

8. Economic Development

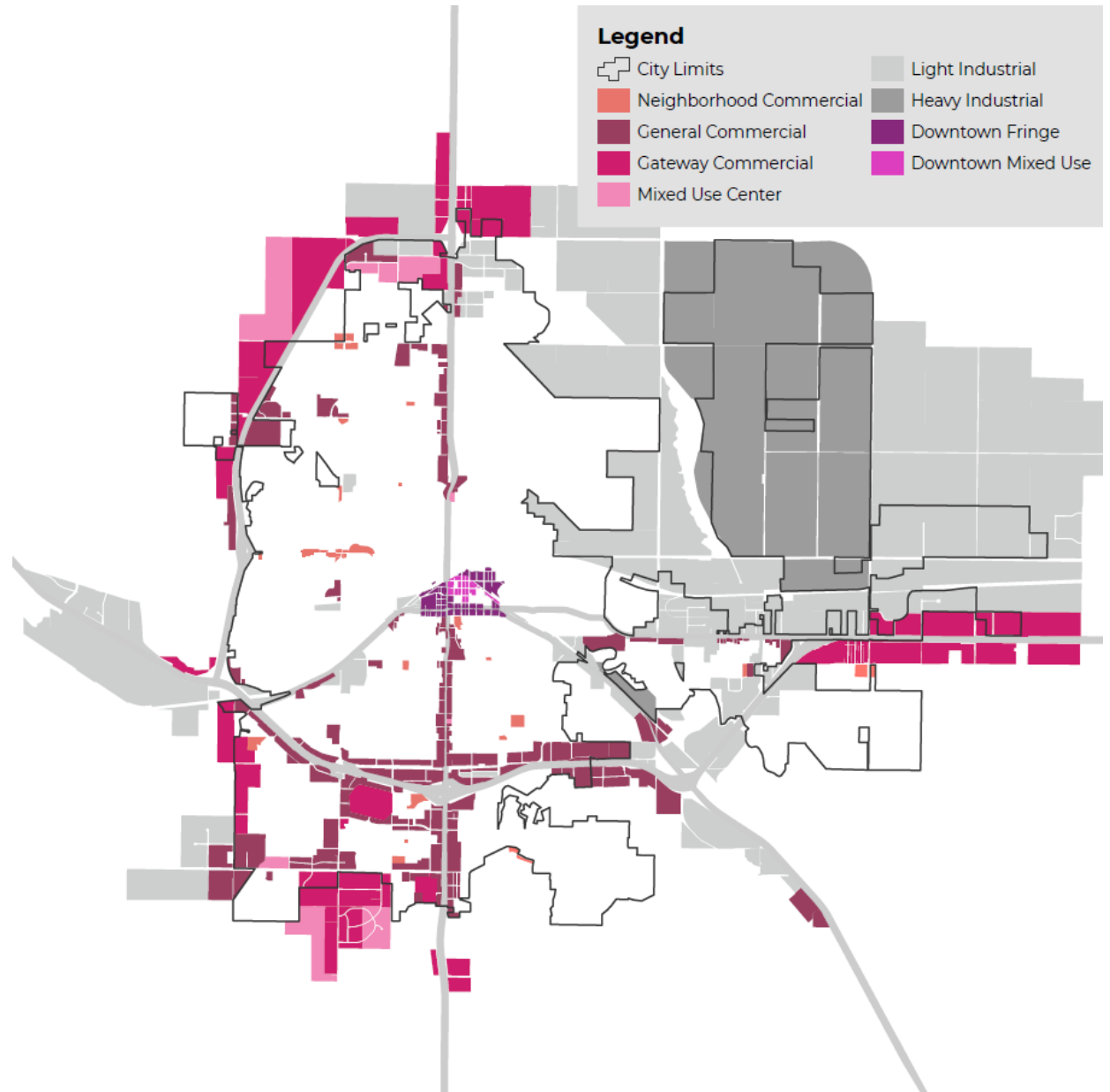


WHAT'S INSIDE

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- National Context
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Land Use Connection

Land uses that are associated with production, commerce, and employment drive economic development. Industrial activities support the economic base, creating commercial products and inputs to production that occurs in Minot, the region, and beyond. Commercial businesses support thousands of local jobs. Downtown Minot plays a special role in defining Minot's identity and community character, which the City promotes to prospective residents and workers.



WHAT IS ECONOMIC DEVELOPMENT?

Local economic development (LED) mobilizes community assets to improve quality of life and grow community wealth. Assets include workers and capital funds, as well as housing, recreational resources, schools, and more. Business growth expands the tax base, creating more revenue for the City to invest in essential projects and placemaking efforts.

The traditional approach to economic development is to use financial incentives to recruit new businesses and industries to the community. The downside with this approach is that it diverts resources from communities, where they could be used to build the type of place that attracts and retains business long-term. If incentives are the primary motivator for business development, businesses will leave when

incentives expire. The emergent model of economic development redirects the flow of capital toward placemaking initiatives, so it stays in the community longer. Economic development is a cross-cutting theme that affects how we think about housing, parks, infrastructure, and aesthetics. Above all, strong leadership and community partnerships are instrumental to success.

Economic development is a cross-cutting theme that touches on all other aspects of the Plan.



Housing

Diverse, affordable housing gives current and future working families a place to call home.



Public Services, Facilities, and Utilities

Infrastructure improvements create shovel-ready sites and signal that Minot is open for business.



Parks and Recreation

A variety of accessible recreation opportunities help attract and retain working families.



Community Aesthetics

An attractive built environment fosters community development and a sense of pride.



Culture and Entertainment

Experiencing and participating in events and activities strengthens social capital and cultural identity.



Workforce

A talented workforce with desirable skillsets supports business development opportunities.



Partnerships

Partnerships between the City, businesses, and community organizations open new possibilities.



Strong Leadership

Active leaders engage the community and sustain momentum for transformative change.

NATIONAL CONTEXT

The United States officially entered a recession in the summer of 2022 with two consecutive quarters of declining gross domestic product (GDP). Inflation exceeded 8.5 percent, its highest rate in 40 years. The Covid-19 Pandemic illuminated supply chain issues, leading to increased business and political interest in reshoring industry to the United States. It also accelerated the rise of telework and knowledge-based services. Now, more than ever, workers can choose where they want to live. With the cost-of-living skyrocketing in superstar metros, more households are relocating to affordable communities that provide a better work-life balance. Amid economic uncertainty, young job-seekers increasingly prioritize economic stability.

Meanwhile, many sectors have struggled to maintain staffing levels and provide the level of service that consumers are accustomed to, while increased lending rates have impacted cash flows for businesses and households. Demand for skilled workers remains high, even as industries develop automation and

artificial intelligence capabilities (AI) to improve efficiency.

North Dakota’s growth outlook is tied to energy and is sensitive to the regional oil supply, production rates, and price. North Dakota oil production peaked at 518 million barrels in 2019, according to the U.S. Energy Information Administration. Output declined during the pandemic to 405 million barrels in 2021, about the same level of production as 2014. While there is a push toward renewables at the federal level and within the private sector, oil production is expected to remain strong for the foreseeable future. Meanwhile, the continued growth of wind, solar, and other renewable technologies is anticipated to create new job opportunities and avenues for growth.

LOCAL ADVANTAGES

Local advantages are the foundation for growth. Minot benefits from being the economic hub for western North Dakota, although growth potential is tempered by the city’s proximity to Bismarck. Relative to the nation, the northern Great Plains region has benefited from economic stability, powered by growth in primary industries. The region also has a better

long-term climate outlook than the South, Southwest, and Mountain West, which may increase net migration to the Plains over the next 20 years. A medium-sized city, Minot is large enough to provide most of the services that households need and expect, while avoiding the negative aspects of large urban areas (e.g., traffic and crime). The City’s population has grown younger and is increasingly educated, with over 61 percent of adults having completed some college or higher. Major assets and employers include Minot State University, Minot Air Force Base, and Trinity Hospital.

Table 8-1 below lists the largest employers in the community.

Table 8-1: Minot’s Top Employers (2019)

Employer	Workforce
Minot Air Force Base	6,368
Trinity Health	2,053
Minot Public Schools	1,052
City of Minot	424
Minot State University	404
BNSF Railway	360
MLT Inc.	358
Kalix	308
Ward County	297

DEVELOPMENT SECTORS



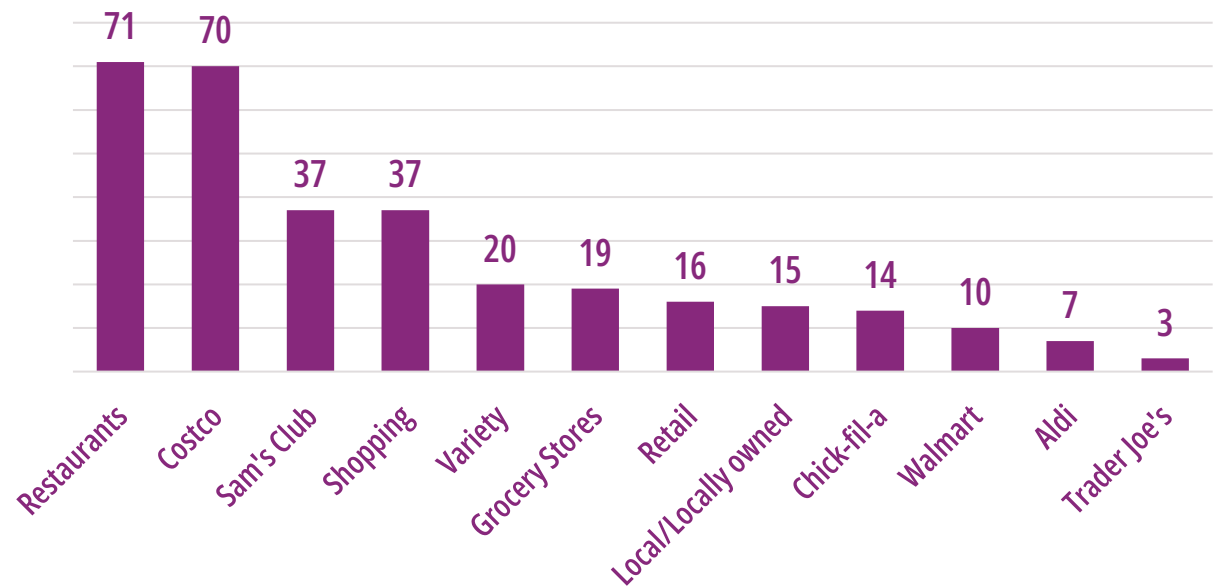
Retail Market

Minot's retail economy is generally healthy. Still, residents would like to see a greater variety of offerings for shopping and dining. There is a tendency to compare the community to larger markets in Bismarck and Fargo. Residents can – and do – travel to Bismarck for shopping opportunities that are not available in Minot but would clearly prefer to avoid the trip. Addressing retail market gaps not only improves local accessibility but helps retain spending within the community. **The Neighborhood Commercial, General Commercial, Gateway Commercial, and Mixed-Use Center land use categories provide opportunities for retail expansion.**

Survey Results

The community survey conducted for the Comprehensive Plan asked residents to identify Minot's biggest area of need. Residents wrote about housing, sidewalks, aesthetics, retail, and other issues. With regards to retail, they expressed a desire for a greater variety of shopping and dining options. While several national chains were mentioned, residents also emphasized the value of distinct, locally owned businesses that

Number of Retail Keyword Mentions in Community Survey



differentiate the community. The most frequently mentioned retail categories were wholesalers, grocery stores/markets, and restaurants. Out of 968 responses, Costco was mentioned 70 times.

Market Analysis

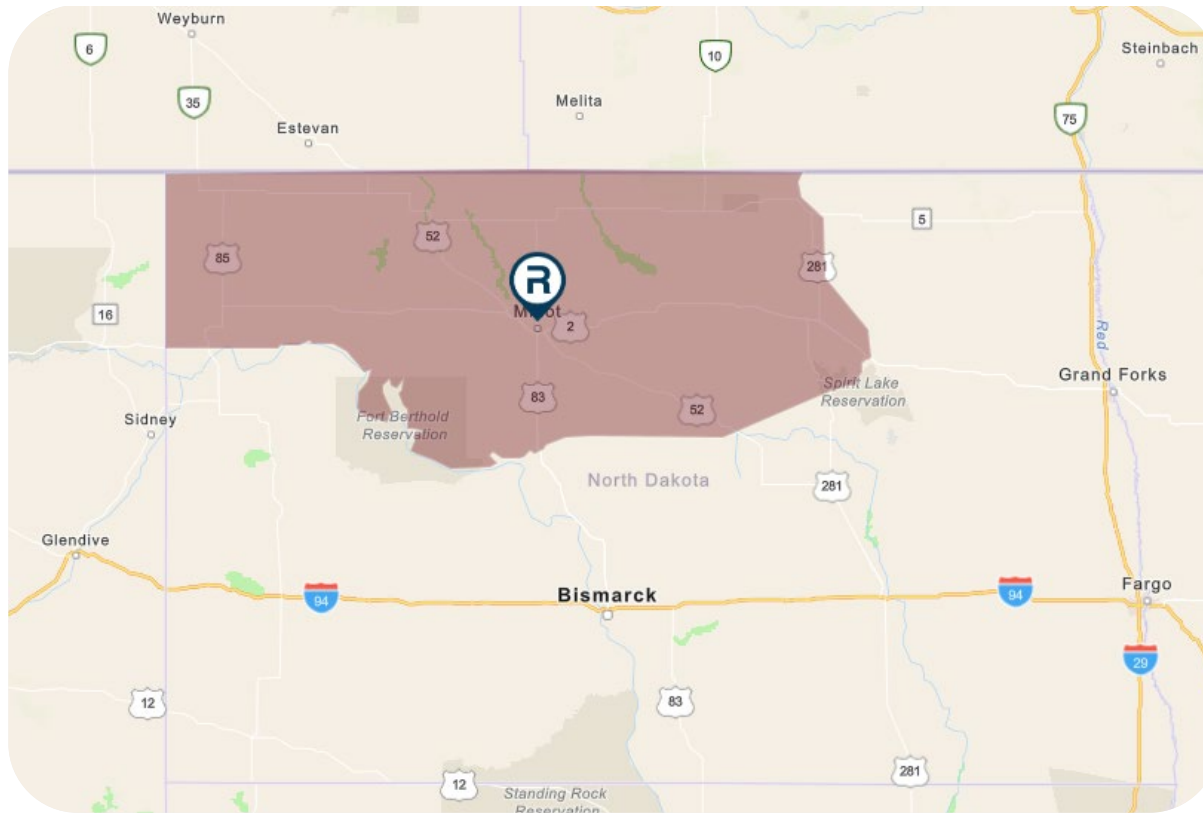
The City of Minot utilizes [Retail 360](#) to understand trends and projections in the retail market and identify potential service gaps. The tool includes a five-year outlook for each retail category and

shows how demand is projected to change in terms of total sales revenue.

Primary Retail Trade Area

Minot's primary retail trade area extends the Montana border to the west, Garrison to the South, Devils Lake to the east, and the United States-Canada border to the north. **(Figure 8-1)** The population of this area is 175,500. As Minot grows, a greater variety of national retailers will consider locating within the community.

Figure 8-1. Minot's Primary Retail Trade Area



Source: Retail 360

Table 8-2 summarizes the growth outlook for Minot's primary retail trade area through 2026. Two categories – home furnishings and clothing stores – are expected to experience lower demand. Knowing which areas are poised to grow or decline informs development discussions and policy decisions.

This information is also useful for enterprising residents who need to evaluate the potential market for a business idea. Generally, the Retail 360 market analysis is consistent with the community survey findings.

Table 8-2: Retail Sector Growth Outlook

Sector	Growth Outlook
Gas Stations	4.09%
Motor Vehicles	2.59%
Electronics/Appliances	2.31%
Sporting and Hobby	2.25%
Food/Drinking Estbs.	2.21%
Misc./Novelty Stores	2.07%
Building and Garden	0.66%
Grocers and Markets	0.65%
Home Furnishings	-0.64%
Clothing Stores	-0.35%

Source: Retail 360

Industrial Sector

Industrial uses add value to commodities and grow regional wealth. Some activities create intermediate products that become inputs for further production (e.g., malting facility), while others make products for end-user consumption (brewery). When supportive industries co-locate, supply chain linkages create a clustering effect that leads to specialization. Developing business linkages strengthens the regional economy and is an important LED strategy. Industrial development is also

attractive because many industrial trades require skilled workers and provide relatively well-paying jobs.



ED-4: Develop workforce capacity for local employment opportunities.

The Light Industrial and Heavy Industrial land use categories provide opportunities for industrial expansion.

Minot has reserved a large industrial park in the northeast sector of the city. Providing land for development is important, but the City also needs to ensure that development is practically feasible. Industrial businesses require water and sewer infrastructure – often in large capacities – broadband internet, and other services. While the City does not want to overextend infrastructure in advance of development, it is good practice to always maintain a few shovel-ready sites.

The City of Minot may wish to evaluate the tax base and job growth created by efforts over the last decade.

Cluster Opportunities

Clustering firms support one another and provide the foundation for the regional economy. A cluster-based strategy is important because it orients policy and planning away from single businesses and towards groups of supportive businesses. A cluster analysis can help diagnose strengths and challenges in the regional economy.



Image source: Minot Daily News

ECONOMIC GARDENING

The traditional economic development strategy is to recruit the next big business. This is economic hunting. Economic gardening, conversely, focuses on homegrown businesses. The most stable community businesses are



homegrown. Local businesses employ local talent, leverage local services, and are loyal to the community. Cultivating local businesses is a proactive approach to economic development.

There are three stages to business development:

Stage 1 – startups, sole proprietors, and non-scaleable businesses. This stage includes most local businesses, most of which will not reach Stage 2.

Stage 2 – businesses that have demonstrated proof of concept and have the potential to sell goods or services outside of the community. These businesses typically have 10 to 100 employees.

Stage 3 – fully mature businesses with over 100 employees. While economic development strategies have traditionally focused on businesses in Stage 1 (fostering startups) or Stage 3 (business recruitment), businesses in Stage 2 have the most promising growth potential. Further, these mid-size businesses typically don't require costly tax incentives or infrastructure contributions. To expand, businesses in Stage 2 need technical assistance (e.g., help with

marketing, understanding market trends, and managing their own growth).

Supporting local businesses with opportunities to grow is a low-risk, high-reward proposition.



ED-5. Foster local businesses and startups.

REDEVELOPMENT POTENTIAL

Redevelopment promotes economic development by improving the property values and increasing municipal tax revenue. Redevelopment can occur through building additions, infill, adaptive reuse of vacant/underutilized buildings, or demolition and reconstruction. Various opportunities will arise in Minot over the next 20 years. Exactly where and when redevelopment will occur is unknown. However, certain factors make redevelopment more likely to occur. The following metrics are available or can be computed from City Tax Assessor data in GIS, which can be helpful in identifying potential redevelopment opportunities.

Land-to-Improvement Value Ratio

This metric compares the value of land (unimproved value) to the value of land plus improvements (total improved value). If the ratio is 1, all value is derived from land (i.e., the property is unimproved). As the ratio gets smaller, improvements constitute a larger fraction of total property value, indicating a higher level of utilization. Properties with low utilization could face financial pressure to redevelop. **Figure 8-2** shows the land-to-improvement value ratio for properties assessed as commercial (includes multifamily).

Property Tax/Parcel Area

This metric normalizes parcel tax contributions per unit area. Smaller parcels and high-density development tend to provide more bang for the buck than sprawling, low-density development. The City may wish to prioritize redevelopment opportunities in certain areas to improve tax performance.

Building Area/Parcel Area

This metric compares the total floor area of all buildings on a parcel to the area of the parcel; this is the floor-area ratio (FAR). For a single-story building, a FAR of

0.30 indicates that the building footprint occupies 30 percent of the parcel area. In addition, the total building footprint can be subtracted from parcel area to quantify the remaining unbuilt area. These metrics can be used as a proxy to identify parcels with excess parking. Parcels with low FAR/large amounts of undeveloped space are assumed to have greater redevelopment potential.

Size of Lot

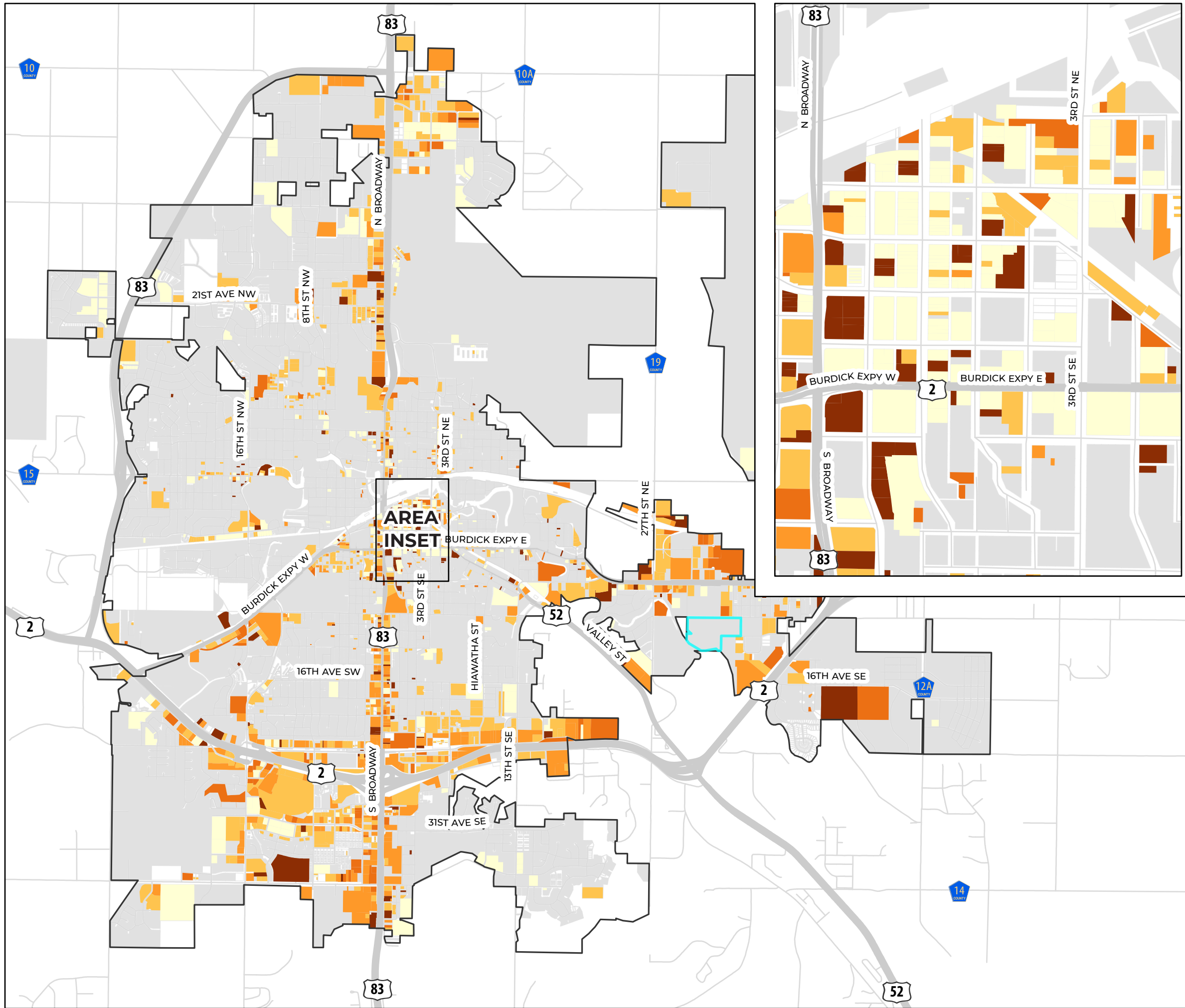
Another factor in redevelopment potential is the size of the lot. Redevelopment intensifies land use, which is more feasible on large lots. It is easier to redevelop one large lot controlled by a single entity than it is to assemble multiple properties.

Building Age

Buildings generally depreciate as they age. Eventually, the declining value of built improvements can create a market for redevelopment or reinvestment.



LU-4. Encourage development that revitalizes distressed/underutilized parcels.



Parcel Utilization: Land-to-Improvement Value Ratio

Figure 8-2

Legend

- City Limits
- Residential

Land to Improvement Value Ratio

- 0.00-0.20
- 0.21-0.40
- 0.41-0.60
- 0.61-0.80
- 0.81-1.00

Decreasing
Utilization

**Excludes single-family, twin homes,
and manufactured home communities.*



IT'S ALL IN THE CORE

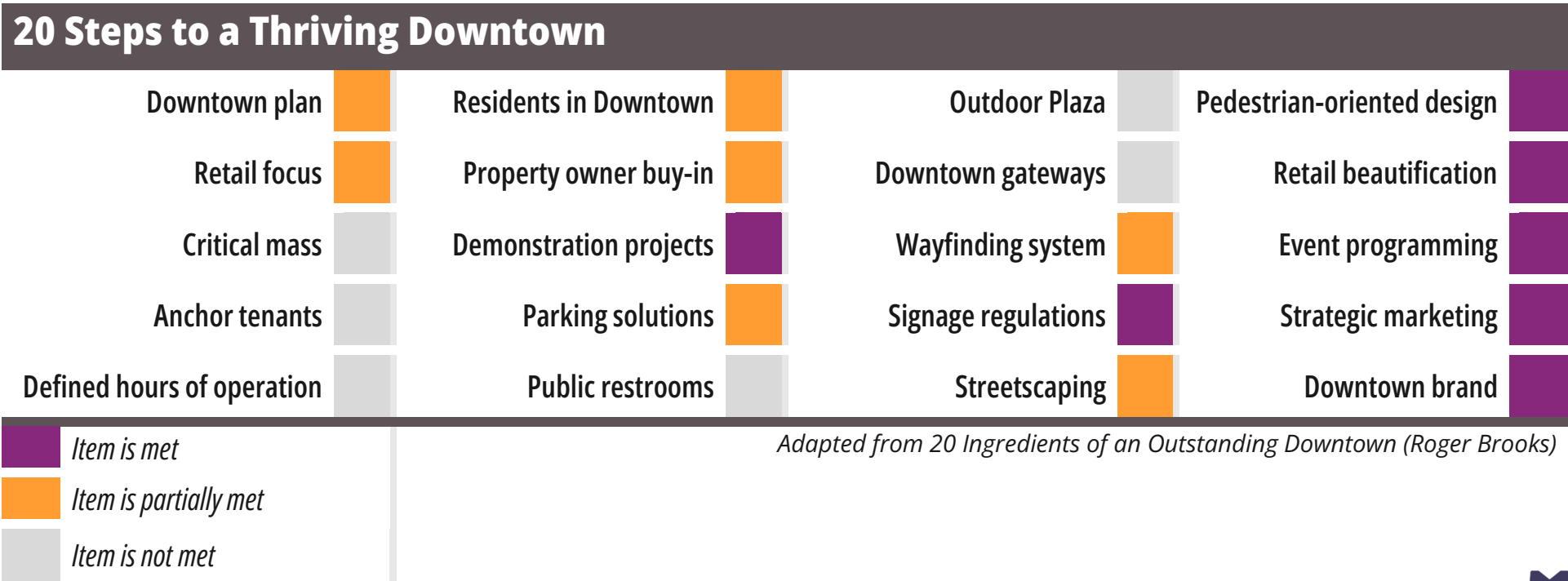
Vibrant community centers are integral to workforce development. Downtown is the historical heart of Minot. It is one of the only areas of the City with pedestrian-oriented design, where residents enjoy the opportunity to walk between stores and restaurants and support local businesses. Downtown retains the historical grid, original buildings, and a distinctive charm. Main Street improvements include refurbished

facades, streetscaping enhancements, and rehabilitated interiors.

The table below identifies ingredients that are common to thriving downtowns. Downtown Minot checks several boxes but has yet to achieve the critical mass that is necessary to truly thrive. Downtown needs more residents and business activity – especially retail businesses that keep open hours during nights and weekends. Additional landscaping improvements are needed. Downtown should be accessible and

attractive to visitors. A boutique hotel is envisioned to fill a gap in accommodations. Gateway entrances should be improved, including the connection to the railway, and sightlines from the major highway corridors. Some residents have also expressed a desire for a public outdoor plaza.

Minot aims to develop or restore 500 housing units in Downtown by 2040.



Destination Downtown – A Vision for Downtown Minot



Looking northeast at Broadway and Burdick Avenue

While the relocation of Trinity Hospital will reduce jobs and activity in Downtown in the short term, it has also created a golden opportunity to repurpose underutilized spaces in Minot's core. This concept rendering adds a central plaza, green space, street trees, and amenities. A new hotel on the northwest corner of Broadway and Burdick fills a major need, connecting visitors with the Central Business District.



Looking southeast from Broadway and 2nd Ave SW



Looking southeast from Broadway and 2nd Ave SW

Top Left: A flexible plaza supports recreation, events, and impromptu gatherings.

Top Right: Placemaking efforts must promote all-season use. Low-maintenance turf converts to an ice rink and provides a location for winter festivals.

Bottom Left: Empty lots are blank canvases waiting for revitalization to occur. Trinity Hospital could be retrofitted as housing, a hotel, or both, while the adjacent parking area converts to a pocket park for residents or patrons.



Looking southwest from 1st Street SW and 5th Ave SW (Trinity Parking Lot)



Looking northeast from Broadway and 5th Ave SW

Top Left: Greenspace softens the view of downtown from Broadway and Burdick Avenue. Wide walkways buffer pedestrians from highway traffic.



Looking north from the west side of Broadway

Top Right: Trees enclose a pedestrian walkway and provide welcome shade. Pedestrian-scale lamps provide illumination and ornamentation. Alternative paving adds texture. The street corner could easily display public art pieces.

FINANCE TOOLS

North Dakota Main Street Initiative

The Main Street Initiative provides funding and technical assistance to help North Dakota communities create vibrant, sustainable downtowns. Funding is available through the North Dakota Department of Commerce. Grant opportunities include:

- **Partners in Planning Grant Program**, which may be used to create a strategic economic development plan
- **Statewide Public Space Initiative – Placemaking (SPSI)** Planning Grant, which could support additional planning and design efforts for downtown Minot
- **Vibrancy Grant Program**, which provides seed funding for small projects

Main Street ND has also expanded the Artists on Main Street Program, which offers technical assistance and funding to install public art.

National Disaster Resilience Grant

Following the 2011 flood, Minot received over \$176 million through the Disaster Recovery program and the National Disaster Resilience competition. Funds have been used to stimulate economic development, develop public infrastructure (e.g., flood protection), and provide affordable housing.

Renaissance Zone

Minot uses the North Dakota Renaissance Zone program to maximize the utilization of commercial, residential, and industrial properties, while maintaining the historical quality of the district. The program provides a 100% tax exemption to select residential and non-residential properties that invest in structural improvements. The Community Development Department updated the Renaissance Zone Development Plan in 2021. Objectives include refining parking requirements for current and future businesses; encouraging the preservation or restoration of historic buildings in the Central Business District (CBD); identifying sites to enhance public space within the CBD; and encouraging 10 new businesses to locate in the CBD by 2023.

There is no Silver Bullet

"What's the littlest thing we can do to make our town stronger? Do that thing. Do it now. Then find the next littlest thing."

-Chuck Marohn (Strong Towns)

Façade Improvement Program

Minot's façade improvement program encourages private investment in the CBD. The program provides forgivable loans to business owners who restore their building facades, with a goal of returning buildings to their original design. By promoting aesthetics, the program can help reduce vacancies, draw more residents and visitors to downtown, and build community support for the CBD.

Tax Increment Financing

Tax Increment Financing (TIF) is a local government finance tool that leverages the future tax revenue gains from improved property to finance construction. As development within the TIF district causes the property value to increase, more revenue is collected to pay back the bond. In the short-term, this benefits local governments by catalyzing

private development. However, it becomes problematic if TIFs are used to finance development that could have occurred without the incentive, because this diverts potential revenue from the general fund. Using TIF is a risk, since planners cannot be certain how much property values will increase over the lifetime of the TIF (up to 25 years in North Dakota). One strategy is to apply TIF to multiple properties within a district. This creates an economy of scale, which may lower risk and compound tax benefits since multiple properties are involved. **TIF should be used to finance redevelopment on blighted or disinvested properties within a district where market-rate development is unlikely to occur without assistance.**

Revolving Loan Fund

Supportive banks play a key role in community development. A revolving loan fund (RLF) is a self-sustaining funding tool that provides gap financing for development and expansion of small businesses. Payments toward principal and interest on old loans are used to issue new ones. The Souris Basin Planning Council administers Minot's RLF.

Magic Fund

The Magic Fund was created in 1990, as the City set aside a portion of sales tax revenue to help fund economic and industrial development. The fund is intended to support growth in primary sectors. Up to 10% of available funds may be used annually to capitalize the revolving loan fund. The economic development focus group indicated that this tool is underutilized and the community needs a better strategy for using the tool.