

# ECONOMIC COMPETITIVENESS

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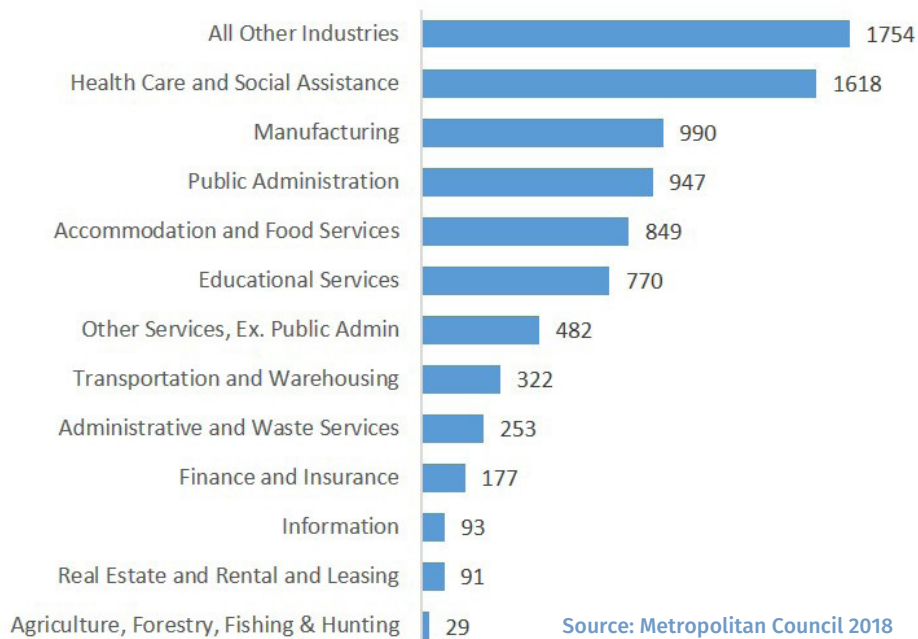
## Economic Competitiveness Analysis

The Background and Existing Conditions portion of the Economic Competitiveness chapter provides an overview of the existing characteristics of the economy, workforce and economic development infrastructure and how they influence economic development in Hastings. Analysis of this information provides a basis from which to identify economic development issues, needs and opportunities, community values, goals and policies.

### Economy

Figure 7.1 reveals that manufacturing and health care are the largest employment sectors in the community. Finance and Insurance, a high-wage sector, is a somewhat underrepresented sector in the community (as shown in Figure 7.1). The average yearly wage in Hastings is \$39,525 according to 2016 data.

**Figure 7.1 - Average Employment by Industry, 2016**



**Table 7.1 - Change in Employment, 2010-2016**

	2010	2011	Percent Change	2012	Percent Change
Accommodation and Food Services	733	790	8%	833	5%
Administrative and Waste Services	214	198	-7%	194	-2%
*Agriculture, Forestry, Fishing & Hunting	No Data	No Data		30	
	2777	2678	-4%	1674	-37%
*Construction	241	267	11%	808	203%
Educational Services	815	801	-2%	181	-77%
Finance and Insurance	199	202	2%	1680	732%
Health Care and Social Assistance	1697	1693	0%	70	-96%
Information	74	70	-5%	1136	1523%
*Manufacturing	No Data	No Data		No Data	
Other Services, Ex. Public Admin	519	513	-1%	496	-3%
Public Administration	1131	902	-20%	910	1%
*Real Estate and Rental and Leasing	No Data	No Data		No Data	
Transportation and Warehousing	196	208	6%	230	11%

*\*Data was not available for all seven years.*

Table 7.1 - Change in Employment depicts employment changes by sector. The most significant growth sector in Hastings between 2010 and 2016, both numerically and as a percentage change was Transportation and Warehouses (126 jobs, 64% growth).

Two industries lost more than 50 employees:

- » Manufacturing
- » Public Administration

2013	Percent Change	2014	Percent Change	2015	Percent Change	2016	Percent Change	Total Change 2010-2016
812	-3%	821	1%	829	1%	849	2%	16%
277	43%	263	-5%	300	14%	253	-16%	18%
34	13%	43	26%	40	-7%	29	-28%	-3%
1533	-8%	2370	55%	2218	-6%	1754	-21%	-1023
275	-66%	No Data	No Data	No Data	No Data	No Data	No Data	14%
795	339%	789	-1%	758	-4%	770	2%	-6%
184	-89%	173	-6%	171	-1%	177	4%	-11%
1678	2297%	1689	1%	1671	-1%	1618	-3%	-5%
82	-93%	84	2%	85	1%	93	9%	26%
1117		1082	-3%	1057	-2%	990	-6%	-11%
527	6%	No Data	No Data	No Data	No Data	482		-7%
916	1%	932	2%	952	2%	947	-1%	-16%
No Data		No Data		97		91	-6%	-6%
243	6%	258	6%	280	9%	322	15%	126

Source: Metropolitan Council 2018

**Table 7.2 - Major Employers**

Employer	Products/Services	Number of Employees
Dakota County	Government Services	1800
Allina Health/Regina Hospital	Acute Care Hospital & Surgery Center	708
School District #200	Elementary & Secondary Schools	575
Intek Plastics, Inc.	Plastics Products	175
Allina Medical Clinic	Medical Clinic/Offices of Physicians	140
Cub Foods	Grocery Store	140
Smead Manufacturing Co	Stationary Supplies	135
City of Hastings	Government Offices	130
Ardent Mills	Flour & Other Grain Mill Products	120
Wal-Mart	Department Stores	120
Coborn's	Grocery Store	100

Source: <http://www.hastingsmn.gov/business/demographics/location/major-employers>

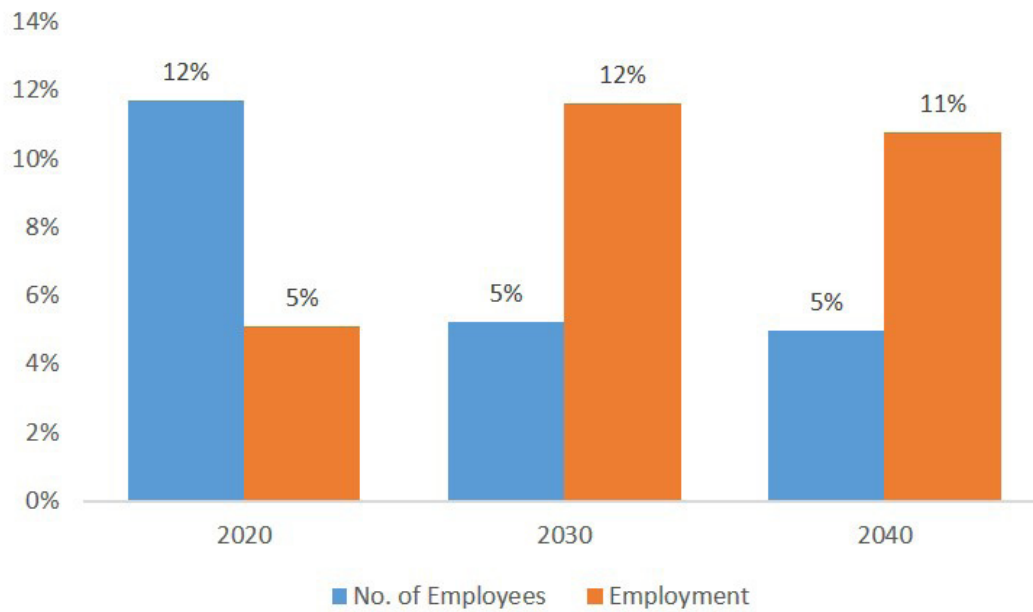
As with many communities, like Hastings, that are county seats, it is not unusual to see a high number of government, education and healthcare related positions. County seats often have larger school districts, regional healthcare facilities and governmental offices within their city limits.

# Workforce

## Employee Growth and Employment Growth Forecasts

Number of available employees based on population and employment growth forecasts prepared by the Metropolitan Council show a wide disparity between population growth and employment growth in Hastings (see Figure 7.2).

Figure 7.2 - Projected Number of Employees and Employment Growth



Source: Metropolitan Council 2018

## Commuting and Residency

Residents of Hastings show an exceptional propensity for working in the City of Hastings compared with other residents of Dakota County, reinforcing the community's role as a free-standing city rather than a suburb. Over 42 percent of Hastings' residents work within the city limits, according to the 2015 US Census. In most Dakota County communities (Apple Valley, Farmington, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul, and West St. Paul) this percentage ranges from 13.2% to 16.4%. Eagan and Burnsville retain 25.6% and 24.8% of their residents as employees.

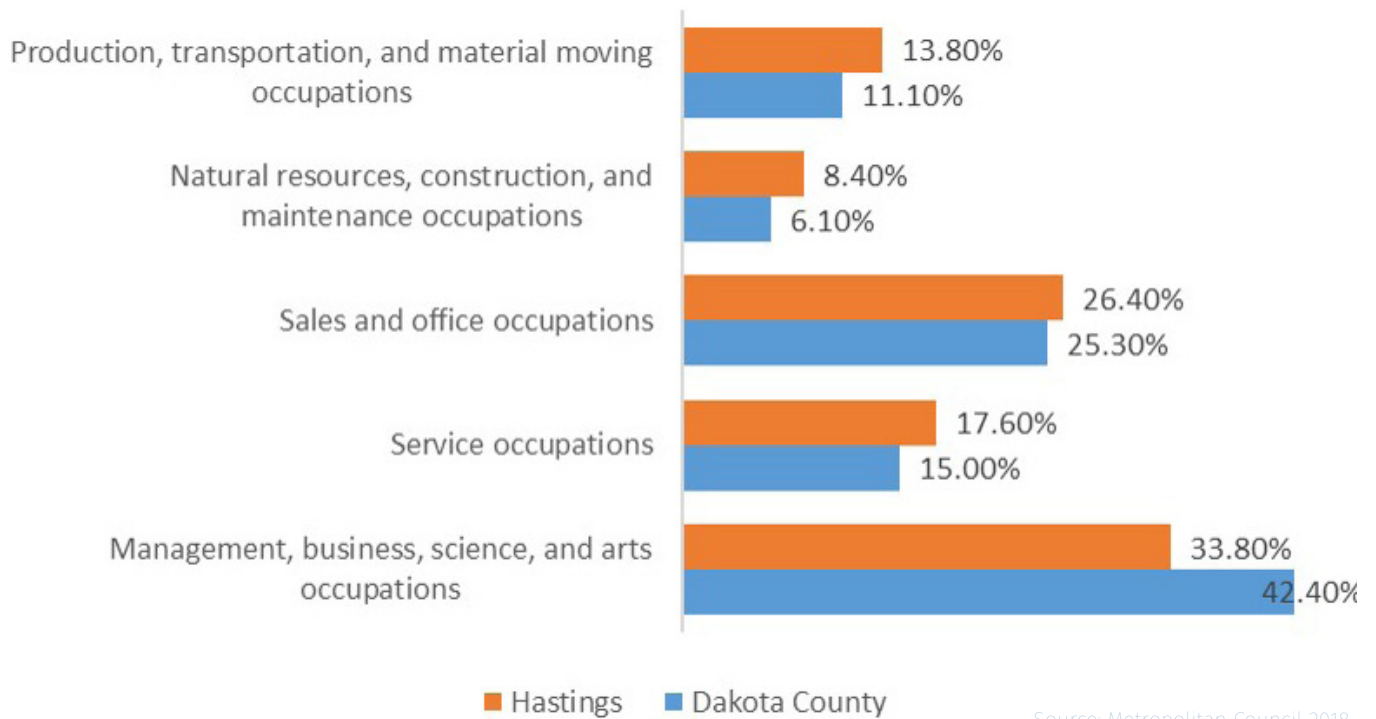
<b>Table 7.3 - Workplaces of People Who Live In Hastings</b>	
<b>Workplaces (City)</b>	<b>Number of Workers</b>
Hastings	2,813
St. Paul	1,078
Minneapolis	629
Eagan	500
Rosemount	402
Bloomington	288
Cottage Grove	272
Inver Grove Heights	214
Burnsville	209
Woodbury	207
Other	2,963

Source: Metropolitan Council 2018

<b>Table 7.4- Residences of People Who Work In Hastings</b>	
<b>Residences (City)</b>	<b>Number of Workers</b>
Hastings	2,813
Cottage Grove	362
Ravenna Township	300
St. Paul	234
Woodbury	160
Inver Grove Heights	133
Marshan Township	124
Rosemount	115
Lakeville	114
Other	1,783

Source: Metropolitan Council 2018

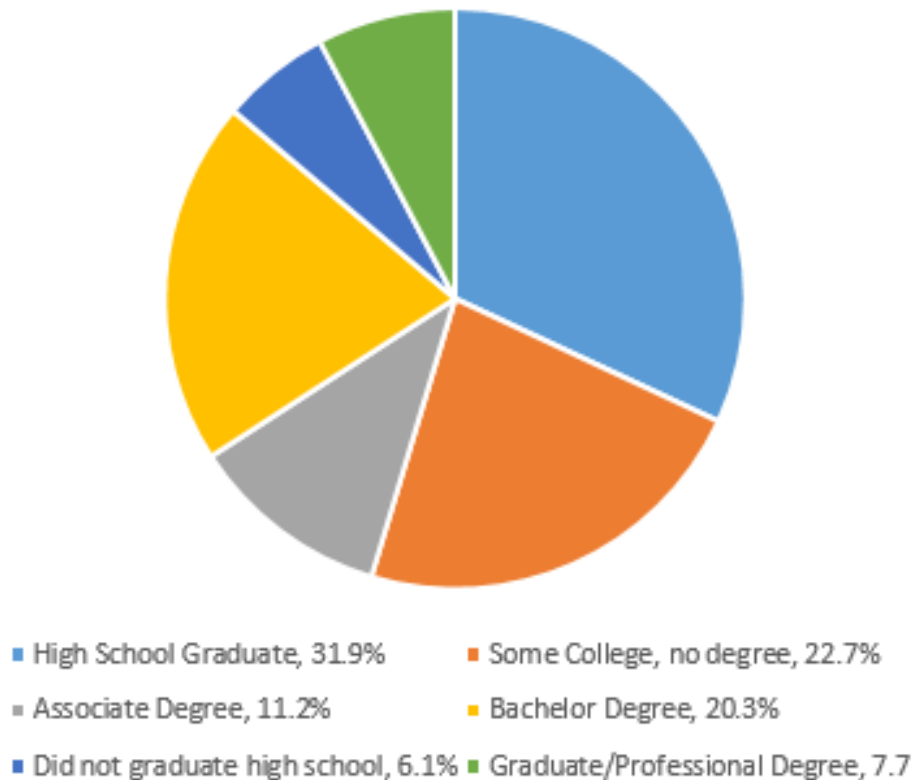
**Figure 7.3 - Workforce Characteristics - Occupation of Residents**



Source: Metropolitan Council 2018

In the last decade, Hastings has retained a slightly higher concentration of residents working in “blue collar” occupations, as compared to all of Dakota County, but has closed some of the gap.

**Figure 7.4 - Workforce Characteristics - Occupation of Residents**



Source: Metropolitan Council 2018



# Economic Competitiveness Infrastructure

## Business and Industrial Parks

According to the Metropolitan Council, the amount of land currently used for industrial purposes in Hastings is 224 acres or 3.5 percent of the total developed area of the City (6,325 acres). The total acreage has increased by roughly 6 acres since 2006.

A majority of land designated for industrial use in Hastings is concentrated in the 230-acre Hastings Industrial Park, established in 1972 in the southeastern part of the City. The main entrance to the Industrial Park is Spiral Boulevard on State Highway 316, 300 yards south of the junction with US Highway 61. The park is also accessible from 31st Street. There are 36 small- to medium-sized businesses in the park. Approximately 70 acres remain available in the Industrial Park. Other larger industrial areas include the Ardent Mills Company located southeast of 18th and Vermillion Streets and Smead Manufacturing located 10th Street, east of Vermillion Street.

Developed more than four decades ago, the Hastings Industrial Park does not reflect contemporary design standards for business and industrial parks, particularly in the metro area. Eventually the Hastings Industrial Park will be built out and the City has tentatively planned for a Business Park in the 2040 Future Land Use Plan located north of the intersection of County Road 46/160th Street East and Jacob Avenue. It is likely that the Business Park would allow for a wider variety of more contemporary commercial and industrial development.

## Location, Transportation and Economic Development

Hastings is located in the southeast corner of the Twin Cities metro area. This location is significant because of its position relative to major transportation assets and major market areas.

The major market areas in North America are

located to the south and east of the Twin Cities. Highway corridors from the Twin Cities to these markets include I-94 east toward Milwaukee/Chicago or southbound I-35 and US (TH) 52. The southbound routes have the advantage of connecting more directly to the east-west network of Interstates (I-90, I-80, I-70, etc.), providing the option of moving east while avoiding Chicago and moving south and west most efficiently.

The I-35 Corridor from Lakeville north through Minneapolis is highly congested; significant improvement in traffic movement is not anticipated in that corridor. East-west traffic on I-494 east of the Minnesota River and south on US (TH) 52 continues to become more congested.

The location of the Flint Hills Refinery will continue to impact land use along US (TH)52 and MN (TH) 55, approximately 7.5 miles west of Hastings in Rosemount. Since the area is not desirable for housing development, large open tracts have not been developed and offer significant potential for transportation/warehousing as well as manufacturing and processing facilities.

This area has two other transportation assets – rail service and proximity to Minneapolis- St. Paul International Airport (MSP).

The Pine Bend area of Dakota County has been of interest for a number of years for the logistics industry. In the mid-1990s the Minnesota Intermodal Railroad Terminal Facility (a public/private partnership made up of representatives from Burlington Northern Santa Fe, CP Rail System, Union Pacific, the Minnesota Department of Transportation, and the Metropolitan Council) investigated the need and opportunity to create an intermodal facility, known as MIRTHS. Increased energy costs, a shortage of truck drivers, and increased safety regulations for the truck driving profession make intermodal transportation (truck trailers riding on railcar flatbeds) a competitive option. The Metropolitan Councils 2040 Transportation Policy Plan continues to

project a potential need for additional intermodal facilities as the Midway Hub and Shoreham Yard are currently operating near full capacity.

Hastings' location near the potential concentration of transportation, warehousing, and logistics industry activity near Pine Bend helps define the market opportunity for commercial and industrial growth in Hastings.

## Downtown Revitalization

The historic area of downtown Hastings and its location on the Mississippi River distinguishes Hastings from most other communities in the greater Twin Cities region. Preservation and enhancement of these assets can provide a competitive economic advantage to Hastings over time. Recent development along the riverfront and downtown Hastings reflects a growing interest and potential to build housing, commerce and attract visitors to downtown Hastings.

Downtown serves the needs of both local residents and visitors. The City has invested nearly seven million dollars in the Riverfront Renaissance, including riverfront park and streetscape improvements. Artspace Hastings Lofts, a 37 unit apartment building was recently completed. Great Rivers Landing, a rehabilitation of the former Hudson Manufacturing facility into hotel, apartment, and commercial space is scheduled to begin in 2018. Great Rivers Landing will provide for additional riverfront park improvements.

The new US (TH) 61 bridge is a 4-lane highway bridge and an improvement over the previous bridge. The bridge has increased the ease of access to downtown Hastings and area south along Vermilion Street/US (TH) 61.

## Red Rock Southeast Corridor

Development of Red Rock Corridor bus rapid transit is underway and recently an implementation plan was approved by the Red Rock Corridor Commission. The Red Rock Corridor is a proposed 20-mile transitway, connecting the Twin Cities' southeastern suburbs to St. Paul and Minneapolis. The transitway will originate in Hastings and stop in Cottage Grove, Newport and St. Paul's Battle Creek neighborhood before connecting to the St. Paul Union Depot. Before an investment can be made in bus rapid transit, building ridership through expanded bus service and the construction of new park-&-ride facilities in Newport and Hastings will be the top priority.

The need for better public transit within and to and from Hastings to the metro was a concern brought up many times during the 2040 Comprehensive Plan process and is a top priority for the community. The potential positive impacts on transit, land use, commuting and economic growth far outweigh the negative connotations that have occasionally surrounded the topic of connecting Hastings by bus to the metro area. One of the primary goals of the project is to "Increase opportunities for community and economic development throughout the corridor". The plan included two phases, the first being to increase local and express bus services along the corridor. The City will need to work with Metro Transit and support the development of the Red Rock Corridor. However, the thoughtful, transit-oriented design in and near any proposed station/Park & Ride facilities will be critical to minimizing the negative impact of parking and traffic while maximizing the social, aesthetic, and economic impacts.

More information about the planning for Hastings and the Red Rock Southeast Corridor can be found here: <http://www.redrockcorridor.com/corridor/stations-planning/hastings-station/>

## Employment-Bearing Land Use Intensity

As a community within the Metropolitan Urban Service Area the City of Hastings is required to identify employment locations and provide a measurement of intensity of planned land use. This Comprehensive Plan's 2040 Future Land Use Map and associated forecast are located in Chapter 4 and detail the locations within the City guided for commercial/office, industrial, mixed use (25% commercial/office), and institutional uses. The net acreages for those future land use classifications have been utilized in the table below (Table 7.5) to provide an estimated measurement of Employment-Bearing Land Use Intensity. Using the Metropolitan Council's guidance on how to provide measurements of intensity of employment, it is estimated that the City has guided enough land towards employment bearing uses through 2020, 2030, and 2040 to support the estimated number of jobs forecasted by the Metropolitan Council.

TABLE 7.5 EMPLOYMENT-BEARING LAND USE INTENSITY														
			2010			2020			2030			2040		
Land Use Category	FAR	AVG SQFT Per Job by Land Use Category	Net Acres	Floor Area Estimate (SQFT)	Employment Capacity Estimates	Net Acres	Floor Area Estimate (SQFT)	Employment Capacity Estimates	Net Acres	Floor Area Estimate (SQFT)	Employment Capacity Estimates	Net Acres	Floor Area Estimate (SQFT)	Employment Capacity Estimates
Commercial/Office	0.17	962	306	2,265,991	2,356	311	2,303,017	2,395	316	2,340,043	2,433	321	2,377,069	2,472
Industrial	0.19	1,350	341	2,822,252	2,091	428	3,542,299	2,624	479	3,964,396	2,937	530	4,386,492	3,249
Mixed Use (25%)	0.28	920	7	88,427	96	10	125,017	136	13	152,460	166	15	176,854	192
Institutional	0.25	1,240	412	4,486,680	3,619	412	4,486,680	3,619	467	5,085,630	4,102	522	5,684,580	4,585
Totals			1066	9,663,350	8,162	1,161	10,457,014	8,773	1,275	11,542,529	9,637	1,388	12,624,995	10,498
Metropolitan Council Employment Forecasts					8,532			8,100			9,100			9,600



## Vermillion Street Corridor

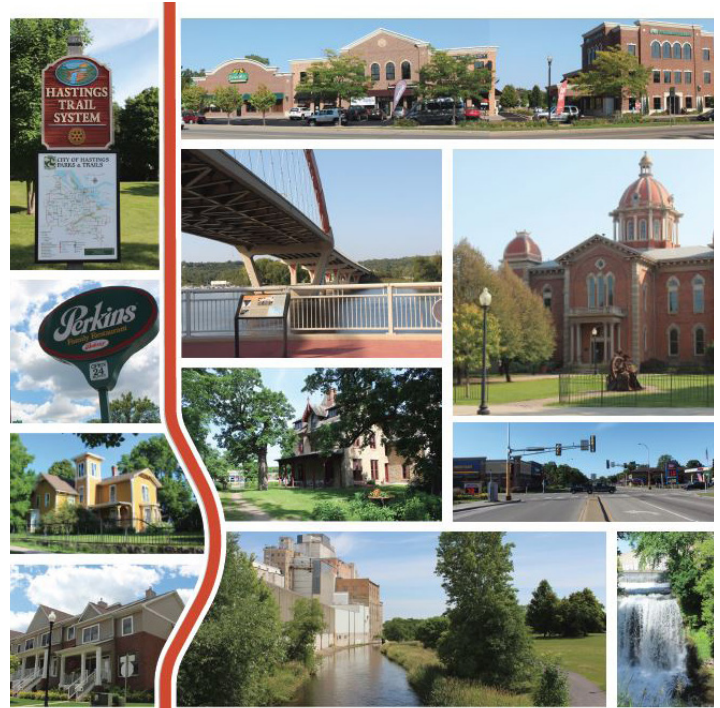
In April of 2018 the City adopted the Vermillion Street Corridor Study; a plan for the economic redevelopment and revitalization of Vermillion Street. The study outlines a clear and unified strategy to improve the market position of the corridor through the identification of priority redevelopment sites. The Study also aims to improve the Corridor through the enhancement of its aesthetics, multi-modal transportation, and connection to the City of Hastings.

The study will be used as a foundation for decision-making matters pertaining to the Vermillion Street Corridor. It should be used by elected and appointed officials, City staff, and property and business owners, developers, and residents to guide investment, improvements, and development characteristics throughout the Corridor. It provides recommendations to improve each of the different functional areas of the Corridor, by identifying improvement recommendations and development opportunities.

The study focused identifying improvements for the four districts of Vermillion Street; 1)Downtown, 2)Midtown, 3)Vermillion River and 4)Southtown. Each district's section includes a listing of opportunity sites, a framework plan and model sites for better visualization of the intended character of future development.

The Vermillion Street Corridor is a major thoroughfare for the community. The corridor has seen many different types of development over the years and needed a clear and unified strategy for improvement. Implementing the study and revitalizing this crucial corridor are an important part of the City's economic resiliency efforts for 2040.

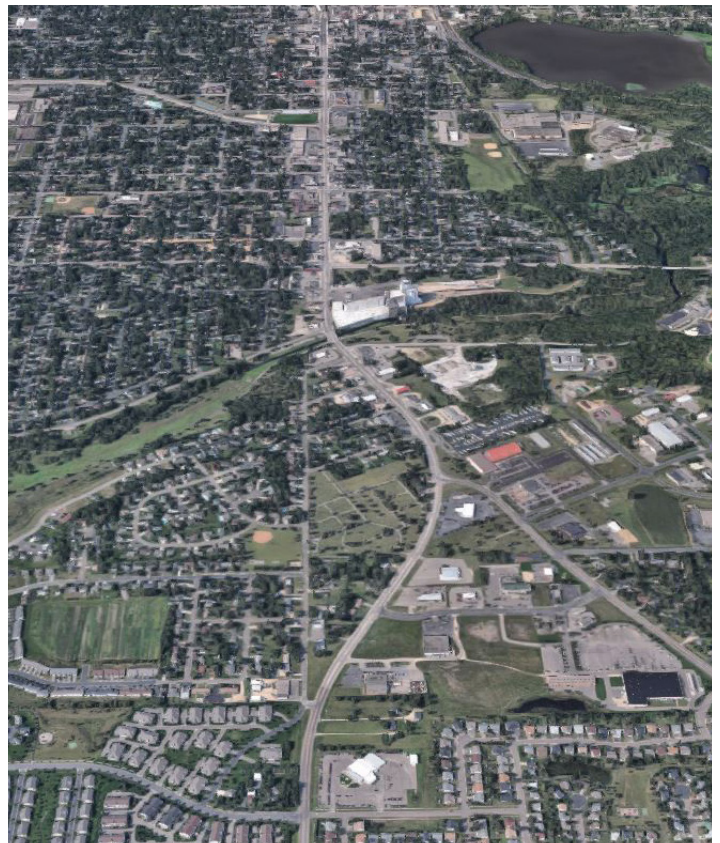
A full version of the document can be found here: <http://www.hastingsmn.gov/home/showdocument?id=6075>



City of Hastings, Minnesota

## Vermillion Street Corridor Study

Adopted April 2018



# Organizations

Economic development initiatives to strengthen job opportunities and the city's tax base have long been important to Hastings. The Industrial Park Board was established in the 1970s and provided guidance to the development of the Hastings Industrial Park. The City established the Economic Development Commission (EDC) in 2003, which is appointed by the City Council; the Industrial Park Board was dissolved when EDC was established.

The Housing and Redevelopment Authority (HRA) was also established in the early 1970s and has focused on downtown redevelopment, employing tax increment finance, loans and grants for building rehabilitation, and site acquisition/clearance and land assembly as tools in the redevelopment process. The "Main Street" model – with its focus on active business participation, together with economic restructuring, design/appearance, and marketing/promotional activities – has been employed in the downtown revitalization efforts.

The Hastings Economic Development and Redevelopment Authority (HEDRA) was established in 2009. The HEDRA replaced the HRA and EDC; continuing on the strong foundation laid by those agencies. Additionally, the Hastings Chamber of Commerce is an active participant in the City's redevelopment and economic activities.

The Dakota County Community Development Agency (CDA) is responsible for public housing in Hastings. Together with other county departments and agencies, the CDA recently completed an economic development strategy that clarifies the role of the county in support of economic development. Additional cooperation and support for local economic development activities may be available from the county in the following areas:

- » Brownfield remediation and redevelopment
- » Coordination of county road infrastructure with opportunities to develop business and industrial parks
- » Transit-oriented development

## Major Economic Development Issues

The major economic development issues are described below. Issues are questions to be discussed, debated and resolved during the planning process.

**1. Local Employment Opportunities:** What are the implications of the potential large-scale transportation-related development projects along US(TH) 52? Which employment sectors does Hastings want to target or avoid for growth and diversification? What assets and competitive advantages can Hastings promote that are important to the targeted sectors? How are people getting to work in Hastings and where are they coming from? How would the development of the Red Rock Corridor Bus Rapid Transit, with a Park and Ride facility/station in Hastings benefit businesses, employers and commuters?

Hastings needs to grow its commercial/industrial tax base to maintain a balance between

residential and commercial/industrial tax base. Significant growth in population without growth in employment opportunities will increase the proportion of people commuting out of the community; depending upon the length of the commute, this can have serious implications for family time, community engagement, and volunteerism. Supporting the Red Rock Corridor could have major positive impacts business, employers and commuters in Hastings.

Hastings also has concerns about current and projected shortages of affordable and workforce oriented housing within the City. Employers, citizens, staff, and Steering Committee members all raised concerns about the amount of affordable housing available in the community now and in the future. Overall, the community needs to find additional development and redevelopment opportunities to increase the amount of affordable housing units. An increase in affordable housing

for Hastings would likely mean less commuting, increased retail activity, an increase in the number of young families, as well business and employment growth for low and medium income earners. The lack of affordable housing to meet current and project needs is a regional issue as well; it is a major platform of the Metropolitan Council's 2040 planning efforts.

**2. Business and Industrial Parks:** Is there value to redevelopment and/or other revitalization initiatives to improve the image of the Hastings Industrial Park? Where could future business and industrial parks be located? What is the market niche for the remaining acres in the existing Hastings Industrial Park? Is there an opportunity to encourage development of a Business Park that will address a different market niche? Will either niche compete with infill and redevelopment downtown and along the Vermillion Street Corridor or will it complement redevelopment activities? Are adjacent land uses compatible with future business or industrial park locations? Is appropriate sewer, water, and transportation infrastructure available? Is there sufficient market demand to attract private sector investment, or should the City/HEDRA play a role in acquiring and holding land for a business/industrial park?

Hastings needs competitive, well-served business or industrial parks in order to attract high quality employment opportunities and expand its commercial/ industrial property tax base. Appropriate locations with good transportation access to US(TH) 52 and excellent sewer, water, and telecommunications services need to be reserved for future development. Careful consideration of overall community goals, economic development goals, and the expression of those goals in guiding land development and economic development initiatives is critical to the community's economic future.

**3. Organizing for Economic Resiliency:** What significant economic development initiatives are anticipated in the next 5-10 years? Does the community have the appropriate organizational capacity to undertake these initiatives? If changes are needed in organizational capacity – what is the role of the public sector? – what is the role of the private sector? What human and financial resources are needed to enable the community to achieve its economic development goals?

Strong organizational capacity will continue to be needed to sustain the downtown revitalization momentum and address emerging issues and opportunities related economic development , competitiveness and resiliency.

In the area of business and industrial park development, the role of the public sector and the role of the private sector could be examined by the HEDRA if they seek to encourage the creation of a Business Park with higher building standards and ready access to US(TH)52.

Implementation of the Vermillion Street Corridor Study will require significant organizational capacity. The City and HEDRA should focus on achieving the goals and enacting the policies outlined in the study to ensure plan implementation is successful and the corridor sees improvement.





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# Economic Competitiveness Plan

**Goal 1 - Business and Industrial Parks: Maintain a balanced and competitive inventory of business and industrial sites with excellent infrastructure, telecommunications capacity and transportation access.**

## **Objectives:**

1. New Business or Industrial Park: Develop or encourage development of a business park on the western side of Hastings, with excellent east-west truck access to major north- south routes from the Twin Cities metro area.
2. Corporate Headquarters: Attracting corporate headquarters and supporting the development of corporate campuses in Hastings.
3. Hastings Industrial Park: Complete Shovel Ready Certification through MN DEED and Xcel Energy. Shovel-ready and/or Certified sites:
  - » Have a distinct competitive advantage to the communities who hold them.
  - » The certification process simplifies the development process by reducing time, expense, risk, and unpredictability.
  - » Offers increased visibility and marketing, not only for that particular site, but for the community as a whole. Certified sites are becoming less of an exception and more of a standard. Having certified sites sends the message to the development community that we are proactive, business-friendly, and prepared for new development.
4. Land Sale and Financial Incentive Guidelines: For city owned business/industrial parks; periodically review land sale and financial incentive guidelines to reflect community employment and tax base goals and market considerations.

**Goal 2 - Vermillion Street Corridor Study: Support economic revitalization of the Vermillion Street Corridor.**

## **Objective:**

1. Implement the Vermillion Street Corridor Study (2018), which seeks to improve the economic vitality and market position of the corridor by developing a long-term vision based on a unified approach to improve business viability, visual image, transportation and pedestrian safety. The plan provides a working plan for economic growth and redevelopment along the corridor and includes the identification of properties and/or sites that can be targeted for development or redevelopment. The plan provides recommendations as to what the city's role should be in development, redevelopment and increased utilization and function of properties along the corridor.

**Goal 3 - Transportation and Telecommunications Infrastructure: Support and facilitate strong telecommunications and transportation infrastructure to all local centers of economic activity.**

## **Objectives:**

1. Access to Business and Industrial Parks: Work with transportation partners (e.g. Dakota County, MNDOT) to encourage excellent access to business and industrial parks, addressing issues such as high quality east-west access across Dakota County, truck access, load limits, and turning lanes.
2. BRT: Participate in planning and lobbying efforts to support development of the Red Rock Corridor BRT service and associated transit oriented development in downtown Hastings.

3. Support for telecommunications lines, antennas, and wireless devices: ensure that easements are made available to support state-of-the-art telecommunications, especially to centers of economic activity.
4. Support the expansion of all broadband/fiber Internet access service options to residents and businesses throughout the community.

**Goal 4 - Economic Development Services: Hasting will make business retention attraction a priority.**

**Objectives:**

1. Retention and Expansion of Local Industry: Place a priority on the retention and expansion of existing industries and major employers. Maintain strong communication and relationships with existing industries and business organizations like the Chamber of Commerce.
2. Community Information: Organize and update information on the local economy, gathering and tracking development statistics, demographics, employment statistics, traffic counts, and data meaningful to developers and site locators. Work with the Chamber of Commerce and regional partners to provide high quality information to businesses and developers.

**Goal 5 - Community Attractiveness: Hastings will foster and celebrate itself by creating a true sense of place through attractive and unique infrastructure.**

**Objectives:**

1. Work to tell the story of Hastings: who we are, where we are and what we have to offer.
2. Continue to build relationships with the development community to help us understand opportunities in the market, as well as to create an awareness and understanding of Hastings to potential businesses looking to invest in Hastings.
3. Implementation of a “percent for art” program in Hastings: This would set aside 1 percent of the city’s capital improvement plan budget for the acquisition, placement and installation of public art in the community.



