul>   |
| <b>Opportunities</b> | <ul style="list-style-type: none"><li>• The study helps identify gaps in the local business offerings.</li><li>• The study will help businesses and the City identify strategies to attract new businesses to the community.</li><li>• The study will help local businesses better understand current market conditions in Lake Elmo.</li></ul> |
| <b>Threats</b>       | <ul style="list-style-type: none"><li>• Lack of participation from local businesses or the inability of these businesses to devote time for the study.</li></ul>  |

**RECOMMENDATION:** Based upon the above background information and previous discussion at the March 11<sup>th</sup> workshop, Staff is recommending that the City Council authorize

Staff to enter into an agreement with the University of Minnesota Extension Service to conduct a downtown Lake Elmo market area profile. The suggested motion for this action on this item is as follows:

***“Move to authorize Staff to enter into an agreement with the University of Minnesota Extension Service to complete a Market Area Profile for Lake Elmo”***

**ATTACHMENTS:**

1. University of Minnesota Extension Program Fee Agreement
2. Market Area Profile Fact Sheet