



4646 Dakota St. SE
Prior Lake, MN 55372

May 18, 2013

A Message from the Mayor

Prior Lake's Economic Development Future

Does your city government have a role to play in economic development? If yes, what sort of role and how much should the city be willing to invest? These are questions that the Economic Development Authority and City Council wrestle with on a regular basis.

We know that neighboring cities including Lakeville, Shakopee, and Savage, all routinely extend various and aggressive financial incentives to attract and retain businesses. Should we be fully competitive with them so Prior Lake can similarly attract and retain businesses?

We don't have a consensus on the city council on any of these questions, and the answers will affect our future in important ways.

What do we hope to gain through economic development? Here the council has some answers and hopes. First, many residents tell us they want more opportunities to shop, dine, and get services in town. Folks really want to "shop local" if possible, supporting our local community and traveling less. Second, we've adopted a goal, along with all of Scott County, to have more local jobs so fewer people need to suffer with long commutes. Third, we want to diversify our tax base. These goals require attracting more businesses and retaining the ones we have to stay here and grow.

Many people, with at least a grain of truth, think of Prior Lake as a bedroom community that doesn't focus on or care much about its business community. But over the past 10 to 20 years, the city has played an active role in three areas, hoping to stimulate economic development:

- 1) The Waterfront Passage Business Park east of downtown around Fire Station No. 1,
- 2) The Southlake Village Mall and ring road, and
- 3) The Downtown Rejuvenation starting 10 years ago. Did those efforts pay off? What have we gained?

Waterfront Passage, mainly developed from 1994 – 1999, today houses 10 buildings, including two city buildings - Fire Station No. 1 and the Maintenance Center on what had been farm land. Now, 20 businesses operate with a total of roughly 250 people employed there, not including the city employees located in that area. The eight commercial buildings pay over \$440,000 in property taxes each year, with the city receiving about \$130,000 annually.

The Southlake Village redevelopment began in 2003 and now includes six new buildings (Village Commerce, Park Nicollet Clinic, Keystone Communities, Sonnet Montessori, Al's True Value, and the new Post Office), plus the completely renovated Southlake Village Mall and significantly remodeled Prior Lake Transmission. These eight facilities house more than 25 businesses and also employ more than 250 people. Ten years ago, the only businesses remaining in the mall were Hooligan's and the liquor store. The taxable commercial properties added now pay \$696,000 per year in property taxes, with the city receiving roughly \$200,000 annually. Ten years ago, total annual property taxes were less than \$50,000.

Ten years ago, the city embarked on several downtown investments, including streetscaping, facade improvement matching grants, and street improvements. Since then, eight new or significantly expanded buildings have come into downtown (Lakefront Plaza, Rock Creek, Speiker, Premier Dance, Carlson/Ekim Clinic, Fong's Event Center, plus City Hall and the Police Station). Overall, downtown has added roughly 20 new businesses and well over 100 new employees. The buildings added pay over \$400,000 in total property taxes, with the city receiving nearly \$120,000 annually.

Each of these projects involved city investments, including property acquisition, infrastructure and street construction, grants, and tax increment financing in many cases. Most of the new buildings and businesses would not have moved into Prior Lake or expanded without those city investments.

These are among the facts that we on the EDA and council need to consider in setting policy and priorities for investments. We all welcome comments and ideas to help us in our debates.

Meanwhile, I certainly believe, and most would agree, that we enjoy bustling, vibrant commercial areas downtown and at Southlake Village, far more so than ten or fifteen years ago. But the work continues. We need to complete the work on our downtown road network, with 35,000 square feet of commercial development hanging on our decisions. Help us figure out where to head next, and at what pace.