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# news

Volume 19, Number 8

August 2005

## Feature The Impact of Design

by Andy McDermott, Shea, Inc.

Retail design affects us all. Regardless of our professional connections to the retail world, we are all consumers who shop. Quite often, when choosing shopping destinations, our choices are based on design, whether we realize it or not.

Today, with everyone competing for our business, we are bombarded with choices. While lowest prices naturally attract consumers, the entire customer *experience* has become increasingly more important.

With easy internet purchasing and one-stop

buying, retailers need to do everything they can to attract and retain shoppers. Good design helps to create an experience that is memorable and desirable, and retailers need to target customers' imaginations through texture, color and movement.

Obviously, there are many approaches to retail design depending upon the type of outlet, store size, product mix and target demographics. There are, however, basic fundamentals that should be observed regardless of the type of retail venue. Comfort and clarity ensure repeat

*Impact of Design continued on page 2*

## Snapshot Union Crossings

**Location:** Northwest Corner of County Rd 18 & I-94, Monticello, MN

**Month/Year Opened:** SuperTarget & Home Depot to open Fall 2006, retailers to open Spring 2007

**Owner:** Ryan Companies US, Inc.

**Managing Agent:** Ryan Companies US, Inc.

**Center Manager:** Ryan Companies US, Inc.

**Leasing Agent:** Chris Simmons & Terese Reiling, Welsh Companies, LLC, (952) 897-7700

**Architect:** Ryan Companies US, Inc.

**Construction Contractor:** Ryan Companies US, Inc.

**GLA:** 380,000 sf

**Current Occupancy:** Construction starts Fall 2005 with new interchange being completed in Fall 2006. Retailers expected to open March 2007.



**Number of Stores:** 20-30 tenants

**Anchor Tenants:** SuperTarget / Home Depot

**Market Area Served:** Greater Monticello area

**Construction Style:** Brick, integrally colored Rockface block, EIFS and steel

**Additional Facts/Narrative:** SuperTarget and Home Depot anchored shopping center located along I-94 in the fast growing St. Cloud Twin Cities corridor. Ryan Companies has approximately 70,000 sf of shop space and six outlots for sale.

## IMPACT OF DESIGN *continued*

visits and these can be achieved through proper use of layout, fixtures and signage.

### **Layout and Flow**

Store layout dictates traffic flow. It affects how customers move through the space and can be used to highlight products retailers want them to see. Good planning provides maximum product exposure and also creates “selling hot spots” for special products. Ease in navigation is necessary, allowing easy access to products. Effective store layouts can be in a grid pattern, a racetrack pattern, or a free-flowing pattern that allows more browsing. Stores with a wide product mix, such as Bed Bath & Beyond or Linens & Things successfully use a combination of patterns. Retailers should study current traffic and be willing to try new ideas.

### **Fixtures and Merchandising**

Store fixtures should be standardized but flexible. For many retailers, the fixtures are the main facets of the design and the company brand is communicated through them. Standard materials, colors and heights help to maintain consistency. They should provide flexibility, however, as product mixes will change over time.

The chief principle in merchandising is *Keep It Neat*. Clutter not only creates a poor first impression, but confuses the customer and causes major damage to the store’s image and brand. A frustrating or complicated shopping experience will thwart future visits. An extremely simple, yet effective way to maintain customer satisfaction is to keep fixtures and products clean and orderly. Grouping similar products can also create an interesting and fresh presentation while encouraging companion and add-on sales.

### **Signage**

Signage within a store’s environment is a large part of the overall design. Signs draw attention and help to direct traffic and encourage sales. Signage has the ability to create clarity and focus for the customer, but when done poorly, it can overwhelm and confuse.

Brand consistency is very important and simple, easy-to-understand graphics are crucial for a positive shopping experience. Signs placed above eye-level can help shoppers navigate the entire store at a glance and can act as a tour guide or sales tool. Home Depot recently revamped their

signage program after realizing their clutter of sizes, fonts, heights and messages left customers confused and lost. Their new system is clear, consistent and reassuring.

Video displays, including LCD and plasma screens, have become much more affordable in recent months and are a way to really capture shoppers’ attention. The creative content used in the displays can further enhance the company brand and can be changed frequently. Wireless phone stores, like Cingular or T-Mobile, often have little merchandise to display, and have successfully used this type of signage to enhance their stores with dynamic imagery that attracts customers. In the long run, interactive video can often be less expensive than ongoing print signage campaigns. Informative or entertaining signage or video used in areas such as checkouts have also helped to shorten perceived waiting times for customers, again improving the overall experience.

### **Design Trends**

Beyond the basic fundamentals, there are the design trends that can help differentiate a business and give them an edge on the competition. A fad follows a classic cycle, (discovery > media hype > mainstream embrace) and is short-lived. Trends, on the other hand, have staying power. Trends take longer to build and their effects are felt for much longer. They have deeper cultural roots, and in retail, they contribute to the entire customer experience. Today’s trends dictate that retailers need to surprise, intrigue and allure their visitors. A major current trend is that of the lifestyle-based approach, and it is being applied to shopping centers as well as individual stores.

### **Lifestyle-based Shopping Centers**

The lifestyle center concept has been gaining momentum nationally for several years, but it is fairly new to the Minnesota scene. Based on a Main Street or “town square” model, these open-air community centers are incorporating retail, residential, office, hotel and civic/public use such as a city hall, library or museum. The concepts are based on the varying needs of the different market areas and are highly dependent on surrounding influences.

The inspiration for lifestyle centers seems to be stemming from a suburban desire for pedestrian-level experiences and amenities as found in city neighborhoods like the Grand Avenue area, 50th and France and

Linden Hills. The layouts for lifestyle centers typically contain strolling paths and plenty of green spaces to encourage community gathering.

The Shoppes at Arbor Lakes opened in Maple Grove in 2003 and the success of the project has prompted another lifestyle center development, Woodbury Lakes, in Woodbury, which is scheduled to open in September, 2005. Many developers are considering the benefits of these open-air concepts. Recent projects in discussion are the Bridges of Saint Paul and the redevelopment of Wayzata Bay Center in Wayzata.

Enclosed malls remain popular, but developers are continually fine-tuning the common formula in response to changing times. Some are testing hybrids of enclosed and open-air, and Rosedale Center in Roseville is responding to this trend with the redevelopment of their former Mervyn’s anchor space. Retail shops, a bookstore and restaurants are slated for the space, and they will be built with exterior storefronts, resembling a main street. They plan to round out the development with a two-story retail addition and a 14-screen movie theater. Combined with the mall’s 150+ enclosed stores, this will bring a whole new experience to Minnesota shoppers.

### **Lifestyle-based Specialty Retail**

Where lifestyle-based shopping centers group properties to suit different communities, lifestyle-based stores are grouping products and services to suit different demographics. A recent trend in family health and wellness has led Best Buy to test a new specialty retail concept called eq-life, a store featuring a spa/salon, PrairieStone pharmacy, a health and beauty retail shop and Caribou Coffee. With a large corporation like Best Buy beginning to saturate markets with their big box electronics stores, a specialty-focus store is a different way for them to grow. Co-branding, such as the teaming of eq-life with other established brands like PrairieStone and Caribou under one roof, is another emerging trend.

This lifestyle-based approach to retail design reinforces the notion that customers are craving more well-rounded shopping experiences. While the lifestyle trend will continue to adapt in attempts to satisfy the fickle public, it has reasonably solid footing and is definitely a trend to watch. ■

# Member Profile

## Damon Farber

**Primary Career Focus:** Landscape Architecture, Site Planning and Urban Design

**Company:** Damon Farber Associates, Inc.

**Title:** President

**Hometown:** Minneapolis, Minnesota

**Education:** Bachelor of Arts, University of Minnesota; Bachelor of Landscape Architecture, University of Minnesota

**Family:** Married – wife, Becky

**Hobbies:** Traveling, biking and reading

**Very First Job:** Pool boy

**Dream Job:** Has it

**Favorite Food:** Ethnic

**Secret Talent:** Thinking outside the box

**Job History:**  
(1974-1978) InterDesign  
(1978-1981) Design Consortium  
(1981-Present) Damon Farber Associates

**MSCA Involvement:** Joined one year ago



### 2005 LEADERSHIP OFFICERS

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Sara Stafford, *LandAmerica Commercial Services*

#### 2nd Vice President

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### MSCA STAFF

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## Bookmark

Good reads from the wild world of New York City real estate:

*Trump Strategies*, by George Ross. Ross has advised Donald Trump on many of his biggest and most profitable real estate deals. He explains the investment principles that made Trump a fortune.

*Maverik Real Estate Investment: The Art of Buying, Selling Properties Like Trump, Zell, Simon and the World's Greatest Land Owners*, by Steve Bergsman. This book

introduces you to a group of investors who have made their fortunes through astute deal making and visionary thinking.

*The Sky's the Limit: Passion and Property in Manhattan*, by Steven Gaines. Read all about the acquisitive lifestyles of Manhattan luxury apartment owners, and how co-op boards extract outrageous purchase prices from celebrity buyers.

Contact Deb Carlson at [dcarlson@northstarparkers.net](mailto:dcarlson@northstarparkers.net) with your recommendation.

## July Professional Showcase

### Shingobee Builders / Real Estate Services

Shingobee is a full-service construction company providing general contracting, design/build, construction management and real estate services on behalf of some of the most successful businesses in the nation. Shingobee is currently celebrating their 25th anniversary of service.



*Pictured: Susan Norstrom, Greg Hayes and Keith McDonald*

## MSCA Raises a Record \$16,500 for The Caring Tree

MSCA Golf Co-chairs, Luann Sawochka and Chris Hussman, presented The Caring Tree President, David Stradtman, with a check for \$15,415 at the July MSCA breakfast program for funds raised at the 2005 MSCA Golf Tournament. Additional funds came in to bring the final donation total to \$16,500!



## No Matter What Aspect of Real Estate You Sell...They Buy You!

by Tony Pasko, Bremer Bank

Work is theater and every business is a stage. That is the essential lesson of the Experience Economy. To be successful in today's economy, we'll need to provide our clients with incredible experiences every day. And providing that experience is "up to you."

Stan Hustad, PTM Group, is a performance coach to business leaders, executives and entrepreneurs. He helps people market themselves with confidence, creativity and high impact. Here are some tips from our July program.

There is great power in goals. A survey of graduating Yale students was taken in 1953. Among the questions there were three concerning goals: Have you set goals? Have you written them down? and

Do you have a plan? Only 3% of the class answered yes to all three questions. Twenty years later, they surveyed the class again and found those 3% were happily married, more successful and had better health and family life. Those 3% controlled 97% of the net worth of the Class of 1953. Further research found that in larger populations, the same 3% rule applies. Only 3% of people are goal directed. Another 10% have a good idea of where they are headed. Sixty percent have hopes, wants and wishes; the remaining 27% are reactive with no planning. The moral — be a 3% er.

Stan presented a coaching model, and useful sales tool, to help people make decisions, take action and perform at their best. The model consists of five stages: affirmation, to pronounce a strong positive about



July Presenters: Stan Hustad, PTM Group, Inc. and Tom Madsen, Benson-Orth Associates

another; attention, being fully present to the other person; concentration, where you suggest where the rest of the conversation should go; direction, at this stage we hope to get commitment that leads to action and benediction, that is to speak goodness, wellness and encouragement to the other.

■ [ptmgroup.com](http://ptmgroup.com) ■

## August Member News

Press releases are printed based upon availability of space and relevance to the local market.

### Architectural Consortium

Architectural Consortium LLC has provided the architectural design and construction documents for the development, Wedgewood Village who celebrated a ground breaking in early August for a 57,000 sf neighborhood retail center. Capital Growth Real Estate, LLC is the developer and VSI is the general contractor.

### Itasca Funding Group, Inc.

Itasca Funding Group, Inc. arranged non-recourse permanent financing in the amount of \$6.90 million for a 10-year term and a 25-year amortization on three Strip Shopping Centers. Jon Dahlin and Ross Dahlin arranged the financing.

### Peters Billiards Breaks Ground

In June, Peters Billiards unveiled plans for its new 37,000 sf superstore, which is located just 27 feet to the west of its past

location. Peters Billiards is the only retail store affected by the upcoming Crosstown Commons Reconstruction project.

### Congratulations to Associate Director

Congratulations to Stacey Bonine (Bursing), the MSCA Associate Director. She was married on Friday, July 22nd. Her new email is [sbonine@msca-online.com](mailto:sbonine@msca-online.com). Please update your information with her new last name and new email address.

### Woodbury Lakes Lifestyle Center

Grand Opening of the 398,000 sf open-air shopping, dining and entertainment destination is slated for Sept. 16 – 18, 2005. Woodbury Lakes is ultimately expected to feature a line-up of more than 60 shops and restaurants. Construction is underway on the center, which spans 50 acres in a

“Main Street” setting. A joint venture between Opus Northwest, L.L.C. and RED Development, L.L.C., Woodbury Lakes is the successor to the Shoppes at Arbor Lakes, Minnesota's first Lifestyle Center, which opened in Maple Grove in 2003.

### Search Me

Looking to make a back-to-school donation to The Caring Tree? Here are several web sites for back-to-school supplies:

- [OfficeDepot.com](http://OfficeDepot.com)
- [OfficeMax.com](http://OfficeMax.com)
- [Staples.com](http://Staples.com)
- [DiscountOfficeSupplies.com](http://DiscountOfficeSupplies.com)
- [Fedexkinkos.com](http://Fedexkinkos.com)
- [MaxCowen.com](http://MaxCowen.com)
- [School-bags.com](http://School-bags.com)
- [Overstock.com](http://Overstock.com)
- [Printcountry.com](http://Printcountry.com)

# Committee Profile

## Community Enhancement Committee



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HEUER



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COWLE



KLAESSY



MEYER



NELSON



SCEPANIAK



TOWNSEND



TREBIL



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Tom Heuer, *Aspen Waste Systems, Inc.*

### MEMBERS:

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Trish Rein Cowle, *C.G. Rein Company*  
Shelley Klaessy, *Madison Marquette*  
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Heather Nelson, *Madison Marquette*  
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Molly Townsend, *Colliers Turley*  
*Martin Tucker*  
Ryan Trebil, *The Lindsay Group*  
Eric Tuck, *RSM McGladrey, Inc.*  
Jesseka Zelmer, *Upland Real Estate*  
*Group, Inc.*

The Community Enhancement Committee functions as the community outreach program for the MSCA focusing on two major projects dedicated to helping The Caring Tree. Committee members seek donations for the silent and live auctions held at the MSCA Golf Tournament to benefit The Caring Tree. Additionally, each year in August, this committee organizes the Annual Caring Tree program at shopping centers, Herberger's, Younkers, CVS/pharmacy and Cub Foods throughout Minnesota to provide children in-need with new school supplies to begin a successful school year. Its other 2005 goals include: retaining shopping centers and retail partners who participated in the 2004 program; increasing the dollar amount of solicited auction items over last year by 10%; and helping The Caring Tree serve 16,500 students in-need. ■

### 2005 Event Schedule

Our monthly program meeting date is the first Wednesday of every month. All meetings will be held at 8:00 a.m. (registration at 7:30 a.m.) at the Sheraton Bloomington Hotel unless otherwise noted or publicized before the program. Program topics and location are subject to change.

**Tuesday, September 13** – MSCA/ICSC Retail Real Estate Forum

**Wednesday, October 5** – Mall Focus

**Wednesday, November 2** – Retail Report (afternoon program)

**Tuesday, December 6** Year End Ceremonies/STARR<sup>SM</sup> Awards/Holiday Party *Midland Hills Country Club* (afternoon program)

## Thank You!

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### Company Visions

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To deliver late-breaking, impactful business news to the Twin Cities business community every week. Subscribers who know more about their local business market and are able to capitalize on opportunities they won't find elsewhere to improve their company's bottom-line.

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#### TCF National Bank Minnesota

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#### United Properties

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# Around the Marketplace

## Retail Tidbits



compiled by Tim Hilger, Diversified Acquisitions, Inc.

- **Home Depot** announced they will open four test market gas and convenient stores on the pads of their home improvement stores in the Nashville area to create more retail traffic and sales for their stores.
- **Burlington Coat Factory**, who operates under the names of, **Super Baby Depot**, **Luxury Linens**, **MJM Designer Shoe** and **Totally 4 Kids** is up for sale. Currently, they operate 362 stores in 42 states and one rumored buyer is **Men's Warehouse**.
- **Belk Department Stores** have purchased 47 **Proffitt's Department Stores** from **Saks** for \$622 million.
- **Lunds** is launching a three tiered private label food product in its **Lunds** and **Byerly's** stores. The premier lines of food items will have the Lunds and Byerly's name, the middle tier of products will have the Full Circle label and the lower tier will resemble the Full Circle, with a value pricing.
- **AMC** and **Loews**, the number two and number three sized theatre chains respectively, announced their merger and will increase their merger to 5,900 screens. **Regal**, the largest chain has 6,200 screens.
- **Chico's**, the new owner of **White House/Black Market** stores, plans on increasing the square feet of its recently acquired chain from 1,800 sf to 2,500 sf to accommodate a broader merchandise mix.
- **CVS/pharmacy**, who has 11 stores in this market, opened two test concepts called **MinuteClinic** in Plymouth and Eagan. They are similar to **Cub Foods** quick service clinics.
- Shareholders approved the \$11 billion takeover of **May Department Stores** by **Federated Department Stores**. The deal will bring stores such as Marshall Field's, Macy's, Bloomingdale's, Lord & Taylor and Filene's under one company.
- Swedish home-furnishings retailer **IKEA** has announced it will move into the grocery market next year with its own-label products. The company plans to offer mainly Swedish fare, including roll-mop herring and smoked elk sausage.
- Shareholders have approved a \$6.6 billion buyout of **Toys R Us**, ending the company's 27-year run as a public company. Once the nation's largest toy seller, the company suffered an aggressive competition from discounters led by Wal-Mart.

# Market Update

## Vitality on U of M Campus Infuses Life in Dinkytown

by Sara Martin, Welsh Companies, LLC

In recent years, the southeast Minneapolis neighborhood that surrounds the University of Minnesota's campus, also known as Dinkytown, has enjoyed a renewed vitality and energy. Increased activity on campus and steady growth in student housing has attracted strong interest from local and national retailers, resulting in a healthy influx of new businesses and development.

Since 2001, enrollment at the University of Minnesota has increased by more than 1,000 students per year, according to the Office of Institutional Research and Reporting. The percentage of students living on campus also continues to rise over 65%. As the population around the University continues to expand, new retail, restaurant and entertainment establishments have invested in the area and have flourished.

In August of 2005, Mike Mulrooney and Kevin O'Connor redeveloped space previously occupied by Dubs Pub and CD Warehouse and opened Blarney Irish Pub. Around the same time, brothers Greg and

John Pillsbury relocated Burrrito Loco from their Dinkydale location to the former Bobby's Z's building, where they added an upper-level sports bar to their already-popular, late-night burrito restaurant. In April, Jason McLean, owner of the Loring Pasta Bar, reopened the Varsity Theater to bring a variety of cultural stimuli to the Dinkytown area including films, live theater, concerts, lectures and comedy acts. The newest retailer slated to open its doors in Dinkytown is Kevin Bagstad, area franchisee for Salsaritas, who is currently under construction to reopen The Library bar in Dinkytown. Although it is a complete coincidence that the bar's previous name was "The Library," the space was an ideal fit for Bagstad who already owns three college bars in Austin, Lubbock, and Fort Worth, Texas that bear The Library name.

In the last 5 years, the number of national retailers opting for locations on campus has also drastically increased. Today, national retailers with U of M campus locations include Noodles & Co, Starbucks's,

Applebee's, Ben & Jerry's, Bruegger's, Chipotle, Blockbuster, McDonald's, Burger King and Office Max PDQ.

As the University moves forward with plans to build a \$235 million, 50,000-seat Gopher-only campus football stadium, development prospects for the Dinkytown area are only looking brighter. The addition of the new stadium would bring increased traffic and business on game days and for many other campus and community events. Despite that legislative officials were too preoccupied with the state budget crisis to address Gopher stadium funding during the special summer session, supporters of the bill remain optimistic. Earlier this spring, the bill had strong bipartisan support in both house and Senate committees, and there is speculation that funding could still be approved during a potential special fall session. The \$35 million naming rights deal that the University signed with TCF Bank does expire at the end of the year if the proposed government funding has not been secured. Plans for a new Gopher baseball stadium are also in the works. ■

# Legislative Update

by Sonnie Elliott & Rich Forschler, Faegre & Benson LLP

For the first time in Minnesota's history, the Governor and Legislature were unable to agree on a state budget prior to the conclusion of the biennium on June 30, 2005. This budget stalemate resulted in a partial shutdown of state government services and programs as well as the idling of thousands of state employees.

The Governor and legislative leaders signed a budget agreement in the early morning hours of July 9 and, ultimately, finalized the necessary funding bills on the evening of July 13 to avoid a second government shutdown.

Among the issues important to MSCA is change to the statewide business property tax. The statewide business property tax is set at a dollar value of \$592 million per year and indexed to inflation. The Senate tax bill changed the dollar amount to a rate, increasing the cost to businesses of an additional \$100 million a year.

The House bill did not include any of the Senate's tax increases. Throughout negotiations, the Senate advocated strongly for an increase in the statewide business property tax. The House and Governor were adamantly opposed to any increase in the statewide business property tax and the final compromise does not contain any change in this tax.

Minnesota school districts were big winners under the budget agreement, but property taxes will go up as a result. Minnesota schools should receive \$800 million of new funding during the next two years. The change will increase school property tax levies by \$139 million in 2006. Some of the new levies require voter approval and others can be imposed by local school boards. These levies are spread across homeowner and commercial industrial properties based on the market value of the property.

The Legislature also passed a \$900 million bonding bill, a constitutional amendment for 100% dedication of the sales tax revenue on cars to transportation, and changes to the conceal and carry law that allow for easier notification of a facility's policy regarding the carrying of a weapon. The Legislature did not pass a statewide smoking ban, a constitutional amendment banning gay marriage or wine in grocery stores. MSCA also participated in a coalition of businesses that stopped the passage of a transportation utility fee.

Another proposal that did not pass was a new ballpark for the Twins, and stadiums for the Gophers and Vikings. The Governor has indicated he might call the Legislature back for a Special Session in the fall to deal with the sports stadium issues and a few other policy areas.

The 2005 Legislature finally completed its work. Members of MSCA should be pleased with the results of the session. Now we set our sights for March 1, 2006, and the beginning of the 2006 Legislative Session. ■



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