

ECONOMIC DEVELOPMENT

I. ECONOMIC DEVELOPMENT OVERVIEW

Economic development seeks to strengthen a community through the expansion of its tax and employment base. A strong tax and employment base allows the community to support a higher quality of life for its residents by improving public services (parks, schools, sewer and water services, police, fire and emergency response and other governmental services). Ideally, economic development should balance economic vitality with stability, environmental protection, and preservation of Alexandria's unique character.

The City of Alexandria, a regional trade center, is ideally situated along U.S. Highway 94 and State Highways 27 and 29. Located in Douglas County, Alexandria's economy benefits from serving as the county seat, drawing tourists to the area lakes, recreational and historic facilities and events, offering regional medical facilities, Alexandria Technical College and its growing commercial and industrial bases.

The principal components of this section include:

- An overview of economic trends and indicators in Alexandria;
- The impact of tourism on Alexandria's economy;
- Historic preservation;
- Public input on economic development; and
- Economic goals and recommendations

II. ECONOMIC TRENDS

Economic trends can be important indicators as to the economic health of the community. Following is a summary of several economic indicators including regional significance, income, wages, employment and labor force demographics and local market performance.

A. Alexandria as Regional Trade Center and Micropolitan

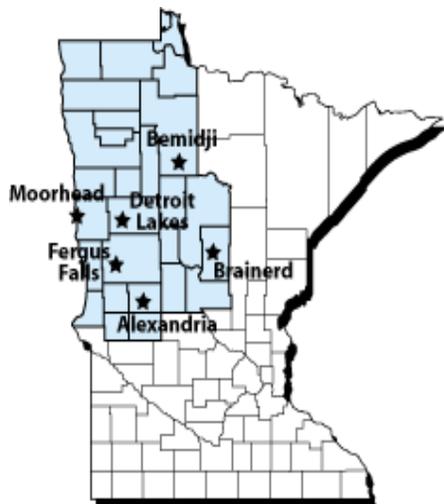
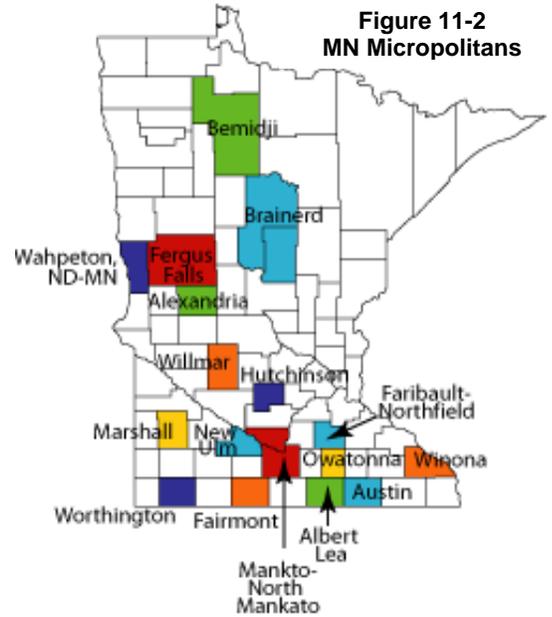


Figure 11-1
NW Regional Trade Areas

One of the trends studied as an economic indicator is the concentration of economic activity into cities or trade centers. Alexandria is included in the mix of wholesale-retail trade centers in Northwest Minnesota, which also includes Bemidji, Brainerd, Detroit Lakes, Fergus Falls, and Moorhead. Regional trade centers play an important role as hubs of activity in health care, government and other related services and will continue to play an important role in the economy of Northwest Minnesota. Noticeably, government, social services, and health services are being concentrated in these regional service centers. It is also apparent that the continued growth of regional trade centers in Northwest Minnesota will be an important barometer of the future economic growth of the entire region.

In 2000, the U.S. Office of Management and Budget (OMB) created a new Census category called "Micropolitan Statistical Areas" which are counties with an urban cluster of at least 10,000 but fewer than 50,000 people. There are 575 micropolitan statistical areas in the United States, an average of 11.5 MicroSAs per state. Minnesota has 17 micropolitans. Counties with the MicroSA classification are home to about 10 percent of the U.S. population. In Minnesota, however, about 14.5 percent of the population resides in micropolitan statistical areas. Of the MicroSAs, Alexandria was the fastest-growing principal city. It grew more than 18 percent from 2000 to 2004, an influx of more than 1,600 people.



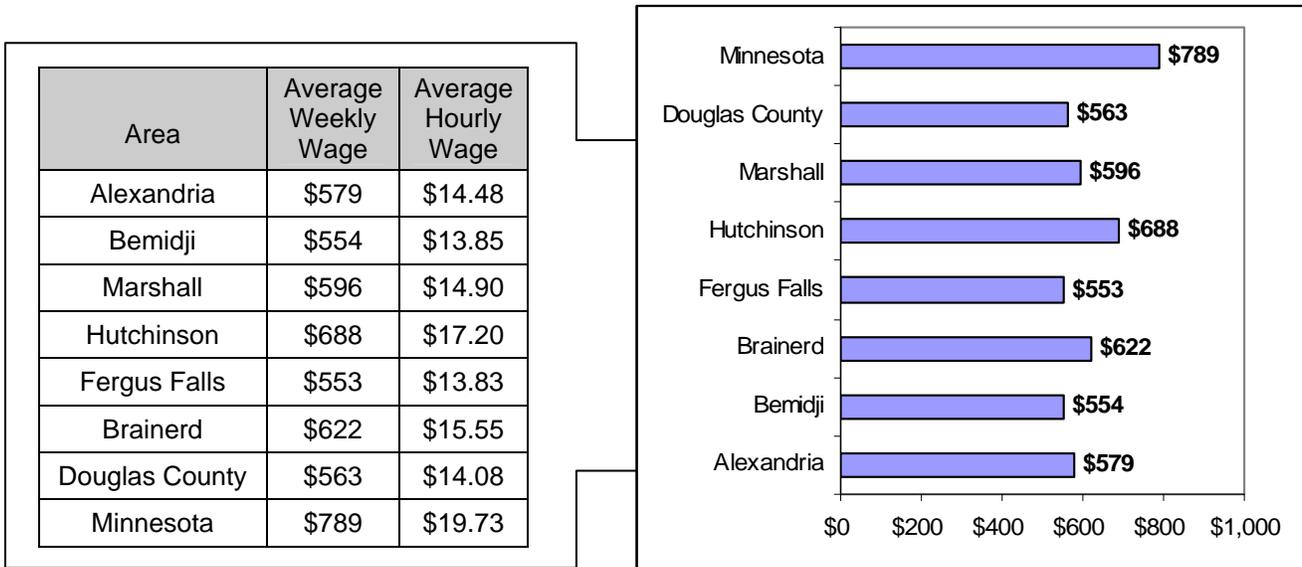
**Figure 11-2
MN Micropolitans**

B. Income and Wages

The Quarterly Census of Employment and Wages (QCEW) Program tracks wages and employment by industry at the state, regional, county and minor civil division levels. To more accurately reflect the economic perspective within Alexandria, this Plan draws from recent QCED data rather than 2000 Census data, which is over six years old, and compares Alexandria to similar Micropolitan communities (Bemidji, Brainerd, Fergus Falls, Hutchinson and Marshall).

While wages within Alexandria are generally in line but on the lower end of the comparison cities as illustrated in Chart 11-1, wages have been increasing more rapidly over the past five year period (See Chart 11-2). It is also noted that Alexandria's wages are higher than that of the County average and that of neighboring smaller communities as illustrated in Chapter 3 (Demographic Trends and Assumptions).

**Chart 11-1
Micropolitan Wage Comparison**



Source: DEED, Labor Market Information: QCEW, 2nd Quarter, 2006

**Chart 11-1
Micropolitan Wage Comparison**

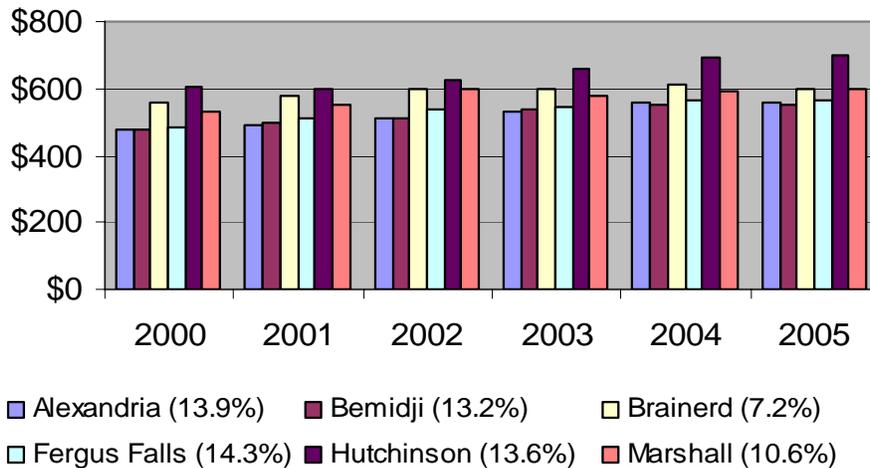


Table 11-1 summarizes data from the Quarterly Census of Employment and Wages (QCEW or ES-202), completed by the MN Department of Employment and Economic Development (DEED) for the compilation of employment and wage statistics, for several employment sectors. All establishments covered under the Unemployment Insurance (UI) System are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program. The table includes comparative economic data for selected NAICS codes within the City of Alexandria. Table 11-1 compares wages for the City of Alexandria from the year 2002 to 2006.

**Table 11-1
Alexandria Wage Trends: 2002- 2006**

NAICS Code	Industry	2002 Avg. Weekly Wage	2006 (2 nd Qtr) Avg. Weekly Wage	Change 2002 - 2006	Percent Change 2002-2006
--	Total, All Industries	\$511	\$579	\$68	13.3%
101	Goods-Producing Domain	\$704	\$785	\$81	11.5%
102	Service-Providing Domain	\$462	\$528	\$66	14.3%
238	Specialty Trade Contractors	\$681	\$771	\$90	13.2%
1013	Manufacturing	\$698	\$787	\$89	12.8%
1021	Trade, Transp. & Utilities	\$420	\$491	\$71	16.9%
1026	Leisure and Hospitality	\$189	\$206	\$17	9.0%
71	Arts, Entertainment and Recreation	\$165	\$156	(\$9)	-5.5%
44	Retail Trade	\$338	\$368	\$30	8.9%
53	Real Estate	\$412	\$393	(\$19)	-4.6%

447	Gasoline Stations	\$240	\$289	\$49	20.4%
1023	Financial Activities	\$622	\$677	\$55	8.8%
1025	Education and Health Services	\$583	\$652	\$69	11.8%
1028	Public Administration, Executive	\$625	\$821	\$196	31.4%

Source: DEED, Labor Market Information: 2002 & QCEW, 2nd Quarter, 2006

- Note: The Unemployment Insurance system covers about 97 percent of Minnesota employment. Workers and jobs excluded from these statistics include proprietors and the self-employed, railroad workers, family farm workers, full-time students working for their school, elected government officials, insurance and real estate salespeople, and others who work only on a commission basis.

Industries that experienced the largest growth over the past five years include Public Administration and Executive positions (31.4%), Gasoline Stations (20.4%) and Manufacturing (16.9%), while the Arts, Entertainment and Recreation and Real Estate professionals sustained as loss (-5.5% and 4.6% respectively).

Personal income trends also provide an important measure of economic activity for a local area over time. Personal income consists of the income that is received by persons from participation in production, from government and business transfer payments, and from government interest. When compared to state and national trends, it provides an indication of how well the local area's economy is performing. The Bureau of Economic Analysis (BEA) prepares regional economic accounts for the United States. These accounts provide estimates of State and local area personal income. Comparing the numbers for a local area to those of a larger area, such as an entire state, point to differences in the local economy that may be useful in subsequent market analysis steps.

Table 11-2 presents an example that compares Alexandria with the State of Minnesota. These numbers relate percentages of total earnings in a variety of industry sectors. An analysis of these numbers show that the disparity in per capita income between Douglas County and the State of Minnesota is decreasing. While many Counties have experienced tremendous fluctuations from year to year, Douglas County's per capita income has increased steadily since 2000.

**Table 11-2
Personal Income Trends**

	2000 Total Per Capita Income	2003 Total Per Capital Income	2004 Per Capita Income	Percent Change 2000 to 2004	Percent Change 2003 to 2004
Douglas County	25,218	27,771	29,526	17.1%	6.3%
Minnesota	32,017	34,256	36,184	13.0%	5.6%

C. Employment and Labor Force Demographics

Employment and labor force trends also serve as an indicator of the relative economic health of a community. The following two tables depict the employment characteristics of Alexandria. Table 11-3 indicates occupation status and the population of employed workers. The information contained in Table 11-3 may provide the City with important data to use when determining economic development needs and focus for marketing and recruitment. The City may use this data to focus efforts in occupational opportunities that are lacking in the community.

**Table 11-3
Alexandria Employment Trends
2002-2006**

NAICS Code	Industry	2002 Avg. Number of Employees	2006 (2nd Qtr.) Avg. Number of Employees	Change 2002-2006	Percent Change 2002-2006
--	Total, All Industries	13,238	13,860	622	4.7%
101	Goods-Producing Domain	2,619	2,800	181	6.9%
102	Service-Providing Domain	10,546	11,118	572	5.4%
238	Specialty Trade Contractors	316	384	68	21.5%
1013	Manufacturing	2,126	2,078	(48)	-2.3%
1021	Trade, Transp. & Utilities	3,286	3,575	289	8.8%
1026	Leisure and Hospitality	1,778	1,752	(26)	-1.5%
71	Arts, Entertainment and Recreation	106	186	80	75.5%
44	Retail Trade	2,344	2,418	74	3.2%
53	Real Estate	122	148	26	21.3%
447	Gasoline Stations	208	122	(86)	-41.3%
1023	Financial Activities	438	456	18	4.1%
1025	Education and Health Services	2,941	3,068	127	4.3%
1028	Public Administration, Executive	407	492	85	20.9%

Source: DEED, Labor Market Information: QCEW, 2nd Quarter, 2006

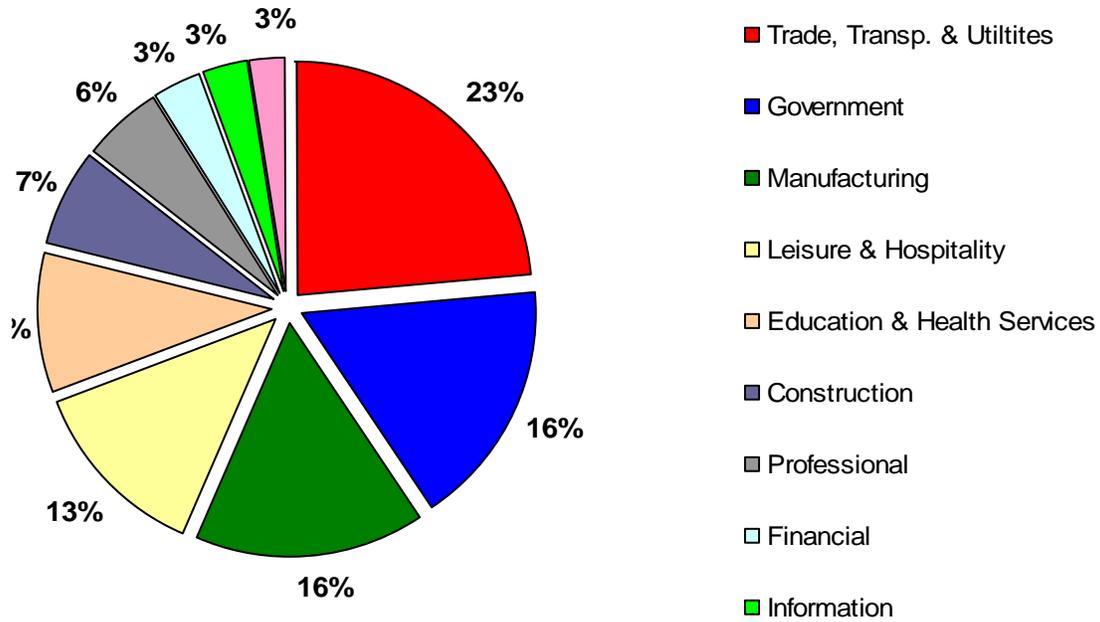
As shown above, most industry sectors have added jobs since 2002, with those in Arts, Entertainment and Recreation (75.5%), Specialty Trade Contractors (21.5%) and Real Estate (21.3%) seeing the largest increases. Conversely, the Gasoline Stations (-41.3%) and Manufacturing (-2/.3%) industries have seen a decrease in the number of employees.

Alexandria has seen growth in the number of establishments over the five year period. As of March 2006, a total of 892 business/industrial establishments were located within the community compared to 826 reported in 2002, an increase of 66 establishments. The number of employees has also seen modest growth during the five year period, adding 622 employees or 4.7%.

Chart 11-3 graphically illustrates the industries in which Alexandria residents work. The Trade Transportation and Utilities related industry employs the largest percentage of Alexandria citizens (4,067 persons). This industry provides 23% of the jobs for the City's employed residents.

Manufacturing and Government employ each about 16% of the City's workforce (2,893 and 2,743 persons respectively).

**Chart 11-3
Employment by Industry**



Source: MN DEED Community Profile 2007

An analysis of local employers provides insight into the types of larger businesses in the City that may provide drawing power. Furthermore, identifying these employers, their number of employees, and their locations may help in later analysis, as they aid in determining daytime employee populations for the trade area. Table 11-4 lists the major employers as of the drafting of this Plan.

**Table 11-4
Alexandria Major Employers**

Employer	Number of Employees	Percent of Total
Alexandria Public Schools	620	12.8%
Douglas County Hospital	600	12.4%
Douglas Machine	500	10.3%
Douglas County	350	7.2%
Arrowwood Resort & Conference Center	325	6.7%
Tastefully Simple	320	6.6%
Alexandria Extrusion Co.	310	6.4%
Central Specialties	260	5.4%
Knute Nelson Memorial Home	260	5.4%
3M	250	5.2%
Rural Cellular Corp.	226	4.7%
Donnelly Manufacturing Co.	220	4.5%
Alexandria Clinic	200	4.1%
Alexandria Technical College	200	4.1%
Bethany Home	200	4.1%

Source: DEED Community Profile, 2007

Although labor projections for minor civil divisions are not available, projections for employment within the County can provide insight as to future employment within Alexandria. Table 11-5 below illustrates projected growth in the labor force in Douglas County through the year 2030. As indicated, the total labor force within Douglas County is projected to increase 36.9% by 2030, with the largest increase occurring in the availability of laborers over the age of 65. As indicated in Chapter 3 (Demographic Trends and Assumptions) the “over 55” age brackets will comprise the fastest growing segment of the population as baby boomers retire and continue to live longer. This may have significant implications for the community’s workforce. There is some debate as to whether economic conditions and longer lives might compel older workers to remain or reenter occupations. Evidence suggests that these workers may provide a resource for knowledge and expertise types of positions working on a consulting type basis.

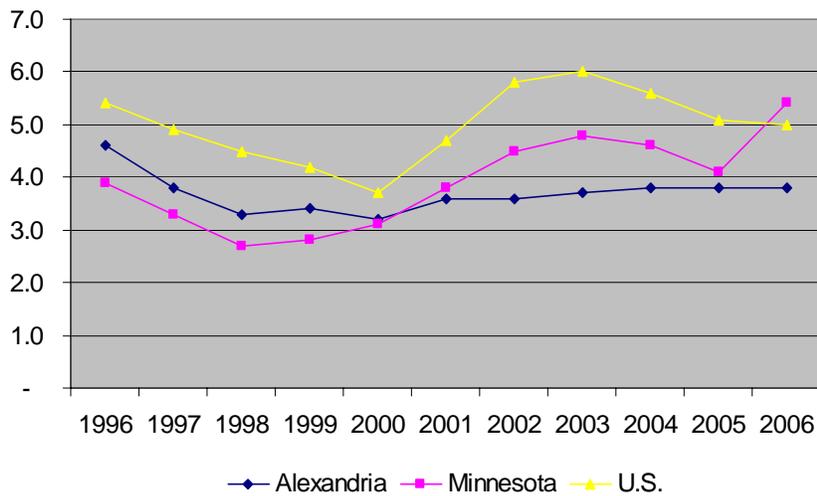
**Table 11-5
Douglas County – Labor Force Projections**

Labor Force Type	2000	2005	2010	2015	2020	2025	2030	2000-2030 % Change
Males	9,262	10,070	10,690	11,200	11,560	11,990	12,450	34.4%
Females	7,910	8,750	9,450	9,940	10,280	10,630	11,050	39.7%
Ages 16-24	3,141	3,650	3,650	3,610	3,600	3,790	4,070	29.6%
Ages 25-44	7,368	7,340	7,690	8,400	8,990	9,300	9,330	26.6%
Ages 45-64	5,949	7,020	7,830	7,890	7,680	7,630	7,980	34.1%
Ages 65+	714	810	980	1,240	1,570	1,900	2,120	196.9%
Total Labor	17,172	18,820	20,140	21,130	21,840	22,630	23,500	36.9%

Source: MN State Demographic Office, 2003 Projections

D. Unemployment Rate

**Chart 11-4
Comparison Unemployment Rates
1996-2006**



Labor force and unemployment data provide important information on the size and stability of a local economy. Historically, the unemployment rate has fluctuated within the Alexandria MicroSA and within the state of Minnesota, with the unemployment rate in Alexandria higher than the state average until about 2001 where the State average started increasing. While the labor force is projected to continue to increase, the unemployment rate may fluctuate with the economic status of the area, state and nation. Table 11-6 provides

historical labor force statistics for the Alexandria MicroSA over the last ten year period and Chart 11-4 illustrates the variation in unemployment rates among Alexandria, Minnesota and the U.S. Note the actual labor force numbers shown below for 2004 exceeded the 2010 projected labor force numbers.

Table 11-6
Alexandria Micropolitan, Minnesota & U.S.
Unemployment Rates
1996 - 2006

Year	Alex MicroSA Labor Force	# in Alex MicroSA Labor Force Employed	# in Alex MicroSA Labor Force Unemployed	Alex MicroSA Unemployment Rate	State of Minnesota Unemployment Rate	U.S. Unemployment Rate
1996	16,704	15,943	761	4.6	3.9	5.4
1997	16,812	16,170	642	3.8	3.3	4.9
1998	16,986	16,433	553	3.3	2.7	4.5
1999	16,897	16,324	573	3.4	2.8	4.2
2000	18,183	17,596	587	3.2	3.1	3.7
2001	18,805	18,123	682	3.6	3.8	4.7
2002	19,555	18,842	713	3.6	4.5	5.8
2003	20,196	19,444	752	3.7	4.8	6.0
<i>2004 Labor Force Numbers Exceed 2010 Projections in 2004</i>						
2004	20,304	19,536	768	3.8	4.6	5.6
2005	20,280	19,504	776	3.8%	4.1%	5.1%
2006	20,425	19,651	774	3.8%	4.0%	4.6%

Source: Minnesota Workforce Center

The Minnesota Work Force Center estimates 20,842 people in the labor force in the Alexandria micropolitan area in March, 2007, with 19,752 employed, resulting in a 5.2% unemployment rate. During this same time period Minnesota had an unemployment rate of 4.9% and the United States unemployment rate was 4.5%.

E. Local Market Performance

**Table 11-7
Population:Employment Ratio**

Population:Employment Ratio

A common measure that is used to assess performance in capturing local markets as well as assess the level of relative dependence on a particular industry is the Population/ Employment Ratio. A P:E Ratio that is relatively small (i.e., high levels of employment given the population) is an indication of higher levels of dependence. Conversely, a P:E Ratio that is relatively large (i.e., low levels of employment given the population) is an indication of lower levels of dependence. The P:E ratio for the selected industries in Alexandria is provided in Table 11-7.

As shown, the value of the P:E Ratio for specialty trade contractors at 29 suggests that it takes one employee in this sector to satisfy the demands of 29 residents. Note that this value is significantly smaller than the P:E Ratio for Education and Health Services that have a value of 100 suggesting that it takes fewer employees in this sector to satisfy local demand. Other higher dependant industries within the City include: Goods Producing Domain, Leisure and Hospitality, Public Administration Transportation and Utilities and Real Estate.

NAICS Code	Industry	P:E Ratio
101	Goods-Producing Domain	1
102	Service-Providing Domain	4
238	Specialty Trade Contractors	1
1013	Manufacturing	29
1021	Trade, Transp. & Utilities	5
1026	Leisure and Hospitality	3
71	Arts, Entertainment and Recreation	6
44	Retail Trade	59
53	Real Estate	5
447	Gasoline Stations	75
1023	Financial Activities	91
1025	Education and Health Services	100
1028	Public Administration, Executive	4

Location Quotient

Another widely used tool used to analysis local economic strengths and weaknesses is the Location Quotient. Originally developed to aid in the construction of economic multipliers, analysts have found that the Location Quotient (LQ) can be a powerful indicator by itself. Much like the Population:Employment ratio, the Location Quotient is a measure of the ability of the local market to capture local economic activity. The Location Quotient’s critical value is one; if the computed LQ is greater than one for any sector, then that sector is said to be a strength of the community, if the LQ is less than one, then the community is weak in that sector.

There are two other potential ways to interpret the LQ. One is to think in terms of specialization of the local economy. For sectors with LQ greater than one, we could say that the local community specializes in that particular sector and is considered a strength. If the LQ is less than one, then we simply say that this particular sector is not an area of specialization; an interpretation not quite as strong as concluding that the sector is a weakness. The final interpretation focuses on the exporting potential of the sector. If the LQ is greater than one, the sector can be said to be exporting sales outside of the community. Conversely, if the LQ is less than one, the sector is a non-exporter and importing must satisfy local consumption of the goods. This latter interpretation closely follows that of a Pull Factor which is discussed in the next section.

**Table 11-8
Location Quotient**

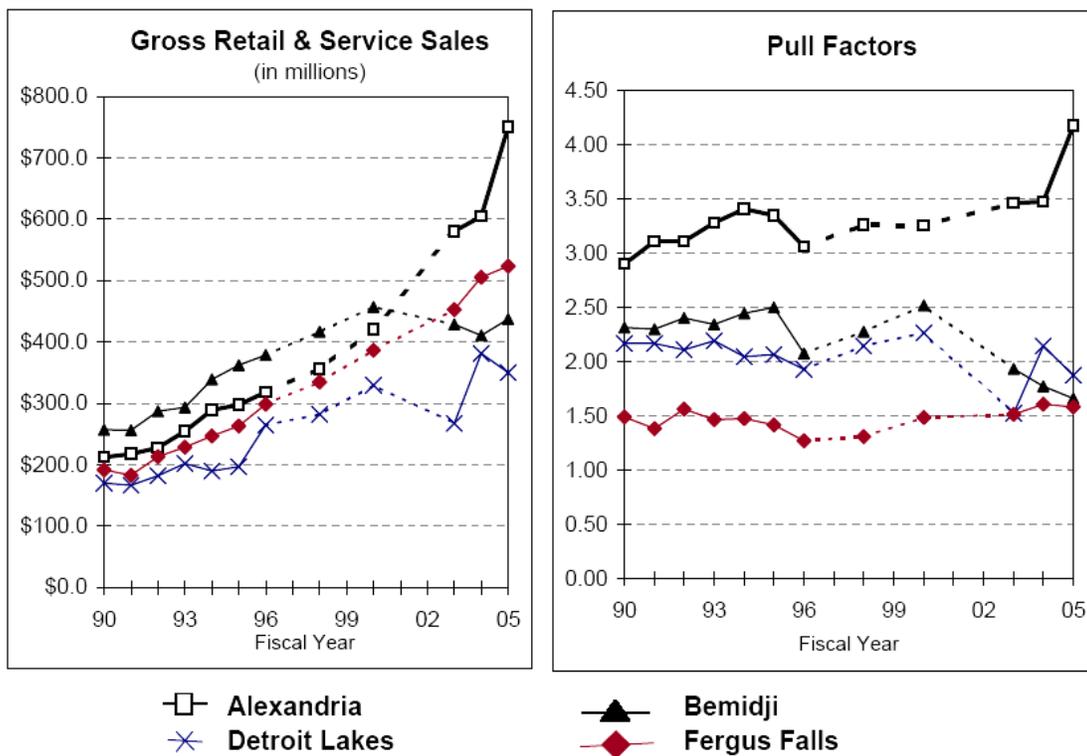
NAICS Code	Industry	2006 (2 nd Qtr.)		Location Quotient
		Average MN Weekly Wage	Average. Alex Weekly Wage	
101	Goods-Producing Domain	\$790	\$785	1.01
102	Service-Providing Domain	\$790	\$528	1.50
238	Specialty Trade Contractors	\$790	\$771	1.02
1013	Manufacturing	\$790	\$787	1.00
1021	Trade, Transp. & Utilities	\$790	\$491	1.61
1026	Leisure and Hospitality	\$790	\$206	3.83
71	Arts, Entertainment and Recreation	\$790	\$156	5.06
44	Retail Trade	\$790	\$368	2.15
53	Real Estate	\$790	\$393	2.01
447	Gasoline Stations	\$790	\$289	2.73
1023	Financial Activities	\$790	\$677	1.17
1025	Education and Health Services	\$790	\$652	1.21
1028	Public Administration, Executive	\$790	\$821	0.96

In Alexandria, the LQ for Arts, Entertainment and Recreation is 5.06, which is significantly greater than (1) one, indicating that this sector is a strength for Alexandria. For Public Administration and Executive Positions, the LQ for Alexandria is only .96, suggesting that this sector is not as strong or a specialization for the community. For LQ there is the critical value of one, but the results must also be viewed in light of what is typical for other similar size communities and local trends. It is reasonable to expect Alexandria would have high LQ's in Recreation and Leisure and Hospitality Fields.

Sales Tax Trends

Understanding economic development trends entails an analysis of the strengths and weaknesses of the existing retail market. By understanding the performance of the local retail market, local leaders and development professionals can foster a more conducive environment for retail business development. This also becomes a base for further market analysis that will help current and future business operators make more informed business decisions. In this Plan, the 2005 Retail Trade Analysis Report as development the University of Minnesota Extension was reviewed. The tools of Trade Area Analysis allow the analyst to estimate net inflows ("surpluses") and outflows ("leakages") of retail dollars. The 2005 Retail Trade Study reviewed sales trends within Alexandria and Douglas County and compared these to other similar jurisdictions. The source of data with based on annual report of the Minnesota retail and use tax as published by the MN Department of Revenue. The full report is available at City Hall. A summary of the findings follows below:

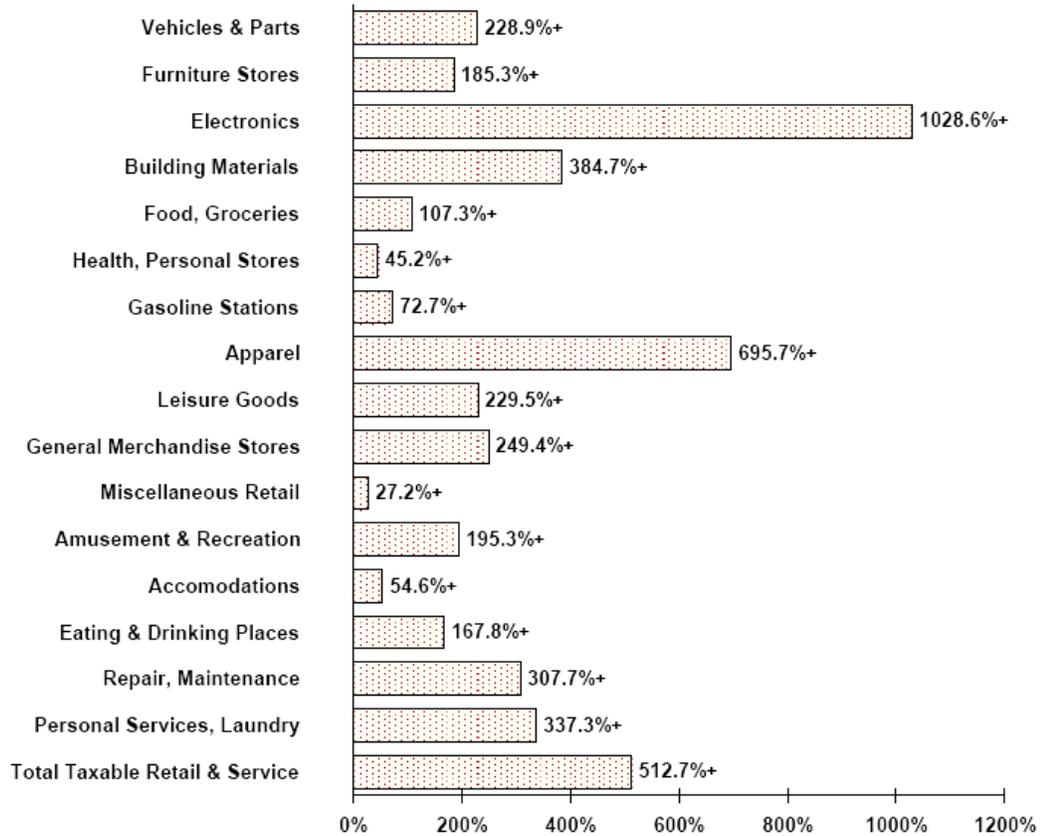
- Taxable sales in Alexandria increased 162.8 percent from 1995 to 2005, while the number of firms fell 31 percent.
- In 1990, taxable sales in Alexandria totaled \$103.93 million, an amount worth \$152.83 million in 2005 dollars. In constant dollars, gross sales grew 96.8 percent between 1995 and 2005. Constant dollar taxable sales increased 105 percent over the same time period.
- Information from competing trade centers revealed the following data and charts. Of the comparison cities, Alexandria had considerably larger gross sales and taxable sales resulting in a 4.17 Pull Factor, nearly three times that of Bemidji, Detroit Lakes and Fergus Falls. The interpretation of a 4.17 pull factor is that the City is selling to over 400 percent of its population.



Comparison with Competing Trade Centers, 2005

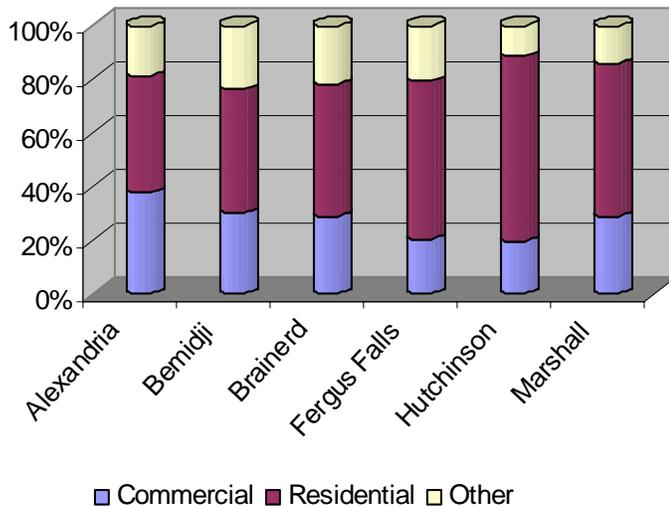
Town	Population	Gross Sales (\$millions)	Taxable Sales (\$millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Alexandria	10,603	\$750.24	\$421.50	492	\$39,752	4.17
Bemidji	13,296	\$436.65	\$210.19	482	\$15,808	1.66
Detroit Lakes	7,914	\$349.60	\$141.34	327	\$17,859	1.88
Fergus Falls	13,722	\$523.27	\$206.48	376	\$15,047	1.58

- In 2005, of the 16 merchandise categories with reported data, sales in all of the categories were above what would be expected based on the performance in similar-sized Minnesota towns. The strongest merchandise group by this standard was the electronics category, which had a 1028.6 percent surplus. Overall, Alexandria had a retail sales surplus of 512.7 percent in 2005. See correlating chart below:



F. Composition of Tax Base

Chart 11-5
Composition of Tax Base Comparison



Minnesota is one of about 30 states that impose different property classification rates (class rates for short) based on a property's use. The class rate describes what percentage of the property's market value will be used to determine its property tax. Differences in class rates mean properties of equal value but used for different purposes pay different amounts of tax.

Over the past several years, Alexandria’s tax base has typically consisted of a high level of residential properties. Based on taxes payable 2006, approximately 43.70% of the City of Alexandria’s assessed market value was residential (single and multiple-family) in nature, 37.70% is commercial/industrial and 18.61% was ‘other’ including institutional/agricultural. The following table compares the assessed values for residential and commercial/industrial properties within the comparable MicroSA’s. Alexandria’s tax base mix is higher in the commercial/industrial base and about average in the ‘other’ classification than that of MicroSA’s. According to the MN Department of Revenue, 2002, the Statewide Average in 2006 was 22% of the tax base as commercial/industrial, 69% residential (single and multiple-family) and 6% other. Table 11-9 illustrates the differences.

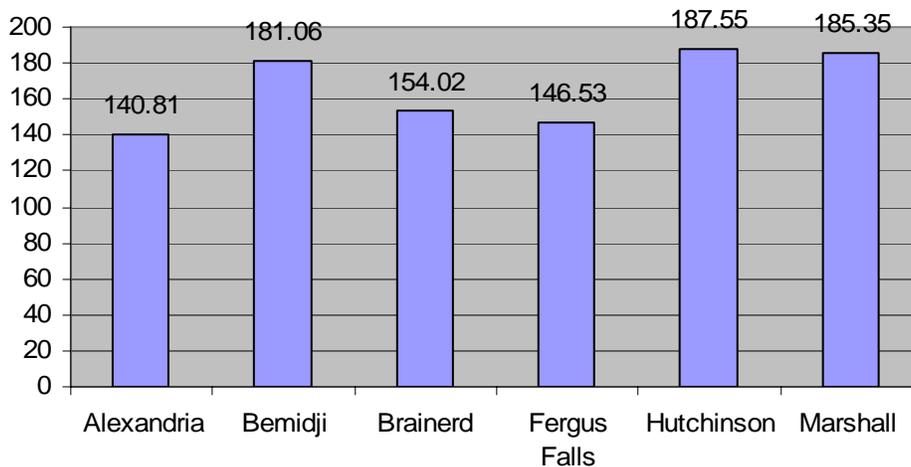
**Table 11-9
Market Value Comparisons
Payable 2006**

City	Commercial	%	Residential	%	Other	%	Total	City Tax Rate
Alexandria	285,089,633	37.70%	330,478,640	43.70%	140,724,828	18.61%	756,293,101	140.81
Bemidji	151,118,567	30.05%	231,876,900	46.11%	119,869,312	23.84%	502,864,779	181.06
Brainerd	185,522,367	28.96%	316,795,909	49.46%	138,212,082	21.58%	640,530,358	154.02
Fergus Falls	137,030,300	20.45%	393,866,940	58.79%	139,080,844	20.76%	669,978,084	146.53
Hutchinson	155,533,233	19.73%	542,196,069	68.79%	90,421,856	11.47%	788,151,158	187.55
Marshall	196,117,067	29.03%	384,062,340	56.85%	95,348,858	14.11%	675,528,265	185.35

Source: MN Department of Revenue

Since the commercial and industrial tax rates are higher than that of residential or other classed properties, these properties carry more of tax burden. However, with such a large commercial and industrial base, the disparity is offset helping to maintain low tax rates. Chart 11-6 depicts the comparison tax rates among the MicroSA cities. Alexandria’s tax rate is considerably lower than those compared.

**Chart 11-6
Comparison Tax Rates**



Source: MN Department of Revenue

G. Transit and Traffic Patterns

Public transit and traffic patterns provide a good indicator of the movement of people to and through a community. Data on vehicle traffic volume provide information on amount and location

of travel. Activity generators in a community such as industries, schools and colleges, community centers and hospitals often are the major determinants in local travel. Alexandria also accommodates regional and interstate highway travelers. Street and highway traffic volume provides an important indicator of travel to a downtown area. Retailers typically seek locations on major arteries and often require minimum average daily traffic counts to survive. More specifically, businesses such as gasoline stations, convenience stores and fast food restaurants are located based on traffic volume and the access to and visibility from high traffic streets and highways. Subsequently, examining the counts aid in determining the feasibility of these types of businesses. Conversely, while high traffic counts are desirable, extreme traffic congestion can be a deterrent to shoppers. That is, high traffic may hinder visibility, parking and pedestrian friendliness. A review of the transportation system and traffic counts with related mapping is reviewed in Chapter 7 (Transportation).

Community survey participants were asked if it was easy to get around within the downtown, results follow:

RATING	NUMBER	PERCENT
Yes	37	84%
No	7	16%
TOTAL	44	100%

Additionally, several participants at the both the community and business meetings indicated a lack of parking in the downtown.

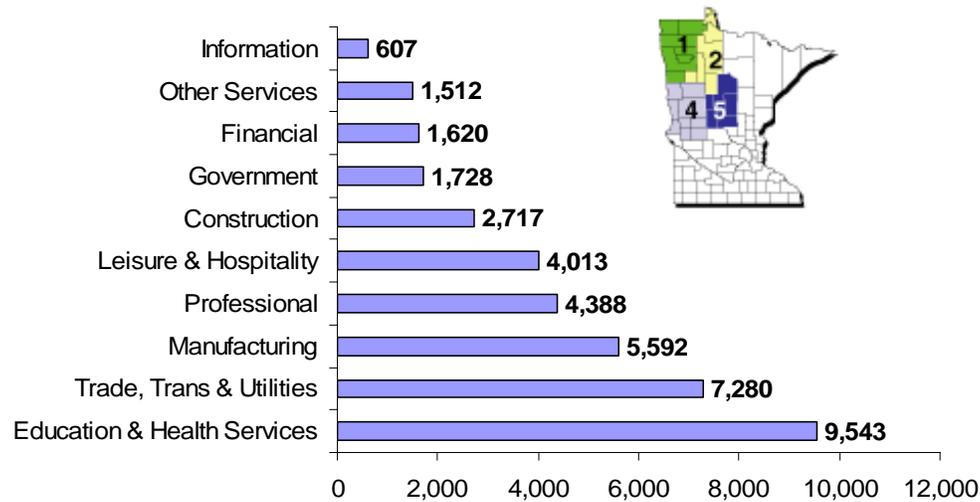
H. Area Employment Forecast

A report issued in October, 2005 by the Minnesota Department of Employment and Economic Development, *Labor Market Profile*, indicates that employment projections suggest that healthcare, business and financial, computer and engineering jobs with grow the fastest. In West Central Minnesota (Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse and Wilkin counties) employment growth is projected to be fastest in three occupational sectors:

- Healthcare Support fields are expected to expand by 31.6 percent over the decade to 2015. The strongest performers will include home health aides, nursing aides and attendants, medical assistants, and medical transcriptionists.
- Community and Social Services fields are expected to grow by 24 percent over the decade. The top gainers will include social workers and social and human services assistants.
- Computer and Math-Related fields are expected to expand by 26.1 percent over the decade. Growth-leading occupations will include computer support specialists, computer software engineers, and systems analysts.

The Department of Employment and Economic Development (DEED) indicates that overall the future job market favors “knowledge” workers and service-producing jobs. Many farming-related occupations, production occupations, and other ‘blue collar’ fields are expected to add a minimal number of jobs or decline. These Minnesota regional projections employ the same trend analysis used by the U.S. Department of Labor in national employment projections. Both nationally and in Minnesota, employment projections are widely used in educational program planning and career guidance. Chart 11-7 illustrates those industries and the respective number of jobs anticipated between 2002 and 2012 within northwest Minnesota.

**Chart 11-7
Employment Outlook by Industry
NW Minnesota
2002-2012**



III. ECONOMIC DEVELOPMENT SUMMARY

Alexandria’s economy is fundamentally strong and has been resilient in the face of adverse external economic forces such as record-high oil prices, increased interest rates, global outsourcing and a weaker outlook for economic growth in the United States. Global, regional and demographic trends will continue to the region, bringing both benefits and challenges. Economic indicators suggest Alexandria will continue to prosper. Several factors suggest the expansion of the commercial/industrial tax base within the community:

- Wages have increased since 2000 at a higher pace than several comparable MicroSA’s.
- The disparity in per capita income between Douglas County and the State of Minnesota is expected to continue to decrease.
- Labor force numbers for Douglas County have surpassed projections prepared in 2003, which suggested a 20% increase from 2005 to 2030.
- The unemployment rate has remained below the state and national unemployment rates since 2000 and the unemployment rate has fallen to an average of 4.9% in 2006 — the lowest in six years.
- Consumer spending and business investment is growing solidly with good measures of retail sales and pull factors for all merchandise categories.
- Alexandria has created 66 new businesses and 622 new employment positions since 2002.

- The City has consistently managed the community's finances prudently and continues to maintain a low tax rate.
- The City and its public utility partners are investing to renew and expand the community's infrastructure to provide a solid foundation for growth.
- Alexandria's employment opportunities are diverse with a variety of educational, government, manufacturing, tourism related and retail positions.
- Alexandria has kept pace with new technology, expanding its reach and scope of service and new industry standards.
- Building construction of commercial and industrial facilities remain stable with significant increases in industrial construction and rehabilitation in 2003, 2005 and 2006.
- Various agencies in the Alexandria area remain active in coordinating economic development activities. These include the Alexandria Area Economic Development Commission, Alexandria Lakes Area Chamber of Commerce, Economic Development Board, and Alexandria Workforce Center.
- As retirees resettle in the lakes area, additional demand for services and construction will be required.

IV. ALEXANDRIA ECONOMIC DEVELOPMENT PROGRAM

Successful economic development is affected on the availability of land, financial resources, transportation access, available labor pools, size of service area, educated employees and the entrepreneurial spirit. For strategic economic development planning to be effective, the active involvement of the private and nonprofit sectors and all levels of government is critical. Alexandria's degree of economic success is also due largely in part by an active and aggressive economic development organization involving teamwork between elected and appointed officials, local business people, and community leaders.

The majority of economic activities are conducted through the Alexandria Area Economic Development Commission (AAEDC). The AAEDC is a non-profit, 501(c) (6) corporation that was established in 1990 by the City of Alexandria as a result of the Star City Program. In 2003, the AAEDC received legislative authority to create the Lakes Area Economic Development Authority (LAEDA). The LAEDA model is the first of its kind in Minnesota to bring together communities and townships under a formal structure with designated EDA powers. This partnership includes the Cities of Alexandria and Garfield and the Townships of Alexandria and LaGrand.

The Alexandria Area Economic Development Commission (AAEDC) has been instrumental to the growth of business in the Alexandria Area and in Douglas County. From helping business start-up or relocate to the area, to working on long-term goals of expansion, the AAEDC serves as a catalyst for industry in the area. The AAEDC provides the following services: Revolving Loan Funds, Tax Abatement, Trade Assistance, Community Promotion, Business Expansion/Relocation, Site Selection, Tax Increment Financing, JOBZ Program, Demographic Analysis and General Business Advising. The AAEDC Mission is: To drive the economic wealth and stability of our communities and the LAEDA Mission is: To support the mission of the AAEDC by providing fair and equitable resources.

V. TOURISM

Alexandria serves as a tourist attraction year around. The lakes area offers visitors a wide variety of recreational opportunities including fishing, water activities, camping, resort activities, airplane rides, amusement parks, bike rentals, trap range, tennis courts, bowling, numerous golf courses, snowmobile trails, downhill and cross country skiing. Events and attractions include the Vikingland Band Festival, Awake the Lakes, Theatre L'Homme Dieu (the area's professional summer theater), Runestone Museum and fort, historic facilities (listed below), the Ole Oppe Fest, Viking Speedway, Carlos Creek Winery/Alexandria Farms, conventions, the county fair, among others.

Alexandria's economy is affected by tourism and has adapted as tourism in the community has changed. It is estimated there were approximately two hundred (200) resorts in the 1960s. This has declined to less than sixty (60). The typical tourists visiting Alexandria area are from the Twin Cities area, southern Minnesota or Iowa, have a family income of \$55,000 to \$70,000 and are weekend visitors or travel for a specific event.

The commercial base reflects the impact tourism has on the community. There are over one hundred (100) antique and specialty shops in the downtown area including antiques, quilt shop, floral, Scandinavian gift shop, crafts and other gift shops and numerous restaurants. In addition nine (9) motels, three (3) bed & breakfasts, several campgrounds and approximately thirty (30) resorts are located in the Alexandria lakes area serving visitors to the area. Resorts including Alexandria's largest resort, the Arrowwood, serve as conference facilities attracting business representatives to the area. Carlos State Park, several area county parks and city parks also provide recreational opportunities for residents and visitors. Parks and recreational offerings are further discussed in Chapter 10 (Parks, Trails and Recreation).

While tourists have a positive financial impact on the community's economy and provide funds through a tourism tax, the increased traffic, especially in the summer months, have required the city, county and state transportation departments to address congestion issues with a previous Highway 29 bypass and major street improvements. These transportation issues are further addressed in Chapter 7 (Transportation).

Additional considerations required to service tourists include weekend business hours, options for evening entertainment or "night life" and provisions for parking of recreational vehicles.

As a part of the community survey and meetings participants noted that while Alexandria draws a large number of tourists to the area, it has retained its sense of community and community pride. It was noted by a few participants that the City has a different atmosphere than other "lake communities" such as Brainerd or Detroit Lakes. This sense of community was attributed to higher ownership of summer lake homes in the Alexandria lakes area than other communities that draw summer visitors.

Recommendations relating to tourism in the area:

1. Continue to consider the impact tourism has on the community's streets and traffic congestion while preparing the capital improvement plan for street improvements.
2. The community should consider the needs and desires of residents as well as tourists when planning future park improvements.
3. Continue to highlight area tourist attractions, events and commercial/service related businesses and monitor and adapt to changes in tourism including business hours of operation.
4. A tourism study should be considered which includes demographic information on tourists, their spending habits and potential ways to capitalize on tourism in the community.

VI. HISTORIC PRESERVATION

The City of Alexandria is proud of its rich history, unique nature and charm. Several sites of historical significance are located within the City including:

1. Alexandria Post Office – 625 Broadway
2. Alexandria Residential Historic District – Cedar & Douglas Streets; 6th to 12th Avenues
3. Thomas Cowing House – 316 Jefferson Street
4. Douglas County Courthouse – 320 7th Avenue West
5. Great Northern Passenger Depot – North Broadway & Agnes Blvd.
6. Knute Nelson House – 1219 South Nokomis Street
7. Noah P. Ward House – 422 7th Avenue West

The sites above are listed in the National Register of Historic Places and feature architectural elements common during the 1860's and 1870's. Although the Douglas County Historical Society is an active organization within the community, current historic preservation standards do not prohibit the demolition or alteration of the buildings. If a building owner completes mitigation procedures, a building of historical significance could be demolished.

Community survey results revealed the following related to design standards, aesthetics, etc:

Would you encourage the City to:

- a. Employ advanced standards for aesthetics for businesses (e.g. require portions of building facades utilize prescribed exterior building materials; landscaping standards) as a means of preserving property values and promoting aesthetically pleasing corridors. **93%**
- b. Pursue less stringent standards (e.g. allow pole buildings; do not require landscaping) as a means of attracting more business. **7%**

Would you encourage the City to promote/retain image/ambiance in the community by:

- a. Implementing historic preservation, site design, landscaping and outdoor storage standards. **74%**
- b. Allowing development to occur as it has been. **26%**

Would you encourage the City to:

- a. Place restrictions on the size, bulk, type, design, height and/or number of business signs as a means of promoting business corridor aesthetics/unity. **87%**
- b. Allow business owners the freedom to advertise as they desire with fewer restrictions. **11%**

As a part of the business meeting, participants noted that design standards for the downtown and highway commercial areas were warranted, however, predicated their comments on a careful balance of benefit vs. cost. Retailers have expressed an interest in returning the design of their buildings to the original character, while others fear the cost of implementing design standards would make commercial (re) development in the downtown more costly than other highway commercial sites and cause barriers for chain stores with specific color/signage requirements.

Recommendations relating to historic preservation:

1. Alexandria should review the importance of historical buildings and define the community's dedication to the preservation of historic elements. Prescribing design standards for new, expanded or remodeled buildings and establishing standards for allowable demolition of historical buildings may achieve preservation of Alexandria's history. The standards may apply to buildings on the National Register as well as other architecturally interesting or historic buildings or homes in Alexandria.
2. Business owners should discuss the image they hope to portray in the downtown and highway commercial districts and the desirability of adopting design standards which address items such as the exposure of original architectural features, colors, awnings, signage, construction materials and historic preservation. If determined design standards are desirable, it is recommended the City assist through the establishment of a low interest revolving loan fund to financially encourage and support such changes. Application for a commercial rehabilitation small cities development grant may assist in the fund development.

VII. TECHNOLOGY

Alexandria's telecommunication profile includes high speed internet services through Alexandria Light and Power, computer resources at the public library and work force center, cellular phone companies in the community, medical technology and resources and partnerships between the elementary school, middle school, high school and technical college.

As a part of the business meetings participants noted that technology advances within the community were good and noted the need to promote the availability of video conferencing.

Recommendation relating to technology:

1. As a means of creating efficiencies for businesses, promote the use of teleconferencing or video conferencing options available at the Technical College to the business community.

VIII. DOWNTOWN COMMERCIAL BUSINESS DISTRICT

It is essential that a community understand the importance of all commercial and industrial areas and the overall impact each has on the community as a whole. The City's zoning ordinance classifies commercial areas as B-1, General Business District and B-2, Regional Business District. For purposes of planning, the commercial business activities have been segregated into two categories: (1) Downtown Business District and (2) Highway Commercial Development. Alexandria's downtown is comprised primarily of retail and professional services. Governmental offices including the county and city offices and post office and library attract consumers and employees to the downtown area.

A majority of the buildings in the downtown were constructed between 1890 and 1930 and remain in good condition. While the Building Code applies to new and remodeled structures, design standards regulating construction materials or building design do not exist. Visitors and shoppers enjoy attractive and inviting storefronts, therefore, most downtown development should provide continuous glass frontage on the ground level to maintain a traditional downtown storefront feel. Stores should have a first level facade that is transparent glass between three feet and eight feet above the ground for at least 70% of the horizontal length of the building facade. Concrete or brick walls, and storefront windows that are dark tinted or closed off with blinds are very unappealing to shoppers on the street. Non-retail uses in particular should maintain an attractive street entrance and storefront windows, to enhance the downtown shopping experience and to avoid creating dull frontages on pedestrian-oriented main streets.

Parking in the downtown includes on-street parking, public parking lots and private parking lots. In order to support customer and employee parking, one parking standard suggests there be 1 to 3 parking spaces per 1,000 gross square feet of commercial space. It is suggested that 4 to 6 parking spaces be provided per 1,000 gross feet of commercial spaces such as malls. The City's 20-year parking utilization analysis finds an average occupancy of downtown parking stalls of approximately 58%, with a high average of 72%. This analysis would seem to counter the perception of a lack of available parking in the downtown area. The City has taken measures to alleviate parking problems by posting time limits for some of the on-street parking stalls where short-term parking is needed. This discourages downtown employees from using prime customer spaces. The City recently created a park in the heart of its downtown area, 'Big Ole Park' and will be updating parking facilities in the next couple years. These types of efforts should be continued to create (where appropriate) additional pockets of open space in or near the downtown district, combined with additional public parking. Parcels in downtowns that are in property tax default or that are unfit for commercial use because of fire or neglect should be considered for acquisition for public parking or small parks, in accordance with an implemented parking plan. Municipal parking lots in the downtown are disjointed and not contiguous. An implemented parking plan would improve traffic circulation within and between parking areas and pedestrian circulation to commercial establishments from parking areas. A parking plan would consider targeting parcels contiguous to existing parking parcels for acquisition, swap, or easement. The parking plan should also include recommendations concerning lighting, landscaping, buffering and access to the main roads of the downtown. Additionally, each municipal parking lot in a downtown should be clearly identified with an attractive sign. Attractive signs help improve the appearance of the downtown and parking areas, and are appealing to shoppers. In addition, an attractive and noticeable sign simply stating the name of the city should be installed at each main entrance to the downtown area. Such signs beautify, clearly identify the community to travelers, and create a sense of place.

Traffic in the downtown is heavy with State Highways 27 and 29. High traffic counts provide businesses with high visibility and access. Challenges, however, include pedestrian conflict and traffic congestion, especially in the summer months. The construction of the Highway 27 bypass has assisted in decreasing through traffic in the downtown and the reconstruction of 2nd and 3rd Avenues should alleviate traffic congestion, reduce safety hazards and provide opportunities for redevelopment in the downtown.

Commercial development in other parts of the City and the region compete with the Alexandria Downtown commercial area. If the City plans to preserve the downtown central core as a commercial center, there are certain strategies which can be undertaken to escalate the area's drawing power.

As commercial business continues to concentrate in the areas along Highway 94, the Downtown may experience a decline in customer business. One way to keep the Downtown a vital part of the community is to modify it to become a self-supporting area outside of the commercial development toward the highway. The City can encourage particular types of business services in the Downtown area, which are not available in the highway commercial areas, such as local government facilities, professional, and specialty services.

Recommendations for Downtown Commercial (Re) Development

1. Governmental and semi-governmental services and buildings including the City offices, county offices, post office, library and chamber offices impact the vitality of the downtown business district (excluding jail facilities). These services should not be removed from the downtown business district.
2. To further accommodate downtown (re) development the Downtown Committee and Chamber may request the City consider either adopting specific downtown commercial district standards or design guidelines including construction materials, colors, restoration of original architectural features, signage and awnings and/or establishing a low interest revolving loan fund to assist with the implementation of these goals.

3. Significant glass frontage on the street should be required for new construction or renovation of downtown stores.
4. Ongoing maintenance and renovation of downtown buildings is needed to ensure the physical conditions are maintained or improved.
5. Traffic circulation and congestion concerns should be addressed through volume analyses and origin-destination studies to determine causes of problems and effects if not resolved, and potential benefits to be derived by proposed solutions.
6. If development on existing parking lots in the downtown occurs, replacement parking equal to the number of spaces lost should be required.
7. Single-family housing within the downtown core area should be limited due to compatibility concerns. Housing more appropriate in this type of setting is of a multiple family type, such as senior housing in which residents may walk to nearby services or 2nd story housing above retail. Adequate off-street parking and open space should be provided for residential uses.
8. The pedestrian circulation system should be enhanced by improving sidewalks, street furniture, and mitigate conflicts with traffic and street intersections by providing proper separation and signage control and enforcing such signage regulations.
9. The City should acquire key parcels near downtown areas for parking and green spaces where needed and coordinate parking within the downtown. Existing parking lots should be kept in good repair with routine maintenance or reconstructed when necessary.
10. A parking plan should be developed that would target parcels contiguous to existing parking parcels for acquisition, swap, or easement. The parking plan should also include recommendations concerning lighting, landscaping, buffering and access to the main roads of the downtown. Traffic circulation within and between parking areas and pedestrian circulation to commercial establishments from parking areas should be included within the plan.

IX. HIGHWAY COMMERCIAL DISTRICT

Significant highway commercial construction occurred within the past ten years. With projected growth in the City, and increased traffic along U.S. Highway 94 and State Highways 27 and 29, the City anticipates continued highway commercial development within the next several years. Therefore, Alexandria should plan to utilize its location near Highway 94 and commercial frontage along Highways 27 and 29 to establish attractive commercial areas. Since the highway corridors serve as commercial districts for the City, the development should be complimentary to the services in the Downtown. These developments should be of a specialized nature exhibiting needs of highway access and visibility. Alexandria should promote the U.S. Highway 94 entrance area and support opportunities for regional shoppers' goods facilities.

With the highway also acting as the "gateway" to the City, it is important that commercial development in this area maintain high standards of quality. The City may wish to consider building standards, attractive landscaping requirement, environmental beautification, and controlled parking, loading and street service standards. The City should plan now to allow for the market potential which will occur in the future and implement commercial land use policies and guidelines as the future market warrants. The City should promote commercial development in designated centers and commercial "nodes" that not only offer higher efficiency in land use and development, but also offer a higher level of aesthetics.

Policy Statements for Highway Commercial Developments

1. Commercial and service centers should be developed as cohesive, highly interrelated and coordinated units with adequate off-street parking and appropriate regulated points of access.
2. The City should discourage new commercial development which is “strip” commercial in nature in favor of concentrated nodes. This would also include development standards which ensure that buildings are placed appropriately on the site and have adequate circulation and parking. Concentrated nodes should be located at major intersections or where there is a residential service population.
3. Development standards should be reviewed to insure the quality of development desired by the community including minimum lot sizes, landscaping standards, building construction, lighting and outdoor storage.
4. Immediate, short-range market potential and demands for activities that are not suggested for a site or area by the Comprehensive Plan or allowed by the Zoning Ordinance should not be the sole justification for a change in activity.
5. Where land use allocations are provided for long term market needs and absorption, interim uses should be considered for such properties provided that such activity can exist in harmony with existing and proposed uses and that such uses will not serve as obstructions to planned activities and development.

X. INDUSTRIAL DEVELOPMENT

Alexandria is fortunate to have a diverse industrial base. The City has three primary industrial areas; the north industrial area, the Airport or South Industrial Park and Heritage Industrial/Business Park. Alexandria’s industrial land was zoned based on several key criteria including proximity to the Highway 94, buildable land, and the lack of presence of residential development.

While Alexandria has attracted businesses to the City, the expansion of the technology/service sector suggest an opportunity in the community’s approach to economic and industrial land development.

New industrial development should be encouraged to locate in existing and proposed industrial parks and industrially zoned areas. Development issues include use compatibility, employee and truck traffic generation, pollution potentials, environmental sensitivity and impact on the area lakes.

Existing industries should be retained and encouraged to expand in appropriately zoned industrial areas. The Alexandria Area Economic Development Commission and Economic Development Board should promote industrial developments that maximize the return on city investments in public facilities and services, expand the tax base, provide quality employment opportunities and compliment existing services.

For both existing and new industrial development, regulations should be maintained with criteria regarding: building appearance and materials; screening of outside storage areas; screening of off-street parking facilities; use of landscaping; and proper handling of environmentally sensitive areas.

Recommendations for Industrial Development:

1. Traffic generated by industrial activity should be prohibited from penetrating residential neighborhoods.

2. Existing industrial type activities within residential and/or environmentally sensitive areas of the community should be encouraged to relocate in appropriate use type areas.
3. Existing industrial uses and new industrial development should not cause pollutants or contaminants to be emitted into the surrounding environment (including air, soils, ground water, drainageways, sanitary sewer and storm sewer) in excess of State and Federal regulations.
4. Industrial areas should be adequately screened and appropriately landscaped and designed according to City standards.
5. Due consideration should be given to all potential physical implications and services and facility demands (i.e., traffic generation, sewer and water demands, etc) of any proposed industrial development. Extension of utilities and annexation of areas about to become industrial in nature should occur prior to the issuance of building permits for the industrial construction.

The City should focus on providing a balance of industrial growth to support the community's tax base and to provide jobs, commercial growth to provide services to employees and residents and housing development to provide housing opportunities for all.