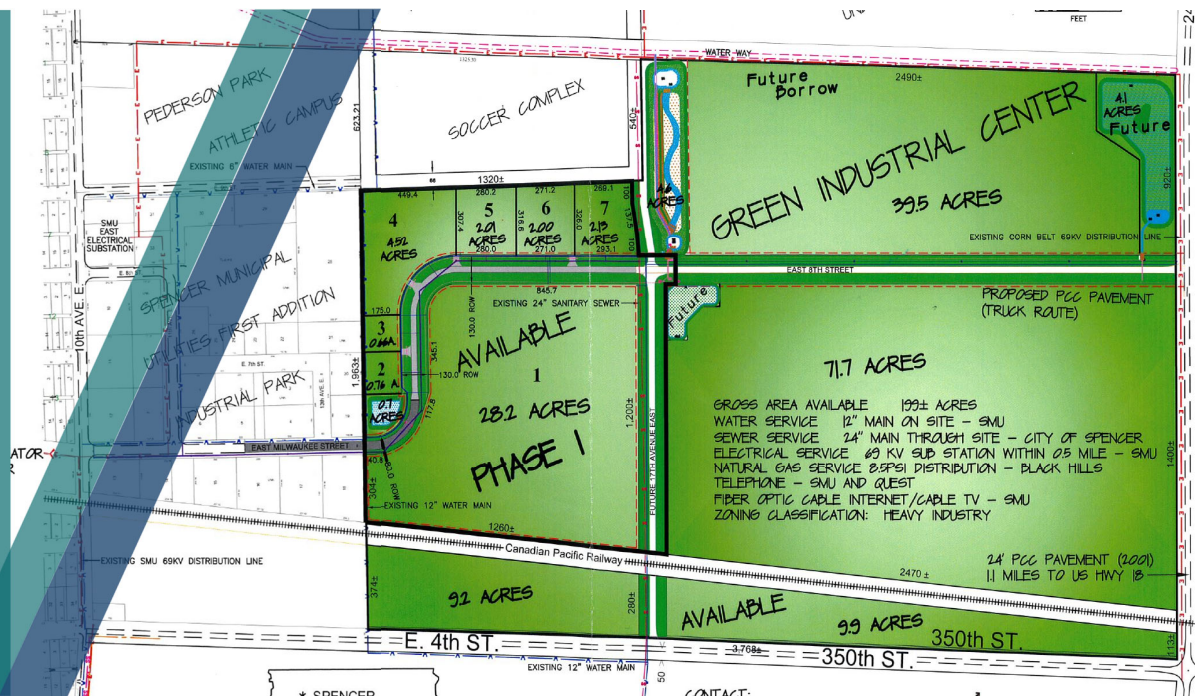


2019 – 2024

ECONOMIC DEVELOPMENT STRATEGIC WORK PLAN FINAL REPORT



**A Vibrant
Thriving Center
of the Region's
Growth**



**Final Report for the
Grow Spencer Commission**



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THE SPENCER PLAN

PLAN ELEMENTS	DESCRIPTION	PRIMARY ACTION STEP(S)	SECONDARY ACTION STEP(S)
Administrative Procedures			
Define and Adopt Staff Economic Development Roles & Responsibilities	Identifies which city staff involved in economic development, protocol for handling leads and sharing and tracking information, etc.	1. Determine who's the staff lead and who else is involved (e.g. Mayor, Asst. City Mgr., Planning Director) 2. Split-out responsibilities for participation in economic development forums, prospect opportunities 3. Identify procedure for handling incoming leads 4. Identify procedures for disseminating information to partners (e.g. SIF, Corridor, Chamber, etc.)	Adopt relevant administrative and council level policies and procedures
Reach agreement with economic development partners on a common database for identifying and advertising available buildings and sites	Eliminate use of separate databases for available buildings and sites at the Chamber, Main Street and the Corridor, and include available buildings and sites on the City's website	1. Consider having all partners using the LocationOne system for buildings and sites that is used by the state also 2. Coordinate single point of contact for keeping information updated or establish additional logins 3. Have a meeting with realtors and building owners to discuss process for submitting their available building and site information	Embed the LocationOne module in the websites for the Chamber, Main Street, City and Corridor to keep information current, similar and easily accessible
Develop and Approve an Incentive Guidance Policy	Having an incentives policy helps give city staff and mayor advance direction from the Council to negotiate (up to a point) on a prospective project; it prioritizes incentives for higher wage jobs or bringing back talent; provides opportunity to market a specific incentive to a target industry, and creates transparency for the citizens	1. Hold appropriate council discussions in work session(s) and/or retreat 2. Look to policies used by other jurisdictions 3. Determine any incentive requirements as may be appropriate 4. Draw up incentive guidance that can allow staff and mayor to start negotiations in the early stages of prospective projects.	Council approval of an incentives policy
Develop and approve a Communications Plan (internal/public) that addresses economic development	Addresses how the City communicates information to the public, including progress towards reaching economic development goals.	1. Develop a strategy for who is responsible for communications and when and what new project information is disseminated to the public (press releases, social media, etc.) and coordination with partners 2. Identify the plan for regular communication outside project specific results to highlight progress on goals (e.g. state of the city address, mailed annual or quarterly report with utility bill)	1. Implement appropriate policies 2. Schedule regular communications 3. Schedule regular discussions of plan goals and progress
Consistent with the City's plan, establish a five-year strategic agreement with the Chamber, Main Street, SIF and Corridor for Economic Development	Based on City's plan and vision, coordinate specific economic development actions with local and regional groups responsible for related actions.	1. Review current partner roles and responsibilities 2. Identify partner opportunities to implement economic development strategies 3. Evaluate opportunities to ramp up economic development efforts 4. Determine appropriate, related annual budgets to carry out the strategies	Approve agreements with the relevant organizations (or one master agreement)

Planning, Zoning & Future Land Use

Determine the City's Role in Implementing the McClure Study	Evaluate the McClure study, determine the role of the City in implementation and add required city actions to applicable work plans	1. Review the McClure Study and determine the City's role in implementation 2. Consider appropriate actions that are required to fulfill this role (zoning changes, project investment, etc.) 3. Add required actions to appropriate city work plans	Evaluate opportunities for the City to complement placemaking with additional investments in the CDB, Riverfront, etc.
Adopt Title 9 (Zoning) Code Amendments that Support Economic Development Opportunities	Complete updates to the City's zoning code (Title 9) to address potential improvements to definitions, uses, and etc.	1. Staff, council, and planning and zoning commission review suggestions in Consultant's memo 2. Determine if Council or Staff wish to consider other zoning and code changes (ATV/UTV ordinances, etc.) and whether to include with Consultant recommended changes or along with citizen initiated proposals 3. Determine which proposed changes, if any, to implement 4. Draft proposed changes and process through the amendment process in Title 9-12-4	Adopt desired changes (consider processing other changes in conjunction with citizen initiated code amendment suggestions)
Complete a Citizen Initiated Code Amendment Cycle	Involve the public in identifying opportunities (one-time or annually) to change zoning code and zoning by holding a formal process using the procedures within Title 9-12-4	1. Issue invitation to citizens to submit proposals 2. Council selects which proposals to forward to planning and zoning commission for recommendation 3. Planning and zoning commission review and make recommendation to Council	Adopt desired citizen initiated changes (consider processing changes in conjunction with any changes resulting from McClure study and Consultant's memo on Title 9 - zoning)
Complete a Future Land Use Capacity Analysis	Update land use assumptions in the comprehensive plan to ensure a sufficient quantity of residential, commercial and industrial land exist to meet City goals once market availability and development "nets" (e.g. roads, etc.) are excluded.	Retain regional planning or a consulting firm to complete a future land use capacity analysis based on past development of parcels, market availability factors, and deductions for wetlands, roads, utilities and etc.	Include updated land capacity analysis and recommended zoning changes within a future comprehensive plan update
Create and Enact an Annexation and Infrastructure Phasing Plan	Using the future land use capacity analysis, determine need for annexation to address land capacity shortfalls and identify infrastructure improvements necessary to support future development in those areas	Retain regional planning or a consulting firm to identified proposed annexation areas based on factors that include the ability to provide infrastructure, cost to provide infrastructure and the specific parcels' overall suitability for development	Include annexation plan and infrastructure costs within a future comprehensive plan update and update to the City's appropriate capital facilities plans
Complete a Partial Comprehensive Plan & Zoning Map Update	Update the comprehensive plan and zoning map to incorporate any citizen initiated zoning, text or map amendments; and incorporate updated information on future land use capacity needs, annexations and infrastructure.	1. Complete future land use capacity analysis and annexation projects 2. Draft proposed changes to the Comprehensive Plan 3. Complete a comprehensive plan update (not a full plan, but partial update)	Adopt updated comprehensive plan

	Adopt Amendments for Grand Ave Ped/Retail	Approve code changes that support downtown (Central Business District - CBD) retail and restaurant activity	1. Review code to identify potential retailer/restaurant obstacles to having outdoor eating places, sidewalk sales and/or other activities 2. Identify appropriate code amendments and standards 3. Initiate code amendments through planning and zoning commission	Adopt new codes that promote increased activity along streets in the CBD, supporting retailers and restaurants (could be enacted before other amendments to Title 9)
Placemaking, Amenities & Infrastructure				
	Complete the City's Parks Master Plan	Develop long-term planning and project goals for how to optimize and maximize the City's high ratio of parks with a focus on serving the existing population (including the needs of an aging population), maximizing day use and overnight tourism, and attracting (and retaining) critical workforce talent.	Complete an analysis of the current parks and trail inventory to maximize use, select future park amenities, integrate public art, identify necessary staffing to support both active use and adequate maintenance, and create a funding mechanism to support art and other minor, complementary improvements.	1. Analysis to support budgets for staffing, maintenance and investment (i.e. does city add more parks or invest in existing inventory) 2. Update the City's existing capital facilities or parks plan to prioritize project opportunities 3. Evaluate needs of existing, aging population 4. Consider opportunities that support tourism 5. Consider a 1% for arts/parks policy that sets aside an amount equal to 1% of every public project in order to fund public art, addition parks amenities (commissioned sculptures, local artisan created outdoor benches, in park Wi-Fi, bottle refilling stations, vending machines, outdoor equipment, etc.)
	Complete an Initial Phase of Riverfront Plan Implementation	Determine the City's initial role in development of the Riverfront	Council determines whether to issue an RFQ/RFP to identify potential development partners for Riverfront development/gauge the market for development, or complete additional planning to phase the Riverfront project into manageable investments	1. Council issues and RFQ/RFP to select a developer and/or identify what market conditions need to be accounted for prior to development 2. Council determines whether or not to invest in additional planning to develop a specific recommendation on phasing city investment in infrastructure, etc.
	Adopt 6-year Targeted Investment Plan for Downtown (CBD) & the Riverfront	Identify City projects in the downtown (CBD) and along the Riverfront that support future development and redevelopment	1. Determine sequencing of Riverfront approach 2. Identify a six year plan to make investments in infrastructure in the CBD and Riverfront areas	Adopt a six year infrastructure investment plan in the CBD and Riverfront areas
	Enact a Complete Streets Initiative and/or Complete Grand Avenue Reclamation	Consider opportunities for Grand Avenue revitalization	1. Determine the process and potential impacts of the City reclaiming Grand Ave (Highway 71) through Spencer 2. Evaluate design improvements (e.g. complete streets, etc.) that support future private sector investments in downtown	1. Reclaim Grand Avenue 2. Adopt a plan for redesigning and reconstructing Grand Avenue

Primary Business Retention, Expansion, Attraction, Creation & Transition (R.E.A.C.T.)

	Complete a Spencer Business Inventory	Create a current database that accounts for all the businesses in Spencer (Clay County) in order to effectively identify industry clusters and expansion opportunities.	Retain consultant or other appropriate entity to compile the research for a business inventory and perform validation (mail, in-person visits, etc.)	Share results with partner organizations (Chamber, Corridor, etc.) and use in efforts to support existing business expansions
	Develop and Execute a Business Expansion Outreach Campaign	City marketing initiative (with or without partners) to encourage existing business expansions.	Using data from a business inventory, do targeted marketing to clusters of existing businesses to encourage expansion and communicate available resources (from city and its partners)	Establish a methodology for following up on business expansion leads (city, corridor and SIF)
	Develop and Execute on a Multi-year Targeted Business Attraction Campaign	Market Spencer to specific, targeted businesses such as 3rd stage ag tech companies.	1. Determine whether City should increase marketing investment 2. Select targeted industry(ies) or business(es) for marketing 3. Develop a marketing plan and budget 4. Invest in creating and controlling needed buildings and sites to support target industries (e.g. acquisition and white-boxing of space to meet tech company specifications) 4. Prioritize commercial air service as a targeted industry prerequisite to airport related industries identified in the target industry analysis	1. Initiate marketing (by city or partner) that is specific to one or more targeted industry(ies) or business(es)
	Implement a Sustainable Program for Hosting Target Entrepreneurial Businesses in Spencer	Create a multi-year program of events which the City and its partners implement to bring prospective businesses to Spencer	Work with partners (e.g. SIF, Chamber, Corridor, OEI) to locate new entrepreneurs and businesses in Spencer and identify entrepreneur related educational and networking events that can be created for or held in Spencer in to introduced Spencer to targeted businesses and opportunities (e.g. million cups, young entrepreneur, Entrefest, etc.)	Establish a working group (city and partners) that secure hosting of events or create events (in the case of million cups) in order to attract early stage and entrepreneurial businesses (include available buildings tour in your downtown)
	Adopt a City Initiative to Support Business Succession & the Return of Critical Talent	With the help of partners, create a "Return to Succeed" campaign that identifies existing businesses for sale (or likely to be for sale), markets them to former Spencer residents and works to support talent returning through purchase of businesses.	Create a partnership with organizations such as SIF, SCORE and SBDC to determine the potential	1. Identify businesses that are or could be for sale 2. Identify a strategy for marketing these opportunities to former Spencer/Clay County residents 3. Enact support programs (mentoring, incentives, etc.) to facilitate purchase and succession 4. Market purchase and succession opportunities

	Implement Targeted Incentives for New Business Creation	Create targeted incentive that supports opportunities where former residents can return and create businesses in targeted industries	1. Determine whether to support new business creation (start-up) 2. Identify targeted industries that would be supported 3. Evaluate how to integrate with current local business plan and start-up competitions 4. Identify complementary support from partners (e.g. chamber membership, 3 months free rent, etc.)	Adopt necessary policies or code amendments (e.g. microenterprise loan and grant program) needed to establish City's incentives role in such projects
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Retail & Restaurant Recruitment & Attraction (R&A)

	Complete Full Implementation of the Buxton Program	Ensure city and its partners fully maximize the available resources from the Buxton program	Create and implement a strategy to maximize the use and dissemination of the information during the duration (availability) of the program	Prior to expiration of the program, identify and establish metrics for how to evaluate success and/or evaluate any extension of the program
	Support/seek Partners in the Creation of a Franchisee Support Program	Work with partners (e.g. SIF, banks, SBDC, regional revolving loan fund, local investors) to identify opportunities to support one or more local franchisee opportunities that would bring additional investment to Spencer	1. Meet with partners to determine existing support (financial and otherwise) for potential local franchisees 2. Evaluate potential loan, grant or investment pool opportunities to close financial gap the discourages many franchisees	Consider and adopt any City based incentives or support necessary to help create a program (if applicable) for franchisees
	Create a Retail & Restaurant Eco-system	Establish opportunities for Spencer to be a focal point where artisans, pop-up retailers, food trucks and other vendor markets permanently and seasonally locate.	1. Evaluate codes and policies that may discourage temporary businesses (food trucks, pop-up retail, etc.) 2. Refine or create policies for road closures, public space rentals, etc. that support both singular and event based use 3. Work with private sector partners to transform a space within the CBD that will support a year-round multi-tenant artisan/vendor marketplace.	1. Coordinate with event partners (e.g. Chamber, Main Street, etc.) to encourage and promote temporary vendor markets 2. Complete improvements to ensure complementary park and rec spaces

Housing

	Evaluate Current Housing Incentive Programs	Evaluate the results of the current housing incentive	Gather available data including sales velocity (e.g. how many sold how fast), purchaser demographics, and lateral or non-lateral move	Discuss with partners the data and outcomes to determine next steps with housing
	Develop Targeted Housing Incentive Programs	Determine/prioritize housing needs that require the most attention and create incentives specific to those needs	1. Adopt a baseline incentive for all housing (e.g. tax abatement) 2. Determine specific housing needs that should be incentivized 3. Target incentives and programs to create housing options for attracting/retaining critical talent, as well as options for aging populations 4. Adopt housing/relocation incentives specific to those who are returning home to Spencer/Clay County	Adopt new incentive programs that stimulate the creation of needed housing

EXECUTIVE SUMMARY

VISION & MISSION

The Vision and Mission as established by the Grow Spencer Commission are:

Vision: A vibrant, thriving center of the region's growth

Mission: Spencer enriches the quality of its citizens while attracting new business investments, high-quality jobs and a growing population.

WORK PLAN ELEMENTS

The result of the Grow Spencer Commission's economic development strategic planning process is an economic development strategic work plan for 2019-2024. The critical elements addressed by this work plan are:

Administrative Procedures
Planning, Zoning & Future Land Use
Placemaking, Amenities & Infrastructure
Primary Business Retention, Expansion, Attraction, Creation and Transition (R.E.A.C.T.)
Retail & Restaurant Recruitment & Attraction (R&A)
Housing

The work plan has nine columns that read from left to right identify the general strategy, describe the strategy's purpose, list primary action steps (implementation measures), detail secondary action steps (implementation measures), reserve space for the assignment of individual project managers and supporting team members for each action, identify internal and external partners, indicate additional stakeholders, and reserve space for identifying progress reporting frequency.

IMPLEMENTATION MEASURES

Within each of these elements specific strategies have been identified and both primary and secondary "actions" (implementation measures) for each strategy have been identified. Plan implementation as the result of taking these actions. During implementation, elements, strategies and actions may be adjusted to reflect changing conditions and/or reflect participation by one or more of the partners (internal and external) and stakeholders identified.

IMPLEMENTATION GUIDANCE

The successful implementation of any city strategic plan depends greatly upon that city's reaction to and investment in the elements of the plan. For successful implementation to occur, a city must be mindful of the tendency for its performance to 'default' to status quo (generalization and avoidance of planned actions), substitution (solving a less complex problem in lieu of acting on plan elements) or surrogation (substituting a performance measure for completion of a plan element or attainment of a goal).

Consultant Implementation Recommendations:

1. Hold regular implementation conversations and (at least) an annual workshop or retreat to make strategic decisions on assigning responsibility, monitoring progress, adjusting strategies, and evaluating success.
2. Regularly set aside time to discuss the delivery of services and allocation of resources, including strategic decisions to support both the plan's implementation and the city's broader priorities of government

3. Evaluate and allocate resources to carry out the plan's implementation and determine how long-term projects will be sustained in the face of both daily operations and emerging requests for resources.

PLAN GOALS

The Grow Spencer Commission has created this work plan based on two specific goals for the City:

1. The creation of 300 new high-quality jobsⁱⁱ in the next five years
2. The construction of 250 new houses with emphasis on workforce housing

PROJECT BACKGROUND

ABOUT SPENCER

At the crossroads of U.S. Highways 18 and 71, the City of Spencer is part of the Iowa Lakes Corridor in northwest Iowa and is one of 550 designated Micropolitan Statistical Areas (μSAs) in the United States. U.S. Highway 71 travels through Spencer's historic downtown (referred to locally as Grand Avenue) and the City is surrounded by beltways on its western and eastern boundaries, offering truck traffic alternate routes. Spencer's population estimate as of July 2017 was 11,045, down 188 since the 2010 Census.

GROW SPENCER COMMISSION

The Grow Spencer Commission was established by Ordinance 827 on March 5, 2018 to advise and assist the Mayor, Council and City Staff in the areas of city vision and mission statement; design of City logos and marketing materials; quality of life issues; and retail, industrial and commercial economic development.

The Grow Spencer Commission has been integral in the creation of this plan, serving as representatives of the community, advisors and contributors throughout the process. The following is a list of the current Commission members and advisors:

Kimberly Cloyd	Angela McCaulley
Braden Falline	Janis Meyers
Brea Schmidt	Tyler Heck
Steven Hallgren	Clark Cunningham

Kevin Robinson, Mayor
Amanda Mack, City Manager

SCOPE OF WORK

The City Council, on the recommendation of its newly formed and appointed Grow Spencer Commission, retained Toyer Strategic Consulting to assist in creating a strategic economic development work plan for the City. The following is a restatement of this project's scope of work.

PHASE 1a: Research & Engagement

1. Hold kick-off meeting(s) with City Council and the Grow Spencer Commission, as well as complete a community tour, initial strategy session, code and policy discussion, and identification of interview candidates for Phase II
2. Review of existing community economic development vision(s), objectives, plans and strategies
3. Inventory critical economic development assets and targets
4. Gather relevant background data, analytics and community information

GOAL: To familiarize the Consultant with the City and its current/past strategies

GOAL: To initiate the evaluation of the City's strengths, weaknesses, opportunities and threats (SWOT)

GOAL: To develop initial project assumptions, establish baseline data and prepare for stakeholder input

PHASE 1b: Assess Municipal Codes & Policies

1. Assess Spencer Municipal Code Title 9-Zoning Regulations
2. Assess current city resolutions, policies and procedures relating to economic development, planning and zoning, fees and assessments, connection/system improvement charges for new construction

GOAL: Evaluate the City's existing codes and identify obstacles to economic development

GOAL: Identify key policy questions to discuss with the Grow Spencer Commission, City Council and Planning Commission

GOAL: Prepare discussion points and consultant recommendations for later phases of the project

PHASE 2: Assessments & Interviews

1. Prepare and distribute a Grow Spencer Commission assessment
2. Prepare and distribute a City Council assessment
3. 2nd visit to the community to complete a minimum of ten (10) key interviews (typically 30-45 minutes each)
4. 60 to 90-minute pre-workshop session with Grow Spencer Commission

GOAL: Identify differences (vision, identity, assets, goals, etc.) between Grow Spencer Commission and City Council

GOAL: Refine an assessment of the City's strengths, weaknesses, opportunities and threats (SWOT)

GOAL: Establish the baseline vision to refine in Phase III with the Grow Spencer Commission

GOAL: Preliminarily identify actionable economic development and other strategies

GOAL: Prepare for a workshop/retreat with the Grow Spencer Commission

PHASE 3: Grow Spencer Commission Workshop

1. Conduct a half-day facilitated workshop with the Grow Spencer Commission

GOAL: Discuss vision, identity, assets, goals, etc.

GOAL: Define the City's economic development strengths, weaknesses, opportunities and threats (SWOT)

GOAL: Outline actionable economic development and other key strategies

GOAL: Establish preliminary goals and objectives for economic development

GOAL: Discuss roles and responsibilities for the commission, council, staff and others

PHASE 4: Preparation Draft Findings & Report

1. Prepare and review draft with the Grow Spencer Commission, including
 - a. Vision, objectives, strategies, goals and metrics
 - b. Zoning and land use recommendations
 - c. Other policy and code recommendations
2. Complete priority-impact-resource (PIR) rankings with Grow Spencer Commission or designated group

GOAL: Provide consultant with guidance before finalizing a work plan and report

GOAL: Resolve any outstanding questions or concerns

GOAL: Ensure an implementable work plan comprised of actionable strategies

PHASE 5: Presentation, Adoption & Implementation

1. Prepare and present final work plan (including vision, objections, strategies, etc.) to for the Grow Spencer Commission (and City Council if desired)
2. Plan will be delivered with up to seven (7) hard bound copies and one (1) electronic copy on USB
3. One (1) in person implementation meeting with the Grow Spencer Commission and/or city staff
4. Implementation review at end of 90-days (conference call with Grow Spencer Commission and/or city staff)

GOAL: Announce elements of the work plan

GOAL: Provide city with deliverables, including conceptual drafts of any code/policy changes

GOAL: Create momentum for implementation, evaluate emerging obstacles

CONSULTANT PROJECT APPROACH

The success of any strategic planning effort is significantly dependent upon the process used. In our firm's experience, every community has "influencing factors" that can result in planning-level biases that if unmitigated will alter or limit a plan's relevance, ownership and execution. These influencing factors are not intended to be critiques. Instead they simply recognize the practical limitations of traditional planning and the need for a Consultant to more comprehensively understand the specific dynamics of how an individual community may share information and build consensus.

Several influencing factors identified by the Consultant at the outset of the project included:

1. Grow Spencer is a newly created and appointed commission charged with looking specifically at the vision and mission of the community as it pertains to economic development
2. Spencer, the largest city in the area, is part of a larger economic development region (Iowa Lakes Corridor)
3. Multiple entities within Spencer have roles in economic development, including the City, Chamber, Main Street Group, Iowa Lakes Corridor, Spencer Municipal Utilities (SMU), Spencer Industries Foundation (SIF) and etc.
4. Preliminary conversations with Spencer residents indicated a need to explore attitudes and perceptions including what the community is/is not doing for economic development, how incentives are used and the types of outcomes the community values highest
5. A traditional workshop approach to gathering community input and developing strategic economic development goals might not capture the input of all stakeholders

To overcome these influencing factors, the Consultant selected a modified Delphi technique that relies upon the use of a survey instrument supplemented by individual interviews of key stakeholdersⁱⁱⁱ to gather relevant data necessary for a successful strategic planning process. Both the survey and interviewing techniques were structured to engage participants as follows:

1. Identify the community's baseline identity (e.g. vision, mission, values)
2. Complete the community's asset inventory (e.g. infrastructure, recreation, available buildings or land, etc.)
3. Identify and explore the City's strengths, weaknesses, opportunities and threats (S.W.O.T.)
4. Evaluate commonly-held opinions (consensus) as well as how individuals view:
 - a. the community's need for each main type of economic development
 - b. the prioritization of the types of economic development possible
 - c. the allocation of resources towards economic development
 - d. the role of the City in economic development
 - e. the use of incentives and other economic development tools
5. Understand how the community evaluates the success of economic development programs
6. Create parameters for establishing goals

PHASE 1

RESEARCH & ENGAGEMENT (Phase 1A)

Phase 1A is the Consultant's opportunity to fully assess the City's current economic development strategies and assets, including related programs, services and regulations. Further, it serves as a project kick-off and initial assessment of the plan elements that need to be evaluated during the process.

PROJECT KICK-OFF

Preliminary Survey of Commissioners

In preparing for the project kick-off, the Consultant distributed (via email) a short survey for members of the Grow Spencer Commission. The goal of the survey was to assess the clarity of Spencer's current economic development vision and determine strategies for revisiting an existing vision or initiating a new vision. Further, the survey was used to assess how Commissioners viewed the City's role in economic development.

The survey consisted of five questions, including:

- | | |
|------------|--|
| Question 1 | Does the City have a clear vision or mission? (Yes or No) |
| Question 2 | In your own words, describe the City's current vision. |
| Question 3 | In your own words, describe what the City's vision should be. |
| Question 4 | What are the City's current roles in economic development? (Select all that apply) |
| Question 5 | What should be the City's economic development roles? (Select all that apply) |

Survey Highlights

- Unanimous agreement that the City did not (currently) have a clear vision or mission for economic development
- That the current undefined vision for Spencer (generally) involves new industry, retail growth, population growth, and tourism. And that the community is a good place to raise children.
- The Commissioners (individually) indicated that a future vision needs to be based on enriching the lives of Spencer citizens, embracing the community's history (and features such as Art Deco architecture), improving industry, retail and population growth.
- The Commissioners (individually) indicated that the diverse economic development roles of the City are generally concentrated in investing in infrastructure, promoting a business-friendly atmosphere and offering incentives to locate in Spencer. By contrast, in identifying the roles the City should have in the future, Commissioners (individually) emphasized a more balanced approach that elevated the role of marketing and branding (to new businesses and residents) with an emphasis on marketing and branding the community to new residents in the future.

Project Kick-off & Community Tour

Consultant conducted a two-day community visit to Spencer on August 13th and 14th. The visit consistent of several key elements:

1. Individual interviews with members of the Grow Spencer Commission and City Council Progress and Development Committee
2. A driving tour of Spencer, including its current and future industrial development areas, downtown, new housing developments, retail centers and major employers.
3. A kick-off meeting with the Grow Spencer Commission to discuss the City's vision and mission, as well as the approach for the community assessment.
4. Meetings with the City Manager and Assistant City Manager to discussion city operations and policies.
5. Meetings with the Planning Department to discuss the City's zoning code and comprehensive plan.

Grow Spencer Commission Meeting #1

The Consultant's first meeting with the Grow Spencer Commission took place on August 14th and lasted approximately 90 minutes. Minutes are available from the City; however, the meeting focused on:

1. An Overview of the Project & Scope of Work
2. The Vision and Mission of Spencer
3. The Role of the Community Assessment in the Process

Using the feedback from Meeting #1, Consultant prepared:

1. Draft Vision and Mission Statements
2. A Draft Community Assessment

These drafts were discussed in Conference Call #1 on August 30th (details provided as part of Community Assessment section).

Grow Spencer Commission Meeting #2

The Consultant's second meeting with the Grow Spencer Commission took place on September 20th and lasted about an hour. Minutes are available from the City; however, the meeting focused on:

1. Reviewing the response rate to the community assessment
2. Discussing additional outreach to increase participation
3. An overview of the next steps in the process

It was determined that the Commission work sessions to review assessment data and initiate plan creation would be held in two sessions on back to back days on October 7th and 8th.

PRELIMINARY ASSET STRENGTH INVENTORY

Based on the Consultants expertise, a community tour and extensive review of documentation, the Consultant identified Spencer's Preliminary Asset Strength Inventory as including (in no order of preference or significance):

1. Green Industrial Park
 - a. Available sites ranging from less than 1 acre up to over 71 acres
 - b. A 40,000 square foot shell building on 9.2 acres with 39-foot ceiling height
2. Technical Park South
 - a. Available sites ranging from 1.8 acres to over 22 acres.
3. Utilities
 - a. Spencer Municipal Utilities
 - i. Water – approx. 1 mgpd in water capacity
 - b. City of Spencer
 - i. Sewer – approx.. 1 mgpd in sewer capacity
 - c. Electric
 - i. Services by Spencer Municipal Utilities (Primary), Iowa Lakes Electric Cooperative and Alliant Energy^{iv}
4. Available of Rail Service from:
 - a. I & M
 - b. Canadian Pacific
5. Spencer Municipal Airport

- a. Including Fixed Based Operations (FBO) and supporting (on-site) mechanical and avionics maintenance firms
- 6. Available commercial and industrial lots with supporting infrastructure
- 7. Transportation
 - a. U.S. Highways 18 and 71
 - b. West & East Beltways (truck by-passes)
- 8. Spencer Hospital – a highly rated medical center serving Spencer and surrounding communities
- 9. Parks & Amenities
 - a. Approximately 430 acres of park space (comprised of 13 parks, 1 campground and an aquatic center)^v
 - i. 38.89 acres of parks per 1,000 residents
 - ii. 1 park per 849 residents
 - b. 14 miles of trails (on and off-street paths)
 - c. Two golf courses
 - d. Clay County Fair, especially the year-round availability of the fairgrounds and regional event center

PRELIMINARY ASSET WEAKNESS INVENTORY

Based on the Consultants expertise, a community tour and extensive review of documentation, the Consultant identified Spencer's Preliminary Asset Weakness Inventory as including (in no order of preference or significance):

- 1. Water and Sewer:
 - a. The available capacities are insufficient to support industries with intense water and sewer needs, including
 - i. Certain food and related processing, manufacturing and packaging industries
 - ii. Some resource extraction and related value-add or manufacturing industries
 - b. Portions of the community, including the eastern developable industries areas, are constrained by the existing sewer infrastructure (e.g. lift stations, etc.)
- 2. Transportation:
 - a. Spencer is over 30 miles from a 4-lane highway and 40 miles from an interstate
 - b. The nearest commercial airport is Sioux Falls approximately 100 miles west despite a municipal airport that could support select commercial air services
 - c. Highway 71 through town continues to serve as a truck route, despite the availability of beltways on the east and west perimeters of the City
- 3. Other:
 - a. Increasing flooding will likely require increased investment in stormwater detention, retention and management

INDUSTRY TARGETS

Consultant has identified industries for Spencer to target in their economic development efforts. These targets are based on Consultant's review of assets (strengths and weaknesses), laborshed data, and existing employment and industry sector clustering. Before embarking on a targeted marketing strategy, the City may want to conduct a more in-depth analysis within these industries to pinpoint specific companies as targets.

Advanced Manufacturing

3261 – Plastics Products Manufacturing
 3323 – Architectural and Structural Metals Manufacturing
 3324 – Boiler, Tank & Shipping Container Manufacturing
 3327 – Machine Shops
 333111 – Farm Machinery and Equipment Manufacturing

These industry segments were primarily selected based on the proximity to like industry clusters, available industrial land supply, relative cost of utilities (including electricity), proximity to an airport

	<p>3332 – Industrial Machinery Manufacturing</p> <p>3329 – Other Fabricated Metal Manufacturing</p> <p>334512 – Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use</p> <p>334513 – Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables</p> <p>334511 – Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing</p> <p>325220 – Artificial and Synthetic Fibers and Filaments Manufacturing (incl. soybean fibers and filaments manufacturing)*</p> <p>3369 – Other Transportation Equipment Manufacturing</p> <p>3339 – Other General Purposes Machinery Manufacturing</p> <p>336411 – Aerospace Product and Parts Manufacturing (conversion, overhaul, restoration, rebuild, target drones)**</p>	<p>(including potential for commercial air service), and access to 2- and 4-year educational programs locally and generally (statewide).</p> <p><i>*Fiber and filament manufacturing is an outlier included because of the successful marketing of new clothing lines featuring proprietary fibers, including casein (milk) and hemp for clothing often made in the U.S.A. Proximity to soybean crops may create an opportunity</i></p> <p><i>** Primary influence for this industry selection is availability of Spencer Municipal Airport and an existing industry cluster</i></p>
Food Manufacturing	<p>311 – Food Manufacturing (selected processing)</p> <p>3118 – Bakeries and Tortilla Manufacturing</p> <p>3119 – Other Food Manufacturing</p> <p>112511 – Finfish Farming and Hatcheries (Aquaculture)</p>	<p>These industry segments were primarily selected based on proximity to like industries and proximity to supply chains, available industrial land, as well as factors such as relative cost of utilities (including electricity).</p>
Transportation and Warehousing	<p>4811 – Scheduled Air Transportation*</p> <p>4931 – Warehousing and Storage</p> <p>4841 – General Freight Trucking</p> <p>4842 – Specialized Freight Trucking</p> <p>488190 – Other Support Activities for Air Transportation*</p>	<p>These industry segments were primarily selected based on proximity to manufacturing and other transportation dependent industries, available industrial land for large facilities, and separation from four-lane highways.</p> <p><i>*A primary factor influencing these targets is the availability of Spencer Municipal Airport and surrounding, developable lands.</i></p>
Entrepreneurial Technology & Science Related Business	<p>5427 – Scientific Research and Development</p> <p>54138 – Testing Laboratories</p> <p>541511 – Custom Computer Programming Services (development, writing, testing and publication of applications, software design, programs and etc.)</p>	<p>These industry segments were chosen based on proximity to 4-year institutions like Iowa State University, the emergence of smart technology in all products and services, plus the opportunity to establish a cluster in Spencer and the importance jobs in these fields have in attracting returning, younger residents.</p>

ASSESS MUNICIPAL CODES & POLICIES (Phase 1b)

The goal of this Phase was to determine if there are any structural or procedural obstacles the City has created or is creating which negatively impact the City's economic development opportunities.

To complete this Phase of the project, the Consultant conducted a detailed review of the City's zoning code, as well as the City's policies and procedures related to economic development. Additionally, two meetings were held with the City's Planning Department on August 13th and September 19th to discuss the zoning code and comprehensive plan. The Consultant completed an exhaustive review of the following items (in addition to other information provided by individuals and stakeholders):

- Title 9 Zoning Regulations
- Land Use Comprehensive Plan
- Green Industrial Center Covenants
- Technical Park South Covenants
- Sewer Capital Facilities Planning
- Tax Increment Financing Districts
- 2017 City Planning Session Notes
- Riverfront Plan
- McClure Study Scope of Work
- Buxton Retail Recruitment & Retention Project

Based on this analysis, the Consultant has prepared findings and recommendations for the City, which were presented in letter from the Consultant to the City. Certain recommendations presented by the Consultant have been included in the work plan. A copy of the Consultant's memorandum on planning, zoning and land use is attached to this report.

PHASE 2

The primary objectives in Phase 2 were to complete a community assessment and conduct community and stakeholder interviews.

COMMUNITY ASSESSMENT

The assessment was based on a standard series of questions the Consultant uses in other community assessments (strengths, weaknesses, future goals, most active groups in economic development, etc.) along with questions that the Consultant specifically designed for Spencer based on early interviews that identified unique community characteristics requiring further exploration.

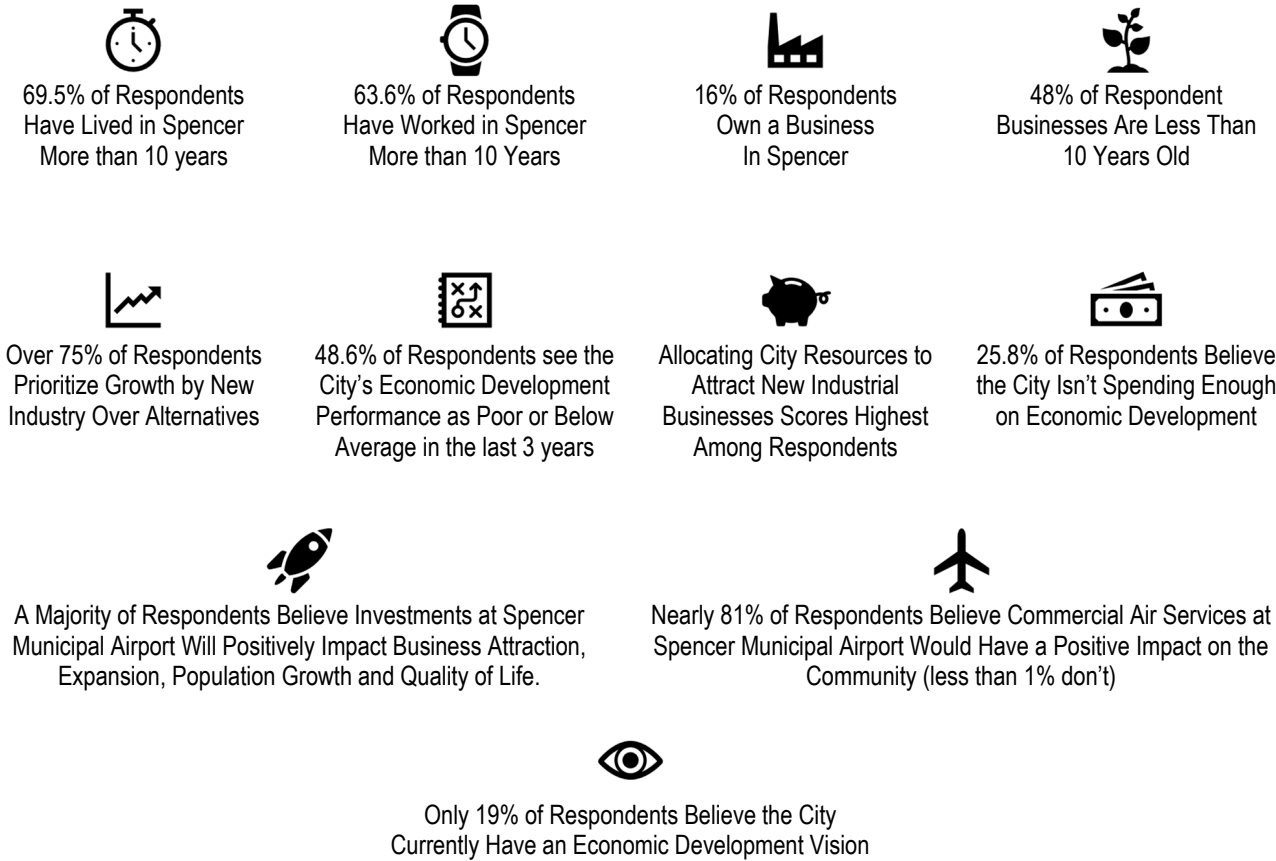
Consultant circulated draft questions on August 27th in advance of a conference call with the Grow Spencer Commission on August 30th. In the August 30th conference call, Consultant reviewed vision and mission statements with the Commission, answered questions and requested final comments on assessment questions before September 6th when the Consultant would finalize the assessment.

The online community economic development assessment went live on September 7, 2018 and was closed on October 29, 2018. Aggregate and individual responses to the assessment, along with key stakeholder interviews, were used by the Consultant to identify Strengths, Weaknesses, Opportunities and Threats (S.W.O.T.), complete a stakeholder's asset inventory, gauge the community's vision, identify barriers to plan implementation, organize responses into goals and themes, and explore the community's support for economic development.

On October 6th the Consultant ran a tabulation of assessment responses to evaluate submitted assessments and prepare for the two-day Grow Spencer Commission workshops on October 8th and 9th. As of October 6th, 315 assessments had been submitted, which exceeded the sample size of 263 required for 90% confidence that the responses represented the community with a margin of error +/- 5%, but below the 372 required for 95% confidence with a margin of error +/-5%^{vi}.

In total 412 assessments were submitted representing 332 residents of Spencer and 80 non-residents, including 17 assessments submitted by residents after October 6th. A complete copy of the survey and responses was provided to the City in a supplemental appendix. Select assessment highlights are shown below followed by an analysis of open-ended Vision and S.W.O.T. responses.

GENERAL SURVEY RESULTS (HIGHLIGHTS)

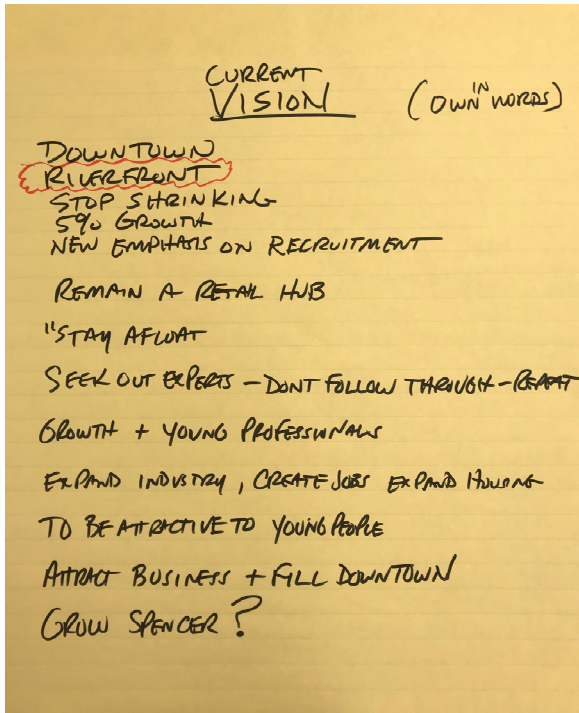


STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS (S.W.O.T.) MATRIX

Responses to the community economic development assessment were used to gauge the vision of the community (current and future), as well as complete a preliminary S.W.O.T. Matrix that could be used by the Grow Spencer Commission. The next few pages review the results.

Current Vision

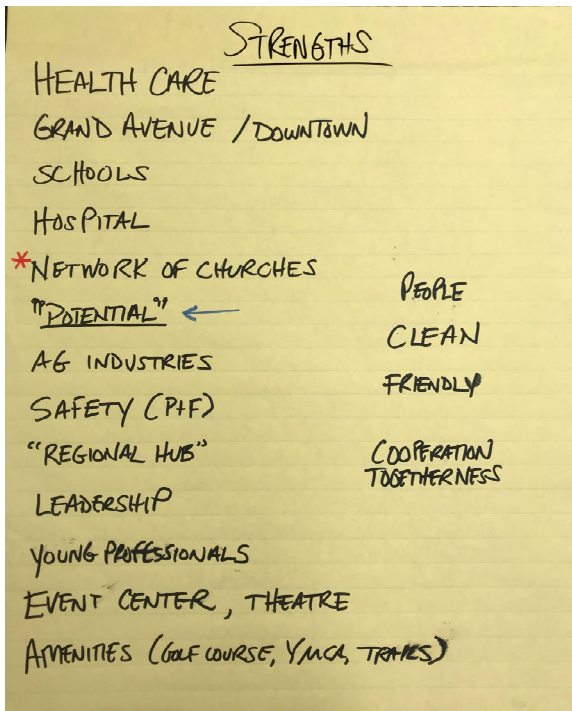
Respondents were asked to describe the current vision for Spencer, which is basically an analysis of what they see as the current vision and/or focus of Spencer.



Respondents to the assessment identified components of the City's general economic development efforts (despite the lack of a city plan), as well as priorities of the Iowa Lakes Corridor (directly and indirectly). However, a key criticism was that the City hasn't followed through with past planning.

Strengths

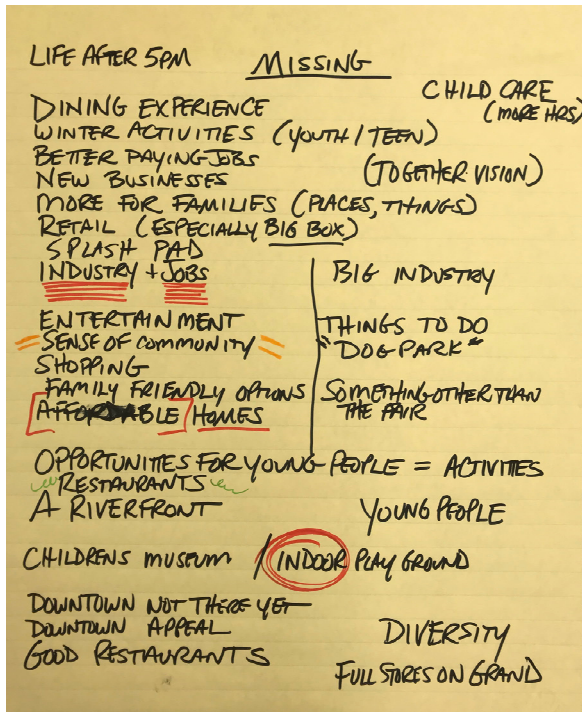
In general responses to Spencer's "strengths" were not expected to be a detailed account of the community's best economic development assets, but it adds depth to the "why" people live in a community or should be attracted to living there.



The use of "potential" to describe a strength of Spencer is important to point out as it signals optimism within the community. Additionally, the identification of the "network of churches" is important as they are under-represented partners in economic development despite their ability to communicate information to large audiences.

Missing (Part I of Weaknesses)

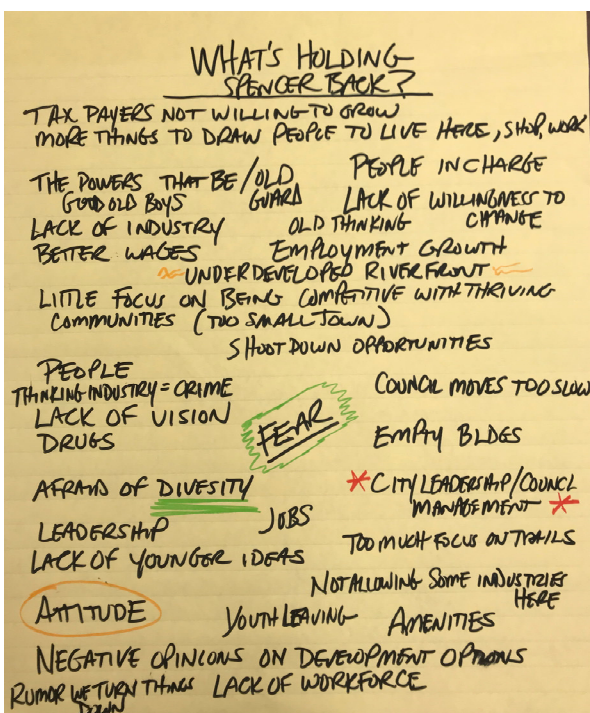
Weaknesses through the lens of the community require analysis of three key factors. This first factor looks at weaknesses to (a) add depth to “why” people don’t want to stay in or move to the community, (b) identify the types of amenities the community desires for themselves and (c) give context to the types of outcomes the community wants in an economic development plan (both specifically and generally).



In identifying what they see as missing from Spencer, respondents were in fact highlighting outcomes they want. New industry and jobs, especially jobs with higher wages was the subject of significant attention.

What's Holding Spencer Back (Part II of Weaknesses)

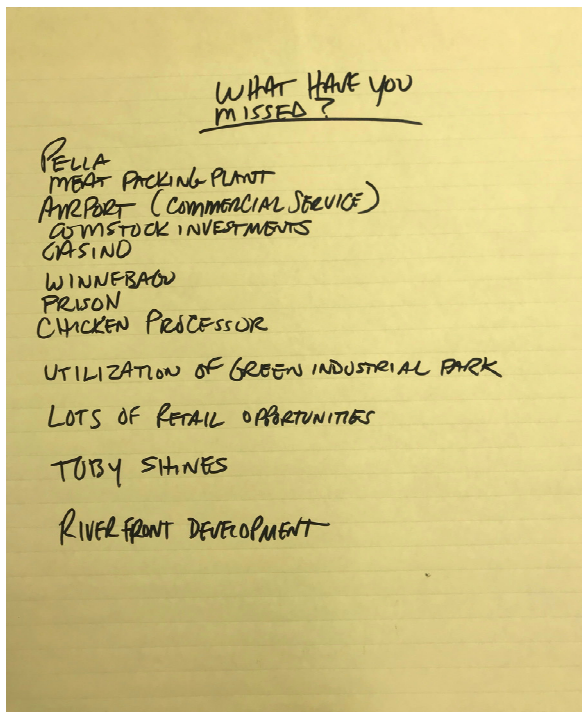
Part II evaluates weaknesses to (a) establish a baseline for how the community views it's past economic development efforts, (b) identify community perceptions as to why economic development isn't more successful and (c) understand what information and education the community may need when implementing a new economic development plan.



Without communication economic development can go on unnoticed and negative perceptions build up over time. Respondents were very self-reflective in understanding that “attitude” and “fear” often negatively influence the success of economic development. Both can be overcome through communication.

What the City Missed (Part III of weaknesses)

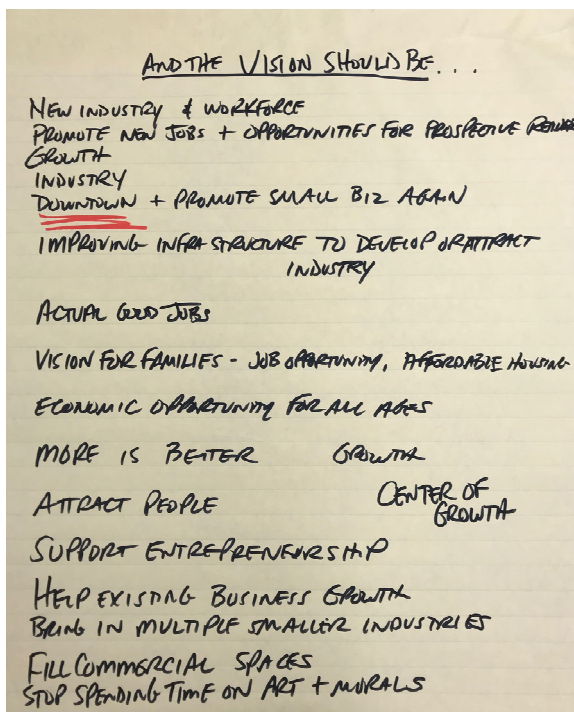
Responses to this question help in understanding (a) where the community feels it lost, (b) the types of projects the community may have opposed previously but remain open-minded and (c) what the community is likely to identify as its target industries.



The three-part process of looking at weaknesses demonstrates one of the more critical challenges faced by economic developers – how to reconcile the outcomes a community desires with the fears assigned to projects as they are proposed. This specific part of the assessment often invokes “hindsight” and open-mindedness, but caution is still required as communication is critical to overcoming the community’s known fears.

And the Vision Should be... (Opportunities)

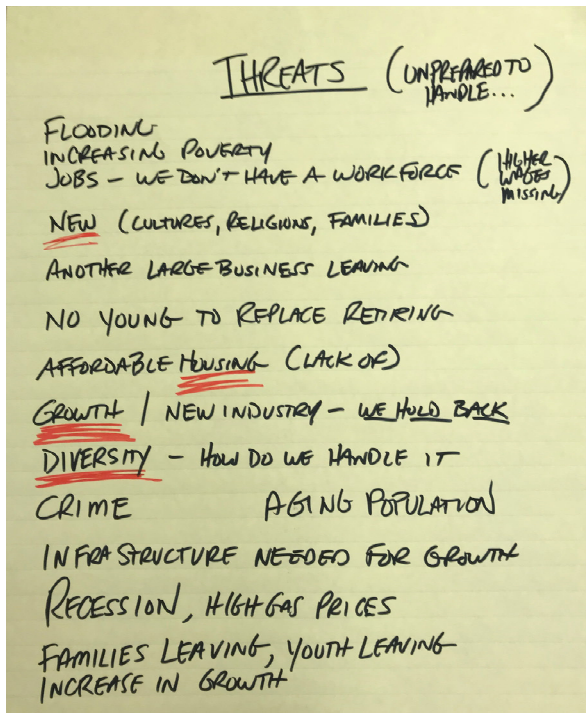
Responses to this question represent general expectations and priorities that should be considered with an economic development plan. However, economic development goals should ultimately be aligned with the economic development assets of the community and the role of the City



Responses highlight priorities such as “new industry” and “workforce” but they also demonstrate the importance of connecting investments in such things as art and murals to how they improve the City’s position in attracting new industry and workforce.

Threats

Responses from this portion of the assessment are insight into what the community (generally) believes are threats that have impacted or could impact the community, as well as the respondents as individuals.



Respondents identification of “new,” “diversity” and “[an] increase in growth” are worth highlighting because these can be barriers to the successful creation of jobs and attraction of new industry.

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PRIORITIZING & VALUING OUTCOMES

Several questions were asked in the community economic development assessment to understand how Respondents in the community prioritize and value economic development outcomes.

Prioritizing Resources

The responses to these questions emphasize the community's desire to attract a new industry to town. And, it appears in some cases that the desire to have a “win” in the sense of getting something new may overshadow the value of expanding existing businesses.

Prioritizing Resources

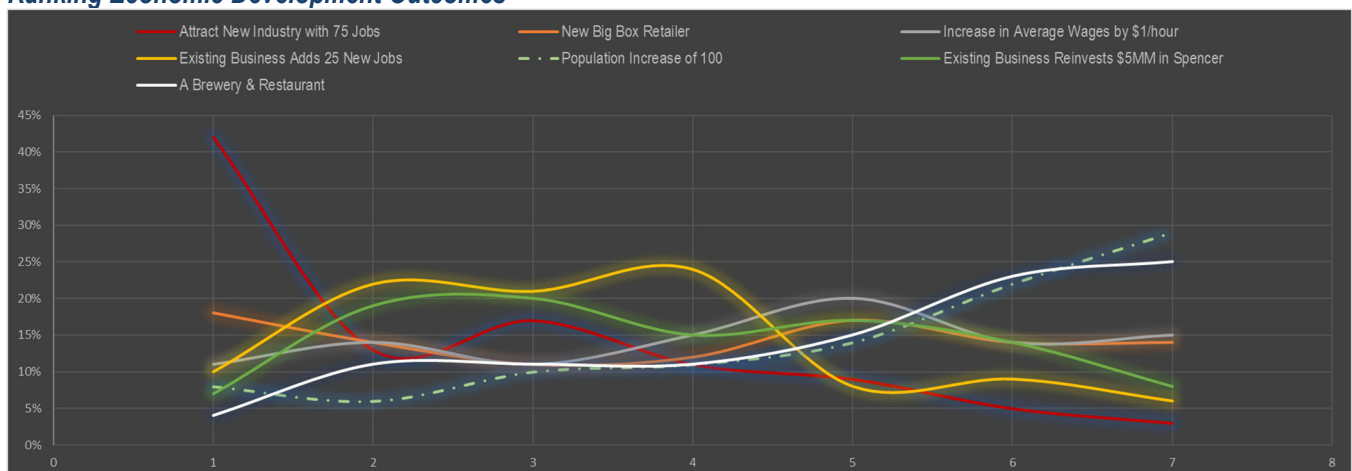


When asked to prioritize resources for economic development, Respondents collectively prioritized attracting new industrial businesses. Encouraging existing business expansion was prioritized third overall.

Ranking Outcomes

An additional question within the assessment asked Respondents to rank outcomes on a scale of 1 to 7 with 1 being the most important outcome. Combining the “ranking” results shows that attracting new industry is viewed as most important. The list on the next page shows the order of all outcomes as ranked.

Ranking Economic Development Outcomes



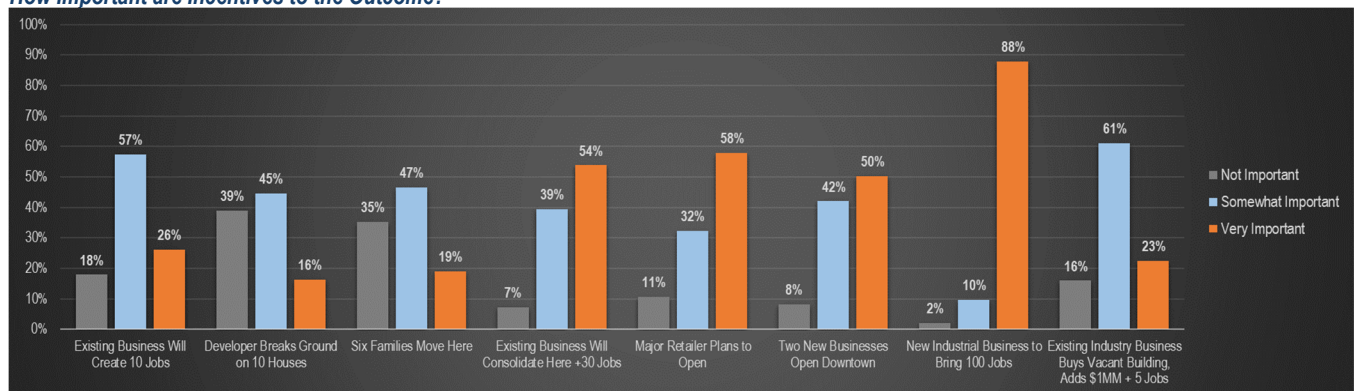
Attract New Industry with 75 Jobs

New Big Box Retailer
 Increase in Average Wages by \$1/hour
 Existing Business Adds 25 New Jobs
 Population Increase of 100
 Existing Business Reinvests \$5MM in Spencer
 A Brewery & Restaurant

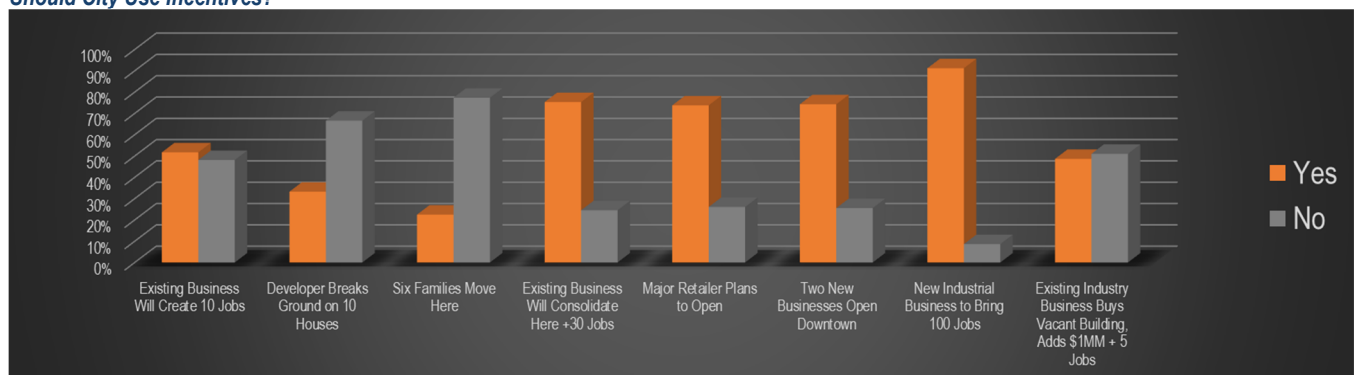
Incentives

Incentives can have a direct impact on the ability to achieve certain economic development outcomes. Thus, Respondents were asked to evaluate both the importance of an incentive in each outcome, as well as whether they generally felt the City should provide an incentive. The results indicate general support for incentives (with some exceptions). Further, incentives were judged as most important in attracting new industry.

How Important are Incentives to the Outcome?



Should City Use Incentives?



COMMUNITY INTERVIEWS

The Consultant completed individual interviews^{vii} that included the Mayor, a majority of the Grow Spencer Commission members, all the City Council members and a cross-section of local leaders (business leaders, non or not-for-profit organizations, utilities, regional economic development group, etc.). These interviews were opportunities for the Consultant to gain perspective and depth on not only the history of economic development in Spencer, but the obstacles and opportunities going forward.

PHASE 3

The primary purpose of Phase 3 was to conduct a facilitated work session with the Grow Spencer Commission. This segment of the report covers that, as well as discussion of the Draft Working Vision & Mission.

GROW SPENCER COMMISSION FACILITATED WORK SESSIONS

Two facilitated work sessions were held with the Grow Spencer Commission on October 8th and 9th to present the findings of the economic development assessment (day 1) and initiate development of the vision, mission, goals and objectives for the economic development work plan (day 2). Minutes from the meeting are on file with the City.

CREATING A VISION & MISSION

A vision is the description of “what” you want to become, and the mission is the “how” you’ll make it happen. Except for a vision and mission that had been written for purposes of a grant, no current formal vision or mission exists for Spencer.

Spencer’s vision and mission were discussed at the August 14th Grow Spencer Commission and Consultant was directed to create “working” draft vision and mission statements for the Commission’s consideration. The Commission made selections during the August 30th conference call and these were used in the Community Assessment.

VISION: A vibrant, thriving center of the region’s growth

MISSION: As a direct result of the community’s leadership and investment in infrastructure, quality of life and preservation of its history, Spencer enriches the lives of its citizens while attracting new business investments, high-quality jobs and a growing population.

In general, the open-ended responses to the vision and mission were favorable. However, three concerns (two in the form of questions) appeared in enough frequency to warrant further discussion. These concerns can be categorized as:

1. Is the vision and mission necessary?
2. The vision and mission are nice, but is it realistic?
3. It’s long and doesn’t have a “WOW” factor

Grow Spencer Commission Meeting #3

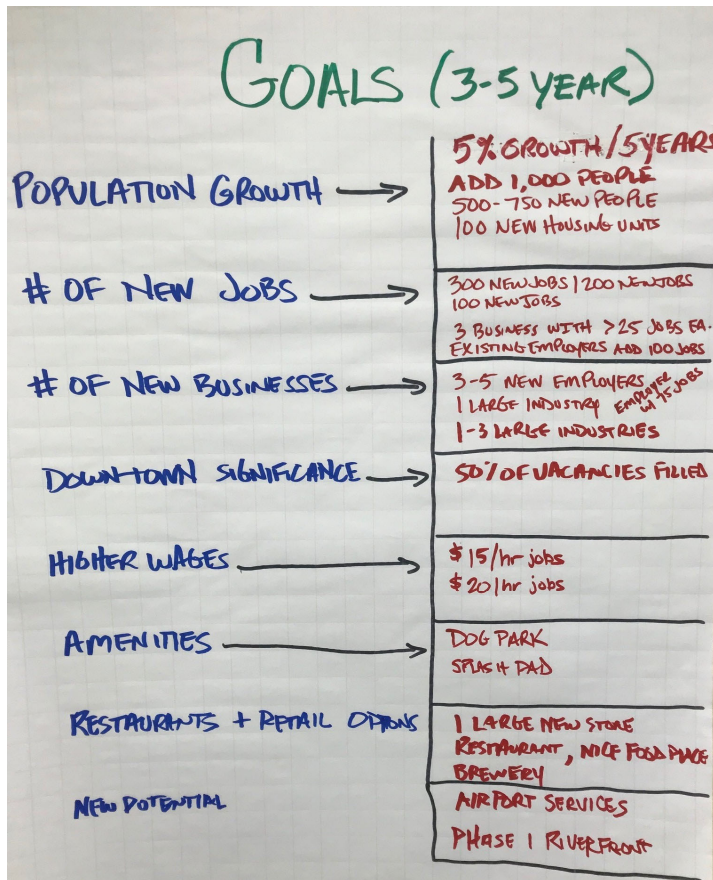
The third meeting of the Grow Spencer Commission on November 5th focused on revisiting the Vision and Mission statements post community assessment, reviewing goals identified in the assessment, and establishing specific goals for Spencer’s economic development plan.

After discussion, the Commission decided to amend the vision and mission as follows:

VISION: A vibrant, thriving center of the region’s growth

MISSION: ~~As a direct result of the community’s leadership and investment in infrastructure, quality of life and preservation of its history,~~ Spencer enriches the quality of life lives of its citizens while attracting new business investments, high-quality jobs and a growing population.

Consultant led the Commission in a discussion of the goals identified by the community in the assessment.



The slide to the left highlights common goals (by category) identified by respondents in the community assessment.

Upon review and discussion, the Commission selected two main goals for the plan.

1. The creation of 300 new high-quality jobs^{viii} in the next five years
2. The construction of 250 new houses with emphasis on workforce housing

In clarifying these goals, it should be noted that:

- Tackling downtown reinvestment and adding amenities were viewed as being work plan items that support job and housing goals.
- An increase in population and wages was identified as being associated with success in attracting both high-quality jobs and housing.

COMMUNITY FORUM

The Consultant led a community forum on November 5th hosted by the Grow Spencer Commission at City Hall. The forum attracted roughly two dozen members of the community, as well as representatives from regional organizations and partners.

The forum featured a presentation from the Consultant on the status of this project, including the revised vision, established goals and potential core plan elements that could be included within the final work plan.

In addition to the presentation, attendees were given the opportunity to ask questions and to fill out comment cards.

Questions from the audience generally included:

1. What parts of the action plan must come first?
2. Should the focus just be on existing business or should it include attraction (given the tight labor market)?
3. How can the plan recognize the aging population in Spencer, including the need for more workforce with credentials in health care (generally), nursing, etc.?
4. How does the City attract new industry to Spencer?

Only one comment card was completed and submitted. The comments focused on the aging population and ensuring care for seniors (e.g. need for health care workers, etc.).

WORK PLAN CREATION

The economic development work plan started as an outline of core plan elements and progressed to a draft work plan to distribution and discussion. The following describes the plan's development and the process of refining the work plan into a final document.

Conference Call #2

A second project conference call was held with the Grow Spencer Commission on November 6, 2018. The purpose of the call was for the Consultant to walk through a draft list of plan elements with the Commission and discuss what should be included within the economic development work plan. In reviewing the draft list of plan elements, several adjustments were made to reflect comments from the Commission and staff. This included adjustments to clarify implementation of the McClure study recommendations for place-making, refinement of the strategy to address downtown and riverfront investment/redevelopment, the addition of city branding and logo development, and strategies to leverage the area's college infrastructure.

Grow Spencer Commission #4

A fourth meeting was held with the Grow Spencer Commission to review a draft of the work plan, a copy of the draft report and a copy of Consultant's memorandum addressing the City's zoning code (Title 9). Consultant received feedback on minor adjustments and clarifications that were incorporated into a second draft of the plan that was presented to the City Council on December 10, 2018.

PRIORITY-IMPACT-RESOURCE (PIR) EXERCISE

To help with the prioritization and scheduling of work plan elements, the Consultant selected a group of 5 representatives to participate in a PIR exercise that is designed to evaluate the priority, impact and resource requirements of each plan element using a defined scale.

The participants in the PIR process as selected by the Consultant in consultation with the City were: Kevin Robinson (Mayor), Bill Orrison (Councilman, Progress & Development Committee Chair), Amanda Mack (City Manager), Brian Weuve (Deputy City Manager) and Kiley Miller (Iowa Lakes Corridor).

The individual rankings were aggregated into a group ranking and then put in an order based on highest priority followed by highest impact followed by lowest resource allocation. After each group of plan elements were ranked, all elements were ranked on a combined basis.

Consultant then adjusted the order of the rankings to account for those work plan elements that are required to precede other elements. For example, the completion of a land capacity analysis would be necessary before consideration of amendments to the comprehensive plan and/or changes to identified annexation areas

The PIR document is intended to be used as guidance in determining individual, annual work plans. The results of the PIR with full Council input can be found in the worksheets contained within a supplemental appendix to this report.

COUNCIL REVIEW OF DRAFT PLAN

Consultant held a work session with the City Council on December 10, 2018 to review the draft plan and the priority-impact-resource (P-I-R) exercise results. As a result of the work session, questions and follow up suggestions from Council and staff, the Consultant made revisions and additions to plan elements, the PIR guidance and the list of external partners.

FINAL COMMISSION RECOMMENDATION

The Grow Spencer Commission met on January 4, 2019 to review and recommend the final economic development work plan for City Council approval.

COUNCIL PLAN ADOPTION

Consultant presented a final work plan to the City Council at their January 7, 2019 meeting. The work plan was accepted by the Council and implementation initiated by resolution.

ASSESSMENT OF DATA

Effective plans assess relevant data such as employment, industry sectors and growth patterns and trends. However, it is also very easy for an economic development planning process to restate known historical data or be influenced information bias^{ix} so as to gather and analyze data that is ultimately irrelevant to the plan's outcome.

For example, looking at Census population trends for several decades may show a population decline, but gathering, restating and commenting on such trends does focus on the forward-looking challenge of why the population is declining (aging population, aging housing stock, etc.) and how that trend can be changed (new housing, community amenities, higher wage jobs, etc.).

These final segments of the report discuss several instances where data and on-going analysis will be critical to future planning and implementation.

LABORSHED SUMMARY

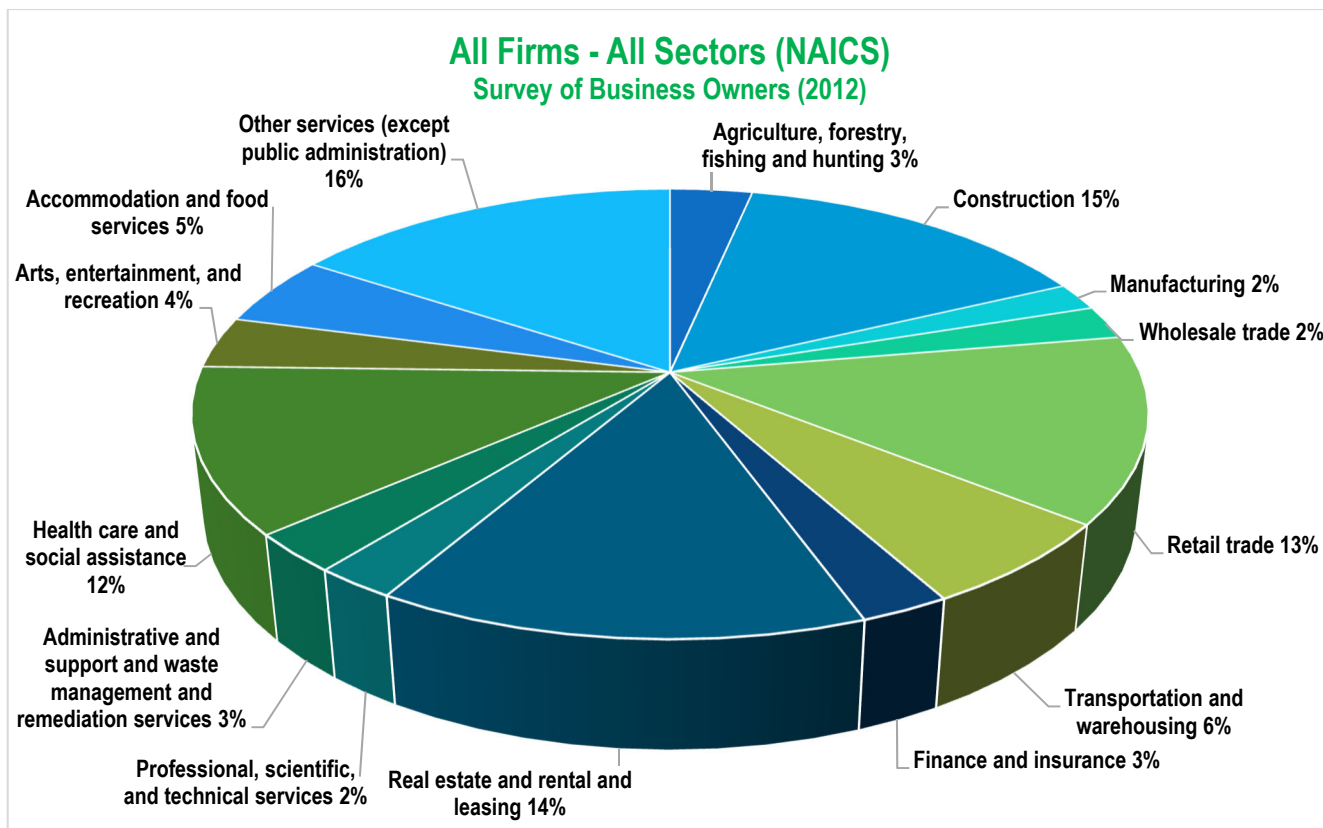
As of 2015, the most current laborshed available, Spencer had a total potential labor force of 76,359 for its entire laborshed (an area within a 50-mile radius of Spencer). Unfortunately, those willing to change or accept employment cited willingness to accept an average of 20 miles one way as a commute.

The highest hourly wages by reported by industry include Government and Public Administration (\$23.50); Healthcare & Social Services (\$21.00); Transportation, Communications and Utilities (\$19.61), Construction (\$16.88); and Manufacturing (\$16.50). Wholesale and Retail Trade accounted for the lowest hourly wages. The top employing industries in the laborshed area include Wholesale and Retail Trade (15.3%) and Manufacturing (15%).

Current detail regarding the availability of workers by targeted industries selected was not available at the time the Consultant completed this report. However, updated laborshed reports are currently in the process of being completed for the City of Spencer and the Iowa Lakes Corridor.

SURVEY OF INDUSTRY SECTORS & CLUSTERS

According to the most recent Survey of Business Owners and Self-employed Persons (SBO) in 2012, the following graphic represents the total number of firms (with and without employees) by industry sector for Clay County. The top five industry sectors by total number of firms in Clay County were Other Services (16%), Construction (15%), Real Estate and Rental and Leasing (14%), Retail Trade (13%), and Health Care and Social Assistance (12%). While Manufacturing (2%) and Transportation and Warehousing (6%) fell near the bottom.



HOUSING DATA

One of the challenges plaguing communities in the Midwest is housing. Most communities have roughly the same size housing inventory as they did decades ago and new housing options for varying levels of income aren't readily available. This is significant because of its influence on attracting workers (returning young residents) to those communities. While Spencer has enacted an aggressive housing incentive in the last few years (results in new single family and multiple family units), it is important to note that data from the 2016 American Community Survey shows that over 75% of Spencer's housing units were built prior to 1980 and the City's 2017 comprehensive plan posits that 35 new housing units per year are needed between now and 2030 for the City to meet its projected growth potential. Further, to increase population consistent with the Iowa Lakes Corridor goal of 5% over five years (2017 to 2021),

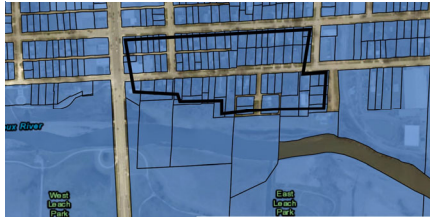
Assuming a population of 11,172 at the start of 2017 (according to the 2016 American Community Survey 5-year estimates), an increase in population of 5% would see Spencer 11,730 residents by the end of 2021 or a difference of 558 people. At 2.19 persons per householder (using household size from the City's Comprehensive Plan) Spencer would need 254 additional housing units to accommodate the increase (assuming vacancy rates remain consistent over time). Because development and construction of new housing can take between 9 and 18 months to complete, the City would need to see 63 new units applied for in the years 2017, 2018, 2019 and 2020 to accommodate the increased population.

Finally, it is important to acknowledge that housing can only work to attract new workers (and increase population) if wages are in-line with available housing options. Assuming a two-income household with one employed in manufacturing at median wage (approximately \$16.50/hour or \$32,320/year) and one employed in retail part-time at 28 hours a week (approximately \$10.78/hour or \$15,695/year), the combined income of \$48,015 limits a mortgage to around \$120,000 or rents in the range of \$650 to \$950 a month.

RIVERFRONT PARCEL ANALYSIS

As mentioned in Consultant's memo on planning, zoning and land use one of the major challenges to development along the Riverfront will be the assemblage of parcels to form an area(s) large enough to accommodate potential development. We did a parcel and valuation analysis of an area on the northeast (area A) and northwest (area B).

Riverfront Analysis Area A



Area A consists of 83 parcels (see map) representing 17.6 acres and approximately \$7.12 million in total existing valuation (buildings and land).

By contrast, Area B consists (see map) consists of 45 parcels representing approximately 12.8 acres and \$4.94 million in total existing valuation. Given the size of investment required to purchase land, the cost of the physical infrastructure and the potential for flood protection and/or mitigation within the project, the City's best next step may be an attempt to find an interested developer with riverfront/waterfront development experience.

Riverfront Analysis Area B



Consultant recommends the City consider developing a request for proposal (RFP) seeking out development firms with riverfront/waterfront experience to evaluate the City's vision (Riverfront Plan) and propose projects for the City's consideration against a set of minimum project outcomes/criteria (such as number of housing units, commercial development space, public amenities, etc.).

TARGET INDUSTRIES: MARKETING RECOMMENDATIONS

Of the targeted industries identified by the Consultant's analysis, the city leadership, including the Mayor and Council, have indicated a preference or priority for targeting younger companies in industry segments such as technology, research and innovation. Given this preference, the City should consider developing an initial economic development marketing program aimed at reaching these types of companies. The City's program should:

1. Explore opportunities to join, meet and partner with accelerators and venture capital networks, including but not limited to the Iowa Agritech Accelerator (Des Moines), ISU Startup Factory (Ames), the Iowa Startup Accelerator (Cedar Rapids), Plains Angels (Des Moines), and Forward Sioux Falls (Sioux Falls).
2. Establish relationships with co-working spaces outside Spencer to identifying companies that are growing and need larger space that the co-work locations can provide.
3. Develop a list of targeted businesses for marketing purposes and utilize targeted marketing such as an e-newsletter, direct email, direct mail, phone calls and company visits to generate leads.
4. Create of local events, conferences, or like programs that would attract target companies to visit Spencer and become familiar with Spencer's assets, incentives, etc.
5. Partner with the local community college, high school and nearby four-year institutions to identify additional opportunities to interact with targeted businesses and prepare training programs that support a local pipeline of workers in related career fields
6. Support the Okoboji Entrepreneurial Institute (OEI) and a regional strategy for developing entrepreneurial clusters

ENDNOTES:

ⁱ Washington State enacted a successful and innovative 'priorities in government' (POG) budgeting approach in 2002 under former Governor Gary Locke (background: <https://www.innovations.harvard.edu/priorities-government-budgeting>). An additional resource would be the book *The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis* by David Osborne and Peter Hutchinson

ⁱⁱ High-quality jobs for this laborshed, as defined by the Iowa Economic Development Authority in awarding incentives, are those jobs with a starting wage of at least \$17.80 per hour (100% of laborshed wage threshold) with an increase in wages by the end of year three to \$21.36 per hour (120% of the laborshed wage threshold).

ⁱⁱⁱ The Delphi technique (aka method) is recognized by the International Economic Development Council (IEDC) as an approach to building and reaching consensus, as well as prioritizing problems, solutions, strategies and goals. The Delphi method is a systematic, interactive forecasting method that relies on a panel of experts. Experts answer two or more rounds of questionnaires. After each round, a facilitator anonymously summarizes the experts' forecasts and reasons for their judgments. Experts are then encouraged to revise previous answers in light of information from other experts. It is believed that during this process the range of the answers will decrease, and the group will converge towards the "correct" answer. The process concludes after reaching a predefined terminus (e.g. number of rounds, achievement of consensus, stability of results, etc.). The method was developed by Project RAND in the 1950s for a report on the future technological capabilities of the Army Air Corp and its purpose was to overcome situations where experts were often influenced by cognitive biases. More detail on the Delphi method can be reviewed in a paper by Norman Dalkey titled "The Delphi Method: An Experimental Study of Group Opinion" in 1969.

^{iv} Iowa is a territorial electrical utility state. Although Spencer is primarily serviced by Spencer Municipal Utilities, some areas within and immediately adjacent to the community are served by Alliant and Iowa Lakes Electric Cooperative. Significant electric infrastructure is located within and around Spencer.

^v The National Recreation and Parks Association (NRPA) keeps metrics on communities and parks throughout the country. According to their metrics, the average community provides 10.1 acres of parkland for every 1,000 residents and 1 park for every 2,114 residents. By comparison Spencer is providing 3.9 times more acres of park and 49% more parks than the average community.

^{vi} Note: this level of confidence would only apply to assessment questions where at least 263 responses were tabulated. Some assessment questions received less than 263 responses.

^{vii} Interviews were completed on August 13 and 14, September 19 and 20, October 7 & 8 and November 4.

^{viii} High-quality jobs for this laborshed, as defined by the Iowa Economic Development Authority in awarding incentives, are those jobs with a starting wage of at least \$17.80 per hour (100% of laborshed wage threshold) with an increase in wages by the end of year three to \$21.36 per hour (120% of the laborshed wage threshold).

^{ix} Information bias is a documented cognitive bias to seek information when it does not affect action. As applied in these circumstances, planning can often evolve into investigation of every conceivable data point or contingency regardless of whether it supports the scope of the planning initiative or would be of value to decision making in the planning process.



January 3, 2019

Amanda Mack, Manager
City of Spencer
418 2nd Avenue West
Spencer, IA 51301

RE: PHASE 1B FINDINGS

Dear Ms. Mack:

Phase 1B of the Scope of Work for the economic development strategic plan involved an assessment of the City's municipal codes and policies as follows:

1. *Assess Spencer Municipal Code Title 9-Zoning Regulations*
2. *Assess current city resolutions, policies and procedures relating to economic development, planning and zoning, fees and assessments, connection/system improvement charges for new construction*

GOAL: Evaluate the City's existing codes and identify obstacles to economic development

GOAL: Identify key policy questions to discuss with the Grow Spencer Commission, City Council and Planning Commission

GOAL: Prepare discussion points and consultant recommendations for later phases of the project

To complete our review under Phase 1b, we have examined the following:

1. Title 9 – Zoning Regulations
2. Spencer Comprehensive Plan
3. Riverfront Development Plan
4. Covenants for Tech Park South and Green Industrial Center
5. Tax Increment Financing (TIF) districts
6. Other Miscellaneous Policies, Practices and Documents

Our firm has completed our work and the attached observations and recommendations are being submitted for further discussion with city staff, the mayor and city council and other appropriate city commissions/committees. While some elements of Phase 1b may be topics for discussion with the Grow Spencer Commission, we do not believe it is the most appropriate forum for addressing these items in detail.

For example, while the Grow Spencer Commission may recommend a goal in the plan include the review the allowance of food processing industries, they would not discuss the specifics of such regulations (a process better left to the Council to establish policy and Planning Commission to study and recommend development standards and guidelines).

Thank you in advance for your time and consideration.

Very Sincerely,

David Toyer
Owner

I. ZONING REGULATIONS

A review of the City's zoning regulations (Title 9) was completed. The following are observations and/or recommendations for further consideration by the City of Spencer:

Chapter 2 9-2-2 Definitions

General Recommendations:

1. Duplexes appear in 9-2-2(A)(2), but do not they are not defined.
 - Recommendation:
 - Add definition for duplexes
2. What are the critical differences between "Commercial Off-street Parking" and "Parking Facility?" See 9-2-2(B)(4)(c) and 9-2-2(B)(23).
 - Recommendation:
 - Modify or combine the definitions
3. It is not clear where cell phone towers get defined, allowed or regulated?
 - Recommendation:
 - Adopt standards for cell phone towers
4. There is a gap between what is allowed for Food Processing as a commercial use [(9-2-2(C)(7)] limited to 50,000 square feet and a "Major" Food Processing" use that only applied to "fowl" as an edible product in [9-2-2(B)(35)].
 - Recommendation:
 - Food processing in 9-2-2-(C)(7) could be retained but consider expanding major food processing to allow additional uses while retaining desired restrictions on offensive noises and odors. For example:
 - Major Food Processing Level 1 – *"processing of nonanimal raw food materials, ice manufacturing, and other food products manufacturing, processing, storage and packaging. Typical uses include bakeries which distribute products to retail outlets; soft drink bottling plants; feed and cereal mills; flour mills; vegetable oil manufacturing, refining or storage; and similar uses provided that uses where animals, slaughtered or live, are processed on site are not permitted."*
 - Major Food Processing Level 2 – *"processing of edible fowl, fish, shellfish or dairy products, and other food products manufacturing, processing, storage and packaging. Typical uses include edible fowl, fish or shellfish products for wholesale or retail sales; creameries and other dairy products manufacturing without on-site dairy animals; and similar uses."*
 - Retain (a) through (d), but change formatting to (i) through (iv) and place above these requirements a new (a), which would read:
 - Major Food Processing shall also comply with the following requirements:



5. It appears that artisan food and other goods on a small shop basis would be covered under “custom manufacturing.”
 - Recommendations:
 - Add definition for “artisan” use category for physical art, small batch food, and other products
 - Add definition for “maker’s space” uses, which may allow for temporary rental of space for outside users to operate equipment, etc.
6. The use definition for Microbreweries includes “micro-winery” in the definition as having the same regulations, but micro-distillery is not addressed.
 - Recommendation:
 - Separate definitions for microbrewery and microwinery, add a definition for micro-distillery and evaluate whether the production levels are still appropriate. For example, a microbrewery must sell 75% of its product off-site.
7. Specific to chemical and additive manufacturing (or the use of chemicals and additives in manufacturing process), the industrial use types in 9-2-2(C)(1) “basic industry” and 9-2-2(C)(3) “light manufacturing” may not be as clear as they could be in defining what uses are allowed or not allowed.
 - Recommendation:
 - Consider redefining “basic manufacturing” to: *“a use involving the primary processing of an extracted or raw material into a product that requires additional processing, manufacture, or assembly in order to become a consumer good. Examples of uses include production of basic chemicals; petroleum and natural gas storage; manufacture of castings, foundry, and other basic metal products; manufacture of nails, spikes, and insulated wire and cable; tanning, curing, or storage of raw hides or skins; manufacture of cement, ready-mix concrete, cut stone, and crushed rock and other primary products from materials taken principally from the earth in the form of stone, clay, and sand; manufacture of asphalt and asphalt reclamation processes; soil remediation facilities; saw, lath, shingle, planing, plywood and veneer mills engaged in producing lumber and basic wood materials; manufacture of pulps from woods and other cellulose fibers; petroleum and natural gas refining and processing; and the smelting and refining of ferrous and nonferrous metals from ore or scrap, rolling, drawing, and alloying metals.”*
 - Consider redefining “light manufacturing” as “Intermediate manufacturing and final assembly”
 - Address allowance (or not) of outside storage (and limitations, requirements or screening) for this use.
 - Suggestion for defining “intermediate manufacturing and final assembly” would be: *“a use that involves intermediate processing of semi-processed material into a consumer good and to uses that involve the assembly of semi-processed, intermediate processed, or final products or parts into a consumer good. This use type refers to the production, manufacture, fabrication, assembly, packaging, storage, sales and distribution of such products. Examples of uses include:*
 - *Clothing and fabricated products*
 - *Products manufactured by predominantly chemical processes and which are to be used for ultimate consumer consumption*
 - *Products manufactured by predominantly chemical processes and which are to be used for further manufacture of other products*
 - *Electronic computers, computer hardware components and related equipment, and other machine apparatus and supplies for the generation, storage, transmission, transformation and utilization of electrical energy*
 - *Industrial and commercial machinery and equipment*
 - *Finished products made entirely or mainly from wood for use in construction*
 - *Paper and paperboard and its conversion into other paperboard products*



- *Ferrous and nonferrous metal products and a variety of metal and wire products manufacturing*
 - *Products manufactured or assembled from plastic resins and from natural, synthetic or reclaimed rubber*
 - *Instruments for measuring, testing, analyzing and controlling optical instruments, medical instruments and equipment, photographic equipment, watches and clocks, and supplies associated with the previous products*
 - *Glass and glass products, clay products, pottery*
 - *Woven and knit fabrics, and carpets and rugs from yarn*
 - *Dyeing, finishing, coating, waterproofing and other treating of fiber, yarn and fabrics*
 - *Felt, lace goods, non-woven fabrics, and miscellaneous textiles*
 - *Equipment for transportation of people or cargo by land, air, rail or water*
 - *Other manufacturing and/or assembly processes in which processed or semi-processed materials are made or assembled into consumer products and supplies associated with the previous products*
8. Warehousing and distribution as defined in 9-2-2(C)(6) 'should be modified to replace "limited" and "general" with levels with modified definitions to better support the differentiation between the uses.
- Recommendation:
 - Change (a) from Limited Warehousing and Distribution to Warehousing and Distribution Level 1.
 - Consider changing definition to: *"The warehousing, distribution, and freight movement of manufactured or processed products that are enclosed within a build serviced by loading docks. Such facilities typically support transportation of products by truck, delivery van or rail. Examples of uses include: distribution centers, fulfillment centers, cross dock operations, moving and storage firms, personal storage facilities, and wholesale distributors."*
 - Change (b) from General Warehousing and Distribution to Warehousing and Distribution Level 2.
 - Consider changing definition to: *"Outdoor storage and distribution facilities for raw materials, semi-processed materials, or fully manufactured or processed materials. Such facilities are not necessarily devoted to a single product and are usually located close to rail lines, ports, airports, or regional highways. Examples of uses include monument or stone yards, grain elevators, rail transload facilities and other open storage yards."*
 - Add Warehousing & Distribution Level 3:
 - *"The storage, distribution or transmission of data in enclosed and secured facilities. Examples of uses include data centers, technology centers and similar uses."*
9. Aquaculture does not appear to be a use that is allowed under an existing Commercial [9-2-2(B)] and Industrial [9-2-2(C)] use type.
- Recommendation
 - Add definition for Aquaculture in 9-2-2(C).
 - Suggested language, "agricultural production where edible fish, shellfish or other marine foods, aquatic plants, or aquatic species are cultured or grown in order to sell them or the products they produce. Examples include fish or shellfish hatcheries, growing tanks or raceways; and accessory uses such as, distribution, feed storage and water treatment facilities. No on-site processing of fish, shellfish or other marine foods, aquatic plants or aquatic species is permitted except in zones permitting Food Processing Level 2.

Chapter 3

9-3-3 Residential District

General Comments:

The growth of Spencer will require additional housing to support higher populations. To encourage more housing (generally), more affordable housing and more types of housing, the City should consider more flexibility in lot sizes. "Density" created through smaller lot sizes can balance the cost of infrastructure (for example 60' to 66' required street widths). The following would be some ways to address affordability, density and diversity in the type of housing constructed:

Chapter 14 "Planned Unit Residential Development" (PURDS) could be a vehicle to creating more affordable housing to meet the needs of a future workforce by allowing more flexibility in design to accomplish density.

- Recommendations:
 - Eliminate the yard requirements in 9-14-4(A)
 - Consider revising 9-14-4(B) to instead allow minimum separation of dwellings based on fire code requirements
 - Consider revising 9-14-4(C) to establish minimum setbacks. Recommend front setback of 20 feet, rear setback of 15 feet and side yard setback of 5 feet.
 - Consider revising 9-14-4(D) to allow for a higher density in PURDs. For example, set a minimum lot size (say 4,000 square feet) and allow density to be based on a calculation of net developable area (gross square feet less required open space and dedicated streets, alleys and rights of way.
 - Consider allowing for individual lot coverage up to 55%

An alternative tool that could be adopted and codified is lot size averaging. Standard language for lot size averaging would look like:

Lot Size Averaging - subdivisions in the ____{A}____, ____{B}____ or ____{C}____ zones will meet the minimum lot area of the zone if the area in lots plus all critical areas and buffers, if any, plus areas designated as dedicated open space or recreational uses, if any, divided by the total number of lots equals or exceeds the minimum lot area of the zone in which the property is located.

- a. Roadways shall not count toward the calculations for lot size averaging.
- b. Surface detention/retention facilities may count toward calculations for lot size averaging only if the detention/retention facility meets the following requirements:
 - i. designed to not require security fencing
 - ii. designed so as to appear as a natural wetland system, and
 - iii. provides active or passive recreational benefits in a natural landscaped setting.
- c. Each lot shall be at least 4,000 square feet in area; a maximum lot coverage of 55 percent; a minimum lot width of at least 40 feet, and right-of-way setbacks of 15 feet except that garages must be set back at least 18 feet from the right-of-way

Chapter 4

B Multiple Residential District

General comments:

Typically, multiple family zones are established to encourage density, but the required minimum lot area in 9-4-3(A) is currently 5,000 square feet. That is only 1,000 square feet less than the single-family residential zone. As with the previous district's comment it may make sense to reduce the minimum lot size or allow smaller lot sizes and bulk standards in consideration of some additional design standards, etc.

Single family dwellings are allowed in this zone, which created the opportunity for higher density owner occupied single family detached (or attached) housing. Again, this can occur provided minimum lot sizes are adjusted.

Our firm sees lot sizes in general range from 2,000 square feet to 4,000 square feet across the many jurisdictions we work in. For example, we'll often see a 2,000 square feet ("per unit") minimum lot size basically being used for calculating max density of attached, stacked multi-family product, and 3,600-4,000 square feet as a minimum lot size for detached housing in either multi-family or single family zones.

For example:

Attached Single Family or Multiple Family

1 acre = 43,560 square feet *.80 = 34,848 square feet

34,848 square feet / 2,000 square feet = 17.42 units (typically we see a 16-18 units per acre max density)

Detached Single Family

1 acre = 43,560 square feet *.80 (deduct 20% for roads, etc.) = 34,848 square feet

34,848 square feet / 4,000 square feet = 8.71 units (8 to 9 units per acre max density)

Chapter 4

CDB Central Business District

Observations:

- Consider eliminating the following allowed uses in 9-5-1 and special exceptions in 9-5-2 as they are not consistent with typical businesses desired to be in a central business district:
 - Can and bottle redemption center
 - Discarded appliance demanufacturing
 - Cathode Ray Tube (CRT) collection facility
 - Building contractor facility
 - Service Stations
 - Duplexes (not dense enough for a CBD)
 - Limited warehousing and distribution
- Consider allowing micro-breweries, wineries and distilleries in the CBD as a permitted use, not a special exception

Chapter 6

General Commercial District

General Comments:

There does not much land zoned General Commercial, except for the golf courses and some other limited areas. However, if the City were to ever look at expanding the city to the NE, this or Highway Commercial may be an appropriate zone for portions of that area. In that case, allowing light industrial uses in the General Commercial District may be appropriate.

Chapter 8

D – Light Industrial District

General Comments:

As the amount of light industrial land is reduced, the City may want to consider limiting the number of commercial uses within this zone (even those only allowed by special exception), making all commercial uses special uses, or rezoning certain areas to a commercial district instead of a light industrial district.

Further, to avoid breaking up large tracts of land, the City may want to consider distinguishing between small lot uses of future industrial park space (2 acres and less) from that of large uses (>2 acres) to insure enough development land is available to support potential future industrial uses.

Allowing additional uses/revised uses as discussed in earlier sections of this analysis would should be considered, including aquaculture.

Chapter 9

E – Heavy Industrial District

General Comments:

As with the light industrial district, the City may want to restrict the number of allowed commercial uses in the future. This would encourage those to take place in the General Commercial and Highway Commercial zones.

Food processing and value-added ag production as uses should be looked at closely in the E and E1 zoning districts, especially in recognition of Spencer's infrastructure (water and sewer) capacities.

Given Spencer's proximity to the raw materials, such uses make sense as target industries, but geography, location to residential areas and capacities of both the water and sewer conveyance and treatment facilities may limit future options.

We would recommend changes to the Major Food Processing uses that are allowed in this zone. See prior comments. Further, we suggest aquaculture be considered for this zone.

Chapter 10

E-1 Heavy Industrial District

See previous comments for E-Heavy Industrial District (above)

Chapter 10A

R – Riverfront District

General Comments:

The following should be considered for elimination as either permitted or special exception uses as they don't fit with the opportunity to leverage development of a "place" along the river (including intermingling of trails and open spaces):

- Consumer repair
- Research services
- Communications services

The following uses should be added to the Riverfront District as either allowed or special uses:

- Custom manufacturing and/or the suggested artisan and maker space uses should be allowed uses under 9-10A-2
- Recreational equipment rental – may be best to add to existing use definition for commercial recreation
- Outdoor recreation

Lastly, consider changes to 9-10A-5 "supplemental development regulations" – may want to eliminate fencing requirements facing the riverfront so as not to obstruct views.

Chapter 11

General Regulations

Off Street Parking in 9-13-3(B). The parking ratio of 1 space for every 2 employees on the largest working shift is good. However, the code does not include ratios for warehousing and distribution and it does not address truck and trailer parking for industrial uses.

We'd suggest a ratio of 1 stall per 3,000 square feet of warehousing and distribution. This would be consistent with the requirements we've seen on several private sector projects we've recently worked. The high ratio is due in part to the advancement of automation in warehousing, especially fulfillment.

9-11-8 Supplemental Use Regulations

C. Home Occupations –

(2) – the current language would appear to allow for multiple members of the family not living on site to work in the home occupation, plus one additional non-related person living outside the residence. While we believe it is great that the City code allows small business/entrepreneurship to start in the home or garage, home occupations can cause uproar in neighborhoods, ultimately leading to additional, less business-friendly regulations. We'd suggest considering a hard limit of 4 employees, including residents.

(8) – may want to allow customers to visit, but restricts customers to by appointment only. This supports small businesses like accountants, lawyers, home salons, etc.

D. Accessory Structures Regulations. May want to change to “accessory dwelling unit” since primary purpose is residential and then provide separate standards for accessory structures (non-residential).

Chapter 17

Public Water Supply Protection Overlay

General Comment

Consider adding as an overlay on the official zoning map. For planning maps, it may be more user friendly to include these on the Planning section of the City website as well as in the maps section. It is important for potential developers to understand any development restrictions in early in the process as they research their site.

II. COMPREHENSIVE PLAN

Suggested Implementation Measures

Pages IX and X

General Observations:

The comprehensive plan describes either “suggested implementation measures the city may wish to review” but it is not clear which have been adopted. Several of these are important for discussion of an economic development strategic plan. We have made note of this and will incorporate appropriate discussions into our work with the Grow Spencer Commission.

For ease of reference, the eight suggested implementation measures from the comprehensive plan are:

- Establish a benchmark from which growth will be measured and create 3-5 year action or strategy plan for specific growth?
- Consider creating and implementing a separate annexation plan.
- Encourage city officials, planning and zoning commissioners, board of adjustment, etc. to attend training.
- Establish an annual comprehensive plan review process

- Create a plan to attract and/or retain young professionals and promote younger population
 - Specific Metrics:
 - Affordable housing options
 - Younger demographic trends
 - Recreation or entertainment activities intended for younger demographic
- Creating and sustaining a “Welcome Committee” to promote and exhibit a welcoming and accommodating feeling to new residents, businesses, and visitors.
- Remember to protect the rights and interests of existing land owners when making changes
- Remember that consistency and fairness are necessary for residents and businesses

Population Projections, Land Uses & Future Capacity/Needs

Pages 38, 44, 128

General Observations:

We are generally concerned about the true market availability of land needed to support both housing and industrial growth in the near term (and potential the long term). Our concern specifically arises from a review of the following:

- Future population projections were estimated on page 38 using a Woods & Poole Inc project.
- Analysis based on population projections (page 38) and considering an average persons per household determined future per year housing needs are between 25 and 42 units.
- It is not clear in the comprehensive plan how the existing land use and developed land compositions (pages 128 and 129) were compared with the growth projections to determine a future land capacity analysis for the planning horizon

A new future land capacity analyses may be needed in the near term to ensure the community has the right mixes of land uses available over time to accomplish the community’s growth and economic development goals. There are generally two methods used for evaluating land capacity analysis depending on the point in time in which they are initiated. A “buildable lands analysis” is generally done between comprehensive plan planning horizons to determine if circumstances warrant a change to the comprehensive plan. Similarly, the use of a future land capacity analysis is the process undertaken in advance of creating a new planning horizon in order to reconcile population targets against current and future land uses, as well as market factors.

1. Buildable Lands Capacity Analysis – the process we are familiar with appears to have a few more steps than the process used for Spencer’s current projections. In the case of housing this involves:
 - a. Forecasted population broken out into projected future demographics
 - b. Assumptions as to type of housing needed for each demographic (based on affordability, wages, etc.) including a look at the types of dwellings desired by demographic: apartments, single family detached, townhomes, etc.
 - c. Evaluation of net densities achieved in current land use patterns
 - d. Evaluation of future net densities that can be achieved in undeveloped, vacant land
 - e. May lead to discussion over development standards and achievable density within existing code
 - f. Redevelopment assumptions for land underutilized
 - g. Market availability factors (assumptions that consider not all available, vacant land is for sale over the planning horizon; land that may stay farmed as opposed to developed based on crop prices, etc.)
 - h. Parcel by parcel land assumptions – reduction factors are applied to individual properties based on known wetlands (rivers, lakes, ponds, etc.); identified flood zones; development restrictions (well-head protection, etc.); and required set-asides (roads, dedicated open spaces, detention/retention facilities, etc.).

In the case of Employment:

- a. Establishes employment targets for the future
- b. Uses an analysis of employees per acre (existing and projected) based on industrial segment
- c. Goes through steps C - G like the housing analysis above

Infrastructure, Utilities & Planning

Pages 89 and 90

General Observations

Infrastructure (and the cost of developing new infrastructure) capacities are a limiting factor in putting together an economic development strategy unless one of said strategies is expanding infrastructure capacity. In reviewing your comprehensive plan, we know that best estimates for water and sewer capacity at this time are:

- Water plant capacity remaining at peak demand is approximately 1.1 million gallons per day (mgpd)
- Sewer plant capacity remaining at peak demand is approximately 1.2 mgpd

Further, specific sewer capacity issues are present as follows:

1. The southside lift station at 10th Avenue SE and 11st Street SE is operating close to capacity, potentially limiting development that would take place south of the bridge.
2. The sewer line from 32nd Avenue W to Country Club land is limited in capacity, which limits potential development at Tech Park South. This could also impact development at the airport.
3. Sewer service to the NW would have a minimum price tag of \$1,000,000, including the need to install a lift station.

Looking at water and sewer capacities, it may be helpful to understand the following usage projections:

1. Future Residential Growth. For planning purposes, we generally assume that residential use accounts for 190 gallons per day of water and 150 gallons per day of sewer. Based on the need to add 523 housing units by 2030 (page 44 of the comprehensive plan) we believe that a residential allocation of 99,370 gallons of water capacity and 78,450 gallons of wastewater capacity be deducted from the capacity to understand the capacity available to support economic growth.
2. Future Employment/Economic Growth. After reducing the available water and sewer capacity by an amount associated with future population growth, the City has approximately 1 mgpd of water and 1.1 mgpd of sewer capacity.

As “target industries” are developed for purposes of an economic development strategy, it is important to consider the water and wastewater needs of a variety of potential industrial uses. For example:

Micro-brewery: Based on information from the Brewer's Association Wastewater Management Guidance, they cite the following figures:

Brewery Annual Production = 10,000 bbls/yr

Daily Production (250 days/yr) = 40 bbls/day

Water Usage = 8 bbl/bbl

Wastewater/Water Ratio = 0.6 Wastewater Flow = 6,000 gal/day

BOD Loading (8,000 mg/L) = 400 lb/day
TSS Loading (2,000 mg/L) = 100 lb/day
N Loading (125 mg/L) = 6 lb/day

III. RIVERFRONT PLAN

The Riverfront Plan is an exciting vision that could transform Spencer and incorporate elements of housing, retail, office and amenities that will attract new businesses, young families and visitors.

In the economic development survey for the City, it is clear from the comments that people are looking for additional retail, restaurants and “family activities” – sentiments that the City needs to address to be attractive to new, younger families (a/k/a workers, employees). While respondents are often vague as to “what” is needed in order to satisfy those desires elements, research (see Downtown Development Association, etc.) suggests that they are looking for a “place” of activity. Such draws are downtowns, pedestrian malls and other outdoor/indoor combination venues that provide a mix of activities, events, food and shopping for more than 250 days a year.

The City has already initiated a placemaking study with McClure. We see this as a critical step for the City. And, we believe strongly that redevelopment along the riverfront with a plan to incorporate the right mix of activities, retail, etc. can be the place. It can accommodate existing and future residents, as well as be an attraction that brings more visitors to the core of Spencer. We intend to discuss this in further detail with the Grow Spencer Commission during the development of a strategic plan for the City.

However, as currently packaged the Riverfront Plan is more a vision than a detailed approach to achieving such a project. The following observations are based on our experience:

1. Phasing (Scaling) the Project. Developing both sides of the riverfront is a daunting task when looked at broadly as a single project. Instead the City should focus on a segment (most likely the northwest portion) to complete as a first phase. This is necessary for several reasons:
 - a. Proof of Concept. To attract broader investment and re-investment into the Riverfront area, there will need to be trigger point that signals there is a market for development in what is presently an untested market for redevelopment.
 - b. Resource Limitations. The City has limited resources to expend on infrastructure. Thus, limiting the scope of development to a smaller area creates opportunity at a scale manageable for the City.
 - c. Learn and Adapt. An initial phase of development can be used to establish the function and form of standards that are used in future phases of development. As with any new project, the City will find it needs to make adjustments based on experiences.
2. Land Assemblage is Critical. The area included within the vision has dozens of properties and owners. A significant challenge for the City or any private developer will be assembling enough land to kick start a project. To help the project move forward, we believe the City, a private group or a public-private partnership should consider a strategy for optioning or acquiring land (again why a phased approach is necessary).
3. Partnerships. The City will need to have partners in this development process. Specific to the NW portion of the plan area, the City will need to work closely with the County to address the redevelopment of the County’s public works yard. Viewing this site as an asset that can be deployed to attract a specific type of redevelopment is important to the project’s long-term success.

4. Invite Developers to Propose to the City. One method of moving the project forward is to identify some fundamental pieces of the equation (land availability, potential menu of city/county incentives, general design and regulatory standards) and then invite the market to submit proposals for the City to consider. Use of a Request for Qualifications (RFQ) or Request for Proposal (RFP) process would allow the City to attract potential developers to an initial phase of development/redevelopment.

IV. INDUSTRIAL PARK COVENANTS

We have reviewed the covenants for both industrial parks and do not see any requirements, standards or provisions that are different than what are typically used in other like industrial parks.

V. TAX INCREMENT FINANCING (TIF) DISTRICTS

The City has recently updated all its TIF districts. We do not have any TIF related recommendations.

VI. OTHER POLICY RECOMMENDATIONS

The following are a list of additional recommendations we have based on a review of miscellaneous city policies, practices and documents.

1. Links to the international building and fire codes on the City's website appear to be broken. We would suggest that the Planning Department section of the website include downloadable documents that highlight the "local amendments" that the City has adopted in association with the electrical and plumbing codes.
2. The City should have a chart or document that shows current fees (not just planning, but all fees) so that folks looking for information will know how much licenses, connection fees and other charges are before visiting the City.
3. Consider offering "zoning" letters confirming the allowed use of certain activities, plus information on standards (potentially a pre-application requirement).
4. Evaluate need for "Planned Development Ordinance" to accommodate proposed development projects that may need flexibility in the standards without seeking variances but in exchange for other better design qualities, site features, etc. (For example, higher building heights in exchange for greater building setback, etc.)
5. Applications for building permits and other planning/land use actions should be on the City's website. The City should consider allow online submission and payment in the future.
6. We've heard from several stakeholders during the process that the City should hire its own economic developer. At this point we don't agree with this analysis. We think the following would be better potential expenditures of City resources:
 - a. Allocate some additional, specific funds (to City or Iowa Lakes Corridor) to ramp up promotion of the City's available buildings and sites to targeted industries. To start, this can be as little as \$5,000 to \$10,000.
 - b. Create an annual budget line item to support (with matching funds) investments by city businesses to develop outdoor "places" and award a higher match to those projects that support "places" identified by the McClure study.

I. CONCLUDING REMARKS

The observations and recommendations herein provided are based in good faith on the experience of our firm. Some of these observations and recommendations will be addressed as part of the economic development strategic plan. The others are intended to be potential discussion points the City can examine in other appropriate processes/venues.