

Chapter 4

Economic and Redevelopment Plan

4.0 Local Economy

The City of Fridley is fortunate to have an abundance of employment sources right in our community. According to 2000 Census data, there were 11,542 more jobs in Fridley than the number of workers age 16 and over. It is interesting to note that, despite the strong local access to jobs, most Fridley residents work outside of Fridley. The most common place of employment for Fridley residents is not Fridley. It is other cities in Hennepin County and, secondly, Minneapolis. Only 21% of the 15,221 Fridley residents in the work force in 2000 were actually working in Fridley's borders.

Most of the 26,763 people working in Fridley in 2000 were traveling to Fridley from a metro county other than Anoka or Hennepin. The second most frequent place of residence was Hennepin County, not including Minneapolis. The third most common place of residence for Fridley workers was a city in Anoka County other than Andover, Coon Rapids, or Blaine. The distance people are commuting to work certainly has an impact on the transportation demands on the community and the region. It also poses challenges to a public transportation system that is focused on getting workers to and from the central cities.

The local economy is predominantly manufacturing. Education and health services are also a predominant employment source. This too poses challenges for public transportation, as these types of jobs are often second and third shift jobs. Commuter rail, designed to transport workers during rush hour would not be able to be used by second and third shift employees. **Table 4.1** represents the breakdown of the local economy by industry as of the 2000 Census.

Table 4.1 Industry of Employment, City of Fridley (2000)

Industries	% of Employed Persons 16 years and Over
Agriculture, forestry, and fishing, hunting, mining	0.36
Construction	6.34
Manufacturing	20.47
Wholesale trade	4.56
Retail trade	13.24
Transportation, warehousing, utilities	4.79
Information	2.39
Finance, insurance, real estate, rental/leasing	7.95
Professional, scientific, management, administrative, waste management	9.82
Educational, health, social services	16.78
Arts, entertainment, recreation, accommodation, food services	5.75
Other services	4.25
Public administration	3.31

Source: 2000 Census

Much has changed in the job market in Fridley since the 2000 census, however. Fridley has seen a decline in the number of jobs from 26,763 in 2000 to 23,845 in 2006. Fridley has lost more than 3,000 jobs in the past five years alone. Most of the decline has been in the area of manufacturing. Many manufacturing

businesses have been automating, which has reduced the number of workers they need for the same amount of production. Retail and service sector job numbers have also recently declined.

Fridley's unemployment rate is currently 5.1% (June 2007), according to the Minnesota Department of Employment and Economic Development. This is twice the percentage of unemployment that existed in the community at the time of the last comprehensive plan update in 2000. It is also slightly higher than the State's unemployment figure currently of 4.5%.

Existing Employers

Major employers within the City of Fridley include Medtronic, BAE Systems, Cummins Power, and Unity Medical Center. Other than Unity Medical Center, the major industries include manufacturing and research and design. The following table represents other major employers in Fridley:

Table 4.2 Major Employers in Fridley (2006)

Major Employers	SIC	Products/Services	Employees
Medtronic Inc	3845	Navig., Meas., Electromedical & Control Instrum. Mfg.	3,076
Onan Corp/Cummins Power Generation	3519	Manufacture Generators & Diesel Engines	1,700
Unity Medical Center	8062	General Medical & Surgical Hospitals	1,570
BAE Systems	3489	Design, Develop & Product Test Major Gun Systems	1,412
Minco Products Inc	3625	Design & Manufacture of Sensing Temperature Devices	748
Target Distribution Center		Warehouse for Retail	512
Target Superstores	5311	Department Stores	330
Kurt Mfg Co	3469	Contract Manufacturing Parts for Other Companies	286
Wal-Mart	5311	Department Stores	230
Lofthouse Bakeries	5461	Retail Bakeries	215
Park Construction Co	1611	Highway & Street Construction	175
Menard Cashway Lumber	5211	Home Improvement Service and Retail Stores	150
Home Depot	5531	Home Improvement Service and Retail Stores	146
Cub Foods	5399	Grocery and General Merchandise Stores	101
Parsons Electric Co	1731	Electrical Contractor for Commercial, Industrial, and Institutional Healthcare	100

Source: Survey completed by Fridley Planning Staff February 2007

While Medtronic Corporation experienced significant job growth of about 500 jobs since 1997, many major Fridley employers had significant reductions. The number of jobs at BAE Systems (formally United Defense) declined by nearly 400. Other businesses, like Kurt Manufacturing and McGlynn's (now Lofthouse Bakery) also reduced staff. Yet, some locations, like Unity Medical Center, gained nearly 200 jobs, as did Minco Products.

Building Permit Activity

The number of building permits issued in Fridley each year over the past six years has consistently been between 700 and 1,000 permits. Residential building permit activity remains fairly consistent. However, large fluctuations in overall building permit dollar values occur in Fridley due to the significant influence of industrial building activities. In 2000, the number of permits and permit values were abnormally high with 982 permits for a total value of \$102,840,549. The numbers were abnormally high due to the Medtronic World Headquarters construction. In comparison, 881 building permits were issued in 2006 for a total value of \$3,452,089. Commercial building permit activity dropped to zero following the September 11, 2001 attacks on the World Trade Center and has very slowly rebounded. See **Table 4.3** for more details.



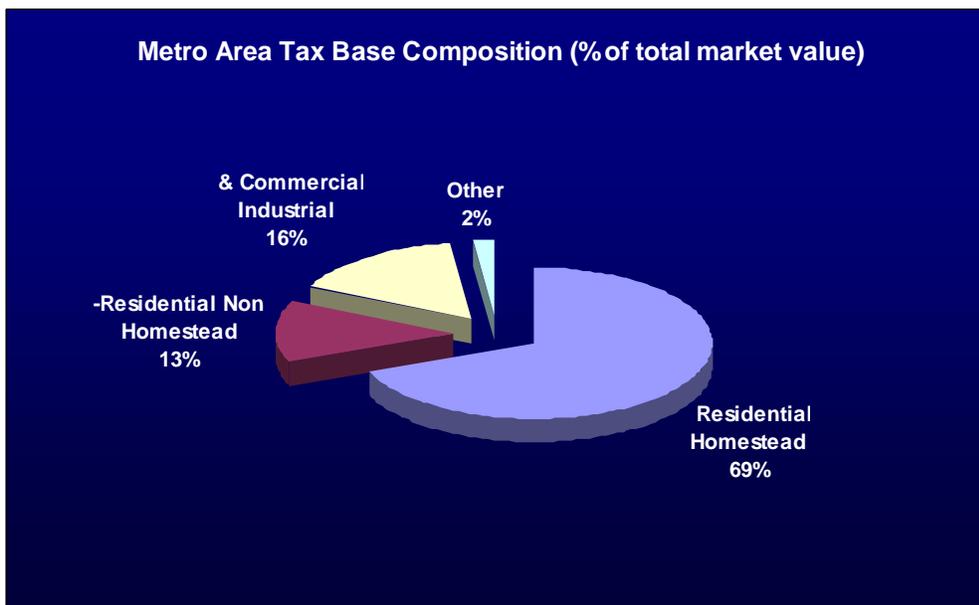
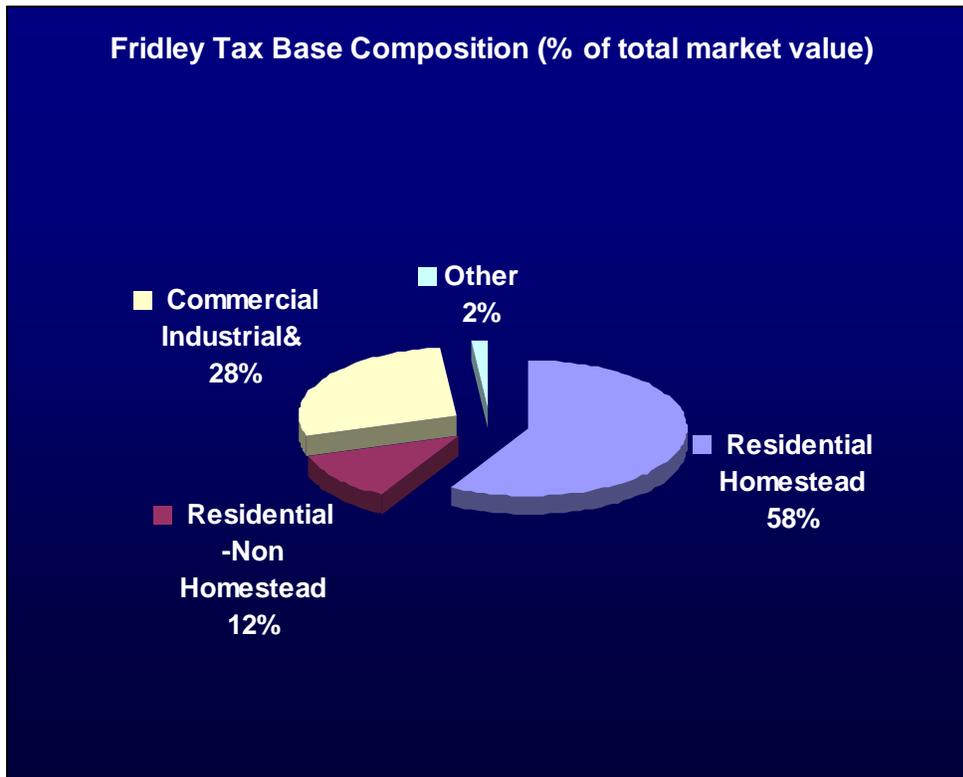
Table 4.3 Building Permit Activity

Year	# of Permits	Residential	Commercial	Industrial	Other	Total Value
2000	982	\$8,020,233	\$1,475,696	\$92,149,948	\$976,299	\$102,840,549
2001	754	\$10,445,492	\$1,866,586	\$9,495,961	\$2,399,548	\$24,265,735
2002	851	\$6,713,930	\$0	\$4,905,398	\$2,932,563	\$14,551,891
2003	746	\$8,225,267	\$697,000	\$7,155,931	\$1,469,601	\$17,547,799
2004	716	\$5,018,373	\$6,405,214	\$3,633,797	\$8,076,423	\$23,133,807
2005	851	\$8,344,266	\$15,715,149	\$858,153	\$1,596,898	\$26,514,465
2006	881	\$6,375,477	\$11,929,955	\$2,040,000	\$1,411,208	\$21,756,640

4.1 City Tax Base

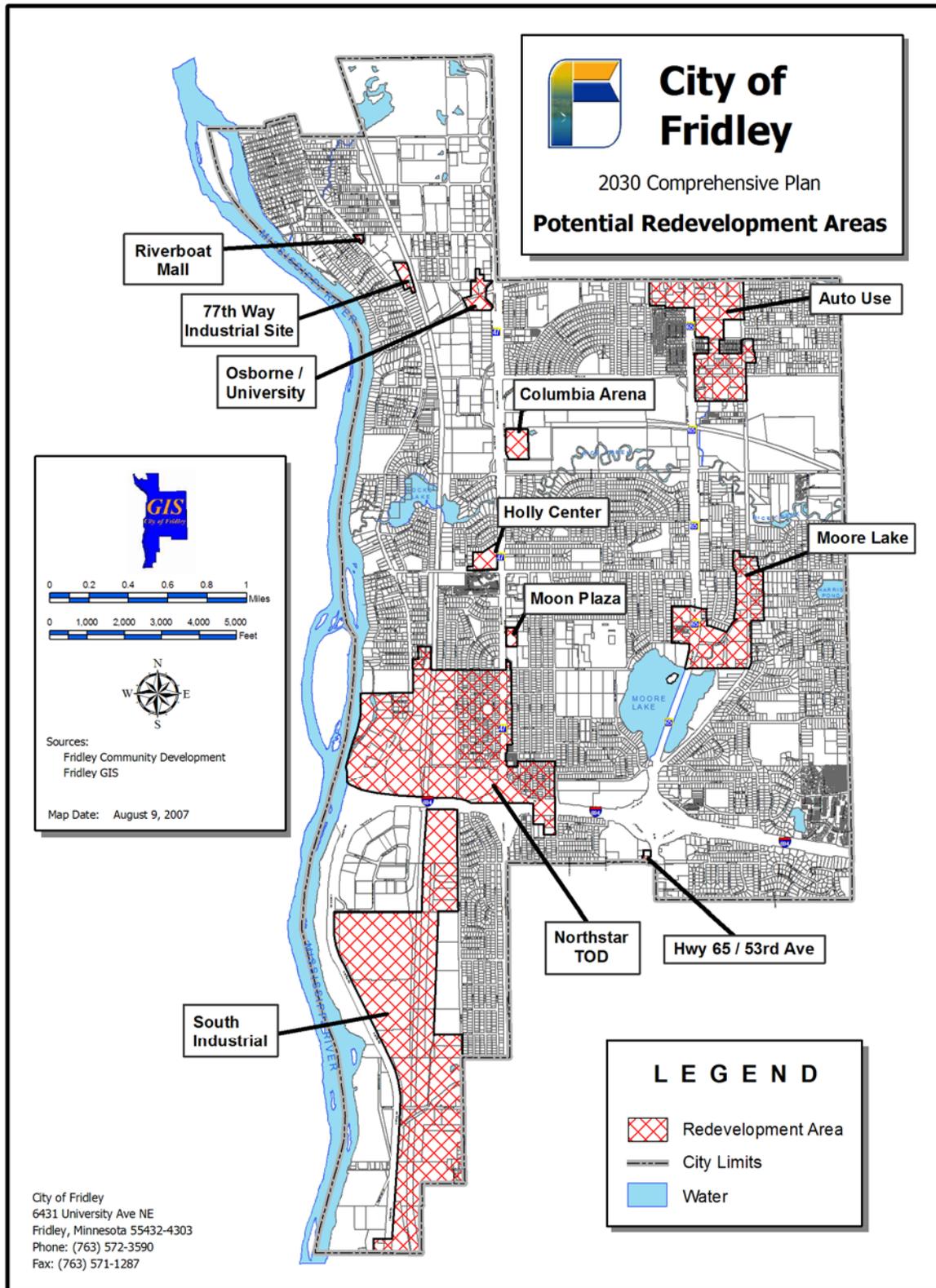
The City of Fridley has a large commercial and industrial tax base. As a result, Fridley is the only city in Anoka County that must contribute to fiscal disparities. Fridley was a \$1.5 million net contributor to the fiscal disparities pool in 2007. Fiscal disparity is a law that was established as a means to allow local governments to share in the resources generated by regional growth and to increase the likelihood of orderly urban growth. The following figures represent 2007 tax base compositions for the City of Fridley compared to the Metropolitan Area.

Figure 4.1 Tax Base Composition – Payable 2007



Source: League of Minnesota Cities

Figure 4.2 Potential Redevelopment Areas



4.2 Potential Redevelopment Areas

A map of potential redevelopment areas has been developed based upon community input at the neighborhood planning meetings and staff recommendations. Redevelopment is a form of community revitalization that transforms undesirable elements of a site into desirable elements that reflect the community's collective plan. Redevelopment of the areas listed later in this chapter is desired to accomplish one or more of the following:

- Remove older, blighted or outdated buildings
- Provide the opportunity for more efficient land uses
- Provide an opportunity to correct environmental problems
- Provide an opportunity to build new commercial, industrial, or residential facilities to meet the current market demand of the community
- Create additional job opportunities
- Strengthen the tax base
- Eliminate incompatible land uses
- Create opportunities for new streetscape improvements, such as lighting, decorative fencing, or landscaping
- Updates old utilities with new facilities and allows for the burying of above ground utility lines

Through redevelopment planning, the City has the opportunity to shape the future and accomplish the needs of the greater community. Because the City has limited resources, it must focus its efforts on projects that best meet the City's needs. It is not intended that all the properties highlighted on the map in **Figure 4.2** be acquired by the City for redevelopment. Rather, the intent of this plan is to identify these areas as focus areas for the City and HRA to prioritize its resources and redevelopment efforts. If, for example, a land use application is filed for a property that is highlighted, this plan should be used as a guide for the City prior to rendering a decision on that land use application.

In the future, there may be redevelopment projects that are initiated either by the private sector or by the Fridley Housing and Redevelopment Authority. Establishment of these potential redevelopment areas as *S-2, Redevelopment District*, will give the City site plan review authority through a master plan process. This will ensure any future proposed projects in these areas meet the goals and objectives of the City's Comprehensive Plan.



Riverboat Mall

There is a .9 acre sized parcel on the corner of 79th Way and East River Road that is zoned C-1, Local Business zoning. The site contains a small strip mall and a gas station. The owner of this property has had a very difficult time keeping the property fully leased despite the fact that the mall is surrounded by a 301-unit apartment complex and located in a high traffic area with good access. The building is in poor condition and is not attracting high value tenants. Redevelopment of a site like this one

with underground gasoline tanks often involves contaminated soils, making redevelopment more difficult without government subsidy for extraordinary clean up costs.

77th Way Industrial Site

The industrial building located at 99 - 77th Way is designed for manufacturing and is now being underutilized as it is only partially being used for warehouse. This single-use building with overhead cranes has poor lighting and may be contaminated due to the previous use. The 5 acre site, which is zoned M-2, heavy industrial, has another drawback in that the employee parking area is across 77th Way. Three separate parcels, one zoned M-1, light industrial, and two zoned R-3, multi-family residential, were used by the previous owner for employee parking. There is a mid-block crosswalk for employees. This industrial site is located next to the BNSF rail line, but does not have a rail spur. The building may be encroaching into the BNSF right of way based upon survey markers observed by staff.



Osborne/University Intersection

This intersection has been selected by the Fridley Police Department as the most accident prone intersection in Fridley. It is in the midst of a busy retail area and located too close to the intersection of University Avenue and Osborne Road.

In addition to the traffic safety issues of this intersection, some of the structures in this 11 acre area need to be redeveloped. These buildings include the old Lyndale Garden Center site at 7616 Osborne Road, which is now part of Bob's Produce and is zoned C-3, general shopping, and the building at 7550 University Avenue frontage Road, which contains the building that was the first CUB Foods store in the Twin Cities area. Both of these structures are beyond their useful life, have too much parking, which is in poor condition and are inadequately landscaped.



Automotive Use Area near Hwy. 65

The *Automotive Use* area on the Redevelopment Area map is a 110 acre area which is a major gateway into the City of Fridley from the north along Osborne Road, Hwy. 65, and Central Avenue. It is also an area which strongly needs redevelopment. On the south side of Osborne from Baker Street to Highway 65, streetscape improvements are greatly needed to provide some curb appeal to these properties. Several properties in this area need updating to address issues with outside storage, lack of paved surfaces required by

current code, and poor site design. The City is currently working with the three automobile recycling centers in this area to bring their properties into compliance with current code. Due to the lack of paving and prevalent automotive use on many of these sites, contaminated soils are a likely problem in the area.

Columbia Arena

The old Columbia Ice Arena is an 11 acres site, which recently converted back from *public* zoning to



industrial (M-2) zoning since it is no longer owned and operated by a public entity. The site is currently being marketed for warehouse space. However, there are

many fire and building code issues that must be addressed before the building can be used for other purposes.

Holly Shopping Center

This shopping center on the corner of Mississippi Street and University Avenue was constructed in 1957 on about 9 acres of land. The strip mall structure, façade, parking, and landscaping, all need updating. The site is surrounded by residential property, yet has no pedestrian access. The mall is over-parked for the type of businesses it contains and is therefore informally used as a park and ride site. Maintenance is an issue as well, which was demonstrated by the fact that this site received more code enforcement complaints than any other single site in the city in 2006.



Moon Plaza

This strip mall, facing University Avenue suffers from poor access issues. Since the structure was built in 1964 towards the back of the lot, the building is not clearly visible from the highway. Access from either



the south or north off of University is awkward for this 3.6 acre site. The building itself has suffered from many building and fire code challenges in the past. Wall signage is not uniform and unappealing. This shopping area is also over-parked for the level of business it receives, leaving an opportunity for truck drivers to use the site as a truck stop or storage yard. The site lacks landscaping, and what little green space it has is not adequately maintained. The site lacks curb and gutter, and it appears the site is also in violation of required

side yard parking setbacks. A public right of way access runs along the property's north edge. Vacation of this right of way should be considered in any future redevelopment of this site.

Moore Lake Area

The Moore Lake Shopping Center area posed another opportunity in the City for a walkable downtown. The only form of public transportation in this 90 acre area is limited bus service along Central Avenue, but recreational trails and sidewalks exist in the area leading to Moore Lake Park. The Moore Lake Shopping area needs improved landscaping along the medians and right of ways. The Only Deals site needs updating. It could be combined with the site of the former Shorewood restaurant on Moore Lake and redeveloped into a mixed use site with fine dining on the lower level and condominiums overlooking the lake and park above. The area on the west side of Highway 65 contains a vacant Sinclair gas station site, which is non-conforming in size, and has sat vacant for years. The bowling alley site needs updating. If the senior condominium projects, which received approvals for the corner of Mississippi and Central, do not receive financing and lose their effective status, the City should continue to pursue high density, senior housing for these corners due to the demand for this type of housing in Fridley.

Northstar Transit Oriented Development

While the area around University and 57th and 61st Avenues is currently solely designed for automobile traffic, it has immense potential for a public transit hub. The bus stop at 57th and University is the last stop before the morning express route buses rush downtown, making it about a 15-minute commute to work in the central city. The Northstar Commuter Rail Line will be going through Fridley on the existing BNSF rail line, starting in 2009. A station site is proposed near 61st and Main Street next to the Hyde Park neighborhood, which has much affordable rental and homeownership opportunities for the surrounding industrial workforce. Metro Transit plans to route existing bus routes to the Fridley Northstar Station site, where park and ride opportunities will exist on both sides of the tracks.

In addition, three of Fridley's largest employers have facilities within a mile of the proposed Fridley commuter rail station site. One of Fridley's major commercial intersections, University and I-694, is also in this area. The CUB Foods site in this corner has recently been purchased and is being considered



Source: NCD A Website, www.mn-getonboard.org

for redevelopment by the owner, posing new retail opportunities for the area. In addition, a 25.5 acre, vacant, industrial site at the corner of I-694 and East River Road is being considered for rezoning to commercial, which would create additional retail opportunities in the area. All of these components make this 355 acre area a great opportunity for transit orientated development (TOD).

The Fridley Housing and Redevelopment Authority (HRA) is currently considering a redevelopment project along the east side of University Avenue between the Gateway East Townhomes (near 57th Avenue) and 61st Avenue. The HRA has successfully purchased four vacant, commercial properties in this area and has a purchase offer out on a fifth. Commercial uses have struggled in this location for years due to poor access and shallow lot depths, which make it difficult for these sites to meet the parking requirements for many uses suitable for the commercial zoning of the properties. The HRA was selected to investigate possible redevelopment options through the Center for Neighborhoods Corridor Housing

Initiative and recently held four neighborhood meetings for the purpose of developing recommendations to the HRA regarding redevelopment options for the area.

Islands of Peace Park

On the west side of the BNSF railroad tracks, between the river and the Northstar Station Park and Ride location, lies a large multi-family housing area with buildings built in the 1960's (see notation on Future Land Use map on p. 24). This area has often been considered for redevelopment by the Fridley HRA and City Council. The HRA did purchase a parcel of land at 6000 East River Road, anticipating the possibility of a larger redevelopment project in this area if more property became available for purchase. During their study, City officials have discussed the need to redesign and improve access to Islands of Peace Park. Currently, the bike trail leading to the park is hidden behind apartment garages and within the Elementary School land, making it quite unsafe and uninviting to the general public unfamiliar with the area. With this trail being a key connection to the Northstar Commuter Rail Station, there is renewed interest in pursuing options to make entrance to this park more visible.

The City owns two parcels of land that contain the Islands of Peace Park buildings and parking lot, however, the City has a lease agreement with the County to maintain the park. Anoka County Parks also has a lease agreement with a non-profit agency to use the park building. The City-owned parcels are also part of the regional Anoka County Riverfront-Islands of Peace Regional Park. The City plans to work with the County and the Metropolitan Council in pursuit of a reconfiguration plan for the park and bike trail access to it if the opportunity arises from a larger redevelopment of the rental housing in the area around it. The goal would be to maintain the current acreage of land dedicated to park use, but to reconfiguring the land mass so that a parkway access could be created from East River Road while still maintaining an adequate amount of parking. New connections to the Mississippi River Regional Trail could then be created along the river to capture this unique recreation amenity and along East River Road for greater recognition of the trail and bike/pedestrian access to the commuter rail station.

South Industrial

While many of Fridley's industrial buildings south of I-694 have been redeveloped since the last comprehensive plan update, many more are still underutilized. The BAE Systems site is by far the largest industrial site in the City. Part of the site cannot be redeveloped due to soil contamination, but there is still potential for new uses. Many other industrial sites along Main Street are in need of updating. This redevelopment area represents 433 acres of land in the community.

Hwy. 65/53rd Avenue Area

Now that the Target site has been redeveloped, three parcels to the east of it are now obviously outdated. Two of these parcels, which equal 1.3 acres total of land area, are of concern due to poor access - the gas station site on the corner of 53rd and Central and the Embers Restaurant at 5400 Central Avenue. The buildings are also in need of updating and landscaping.

4.3 Economic Development and Redevelopment Goals and Objectives

All four of the main goals from Chapter 1 of the comprehensive plan apply to this chapter; however, the following two goals are most pertinent to the topic of economic development and redevelopment.

1. Maintain Fridley as a desirable place to live
2. Maintain Fridley as a desirable place to invest in business

While staff tried to convey the message that the City actually has very little control to attract certain types of businesses to the community without establishment of an economic development authority, the desire

for certain business developments were strongly conveyed to staff at the neighborhood planning meetings regardless. Such objectives that were desired by the community included:

1. Create a walkable downtown area, with mixed use buildings with lower level shops and housing above, like St. Anthony's Silver Lake Village or St. Louis Park's Excelsior and Grand
2. Provide more retail opportunities so folks can spend their money in the community in which they live
3. Provide more restaurants, especially fine dining opportunities
4. Keep taxes low
5. Maintain the commercial/industrial base we have and encourage growth
6. Provide more public transportation. Like Northstar Commuter Rail, so that road congestion can be reduced.
7. Provide more east/west vehicular, walking, and biking connections across the City
8. Redevelop eyesores and underutilized properties in the community

4.4 Conclusions and Action Steps

A few conclusions can be drawn from the economic data compiled on Fridley.

1. No other opportunity is greater to Fridley's redevelopment future right now than the establishment of a commuter rail station stop. Having a Northstar station site in Fridley is a key component that affects several of the objectives above. It will likely be key to creating a walkable downtown and key to the transportation needs of the community. It does little good for Fridley businesses to have an abundance of jobs if we have difficulty providing affordable transportation for those workers.

Action Step: The City should continue to pursue passage of special legislation that will create a *transit* TIF district for part of the Northstar TOD area (Main Street to River and 61st Avenue to I-694) and also for authorization to pool funding from old TIF districts that would otherwise go unused. While this funding cannot be used to build the station itself, it can be used for other redevelopment around the station site. The City should also pursue Federal and State funding sources for redevelopment around the station site and for development of the station site itself.

2. The community spoke loud and clear at community meetings that they wanted to have more retail opportunities here in Fridley. They also spoke loud and clear that they saw three existing shopping areas as eyesores that should be redeveloped – CUB Foods (on 57th Ave.), Moon Plaza, and Holly Center. All three of these sites are outdated and are experiencing vacancy problems.

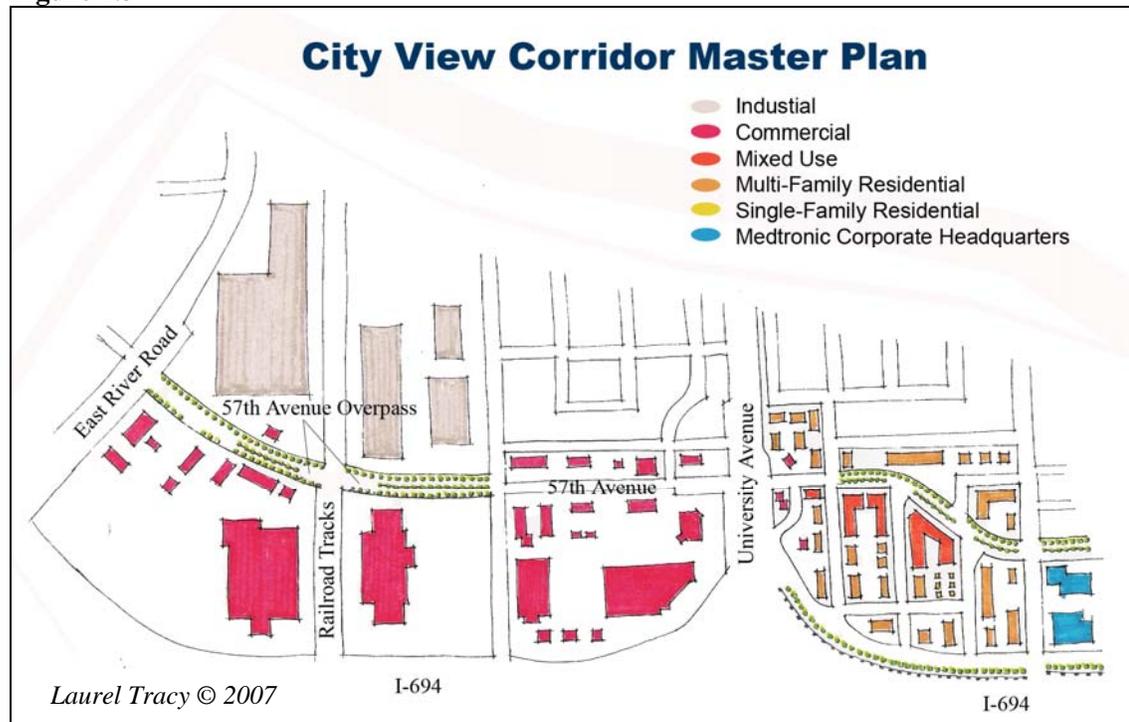
Action Step: City staff needs to meet with private developers and owners of these existing multi-tenant shopping areas to encourage redevelopment of these sites. Any redevelopment plans for the CUB Foods site need to be orientated toward transit/pedestrian/bike access.

3. Creating a walkable downtown, providing another east-west connection, providing more restaurants and meeting affordable housing goals are objectives that could all be intertwined into a massive redevelopment project if the City desires to pursue these objectives.

Action Step: The most sensible creation of a walkable downtown area in Fridley should be an area that is connected to the Northstar Station Site and located in the *Northstar TOD* redevelopment area shown on **Figure 4.2**. Since the site at 5601 East River Road, owned by the JLT Group, is currently

vacant, it presents a great opportunity for planning for a future bridge over the railroad tracks, connecting 57th Avenue west to East River Road. This extension would provide emergency personnel a much needed alternative east-west route for reaching accidents on the freeway during rush hour bottlenecks on I-694.

Figure 4.3



The development of Medtronic Parkway from Highway 65 to 7th Street created an awkward disconnect to 57th Avenue to the west has existed. Staff has long seen a need to provide better access west and north of the site of the City's largest employer, the Medtronic World Headquarters.

The above plan would make Medtronic Parkway a continuous roadway from East River Road to Highway 65. This connects 4,000 employees to what will be the city's largest retail area if 5601 East River Road is rezoned to commercial.

The 57th Avenue bridge would provide another east-west bike and pedestrian access across the BNSF Railroad tracks. It also provides a more clear connection, both by car and foot to the Fridley Northstar Rail Station Site at 61st and Main Street. There are also bus stops at 57th Avenue and University Avenue, which are important to connect to surrounding neighborhoods with walkways.

The residential area, which would need to be redeveloped to accommodate the new parkway, is currently primarily zoned multifamily residential. The redesignation of this area as *redevelopment area* would allow for some mixed use design, creating suitable areas for main floor retail (restaurants and shops), meeting the public's strong desire for more restaurants in the City. Upper levels could then include apartments or condominium spaces.

There would be much opportunity for design of multi-level senior care facilities that would be in close proximity to public transit and walkways. Before proceeding with this concept, however, the

City should consider conducting a market study to analyze the demand for this type of commercial development in this particular location.

Figure 4.4 Mixed Use Streetscape



View of the mixed use buildings and public parking lot on the Medtronic Parkway extension looking west toward University Avenue

A possibility is even designed into this *City View* plan for a street market. The plan is designed to include a small public parking lot nestled into a City park with a pedestrian walkway wrapped around it. The street leading to the parking lot could be blocked off for special market events like a Farmers Market.

Figure 4.5 Market Streetscape



4. The City of Fridley has very little vacant commercial/industrial land left. Most of our business growth will likely need to be on existing sites.

Action Step: City staff should continue to use the weekly Development Review Committee meetings as a welcoming forum to help our existing businesses examine their possibilities for growth and expansion on their current sites or on suitable parcels within the community.

5. The Mississippi River is an underutilized amenity in Fridley. The City has few areas where the River is visible from major roadways. In addition, residents have long complained that the City is lacking a fine dining opportunity in the City. One economic opportunity that could help enhance an underutilized park would be establishing a fine dining restaurant along the River.



Action Step: The City should initiate discussions with potential partners to see if there is an opportunity for a public/private partnership with a fine dining restaurant along the river. If a fine dining restaurant, combined with new housing, could be built overlooking the Mississippi River and recreation uses like boating were promoted, the river would become better utilized and viewed more as an asset in the community.

4.5 Summary

It was clear during the neighborhood planning meetings that public desires to improve Fridley run deep. Members of the community want exciting redevelopment projects in Fridley that they see occurring in other communities in the Twin Cities. They want places to live where they can walk to shops and walk to mass transit. They want recreational opportunities that are easily accessible and safe to enjoy.

It is clear that significant redevelopment is not going to occur in Fridley unless the City initiates it. Staff has seen exciting redevelopment proposals conceptualized by private developers for many major projects over the past ten years, but none have materialized. This 2030 Comprehensive Plan needs to spark enthusiasm for a major project in Fridley – a highly visible project that has the potential of stirring a new way of perceiving public transportation and pedestrian movement through the community. This is a great challenge for a community dissected by three major north-south highways and east-west by an interstate, but the *City View* site design has the potential of being that key project.