

# Oskaloosa Street Market Analysis And Development Options

For the City of Pella, Iowa



September 2018

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## Introduction

Oskaloosa Street runs along the south side of the City of Pella from West 1<sup>st</sup> Street to Adams Avenue (Iowa Highway 102). Until October 1994, Oskaloosa Street from Main Street east carried Iowa Highway 163 through the City of Pella. Iowa Highway 163 now bypasses Pella on the west and south sides of the city as part of a 4-lane expressway corridor that extends from I-235 in Des Moines to the Mississippi River at Burlington.<sup>1</sup> The former route of Iowa Highway 163 through Pella that travels along Washington, Main and Oskaloosa Streets is now designated as Business Iowa Highway 163.

Iowa Highway 163 has full access control around Pella with three interchanges. These are located at Washington Street in the northwest part of the city, South Clarke Street in south central Pella, and at Adams Avenue (IA 102) in the southeast corner of the city.

Much of the city's heavy industry is located in the southern part of the city between Oskaloosa Street and Iowa Highway 163 and in the eastern part of the city along Vermeer Road between 240<sup>th</sup> Place and Adams Avenue. The city's primary concentration of retail business is the town square area and surrounding blocks. There are also retail and restaurant businesses located along Washington Street as it enters the city from the northwest and along Oskaloosa Street in the vicinity of SE 9<sup>th</sup> Street.

This study focuses on investigating opportunities for enhancing existing businesses and developing new commercial activity along Oskaloosa Street from Main Street to 240<sup>th</sup> Place. To provide context for the study, this report begins by providing a demographic and economic profile for the city. Next, we take a detailed look at the types and locations of the city's existing retail, food and lodging, and service businesses. The third section of the report presents comparisons to four other similar Iowa cities – Fairfield, Grinnell, Oskaloosa and Waverly – as a basis for identifying opportunities for additional development along Oskaloosa Street. The final section presents proposals for new development and redevelopment along Oskaloosa Street.

## Demographic and Economic Profile

Pella is one of the best known cities in Iowa. Its Dutch heritage and annual tulip festival, which draws over 150,000 visitors each May, provide the city with a strong brand. Pella Corporation, Vermeer Corporation, Precision Pulley and Idler, and numerous other companies make the city one of the state's major manufacturing centers with over 20% of its workforce employed by this sector. The education sector, with major employers including Central College, Pella Community Schools, and Pella Christian Elementary and High Schools, accounts for almost 24% of the city's workforce. Another 12% work at the Pella Regional Health Center, for other health care providers, or for social assistance organizations. Retail businesses, bars, restaurants, and lodging places account for about 16% of employment.<sup>2</sup>

Recreational opportunities are plentiful within the city and elsewhere nearby. The city offers 15 parks and six bicycle and hiking trails. Major close attractions are Lake Red Rock (about 5 miles from the town square) and the Bos Landen Golf Course located in the southwest corner of the city. Elsewhere in

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<sup>1</sup> The 4-lane expressway corridor from Des Moines to Burlington, Iowa extends 166.3 miles along Iowa Highway 163 (61.2 miles), U.S. Highway 63 (27.1 miles), and U.S. Highway 34 (77.9 miles).

<sup>2</sup> Employment shares are based on data obtained from the 2016 American Community Survey.

Marion County is the National Sprint Car Hall of Fame and Museum in Knoxville and the Neal Smith National Wildlife Refuge is south of Prairie City in southwest Jasper County. There are also several wineries within a short driving distance of the city.

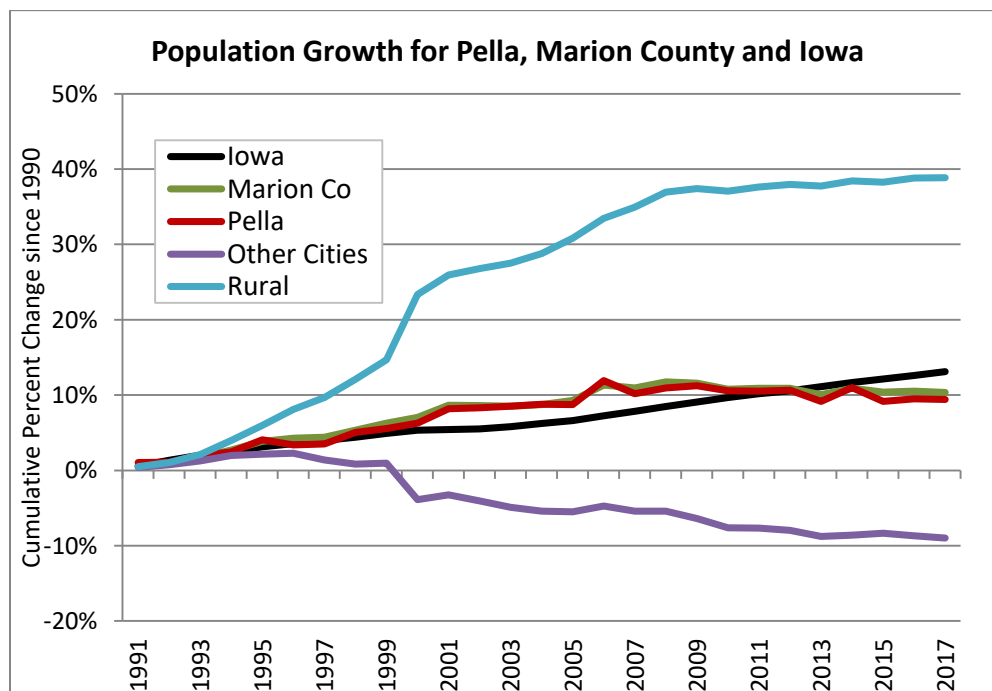
### Population Trends

Pella is the largest city in Marion County. It is the 40<sup>th</sup> most populous city in Iowa and the 17<sup>th</sup> most populous city located outside a metropolitan area. During 2017, Pella's estimated population equaled 10,225. Since 1990 Pella has added 881 residents, which equals a 9.4% increase.

The second largest city in the county and its county seat is Knoxville. It is located about 15 miles southwest of Pella. It has a population of 7,181, which is down 1,301 (15.3%) from a peak population of 8,482 in 1994. Much of the decline in Knoxville's population can be attributed to the closing of a Veteran's Administration hospital, which began downsizing in 1996 and closed at the end of 2009.

Seven other incorporated cities are located in Marion County. Two of the cities have populations over 1,000 – Pleasantville (1,664) and Melcher-Dallas (1,247). The remaining cities are Bussey (414), Harvey (243), Hamilton (132), Swan (73), and Marysville (67). Marion County's total estimated 2017 population equaled 33,105, which is an increase of 3,110 (10.4%) since 1990.

The following chart shows the cumulative percent growth by year for the State of Iowa, Marion County, Pella, the other eight cities located in Marion County, and the unincorporated area of Marion County.



The populations of Pella and Marion County have grown at about the same rate over the past 28 years. From 1990 to 2012 their cumulative population growth rates exceeded the state's growth rate, but since 2012 the cumulative population growth rate statewide has exceeded the Pella and Marion County growth rates. Table 1 summarizes population changes for the county by five year increments from 1990 to 2015 and from 2015 to 2017.

Table 1A: Pella, Other Marion County and State Population

Year	Pella	Knoxville	Pleasant -ville	Melcher -Dallas	Other Cities	Rural County	Marion County	State of Iowa
1990	9,344	8,317	1,482	1,320	992	8,540	29,995	2,781,018
1995	9,724	8,467	1,526	1,336	1,040	9,050	31,143	2,867,373
2000	9,930	7,738	1,552	1,297	1,052	10,535	32,104	2,929,067
2005	10,160	7,532	1,628	1,294	989	11,171	32,774	2,964,454
2010	10,332	7,291	1,689	1,284	922	11,707	33,225	3,050,223
2015	10,200	7,237	1,675	1,258	930	11,809	33,109	3,118,473
2017	10,225	7,181	1,664	1,247	929	11,859	33,105	3,145,711

Table 1B: Pella, Other Marion County and State Population Change

Years	Pella	Knoxville	Pleasant -ville	Melcher -Dallas	Other Cities	Rural County	Marion County	State of Iowa
1990 - 1995	380	150	44	16	48	510	1,148	86,355
1995 - 2000	206	-729	26	-39	12	1,485	961	61,694
2000 - 2005	230	-206	76	-3	-63	636	670	35,387
2005 - 2010	172	-241	61	-10	-67	536	451	85,769
2010 - 2015	-132	-54	-14	-26	8	102	-116	68,250
2015 - 2017	25	-56	-11	-11	-1	50	-4	27,238
1990 - 2017	881	-1,136	182	-73	-63	3,319	3,110	364,693

Table 1C: Pella, Other Marion County and State Population Percent Change

Years	Pella	Knoxville	Pleasant -ville	Melcher -Dallas	Other Cities	Rural County	Marion County	State of Iowa
1990 - 1995	4.07%	1.80%	2.97%	1.21%	4.84%	5.97%	3.83%	3.11%
1995 - 2000	2.12%	-8.61%	1.70%	-2.92%	1.15%	16.41%	3.09%	2.15%
2000 - 2005	2.32%	-2.66%	4.90%	-0.23%	-5.99%	6.04%	2.09%	1.21%
2005 - 2010	1.69%	-3.20%	3.75%	-0.77%	-6.77%	4.80%	1.38%	2.89%
2010 - 2015	-1.28%	-0.74%	-0.83%	-2.02%	0.87%	0.87%	-0.35%	2.24%
2015 - 2017	0.25%	-0.77%	-0.66%	-0.87%	-0.11%	0.42%	-0.01%	0.87%
1990 - 2017	9.43%	-13.66%	12.28%	-5.53%	-6.35%	38.86%	10.37%	13.11%

The most interesting features of the above chart are the cumulative growth rates for the cities located in Marion County excluding Pella and for the rural areas of the county. Since 2000 the cumulative growth rate for the other eight cities has been negative. Over the entire period since 1990 the population of these eight cities has declined by 1,090 (9.0%). Knoxville accounts for more than the overall loss of the eight cities. In the rural areas of the county, population increased by 3,319 (38.9%) since 1990. However, most of the growth occurred prior to 2008. Since then the rural areas have added only 165 residents.

This statistical picture of population growth for Pella and the remainder of Marion County is somewhat misleading. This is because much of the rural growth has occurred in close proximity to Pella, but outside the city's corporate limits. This is particularly true for the area west of Pella along county road G28 and along county highway T15. Thus, Pella's effective population from an economic perspective is significantly larger than the number reflected in the census estimates. One indication of this is according to the 2016 American Community Survey the number of Pella residents employed in the manufacturing sector equaled 1,128. But according to the Pella Area Community and Economic Alliance (PACE) list of the top 14 employers, manufacturing jobs number close to 4,900 just for the manufacturers on this list.

### Population Characteristics

Beyond growth trends, an understanding of various population characteristics is required to reveal the relationship between an area's population and its economy. Among the most important population characteristics are (1) age structure and (2) household types.

Table 2A presents the distribution of populations for seven age cohorts for Pella, other Marion County jurisdictions, Marion County, and for the entire state. Tables 2B shows population shares by age cohort.

Table 2A: Age Cohort Populations for Pella, Other Marion County and State, 2016

Age Group	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Under 5 years	793	434	86	132	560	2,005	196,868
5 to 17 years	1,562	1,334	308	168	2,630	6,002	530,646
18 to 24 years	2,031	533	145	61	802	3,572	320,235
25 to 44 years	2,280	1,843	457	257	2,556	7,393	755,901
45 to 64 years	1,947	1,679	476	267	4,344	8,713	812,158
65 to 74 years	636	801	165	157	1,193	2,952	259,860
75 years +	1,031	612	125	120	672	2,560	230,921
Total	10,280	7,236	1,762	1,162	12,757	33,197	3,106,589

Table 2B: Age Cohort Population Shares for Pella, Other Marion County and State, 2016

Age Group	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Under 5 years	7.7%	6.0%	4.9%	11.4%	4.4%	6.0%	6.3%
5 to 17 years	15.2%	18.4%	17.5%	14.5%	20.6%	18.1%	17.1%
18 to 24 years	19.8%	7.4%	8.2%	5.2%	6.3%	10.8%	10.3%
25 to 44 years	22.2%	25.5%	25.9%	22.1%	20.0%	22.3%	24.3%
45 to 64 years	18.9%	23.2%	27.0%	23.0%	34.1%	26.2%	26.1%
65 to 74 years	6.2%	11.1%	9.4%	13.5%	9.4%	8.9%	8.4%
75 years +	10.0%	8.5%	7.1%	10.3%	5.3%	7.7%	7.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

One distinguishing feature of Pella's population is the relatively large share in the 18 to 24 years cohort. This reflects the location of Central College in the city. While Pella's young adult population (25 to 44 years) share is comparable to the countywide share, its older working age population (45 to 64 years) share is noticeably below the countywide and statewide shares.

The Other Marion County column of the table, which covers cities with less than 1,000 population and rural areas, implies that disproportionate shares of the older working age cohort (45 to 64 years) and the primary and secondary school age cohort (5 to 17 years) reside outside but close to Pella. These age cohorts represent families that earn high enough incomes to have moved up to higher priced and larger homes.

The distribution of population among different types of households provides additional insight into the demands for different types of consumer purchases. In addition, household structure provides some indication as to the financial wealth and well-being of the population. Table 3A presents count information for households in Pella, other Marion County jurisdictions, Marion County, and the State.

Table 3A: Household Counts for Pella, Other Marion County and State, 2016

Household Type	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Married Couple	2,037	1,338	329	272	3,356	7,332	631,553
w/children < 18	885	635	152	86	1,080	2,838	243,180
Male/ no Spouse	169	117	24	13	243	566	52,149
w/children < 18	84	78	12	13	163	350	31,961
Female/no Spouse	159	340	64	54	151	768	114,917
w/children < 18	84	177	39	29	49	378	74,032
NonFamily	1,424	1,307	383	168	1,078	4,360	443,977
Total Households	3,789	3,102	800	507	4,828	13,026	1,242,641
In Group Housing	1,433	178	44	0	75	1,730	100,093



Table 3B: Household Shares for Pella, Other Marion County and State, 2016

Household Type	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Married Couple	53.8%	43.1%	41.1%	53.6%	69.5%	56.3%	50.8%
w/children < 18	23.4%	20.5%	19.0%	17.0%	22.4%	21.8%	19.6%
Male/ no Spouse	4.5%	3.8%	3.0%	2.6%	5.0%	4.3%	4.2%
w/children < 18	2.2%	2.5%	1.5%	2.6%	3.4%	2.7%	2.6%
Female/no Spouse	4.2%	11.0%	8.0%	10.7%	3.1%	5.9%	9.2%
w/children < 18	2.2%	5.7%	4.9%	5.7%	1.0%	2.9%	6.0%
Non-Family	37.6%	42.1%	47.9%	33.1%	22.3%	33.5%	35.7%
Total Households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

These tables identify four primary types of households (i.e., married couple, single male headed, single female headed, and non-family). For the first three categories additional information is provided on the number and share that include minor children. In addition, Table 3A identifies the number of individuals that reside in group housing, which for Marion County consists primarily of college dormitories, senior housing, and group housing for people with special needs.

Slightly over half of Pella's adult residents are part of a married couple household and slightly less than half of these households contain minor children. The married couple share of households in Pella is comparable to both the countywide and the statewide shares. The share of Pella's married couple households with minor children is somewhat above the countywide and statewide shares. This implies that married couple households in Pella are younger than countywide and statewide. One possible explanation for this is that many of the more mature households of this type have moved to larger homes in rural residential developments located just outside the city limits.

The share of Pella households headed by a single male is comparable to the countywide and statewide shares, but the share of these households that contain minor children is slightly lower than the countywide and statewide shares. Where Pella's household structure departs most from the remainder of Marion County and the State is in the share of single female headed households. This category accounts for only 4.2% of total households in Pella, but for 5.9% countywide and for 9.2% statewide. Also, the share of female headed households containing minor children is below both the countywide and statewide shares.

Non-family households consist of single individuals either living alone or with unrelated housemates. This type of household includes widows and widowers, divorced individuals, and those who have never married of all ages. This category of households does not include individuals living in college dormitories or individuals living in some other sort of group residence. Pella's share of non-family households is slightly above the countywide and the statewide shares, but it is lower than in Knoxville and Pleasantville.

## Economic Characteristics: Household Income

As background for understanding the potential for the development of additional business activity along Oskaloosa Street this profile addresses two characteristics of the local economies of Pella and surrounding Marion County communities: (1) household income and (2) housing. Household income provides an indication of the retail trade potential for the area. The house age, house size, and house value distributions all have implications for the demands for different types of goods and services.

Household income most directly reveals the purchasing power of residents of Pella and other jurisdictions in Marion County. Table 4A presents the number of households by income level spread over ten income ranges with the lowest category being income under \$10,000 and the highest category being \$200,000 or more. In addition, the table provides information on mean household income, median household income and total household income by jurisdiction. The jurisdictions for which data are provided are the same as in the prior tables. Table 4B presents that share of households by jurisdiction in each income range.

Table 4A: Household Income for Pella, Other Marion County and State, 2016

Household Income	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Total Households	3,789	3,102	800	507	4,828	13,026	1,242,641
Less than \$10,000	197	315	46	24	106	688	75,624
\$10,000 to \$14,999	157	226	58	90	115	646	60,809
\$15,000 to \$24,999	339	372	99	64	300	1,174	126,359
\$25,000 to \$34,999	315	403	67	84	329	1,198	129,439
\$35,000 to \$49,999	525	446	121	80	632	1,804	175,853
\$50,000 to \$74,999	883	675	142	81	1,136	2,917	246,562
\$75,000 to \$99,999	694	351	155	53	907	2,160	172,210
\$100,000 to \$149,999	558	237	71	21	895	1,782	162,741
\$150,000 to \$199,999	79	42	27	3	242	393	49,988
\$200,000 or more	42	35	14	7	166	264	43,056
Median HH income (\$)	\$60,568	\$41,727	\$50,425	\$33,482	\$70,511	\$57,412	\$54,570
Mean HH income (\$)	\$68,429	\$51,470	\$61,041	\$50,786	\$80,835	\$67,848	\$70,708
Total HH income (\$ Mil)	\$259.3	\$159.7	\$48.8	\$25.7	\$390.3	\$883.8	\$87,864.7

Mean income for Pella households equaled \$68,429 during 2016. This compares to \$67,848 for all of Marion County and to \$70,708 for the entire state. Median income for Pella households equaled \$60,568 during 2016. Median household incomes for Marion County and the State equaled \$57,412 and \$54,570, respectively.

One thing particularly notable about household income for Pella is the closeness of the mean and median values. The ratio of mean to median household income for 2016 for Pella equals 1.13, while for all of Marion County the ratio equals 1.18 and for the State of Iowa it equals 1.30. The low ratio value for Pella indicates relative income equality in the city.

Table 4B: Household Income Shares for Pella, Other Marion County and State, 2016

Household Income	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Total Households	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than \$10,000	5.2%	10.2%	5.8%	4.7%	2.2%	5.3%	6.1%
\$10,000 to \$14,999	4.1%	7.3%	7.3%	17.8%	2.4%	5.0%	4.9%
\$15,000 to \$24,999	8.9%	12.0%	12.4%	12.6%	6.2%	9.0%	10.2%
\$25,000 to \$34,999	8.3%	13.0%	8.4%	16.6%	6.8%	9.2%	10.4%
\$35,000 to \$49,999	13.9%	14.4%	15.1%	15.8%	13.1%	13.8%	14.2%
\$50,000 to \$74,999	23.3%	21.8%	17.8%	16.0%	23.5%	22.4%	19.8%
\$75,000 to \$99,999	18.3%	11.3%	19.4%	10.5%	18.8%	16.6%	13.9%
\$100,000 to \$149,999	14.7%	7.6%	8.9%	4.1%	18.5%	13.7%	13.1%
\$150,000 to \$199,999	2.1%	1.4%	3.4%	0.6%	5.0%	3.0%	4.0%
\$200,000 or more	1.1%	1.1%	1.8%	1.4%	3.4%	2.0%	3.5%

The largest share of Pella households has incomes in the \$50,000 to \$74,999 per year range. The same is true for all of Marion County and for the State. The range from \$50,000 to \$149,999 per year includes 56.3% of Pella households. The same range of incomes includes 52.7% of all Marion County households and only 46.8% of all Iowa households.

On the other hand, only 3.2% of Pella households have annual incomes of \$150,000 or more compared to 5.0% for all of Marion County and 7.5% for the State of Iowa. As noted previously, the highest income households reside in the rural areas of Marion County. Many of these rural residential developments are located in close proximity to Pella and in many ways treat Pella as their home town by sending their children to school in Pella, by working at Pella businesses, and doing much of their shopping in Pella.

#### Economic Characteristics: Housing

The age, size and value of the housing stock provide additional insights into the economic character and well-being of an area. Table sets 5 through 7 provide statistical information on the housing stock for Pella, other Marion County jurisdictions, all of Marion County and the State. The statistics pertaining to the age of the housing stock and to the size of units include both single-family and multi-family housing units and both owner-occupied and rental housing. The tables that address the value of housing pertain only to owner-occupied housing.

In Pella during 2016 there were a total of 3,789 housing units of which 2,336 (61.7%) were owner occupied and the other 1,453 (38.3%) were rental property. Also, 2,596 (65.4%) of the housing units were single-family detached, 177 units (4.5%) were single-family attached, 210 units (5.3%) were duplexes, 939 units (23.6%) were in buildings that contained 3 or more units, and 50 units (1.3%) were mobile homes.

Another particularly important housing statistics pertains to occupancy rates. For Pella during 2016 there were no vacant owner-occupied houses and the vacancy rate for residential rental property was

only 4.2%. This indicates an extremely tight housing market for the city. For Marion County overall the vacancy rates of 0.4% for owner-occupied units and 4.7% for rental units also shows an extremely tight housing market. For the State the owner-occupied vacancy rate equaled 1.5% and for rental housing it equaled 6.1%.

Table 5A presents American Community Survey estimates of the number of housing units built before 1939, by decade from 1940 through 2009, and since 2010. Table 5B presents information on the shares of different Marion County jurisdictions' and the State's housing built during the different time periods. Beyond providing a sense of the age of the housing stock, these statistics reveal what has happened to home construction since the last recession.

Table 5A: Year Built for Housing in Pella, Other Marion County and State, 2016

Year Built	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Total housing units	3,972	3,383	859	570	5,213	13,997	1,362,619
2014 or later	19	0	0	0	10	29	6,284
2010 to 2013	31	5	0	0	86	122	30,309
2000 to 2009	512	213	107	59	779	1,670	158,859
1990 to 1999	447	277	86	14	1,056	1,880	147,103
1980 to 1989	384	379	76	59	563	1,461	99,958
1970 to 1979	847	598	163	47	708	2,363	200,408
1960 to 1969	539	498	92	35	263	1,427	145,103
1950 to 1959	325	495	103	42	314	1,279	142,150
1940 to 1949	140	190	29	49	238	646	74,567
1939 or earlier	728	728	203	265	1,196	3,120	357,878

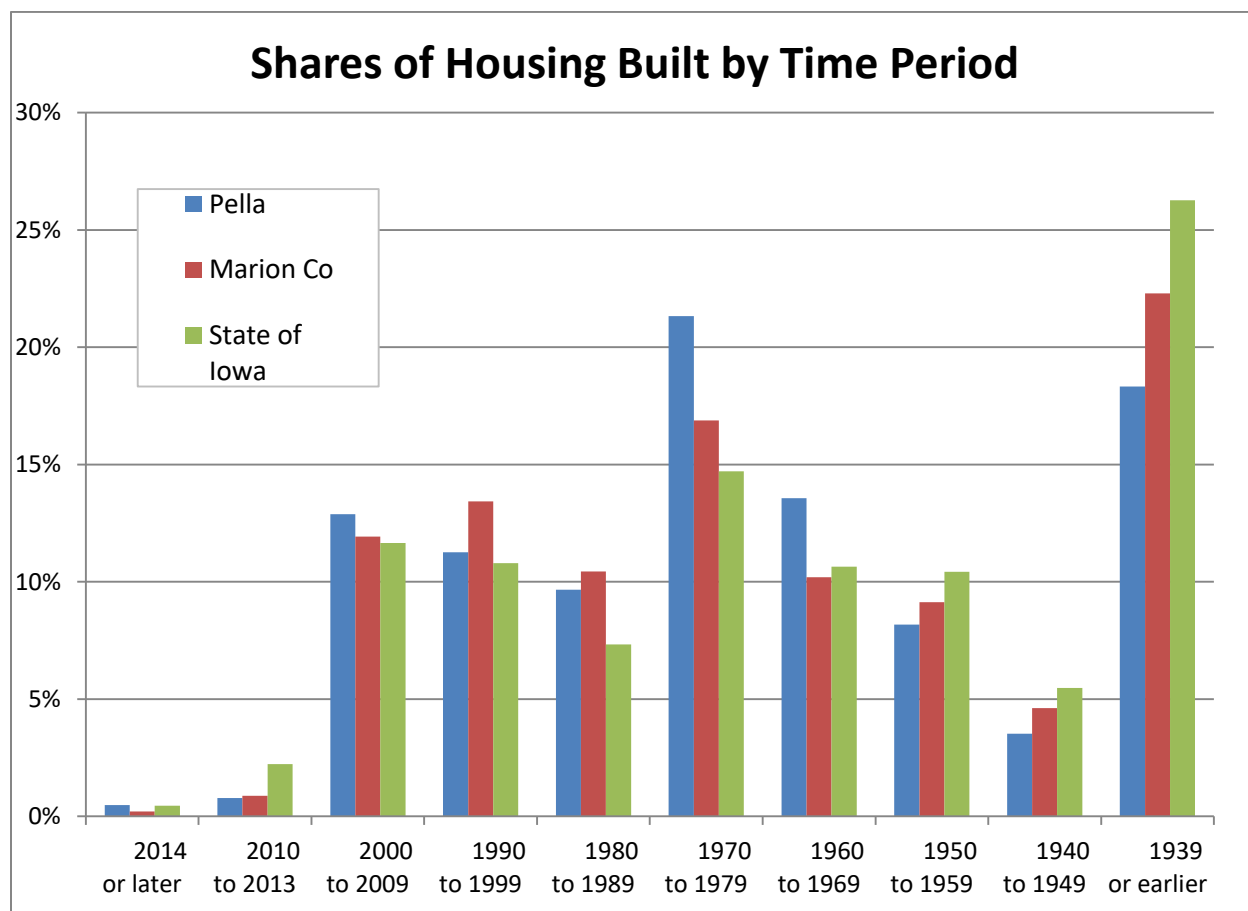
Table 5B: Year Built Shares for Housing in Pella, Other Marion County and State, 2016

Year Built	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Total housing units	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2014 or later	0.5%	0.0%	0.0%	0.0%	0.2%	0.2%	0.5%
2010 to 2013	0.8%	0.1%	0.0%	0.0%	1.6%	0.9%	2.2%
2000 to 2009	12.9%	6.3%	12.5%	10.4%	14.9%	11.9%	11.7%
1990 to 1999	11.3%	8.2%	10.0%	2.5%	20.3%	13.4%	10.8%
1980 to 1989	9.7%	11.2%	8.8%	10.4%	10.8%	10.4%	7.3%
1970 to 1979	21.3%	17.7%	19.0%	8.2%	13.6%	16.9%	14.7%
1960 to 1969	13.6%	14.7%	10.7%	6.1%	5.0%	10.2%	10.6%
1950 to 1959	8.2%	14.6%	12.0%	7.4%	6.0%	9.1%	10.4%
1940 to 1949	3.5%	5.6%	3.4%	8.6%	4.6%	4.6%	5.5%
1939 or earlier	18.3%	21.5%	23.6%	46.5%	22.9%	22.3%	26.3%

Pella has only 18.3% of its housing dating from before 1940. For all of Marion County and for the State of Iowa the shares of housing built prior to 1940 equal 22.3% and 26.3%, respectively. At the other extreme, Pella accounts for about one-third of all housing constructed in Marion County since 2010. However, City of Pella housing permit records indicate the American Community Survey estimates significantly understate the number of housing units constructed in the city since 2010. The city records indicate the number of new housing units constructed from 2010 through 2016 equals 231.

Table 5A indicates there has been a significant slowdown in housing construction since the last recession. This likely is true, but the slowdown in Pella is not as great as implied by the American Community Survey estimates. The American Community Survey estimates show that from 2000 through 2009 the annual average equaled 51.2 units. The city permit data indicates that on average 33 housing units were built per year from 2010 to 2016.

The distribution of shares of housing constructed during each time period according to the American Community Survey estimates for Pella, Marion County and Iowa is illustrated in the following chart.



Home size influences many types of household consumption. A basic fact of life is people tend to increase purchases of things to fill up the space they have available. Table 6A presents counts of the numbers of housing units by the number of rooms for Pella, other Marion County jurisdictions, Marion County and the State. These counts include both rental and owner-occupied housing. So, the range of

housing sizes extends from 1-room efficiency apartments to detached homes with 9 or more rooms. Table 6B presents the same distribution in terms of shares of housing units by number of rooms for each jurisdiction.

Table 6A: Number of Housing Units by Size for Pella, Other Marion County and State, 2016

House Size (Rooms)	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Total housing units	3,972	3,383	859	570	5,213	13,997	1,362,619
1 room	78	48	21	0	0	147	17,308
2 rooms	131	135	17	0	30	313	29,509
3 rooms	472	220	78	40	83	893	100,076
4 rooms	590	821	151	129	484	2,175	201,109
5 rooms	521	842	212	176	954	2,705	248,113
6 rooms	447	436	129	87	1,154	2,253	231,256
7 rooms	462	315	107	89	1,009	1,982	185,149
8 rooms	498	276	40	20	598	1,432	143,013
9 rooms or more	773	290	104	29	901	2,097	207,086

Table 6B: Share of Housing Units by Size for Pella, Other Marion County and State, 2016

House Size (Rooms)	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Total housing units	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1 room	2.0%	1.4%	2.4%	0.0%	0.0%	1.1%	1.3%
2 rooms	3.3%	4.0%	2.0%	0.0%	0.6%	2.2%	2.2%
3 rooms	11.9%	6.5%	9.1%	7.0%	1.6%	6.4%	7.3%
4 rooms	14.9%	24.3%	17.6%	22.6%	9.3%	15.5%	14.8%
5 rooms	13.1%	24.9%	24.7%	30.9%	18.3%	19.3%	18.2%
6 rooms	11.3%	12.9%	15.0%	15.3%	22.1%	16.1%	17.0%
7 rooms	11.6%	9.3%	12.5%	15.6%	19.4%	14.2%	13.6%
8 rooms	12.5%	8.2%	4.7%	3.5%	11.5%	10.2%	10.5%
9 rooms or more	19.5%	8.6%	12.1%	5.1%	17.3%	15.0%	15.2%

Pella accounts for over half of the efficiency units for all of Marion County, but efficiencies only account for 2.0% of Pella's housing units. One thing that stands out in looking at the size distribution of housing units in Pella is the higher shares of both small units and large units compared to the remainder of the county and the State. Units with three or fewer rooms account for 17.2% of Pella's housing stock, but only 9.7% countywide and only 10.8% statewide. At the other extreme 32.0% of housing units in Pella contain 8 or more rooms, while countywide similar size units account for only 25.2% of all housing and statewide the share is 25.7%.

The distribution of the values of owner-occupied housing provides additional insight into the economic well-being of the local population. Table 7A provides the number of owner-occupied houses over eight value ranges from under \$50,000 to \$1 million and over. This table also provides the median house value for each jurisdiction. Table 7B provides the shares of houses in each value range.

Table 7A: Number of Owner-Occupied Houses by Value for Pella, Other Marion County and State, 2016

Home Value	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Owner-occupied units	2,336	1,968	529	358	4,275	9,466	883,119
Less than \$50,000	124	263	49	75	380	891	94,855
\$50,000 to \$99,999	195	855	142	212	746	2,150	210,180
\$100,000 to \$149,999	466	559	208	29	618	1,880	198,528
\$150,000 to \$199,999	807	159	94	23	1,130	2,213	151,979
\$200,000 to \$299,999	556	115	34	9	662	1,376	139,989
\$300,000 to \$499,999	160	9	2	4	617	792	65,586
\$500,000 to \$999,999	18	8	0	3	100	129	17,262
\$1,000,000 or more	10	0	0	3	22	35	4,740
Median (dollars)	\$175,300	\$93,800	\$115,300	\$66,900	\$167,411	\$144,800	\$132,800

Table 7B: Share of Owner-Occupied Houses by Value for Pella, Other Marion County and State, 2016

Home Value	Pella	Knoxville	Pleasant-ville	Melcher-Dallas	Other Marion County	Marion County	State of Iowa
Owner-occupied units	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than \$50,000	5.3%	13.4%	9.3%	20.9%	8.9%	9.4%	10.7%
\$50,000 to \$99,999	8.3%	43.4%	26.8%	59.2%	17.5%	22.7%	23.8%
\$100,000 to \$149,999	19.9%	28.4%	39.3%	8.1%	14.5%	19.9%	22.5%
\$150,000 to \$199,999	34.5%	8.1%	17.8%	6.4%	26.4%	23.4%	17.2%
\$200,000 to \$299,999	23.8%	5.8%	6.4%	2.5%	15.5%	14.5%	15.9%
\$300,000 to \$499,999	6.8%	0.5%	0.4%	1.1%	14.4%	8.4%	7.4%
\$500,000 to \$999,999	0.8%	0.4%	0.0%	0.8%	2.3%	1.4%	2.0%
\$1,000,000 or more	0.4%	0.0%	0.0%	0.8%	0.5%	0.4%	0.5%

Over three-quarters (78.2%) of owner-occupied homes in Pella have values between \$100,000 and \$299,999. This is starkly different from the three only largest cities in Marion County. For example, in Knoxville 85.2% of houses have values under \$150,000 and in Melcher-Dallas 80.1% have values under \$100,000. Statewide 55.6% of owner-occupied homes have values between \$100,000 and \$299,999.

Furthermore, consistent with other findings, Pella has a smaller share of high-value homes compared to all of Marion County and the State. The share of Pella homes with values of \$500,000 or more equals

only 1.2%. For Marion County 1.8% of homes fall in the highest two value ranges and the statewide share for such high-value homes equals 2.5%.

Finally, the median home values for Pella, all of Marion County and the State confirm that income and wealth are spread much more evenly in Pella than in other parts of Marion County or the State. The median home price for Pella in 2016 equaled \$175,300. In comparison, the median countywide home value was \$144,800 and the statewide median home value was \$132,800. This relative level of equality in Pella implies its population can support a higher level of retail trade and entertainment spending than in cities where income and wealth are more concentrated.

### Key Demographic and Economic Findings

- Pella's total population seems to have peaked in 2006 and since then it has declined slightly. But this is deceiving because there has been the development of new housing in rural areas in close proximity to Pella. This is particularly true along county road G28 and county highway T15 to the west of the city.
- The Pella Area Community and Economic Alliance (PACE) list of the city's top 14 employers identifies 7,321 jobs for just these businesses. In comparison, Pella's adult population between the ages of 18 and 64 equals only 6,258 individuals. This implies many more people come into the city each day to work than live there.
- The households headed by individuals in the 45 to 64 years age cohort appear to be the ones that have predominantly moved to homes just outside the Pella city limits. Also, for this reason children in the 5 to 17 years age range account for a smaller share of Pella's population than for all of Marion County and for the State. In addition, it is likely these households are better off financially than households headed by younger individuals.
- Central College's 1,248 students and 106 full-time faculty represent a cultural and economic benefit to the city. The college adds an estimated \$50 million to \$60 million to the local economy. Only 13 other non-metropolitan cities in Iowa are home to similar 4-year private colleges or universities.
- Household incomes in Pella are more equal than in Marion County as a whole or statewide. The ratio of mean household income to median household income for Pella for 2016 equals only 1.13 compared to the county ratio of 1.18 and the State ratio of 1.30. Median household income in Pella (\$60,568) is 11.0% higher than the statewide median income (\$54,570). But Pella's mean household income (\$68,429) is 3.2% below the statewide mean income (\$70,708).
- There is very little vacant housing in Pella. According to the American Community Survey for 2016 there were no vacant owner-occupied units and the vacancy rate for rental housing equaled only 4.2%.
- There has been a slowdown in home construction since the last recession, but the American Community Survey estimates overstate the decline. According to city permit records, from 2010 to 2016 about 231 new housing units have been constructed in Pella, which is an average of about 33 per year.



- Over three-quarters (78.2%) of owner-occupied homes in Pella have values between \$100,000 and \$299,999. Statewide only 55.6% of owner-occupied homes have values between \$100,000 and \$299,999. On the other hand, Pella has a smaller share of high-value homes compared to all of Marion County and the State. The share of Pella homes with values of \$500,000 or more equals only 1.2%. The share of high-value homes for all of Marion County is 1.8% and the statewide share for such high-value homes equals 2.5%.

## **Pella Commercial Activity Analysis**

Commercial activity in Pella is spread across a variety of business sectors. Also, different types of activities are concentrated geographically in different areas of the city. An understanding of the distribution of businesses by both type and geography provide insights into what opportunities exists for the future development of the Oskaloosa Street corridor.

This section of the analysis will primarily focus on the types and locations of four types of businesses that currently exist in Pella. These include retail trade, food service and lodging, personal services and business services. Since many of these types of businesses sell goods and services subject to state sales tax, a primary source of data on these businesses is the sales tax permit registration file maintained by the Iowa Department of Revenue (IowaDOR). In addition, the IowaDOR compiles aggregate statistics on taxable sales by city and county, which it publishes quarterly. Also, it publishes more detailed quarterly taxable sales statistics at the county level for twelve categories of businesses.<sup>3</sup>

Because all of the types of businesses that are of interest for this study do not sell goods or services subject to sales tax other data sources are used to complement the IowaDOR data. One source of supplemental information on businesses located in the city is the Pella Area Community and Economic Alliance (PACE) business directory.

### Retail Sales Trends

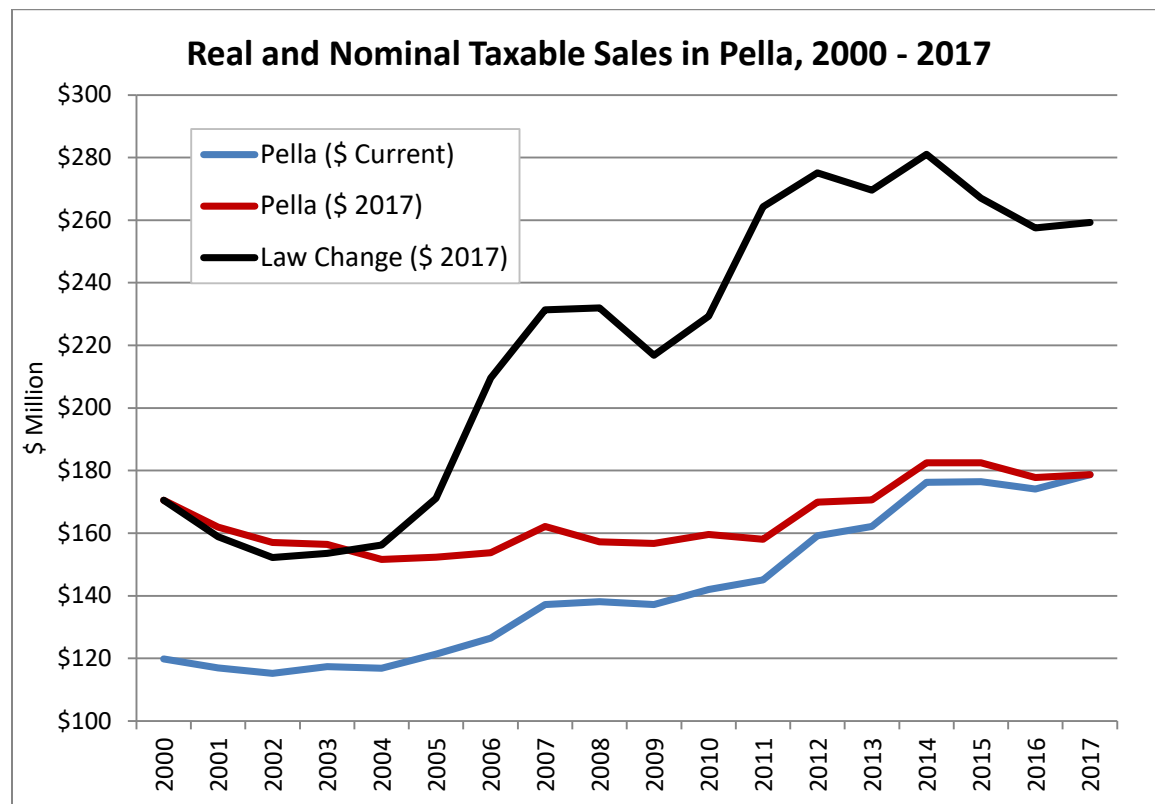
During 2017, taxable sales by Pella businesses totaled \$178.8 million. For all of Marion County taxable sales equaled \$306.1 million. So, taxable sales by Pella located businesses accounted for 58.4% of total taxable sales in Marion County. Businesses in Knoxville, the county's second largest city, accounted for 34.7% of taxable sales in Marion County.

Measured in current dollars, taxable sales by Pella businesses grew from \$119.8 million in 2000 to \$178.8 million in 2017, or by \$58.9 million (49.2%). But when adjusted for inflation, taxable sales by Pella businesses grew by only \$8.2 million (4.8%) over the same period. As the following chart shows real (inflation adjusted) taxable sales by Pella businesses took a significant dip over the period from 2000 to 2004 and then required eight more years to recover to their 2000 level. However, at least some of the decline in taxable sales that occurred over this twelve year period can be attributed to changes in State law. On a statewide basis the share of sales by businesses with sales tax permits that was subject

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<sup>3</sup> The Iowa Department of Revenue publication of quarterly taxable sales and sale tax statistics includes some suppression of city and county level statistics. These suppressions occur when the number of businesses in a jurisdiction falls below the number of businesses and share of sales thresholds required to protect the confidentiality of individual businesses.

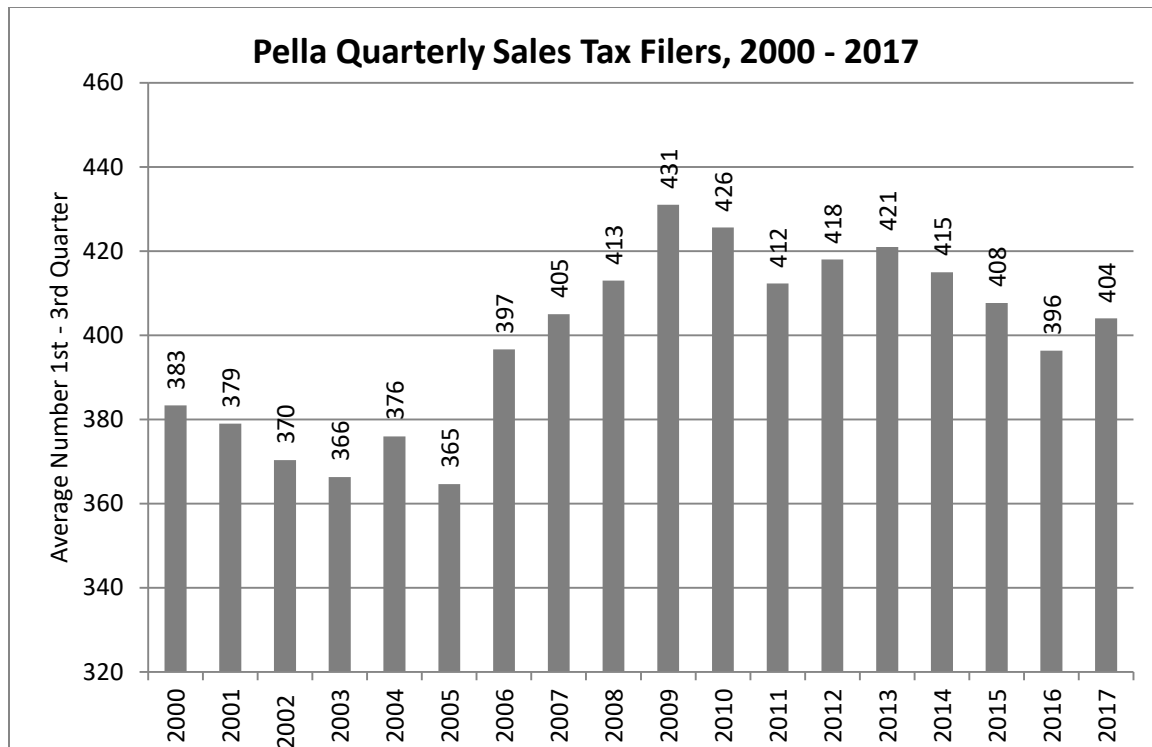
to tax decreased from 43.1% in 2000 to 29.7% in 2017. Applying an adjustment for the state law changes, the following chart shows that inflation adjusted taxable sales by Pella businesses would have increased from \$170.6 million in 2000 to \$259.3 million in 2017, or by \$88.7 million (52.0%).



The inflation and law change adjusted taxable sales line in the above chart shows a growth spurt from 2005 through 2007, which corresponds to the housing boom that occurred nationally over those years. Given that Pella's major employers (i.e., Pella Corporation and Vermeer Corporation) likely benefited from that strong economic growth and added to payrolls over that period, it is logical real taxable sales should have experienced growth over those years. Correspondingly, the law change adjusted line dipped in 2009 when the housing bubble burst. Growth then recovered and peaked in 2014 before declining during 2015 and 2016. This recent decline likely reflects the impact of lower agricultural commodity prices since 2013.

In current dollars, 2017 was actually the peak year for taxable sales. When adjusted just for inflation the peak year was 2015.

The number of businesses that file quarterly sales tax returns provides another indication of the vitality of a city's retail sector. The number of filers fluctuates from quarter to quarter and generally the number jumps by 25% or more during the final quarter of the year due to seasonal sellers. During the other three quarters of the year the number of businesses that file sales tax returns is relatively stable within a single year. The next chart shows how the number sales tax filers varies from year to year based on the average number of filers over the first three quarters of each year.



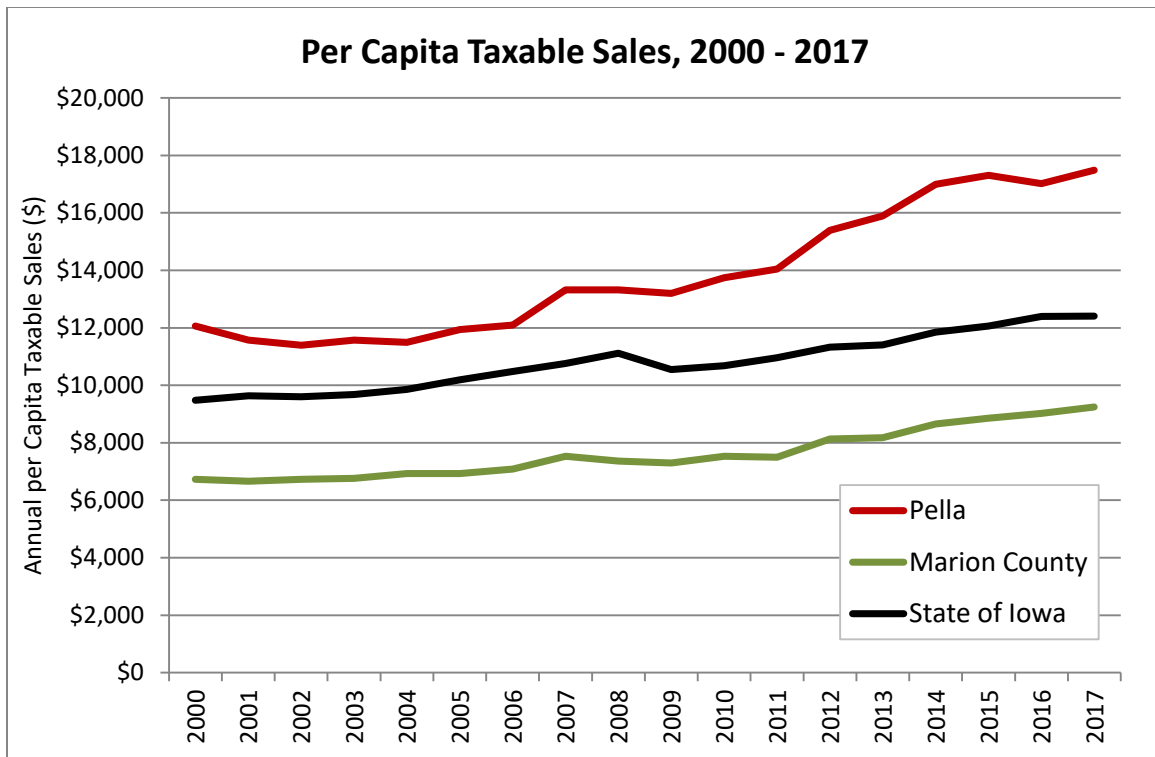
The above chart shows that the number of Pella permitted businesses declined from 2000 through 2005 and then experienced significant growth through 2009 peaking at 431. The drop in the business count during the last recession was not that great with the return count only falling to 412 during 2011. However, after recovering to 421 during 2013, the year agricultural income in Iowa peaked; the number fell to 396 in 2016. During 2017 the number did stage a slight recovery rising to 404.

Additional perspective is provided by making a comparison of taxable sales per capita for Pella, Marion County and the State. The following chart presents this comparison. Over the entire period from 2000 through 2017 per capita taxable sales in Pella exceeded both the countywide and statewide averages.

From 2000 to 2017 taxable sales per capita in Pella grew from \$12,066 to \$17,482, or by \$5,416 (44.9%). For all of Marion County taxable sales per capita increased from \$6,726 to \$9,274, or by \$2,521 (37.5%). Statewide taxable sales per capita increased from \$9,477 to \$12,407, or by \$2,930 (30.9%).

Over the entire period, per capita taxable sales by Pella businesses exceeded taxable sales countywide by a margin of between 66% and 96%. The peak difference occurred during 2014. During 2017 the difference equaled 89%. Per capita taxable sales by Pella businesses exceeded the statewide amounts by between 15% and 43%. The peak difference occurred during 2014 and 2015. During 2017 the difference equaled 41%.

As discussed previously in the report, Pella population estimates do not count the number of people who reside just outside the city limits and effectively treat Pella as their home town for school, work and shopping. Consequently, the per capital taxable sales for Pella businesses may be somewhat overstated relative to the county as a whole and to the State. But because the difference from the countywide amounts is so large undercounted population for Pella does not explain the entire difference.



### Retail and Services Business Types

The IowaDOR sales tax registration file provides information on the principle type of business and the street address by location for permit holders. Also, this database includes information on whether individual locations are part of a consolidated business group, when the current sales tax permit was issued, and when permits of out-of-business locations were canceled. These data allow the identification of business clusters within the city and the analysis of retail business dynamics for the city.

According to the most current registration file, 658 businesses located in Pella or in close proximity to the city hold state sales tax permits. In all of Marion County, 1,427 businesses hold sales tax permits.<sup>4</sup> These numbers do not represent the total number of businesses located in either Pella or Marion County because not all businesses are required to collect sales tax. Many types of businesses that provide professional services, such as attorneys, engineers, accountants, insurance agents, doctors, etc., are exempt from collecting sales tax. In other cases, there are businesses with local establishments that are part of multi-location businesses that handle all billing of taxable services from a central facility located elsewhere in the State and so do not have local permits, such as some banks.

Nevertheless, the IowaDOR sales tax registration file does provide a good indication of businesses engaged in retail trade, food and lodging, and most personal services businesses. Also, some manufacturing and wholesale businesses have permits because a small amount of their sales are to end consumers rather than to other businesses. Table 8 provides a summary of the numbers of sales tax permit holders by 2-digit business classification level for Pella, other Marion County jurisdictions, and all of Marion County.

<sup>4</sup> The sales tax registration file used for this analysis was created on July 3, 2018.

Table 8: Number of Businesses with Sales Tax Permits, July 2018

Business Code	Business Description	Pella	Other Marion County	Total Marion County
11	Agricultural Services	5	3	8
21	Mining	0	2	2
22	Utilities	5	14	19
23	Construction Contractors	48	47	95
31 - 33	Manufacturing	33	18	51
42	Wholesale Trade	21	24	45
44 - 45	Retail Trade	240	291	531
48 - 49	Transportation & Warehousing	10	10	20
51	Information Services	10	16	26
52	Finance & Insurance Services	3	4	7
53	Real Estate, Rental & Leasing	17	15	32
54	Professional, Scientific and Technical Services	55	60	115
55	Management of Companies and Enterprises	0	1	1
56	Administration and Support and Waste Management	43	47	90
61	Educational Services	6	2	8
62	Health Care and Social Assistance	15	12	27
71	Arts, Entertainment & Recreation	21	25	46
72	Accommodation and Food Services	46	54	100
81	Other Services (except Public Administration)	80	122	202
92	Public Administration	0	1	1
99	Unclassified	0	1	1
	Totals	658	769	1,427

The greatest number of sales tax permit holders falls in the retail trade category for both Pella and for all of Marion County. Other categories that will be the primary focus of this analysis are:

- Information Services
- Finance and Insurance Services
- Real Estate, Rental and Leasing
- Professional, Scientific and Technical Services
- Arts, Entertainment and Recreation
- Accommodation and Food Services
- Other Services

These additional business categories account for 232 other Pella sales tax permit holders and 296 other Marion County sales permit holders. For the most part businesses in these categories of businesses have physical locations, but some, particularly in the retail trade and other services categories, are home-based enterprises. Home-based businesses will not be addressed in this study because most are

small. Many are seasonal. And home-based businesses are not likely to be in competition with the types of businesses that would potentially locate or expand in the Oskaloosa Street corridor.

### Business Cluster Locations

Before investigating options for additional retail and other commercial development along Oskaloosa Street, it is important to gain an understanding of the numbers and types of retail, food and accommodation, and service businesses that already exist in Pella and where in Pella they are located. Through the review of the IowaDOR sales tax permit file, the Pella Community and Economic Alliance business directory, and city maps five business location clusters have been identified. The following map shows the locations of these five business clusters.

Map 1: Pella Retail, Food and Lodging, and Services Business Clusters



### Business Cluster 1

The first cluster of businesses is located just to the southwest of the Iowa Highway 163 interchange at Washington Street in the northwestern part of Pella. About half of the businesses located in this area are typical of highway interchange developments. They include a convenience store that sells motor fuel, 4 restaurants, a hotel, and a car dealership. Other businesses in the area are 2 real estate related offices, 2 financial services offices, the office of an electric cooperative, a printing company, a thrift store, a hearing aid store and a specialty medical clinic.

Since the Iowa Highway 163 bypass of Pella did not open until October 1994, most of the businesses in this area opened after that date. Other economic activity in the area includes the Pella Municipal Airport and the Bos Landen Golf Course and Community, which includes another hotel. This area is shown in the following picture.



## Business Cluster 2

The second business cluster encompasses Washington Street and cross streets from the Iowa Highway 163 interchange to the western edge of the downtown area at about West 2<sup>nd</sup> Street. Sixty-two businesses are located along this 1.3 mile section of Washington Street. Twenty of the businesses are retailers. The largest of the retail businesses in this corridor are Wal-Mart and Fareway. The other retail establishments include two auto parts and accessories stores, three clothing and accessories stores, a music store, a sporting goods store, and a variety of other stores. Other than one small group of stores located adjacent to the Walmart, there is no concentration of retailers in this corridor.

There are only six restaurants and other food establishments in this corridor. Four of these are part of national chains or franchises (Applebee's, Culver's, Taco Bell and Yamato Steakhouse) and are located near to the Wal-Mart store. One is a coffee shop and the sixth is a local restaurant (Kaldera's). A Baymont motel is located just east of the Iowa Highway 163 interchange. Most of the remainder of the businesses in this area offer a mix of personal services including chiropractors, dentists, beauticians, barbers, auto repair shops, laundromats, cleaning services, etc. Overall the businesses located in this area of the city represent more of a collection of unrelated establishments than a cluster of related ones.

Aerial views of this business corridor are provided in the following three pictures.

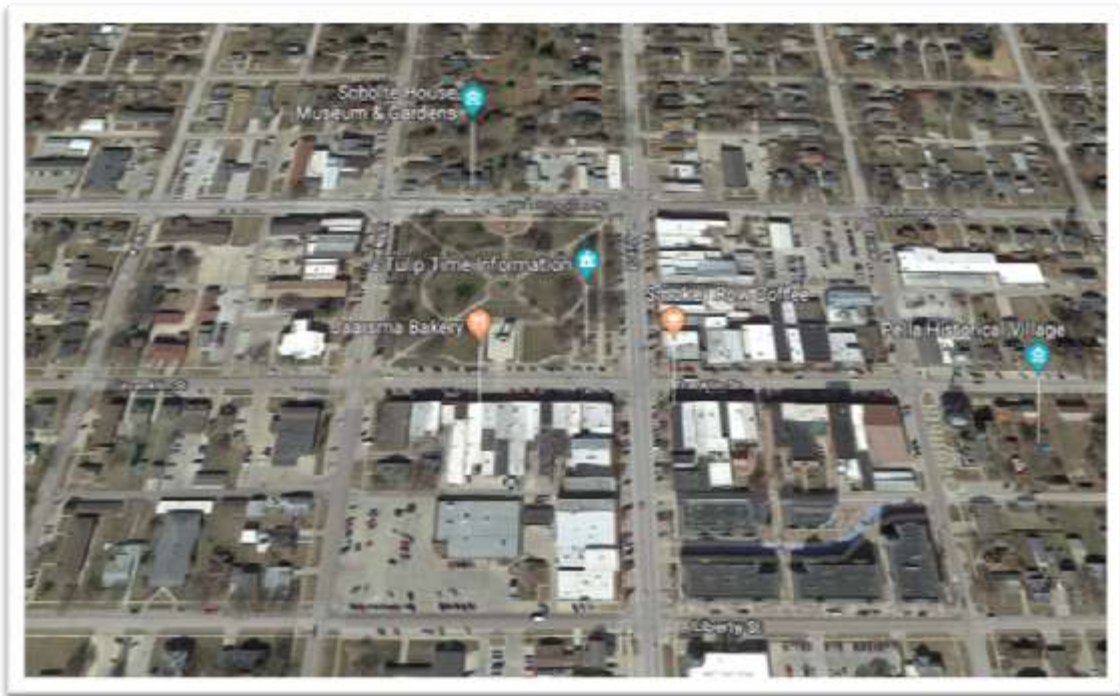






### Business Cluster 3

Downtown Pella, like many towns in Iowa, is located around a town square. But in Pella's case the location of businesses in the downtown is somewhat lopsided with most of them located to the east of the square. For the purposes of this analysis the limits of the downtown are generally defined as extending from Liberty Street on the south to Washington Street on the north and from E. 1<sup>st</sup> Street on the east to W. 1<sup>st</sup> Street on the west. The following picture shows the downtown area.



The highest concentrations of businesses are along Franklin Street and along Main Street. Within the defined limits of the downtown, 151 businesses have been identified. Only 100 of these businesses have sales tax permits. Most of the businesses that do not have sales tax permits offer financial services (i.e., insurance brokerages, investment management services, and real estate agencies) or professional services (i.e., attorneys, dentists and doctors), whose services are mostly exempt from Iowa's sales tax.

Fifty-eight of the businesses in this area are retailers. These businesses include:

- 8 clothing and shoe stores,
- 6 furniture, home furnishings and appliance stores,
- 6 book, novelty, and stationary stores,
- 4 specialty food stores (bakeries and meat markets),
- 3 sewing and fabric stores,
- 2 jewelry stores,
- 2 variety stores, and
- 2 used merchandise stores.

Also, there are a variety of individual stores that include a florist, bicycle shop, hardware store, chocolate shop, dog bakery, Dutch goods importer, and local arts and crafts store.

There are 14 restaurants located in downtown Pella. About two-thirds are local establishments. Also, there are a local boutique hotel and a bed and breakfast business in the area.

Barber shops, beauty salons and spas account for the largest number of personal services businesses (12). As alluded to earlier, there are many businesses that provide financial, real estate and legal services located in the downtown area. These include 6 banks, 7 insurance agencies and brokerages, 4 financial advising services, 5 real estate services, 3 law offices and 1 accounting office. In addition, there are 10 dental and medical related offices located in downtown Pella.

#### Business Cluster 4

There is a small number of businesses located along Main Street and Broadway Street between the downtown and Oskaloosa Street. Describing this as a cluster may be a stretch, but as this area does not seem to fit in either the downtown (cluster 3) or Oskaloosa Street (cluster 5) clusters it is given a separate designation. There are only 12 businesses located in this cluster. They include 2 restaurants and an ice cream shop, a credit union, a bank drive-thru facility, a bed and breakfast, a convenience store, 3 retailers, a hair salon, and an electrical equipment repair shop. There are also a number of government facilities in the area including the police and fire stations, the city library and a former elementary school used by Central College. The following picture shows this area.



## Business Cluster 5

Cluster 5 includes Oskaloosa Street and adjacent streets. This corridor is the primary focus of this study. The west end of the corridor is bounded by South Park and Pella Corporation. Also, the west end of the corridor is located just two blocks from Central College.

The 1.4 mile corridor from Main Street to 240<sup>th</sup> Place contains about 74 businesses of which 59 have State sales tax permits. This cluster of businesses includes not only those located on Oskaloosa Street, but in addition some businesses located on cross streets and side streets. This is particularly the case near the east end of the corridor along E. 9<sup>th</sup>, E. 14<sup>th</sup> and E. 16<sup>th</sup> Streets.

This area of the city contains a mix of many different types of businesses as well as residential properties. There are 5 construction contractors' offices and shops, 6 manufacturers, and 9 wholesale businesses located in the area. There are 22 retail establishments in the area. This group of businesses includes a large number that are related to motor vehicles. The motor vehicle related retailers include an automobile dealership, 3 auto and truck parts stores, a convenience store, and a business that sells four wheelers. There are also a number of motor vehicle and transportation service businesses located in this area. There are two motor vehicle rental businesses, 2 car washes, a car detailing business and an automotive repair business.

The largest retail stores in the area are a Hy-Vee grocery and a Theisens store. Other retail establishments include a lawn and garden equipment store, a liquor store, a clothing store, a quilting supplies store, a variety store, and a florist and a greenhouse.

The number of other service businesses in this area is relatively small. There is a bank, a financial services business, a veterinary clinic, a photographic studio, 3 salons and a chiropractic clinic. There are two motels and two eating places, which are nation fast food franchises (i.e., Jimmy Johns and McDonald's). A bowling alley and several health and fitness businesses are located just south of Oskaloosa Street on SE 9<sup>th</sup> Street.

The following three aerial photographs show this corridor.







### Business Clusters Analysis Summary

The five business clusters include 318 businesses. 237 of these businesses have State sales tax permits. There are a total of 658 businesses with Pella addresses that hold active State sales tax permits. Thus, over half of the Pella area sales tax permit holders have addresses outside the five business clusters covered in this report. However, most of these remaining businesses are scattered throughout the city or in rural areas outside the city limits. Furthermore, most of these other businesses appear to be home-based enterprises. For example, 42 are various types of construction contractors. Seventy-nine more are various crafts type businesses located primarily in residential areas. Two other categories of what appear to be home-based businesses are cleaning and maintenance businesses (18) and lawn care services (17). With only a few exceptions all of the city's traditional "brick-and-mortar" stores,

restaurants, lodging places, and business offices of professional services enterprises are located in the five clusters.

Table 9 provides summary counts of the number of businesses by broad category located in each of the five business clusters discussed above.

Table 9: Pella Business Counts by Major Category and Cluster, July 2018

Business Category	Pella Business Clusters					
	1	2	3	4	5	All
Construction, Manufacturing and Wholesale	2	5	9	0	20	36
Retail	3	20	58	4	22	107
Business Services	6	14	38	2	15	75
Personal Services	2	16	31	2	12	63
Food Service and Lodging	5	7	16	4	5	37
Five Cluster Totals	18	62	152	12	74	318

Another characteristic of interest for the businesses located in these five clusters is their age. Although not an exact indicator of a business's age, the IowaDOR sales tax permit database does include information on the date when a business's current permit was issued. Table 10 summarizes the counts of permitted businesses by ranges of years during which permits were issued for the five business clusters.

Table 10: Pella Businesses' Sales Tax Permit Issuance Years by Cluster

Permit Issued	Pella Business Clusters					
	1	2	3	4	5	All
Before 1990	2	9	10	1	10	32
1990 - 1994	1	3	8	0	5	17
1995 - 1999	0	3	10	0	2	15
2000 - 2004	2	7	14	2	7	32
2005 - 2009	2	13	15	0	13	43
2010 - 2014	2	15	18	3	10	48
2015 and After	3	7	25	3	11	49
Totals	12	57	100	9	58	236

The above table shows that 59% of Pella businesses located in the five clusters have sales tax permits with issuance dates since 2005 and 41% since 2010. Some of the businesses with recent permit issuance dates may have existed prior to the date on the permit, but the newer date often indicates the business has changed ownership. On the flip side, 510 Pella businesses have cancelled sales tax permits since 2005. Again, this may not indicate the business has ceased operation. Rather if the business continues

to operate under a new permit this often indicates a change in ownership, some other form of reorganization, or a name change.

Finally, this analysis of the areas of Pella where most retail, restaurant, lodging, personal service and professional service businesses are located yields the following observations about commercial activity in the city.

- Pella as a city has a unique identity, but little of that identity is apparent in the commercial areas outside of the downtown.
- Most of the businesses located in the Cluster 1 area (southwest of the Iowa Highway 163/Washington Street Interchange) are relatively new and are typical of highway oriented developments. With the exception of the DutchFix restaurant there is nothing uniquely Pella about this commercial area.
- The primary concentration of businesses in Cluster 2 is located between 1500 and 2100 Washington Street. Located in this area are a Baymont motel, Fareway grocery, Wal-Mart Supercenter, two fast food restaurants (Culver's and Taco Bell), two sit-down restaurants (Applebee's and Yamato Steak House), a sporting goods store (Sports Page), a clothing store (Maurices), a hair salon (Great Clips), and a Verizon cellular store. These establishments are all parts of national or regional chains.
- Downtown Pella (Cluster 3) is the heart of the city and where its Dutch heritage is on display. There are historical buildings, like the Scholte House Museum, and long-term local businesses, like the Jaarsma Bakery and Vander Ploeg Bakery. One long-term mainstay of the downtown and one of its larger stores (Boat's Home Furnishings) recently announced it is going out of business. In addition, there was a major redevelopment project in the early 2000s along Liberty Street between E. 1<sup>st</sup> Street and Main Street where the Amsterdam Hotel, MidwestOne Bank, and several other businesses are located. Also, the Pella Historical Village is located just east of downtown on Franklin Street between E. 1<sup>st</sup> and E. 2<sup>nd</sup> Streets. Like many other areas of the city, there appears to have been considerable turnover of ownership and type of businesses in this area in recent years.
- The area between downtown and Oskaloosa Street along Main and Broadway Streets (Cluster 4) contains only a small number of businesses. The largest of these businesses are two restaurants (the Pizza Ranch and El Charro Mexican Grill), the Community 1<sup>st</sup> Credit Union, and a Casey's convenience store. A major commercial advantage of this area is its location between the Central College campus and downtown.
- Oskaloosa Street from Main Street to 240<sup>th</sup> Place and cross-streets near the east end of the corridor (Cluster 5) contain the greatest mix of business types of the areas studied. At the west end there is heavy industry (Pella Corporation). Major retailers (Hy-Vee, Theisens, Well Thrift Shop, and Pella Motors) are located near the east end of the corridor. Also near the east end of the corridor are a number of motor vehicle parts businesses (O'Reilly Auto Parts, Carquest Auto Parts, and Vander Beek Truck Accessories). Some local businesses that appear to be unique to the city are De Ruiter Lawn Equipment, Nick's Greenhouse, Lampert Lumber and Dutch Mill Inn Motel. The two eating places in the corridor are franchises (Jimmy Johns and McDonalds). South of Oskaloosa Street on SE 9<sup>th</sup> Street are a number of recreation, health and fitness

businesses. South of Oskaloosa Street along SE 14<sup>th</sup> and SE 16<sup>th</sup> Streets are a number of wholesale businesses, contractors, industrial supply companies, and repair shops.

- Although to outsiders Pella appears to be a community with long established and unique businesses, based on IowaDOR sales tax registration data there appears to be a significant amount of turnover among its retail, restaurant and personal services businesses. Over 40% of the businesses with sales tax permits that are located in the downtown area and along Old Iowa Highway 163 received their current permits in 2010 or later.

## **Comparison Communities Analysis**

Pella, like any community, can learn from other similar communities. Pella is one of 44 non-metropolitan area Iowa cities with populations between 5,000 and 15,000. It is not possible to look at all 44 of these cities for ideas of how Pella may approach options for additional development along Oskaloosa Street. So, for this study four cities that compare closely to Pella in terms of their size and their economies have been selected as the basis for seeing how their mixes of businesses compare to Pella's business mix. The four cities that have been selected for this analysis are Fairfield, Grinnell, Oskaloosa and Waverly.

These cities have populations that range from 9,027 to 11,546. In addition, all four cities are home to small private colleges or universities with enrollments of between 1,500 and 2,000. Also, each city has nearby Interstate or expressway highway access. The following section provides additional data that shows how Pella compares to the other four cities and how Marion County compares to the four counties where these cities are located (Jefferson, Poweshiek, Mahaska and Bremer).

### City and County Population and Income Comparisons

A few key statistics illustrate the comparability of these cities and the counties. Table 11A shows how the cities compare in terms of population, population change from 2010 to 2017, and number of households. Also, this table provides measures of median income, mean income and total income. In addition, the ratio of mean-to-median income indicates the relative level of income equality in each city. Table 11B provides the same statistical indicators for Marion County and the four other counties.

The population estimates for 2017 show that Pella and the four other cities only differ by 2,519 residents from the largest to the smallest. Median household income levels range from \$38,906 to \$61,007. Mean household income levels range from \$51,533 to \$78,658.

Although not the only determinant of consumer spending potential, the total income estimates for 2016 provide a basis for making comparisons between Pella and the other cities in terms of their ability to support retail and other consumer spending. Total income for Pella and the other four cities range from \$199.2 million to \$270.2 million. For the counties where these cities are located the total income amounts range from \$422.3 million to \$883.8 million.

Table 11A: Statistical Comparisons for Pella and Four Similar Cities

Characteristics	Pella	Fairfield	Grinnell	Oskaloosa	Waverly
Population 2010	10,332	9,459	9,220	11,517	9,883
Population 2017	10,225	10,420	9,027	11,546	10,126
Change 2010 - 2017	-107	961	-193	29	243
% Change 2010 - 2017	-1.0%	10.2%	-2.1%	0.3%	2.5%
Households 2016	3,789	3,865	3,448	4,883	3,435
Median Household Income	\$60,568	\$38,906	\$45,948	\$40,837	\$61,007
Mean Household Income	\$68,429	\$51,533	\$62,689	\$52,657	\$78,658
Ratio: Mean-to-Median Income	1.13	1.32	1.36	1.29	1.29
Total Income (\$ million)	\$259.3	\$199.2	\$216.2	\$257.1	\$270.2

Table 11B: Statistical Comparisons for Marion County and Four Similar Counties

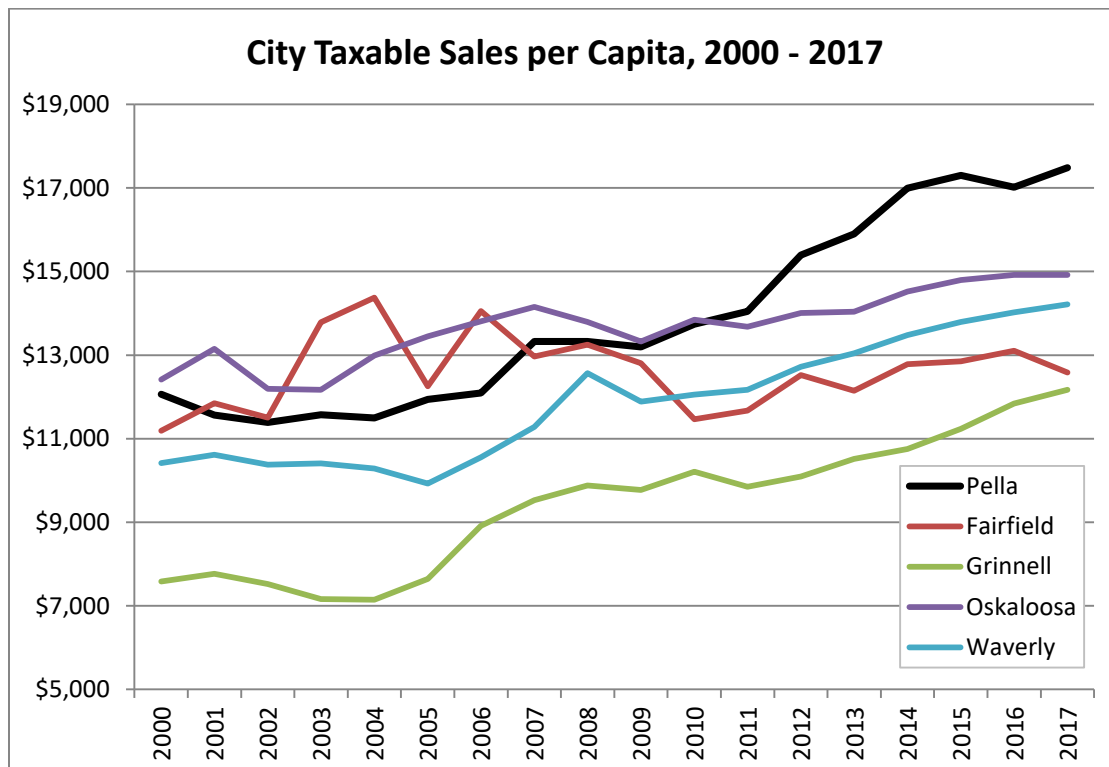
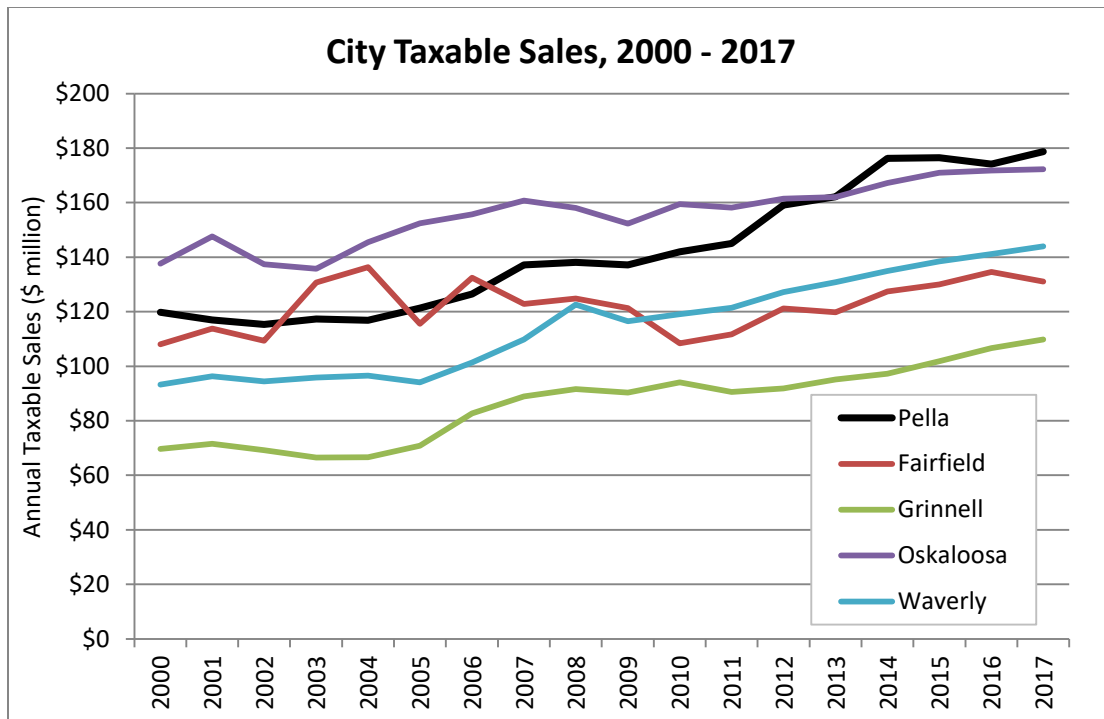
Characteristics	Marion	Jefferson	Poweshiek	Mahaska	Bremer
Population 2010	33,225	16,829	18,922	22,406	24,295
Population 2017	33,105	18,422	18,314	22,235	24,911
Change 2010 - 2017	-120	1,593	-608	-171	616
% Change 2010 - 2017	-0.4%	9.5%	-3.2%	-0.8%	2.5%
Households 2016	13,026	6,896	7,365	8,983	9,343
Median Household Income	\$57,412	\$45,257	\$50,725	\$49,599	\$64,264
Mean Household Income	\$67,848	\$61,245	\$66,088	\$62,609	\$79,055
Ratio: Mean-to-Median Income	1.18	1.35	1.30	1.26	1.23
Total Income (\$ million)	\$883.8	\$422.3	\$486.7	\$562.4	\$738.6

These few statistics provide benchmarks by which retail sales and other commercial activity may be compared. The next section looks at total retail sales trends for each of the cities and counties. In addition, because population growth varies across the five cities and five counties retail sales per capita trends are presented.

#### Pella and Comparison Cities Aggregate Retail Sales Trends

In current dollars, taxable sales for businesses located in Pella increased from \$119.8 million to \$178.8 million, or by \$58.9 million (49.2%), from 2000 to 2017. In dollar terms taxable sales by Pella businesses experienced the greatest growth among the five cities, but in percentage terms Pella taxable sales growth trailed Waverly (54.2%) and Grinnell (57.8%). The following chart shows the growth in taxable sales for Pella and the other four cities in the comparison group. Although close in size, the five cities do differ in their numbers of residents and in their population growth rates. Therefore, a second chart that shows taxable sales per capita for the five cities reveals a slightly different comparison.





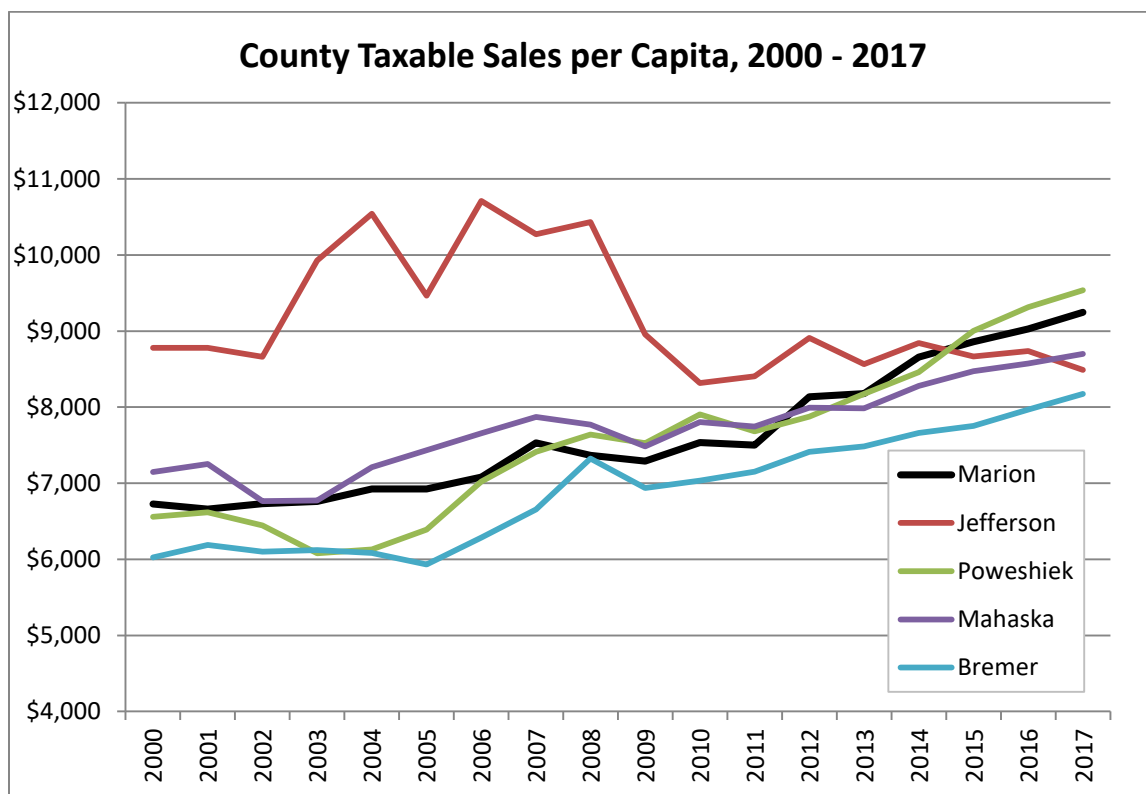
In 2000, per capita taxable sales by Pella businesses equaled \$12,066. This was \$350 (2.8%) below per capita taxable sales by Oskaloosa based businesses, but above the amounts for Grinnell (\$7,585),

Waverly (\$10,419), and Fairfield (\$11,191). By 2017, per capita taxable sales by Pella businesses rose to \$17,482, or by \$5,416 (44.9%). Oskaloosa businesses had the next highest taxable sales per capita in 2017 at \$14,921, or \$2,561 (14.6%) below the Pella amount. What is surprising is that until 2010 taxable sales by Oskaloosa businesses exceeded the Pella amount, but since then taxable sales per capita by Pella businesses have exceeded the amounts by businesses in the other four cities by a considerable margin. However, the rate of growth in taxable sales per capita was highest in Grinnell (60.5%).

Differences in population growth among the five cities may explain some of the discrepancy in per capita taxable sales. Since 2010 Pella's population has declined slightly from 10,332 to 10,225 (-1.0%). In Grinnell, population declined from 9,181 to 9,027, or by 193 (-2.1%). Two of the other cities experienced population growth – Fairfield (10.2%) and Waverly (2.5%). The population of Oskaloosa remained about constant over the eight years increasing by only 29 residents (0.3%).

At the county level Jefferson County stands out as an outlier from 2000 through 2009 with taxable sales per capita considerably higher than in the other four counties. But after the recession took hold in the State, Jefferson County appears to have experienced a greater loss of businesses and taxable sales than the other counties. Nevertheless, through 2014 Jefferson County held the lead in taxable sales per capita among the five counties.

As shown in the following chart, Marion County's taxable sales per capita ranked third or fourth among the counties through 2011, but by 2017 it ranked second after Poweshiek County.



During 2000, total taxable sales by Marion County businesses equaled \$215.9 million and per capita taxable sales countywide equaled \$6,726. In comparison, taxable sales per capita equaled \$8,781 in

Jefferson County, \$7,148 in Mahaska County, \$6,557 in Poweshiek County, and \$6,025 in Bremer County.

Even with the Great Recession, taxable sales by Marion County businesses continued on an upward trajectory over most of the next seventeen years reaching a level of \$9,247 per capita during 2017.

Looking at county-wide sales is important because larger non-metropolitan area cities often serve a customer base that extends beyond a city's corporate limits. Also, as a practical matter only total taxable sales statistics are available for cities. More detailed business category statistics are only available down to the county level of geography.

### Marion County Business Group Analysis

The Iowa Department of Revenue (IowaDOR) compiles and publishes quarterly taxable sales amounts for twelve aggregated business categories by county. However, if the number of businesses within a category falls below a minimum threshold or if one business accounts for such a large share of sales within a category that the publication of the taxable sales statistics may reveal confidential information about a single business the statistics are suppressed.

The taxable sales statistics are not published for individual cities due to the large number of data suppressions that would be required for most cities. Even for smaller counties significant numbers of data suppressions can exist. As the dominance of big box retailers has increased since the 1990s and with the rising share of retail sales being captured by e-commerce companies suppressions of county data have increased as well.

Table 12 presents a summary of quarterly taxable sales statistics for Marion County for 2017 by the twelve major categories of businesses. The categories of businesses for which the data are reported include the following aggregated groups:

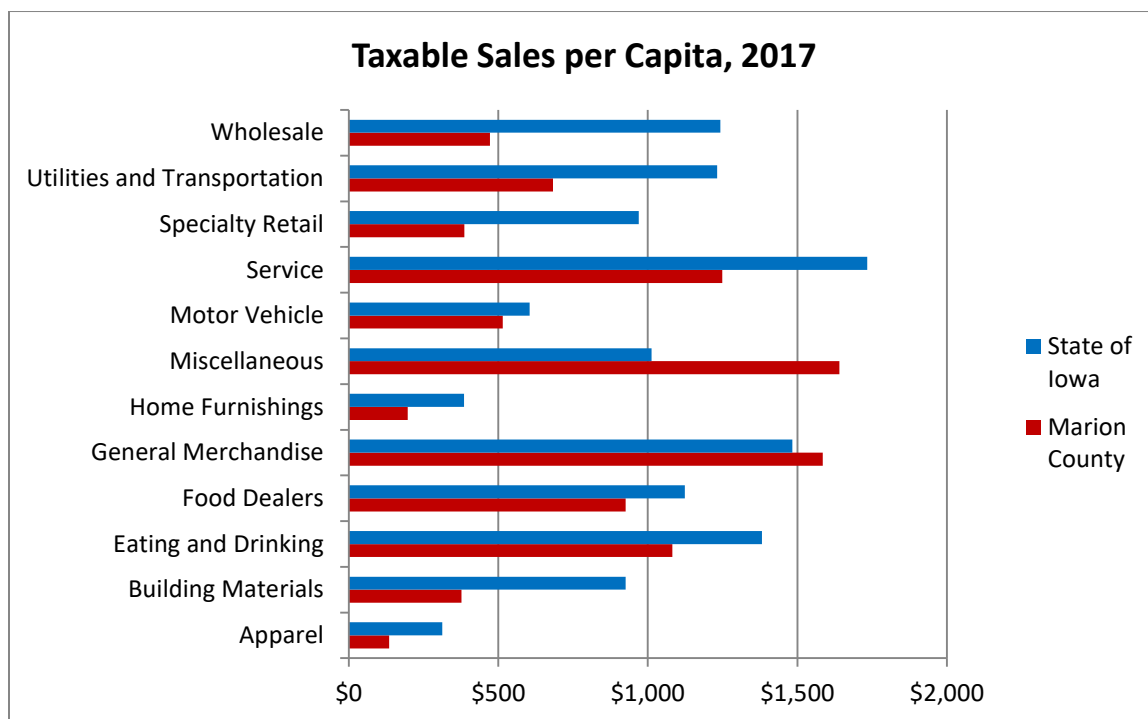
- Apparel
- Building materials
- Eating and drinking places
- Food dealers
- General merchandise
- Home furnishings
- Miscellaneous
- Motor vehicle
- Services
- Specialty retail
- Utilities and transportation
- Wholesale

Identification of the types of businesses included in the twelve categories is provided in the appendix to this report. The IowaDOR actually collects taxable sales statistics for 250 types of businesses. This classification system generally conforms to the North American Industrial Classification System (NAICS).

Table 12: Quarterly and Annual Taxable Sales by Business Category for Marion County, 2017

Business Category	2017Q1	2017Q2	2017Q3	2017Q4	CY 2017
Apparel	\$786,981	\$1,212,147	\$958,981	\$1,502,381	\$4,460,490
Building Materials	\$2,266,739	\$3,446,298	\$3,514,100	\$3,241,769	\$12,468,906
Eating and Drinking	\$8,086,273	\$9,264,791	\$9,832,556	\$8,636,476	\$35,820,096
Food Dealers	\$6,675,671	\$7,978,332	\$8,509,915	\$7,501,632	\$30,665,550
General Merchandise	\$10,924,368	\$13,959,033	\$12,992,889	\$14,598,853	\$52,475,143
Home Furnishings	\$1,373,965	\$1,543,415	\$1,647,965	\$1,962,940	\$6,528,285
Miscellaneous	\$9,901,647	\$14,272,202	\$15,234,574	\$14,915,167	\$54,323,590
Motor Vehicle	\$3,920,317	\$4,499,218	\$4,545,152	\$4,090,898	\$17,055,585
Service	\$8,035,601	\$10,814,596	\$12,467,819	\$10,015,421	\$41,333,437
Specialty Retail	\$2,560,182	\$3,552,650	\$3,446,104	\$3,225,454	\$12,784,390
Utilities and Transportation	\$5,076,687	\$5,673,725	\$6,662,027	\$5,180,621	\$22,593,060
Wholesale	\$2,833,471	\$4,565,710	\$4,309,031	\$3,910,847	\$15,619,059
Total Taxable Sales	\$62,441,902	\$80,782,117	\$84,121,113	\$78,782,459	\$306,127,591

The following chart provides additional perspective on taxable sales in Marion County for each of the twelve business categories by making comparisons to the State on a per capita basis.



The above chart shows that statewide per capita taxable sales exceed Marion County per capita taxable sales for 10 of the 12 business categories. The two categories for which Marion County per capita sales exceed the statewide amounts are Miscellaneous and General Merchandise. It should be noted that these two categories of businesses accounted for the greatest amount of taxable sales in Marion County during 2017. Sales by General Merchandise businesses equaled \$52.5 million and businesses in the

Miscellaneous category had taxable sales of \$54.3 million. Together these two business categories accounted for 34.9% of Marion County taxable sales during 2017.

There are only 10 General Merchandise stores in Marion County. The four stores in this category located in Pella include a Wal-Mart, Theisens, Dollar General and a locally owned variety store. Given their size it is likely that Wal-Mart and Theisens account for the largest share of general merchandise sales in Pella. This may indicate both a lack of variety in local retailers and the inability of local retailers to compete with the national chain stores. Taxable sales per capita by General Merchandise businesses located in Marion County equaled 106.9% of the statewide amount during 2017.

The Miscellaneous category includes businesses that are primarily involved in construction and manufacturing. Forty-six construction contractors located in Marion County have Pella addresses. There are 32 manufacturing businesses, including Pella Corporation and Vermeer Corporation, with Pella addresses. It is likely that Pella Corporation in particular contributes significantly to the amount of taxable sales credited to Marion County because a large share of building products sold directly to construction contractors are subject to sales tax. Taxable sales per capita by businesses in the Miscellaneous category equaled 162.1% of the statewide amount during 2017.

The business categories for which taxable sales per capita in Marion County had the lowest ratios to statewide per capita taxable sales are Wholesale (38.0%), Specialty Retail (39.8%), Building Materials (40.7%), Apparel (43.1%), and Home Furnishings (51.2%). Also, per capita taxable sales by Eating and Drinking establishments located in Marion County equaled only 78.3% of the statewide amount.

A look at growth in taxable sales by each of the twelve business categories in recent years provides additional insight into where there may be business growth opportunities in Marion County and Pella.

Table 13: Cumulative Percent Growth by Business Category for Marion County, 2011 - 2017

Business Category	2011	2012	2013	2014	2015	2016	2017
Apparel	8.8%	8.1%	0.6%	3.8%	14.9%	15.6%	25.4%
Building Materials	2.6%	9.0%	-9.6%	1.0%	-9.3%	-8.4%	3.2%
Eating and Drinking	2.0%	8.4%	12.4%	20.5%	25.8%	30.6%	34.0%
Food Dealers	1.3%	1.5%	62.2%	118.0%	136.4%	141.0%	143.8%
General Merchandise	9.0%	12.7%	3.5%	-3.4%	-1.2%	1.2%	2.9%
Home Furnishings	-9.6%	-3.2%	-0.6%	-2.4%	-1.0%	-2.7%	-5.7%
Miscellaneous	-7.7%	19.0%	18.4%	42.5%	47.9%	58.5%	61.5%
Motor Vehicle	3.2%	13.4%	12.0%	9.0%	7.7%	18.7%	19.3%
Service	-1.0%	2.1%	2.2%	0.1%	4.6%	6.7%	13.2%
Specialty Retail	-13.2%	0.6%	-29.9%	-53.2%	-52.0%	-52.1%	-52.4%
Utilities and Transportation	0.6%	4.0%	5.8%	12.6%	22.6%	28.4%	31.8%
Wholesale	-1.7%	4.1%	69.8%	172.5%	127.9%	81.6%	73.9%

Table 13 presents cumulative growth percentages of taxable sales for each of the twelve business categories for Marion County from 2010 through 2017. The Food Dealers category experienced the greatest percentage growth. A large jump occurred from 2013 to 2015. The amount of sales by businesses in this category rose from \$12.8 million to \$29.7 million over the three years. Several new

businesses opened in this category over these years. Also, some specialty grocery businesses in this category started offering their products over the Internet. However, the biggest factor is likely the IowaDOR's reassignment of convenience stores from the General Merchandise category to the Food Dealers category.

Combining taxable sales for the Food Dealers and General Merchandise categories there was a \$19.6 million (30.8%) increase from \$63.6 million in 2010 to \$83.1 million in 2017. Separately, taxable sales for the Food Dealers category increased from \$12.6 million in 2010 to \$30.7 million in 2017, or by \$18.1 million (143.8%). For businesses in the General Merchandise category taxable sales increased from \$51.0 million in 2010 to \$52.5 million in 2017, or by \$1.5 million (2.9%).

More noteworthy are business categories that experienced either taxable sales declines or only modest growth. Taxable sales by Specialty Retailers dropped by \$14.0 million (52.4%). Types of businesses in this category include beauty and health supplies stores, book stores, gift stores and card shops, florists, hobby and toy stores, jewelry stores, liquor stores, sporting goods stores, and used merchandise stores. Many of these types of businesses are small locally owned establishments and they tend to be the type of businesses that give an area its "local" flavor. So, losing businesses of this type can have an adverse impact on a city's image and character.

Home Furnishing businesses experienced a \$395 thousand (5.7%) decline in taxable sales from 2010 to 2017. There are only 11 Marion County businesses in this category and one of the largest is in the process of going out of business. This group of businesses no doubt suffered as a result of the housing bust during the last recession. Competition from E-commerce companies and Des Moines businesses also likely has hurt these businesses.

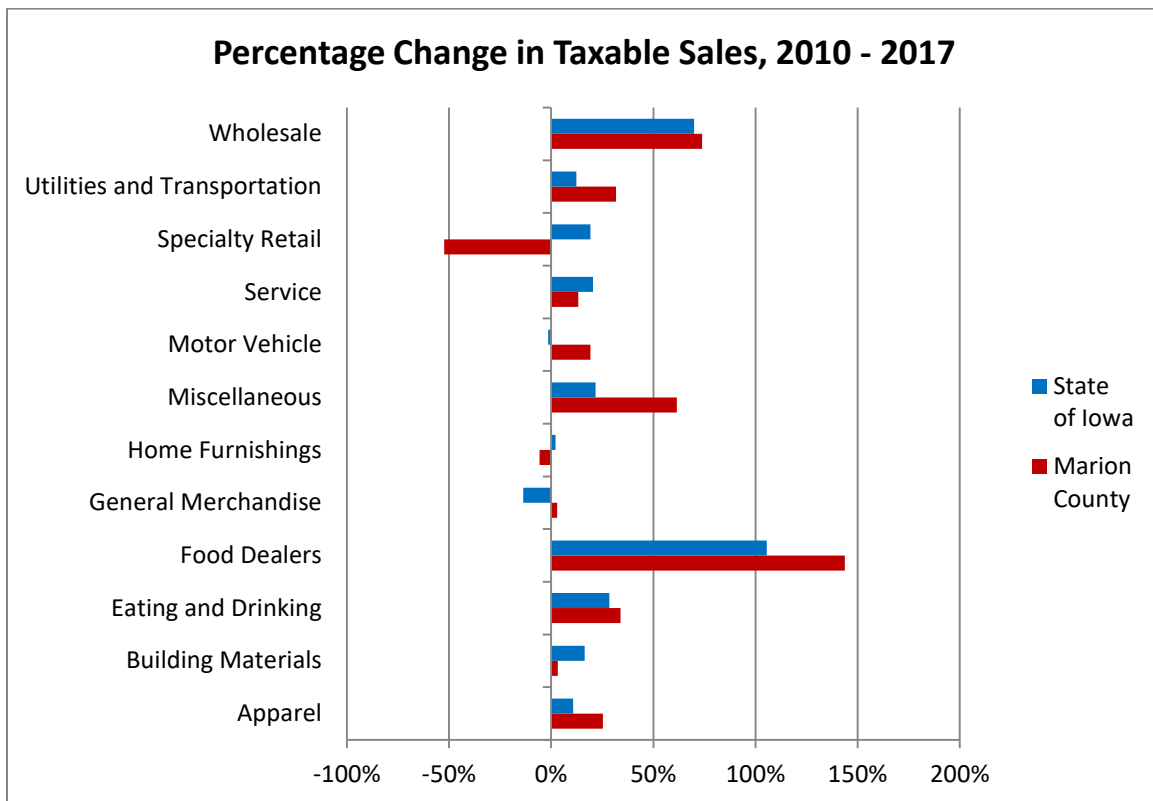
Businesses in the Building Materials category experienced only a \$390 thousand (3.2%) increase in taxable sales from 2010 to 2017. This category includes lumber yards and other building materials suppliers, garden supply stores, hardware stores, paint and glass stores, and mobile home dealers. The housing downturn also likely adversely impacted these businesses.

#### Marion County and State Taxable Sales Growth by Business Category

Before moving to the consideration of the four comparison cities and counties, a comparison of taxable sales growth rates between Marion County and the State as a whole provides some additional perspective on retail and service sector growth prospects for the area. The following chart shows the percentage change in taxable sales for Marion County and the State from 2010 to 2017 for each of the twelve business categories compiled by the IowaDOR.

The rates of growth were greater in Marion County than statewide for eight of the business categories. The four categories in which Marion County businesses had taxable sales growth that exceeded the statewide rates by the greatest amount were Miscellaneous (61.5% vs 21.8%), Food Dealers (143.8% vs 105.5%), Motor Vehicle (19.3% vs -1.5%), and Utilities and Transportation (31.8% vs 12.3%). The four business categories for which taxable sales by Marion County businesses grew at a slower rate than they did statewide were Specialty Retail (-52.4% vs 19.2%), Building Materials (3.2% vs 16.4%), Home

Furnishings (-5.7% vs 2.2%), and Services (13.2% vs 20.5%).<sup>5</sup>



These Marion County to statewide taxable sales growth comparisons reinforce previous findings that categories of businesses most important to a vital local retail sector have either experienced declining sales or very minimal growth since the end of the last recession. Additional analysis will be done in the next section of this report to determine if the same thing is happening in other similar counties. In addition, these findings provide the basis for discussion with community and business leaders to identify factors that may explain these recent trends.

#### Similar Counties Taxable Sales Comparisons

Although, as alluded to previously, there are some problems with the taxable sales data compiled by county by the IowaDOR, this information nevertheless is the best resource for making comparisons of taxable sales across the state's counties. Table 14 presents total taxable sales amounts for 2017 for the twelve business categories reported by the IowaDOR. In a few instances where data have been suppressed Strategic Economics Group has developed estimates.<sup>6</sup>

<sup>5</sup> For each of the growth rate comparisons the Marion County growth rate is listed first and the statewide growth rate is listed second.

<sup>6</sup> Strategic Economics Group developed estimates for the Apparel and General Merchandise categories for Bremer and Poweshiek Counties because these amounts were suppressed by the IowaDOR.

Table 14: Total Taxable Sales by Business Category, 2017

Business Category	County Total Taxable Sales (\$ million)					
	Marion	Jefferson	Poweshiek	Mahaska	Bremer	State
Apparel	\$4.460	\$1.151	\$0.853	\$2.856	\$1.123	\$983.360
Building Materials	\$12.469	\$7.526	\$11.866	\$7.627	\$7.053	\$2,913.717
Eating and Drinking	\$35.820	\$13.853	\$18.964	\$20.412	\$21.962	\$4,345.977
Food Dealers	\$30.666	\$17.848	\$27.283	\$20.576	\$24.532	\$3,534.458
General Merchandise	\$52.475	\$21.957	\$27.119	\$39.159	\$37.512	\$4,665.925
Home Furnishings	\$6.528	\$0.407	\$1.772	\$4.632	\$3.057	\$1,212.318
Miscellaneous	\$54.324	\$10.446	\$10.386	\$21.318	\$17.664	\$3,183.790
Motor Vehicle	\$17.056	\$7.520	\$5.474	\$8.343	\$14.300	\$1,902.408
Services	\$41.333	\$23.619	\$26.330	\$20.254	\$33.740	\$5,453.041
Specialty Retail	\$12.784	\$8.272	\$14.266	\$12.556	\$11.457	\$3,050.843
Utilities and Transp.	\$22.593	\$36.034	\$19.152	\$19.876	\$19.273	\$3,875.926
Wholesale	\$15.619	\$7.734	\$11.202	\$15.848	\$11.964	\$3,907.531
Total	\$306.128	\$156.367	\$174.667	\$193.457	\$203.638	\$39,029.296

Total taxable sales during 2017 in Marion County exceed the amount of sales in the next closest of the comparison county – Bremer County – by over \$100 million. The business categories in which Marion County sales exceeded those of the other comparison counties by the widest margins are Miscellaneous, Eating and Drinking, and General Merchandise. Differences in population and household income levels among the counties explain at least some of the variation in sales. Therefore, to control for population differences Table 15 presents taxable sales on a per capita basis and to control for income differences Table 16 presents taxable sales per \$1,000 of household income.

Table 15: Taxable Sales per Capita by Business Category, 2017

Business Category	Taxable Sales per Capita (\$)					
	Marion	Jefferson	Poweshiek	Mahaska	Bremer	State
Apparel	\$135	\$62	\$47	\$128	\$45	\$313
Building Materials	\$377	\$409	\$648	\$343	\$283	\$926
Eating and Drinking	\$1,082	\$752	\$1,035	\$918	\$882	\$1,382
Food Dealers	\$926	\$969	\$1,490	\$925	\$985	\$1,124
General Merchandise	\$1,585	\$1,192	\$1,481	\$1,761	\$1,506	\$1,483
Home Furnishings	\$197	\$22	\$97	\$208	\$123	\$385
Miscellaneous	\$1,641	\$567	\$567	\$959	\$709	\$1,012
Motor Vehicle	\$515	\$408	\$299	\$375	\$574	\$605
Services	\$1,249	\$1,282	\$1,438	\$911	\$1,354	\$1,733
Specialty Retail	\$386	\$449	\$779	\$565	\$460	\$970
Utilities and Transp.	\$682	\$1,956	\$1,046	\$894	\$774	\$1,232
Wholesale	\$472	\$420	\$612	\$713	\$480	\$1,242
Total	\$9,247	\$8,488	\$9,537	\$8,701	\$8,175	\$12,407



Table 15 reveals that Marion County has the highest taxable sales per capita for three of the twelve business categories. Purchases at Apparel category businesses in Marion County (\$135 per capita) were a little over \$6 more than in Mahaska County. Both Marion and Mahaska County Apparel category businesses had considerably higher sales than similar businesses located in the other three counties during 2017. On the other hand, sales by Apparel category businesses in Marion County were \$178 per capita (56.9%) less than the statewide average.

For Marion County businesses in the Eating and Drinking category taxable sales per capita (\$1,082) bested those of businesses in Poweshiek County by about \$47. On the other hand, they were \$300 (21.7%) less than statewide taxable sales per capita.

For business in the Miscellaneous category, which includes mostly manufacturers and construction contractors, Marion County businesses had per capita sales of \$1,641. This was \$682 per capita (71.1%) higher than for businesses in this category located in Mahaska County and even \$629 per capita (62.2%) higher than the statewide average. It is likely that the location of Pella Corporation in the county at least partially explains this high amount of sales per capita in this category. But other businesses including Vermeer Corporation, 3M Corporation and even food and beverage manufacturers like Peace Tree Brewery and Nearwood Winery also likely contributed to high taxable sales within this category.

Also, Marion County businesses had higher per capita taxable sales than similar businesses statewide in the General Merchandise category. For Marion County General Merchandise businesses had \$1,585 in taxable sales per capita. The comparable statewide amount was \$1,483. However, there are only 12 businesses in the General Merchandise category in Marion County. Among these are two Wal-Mart stores, four Dollar General stores, one Dollar Tree store, a Theisens, and four locally owned variety stores. These “big box” and “medium box” size stores seem to have forced many locally owned specialty retailers out of business.

Among the five counties, Specialty Retailers in Marion County have the lowest amount of per capita taxable sales equaling only \$386 during 2017. The county with the next lowest amount of per capita sales by stores in this business category was Jefferson with \$449. Poweshiek County had the highest per capita sales in this category with \$779, which is over double the Marion County amount. One possible reason for the relatively high amount of taxable sales by Specialty Retailers in Poweshiek County is that that county has only eight stores in the General Merchandise category. The statewide average for taxable sales by Specialty Retailers equaled \$970 per capita.

Table 16 presents another way of comparing taxable sales by Marion County businesses to businesses in the four other similar counties and statewide. This table presents taxable sales for the twelve business categories per \$1,000 of household income.<sup>7</sup>

Looking back to Table 11B, Marion County households earned considerably more income during 2016 than the other four counties. That year total household income in Marion County equaled \$883.8 million. The county with the next highest total household income was Bremer County at \$738.6 million. The comparison county with the least household income was Jefferson County at \$422.3 million.

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<sup>7</sup> As for Table 15, the taxable sales data used in Table 16 is from 2017 Iowa Department of Revenue quarterly sales tax statistical reports. The household income estimates are obtained from the 2016 American Community Survey. The 2017 American Community Survey estimates are not yet available.

Table 16: Taxable Sales per \$1,000 Household Income by Business Category, 2017

Business Category	Taxable Sales per \$1,000 Household Income					
	Marion	Jefferson	Poweshiek	Mahaska	Bremer	State
Apparel	\$5.05	\$2.72	\$1.75	\$5.08	\$1.52	\$11.19
Building Materials	\$14.11	\$17.82	\$24.38	\$13.56	\$9.55	\$33.16
Eating and Drinking	\$40.53	\$32.80	\$38.96	\$36.29	\$29.73	\$49.46
Food Dealers	\$34.70	\$42.26	\$56.05	\$36.58	\$33.21	\$40.23
General Merchandise	\$59.38	\$51.99	\$55.72	\$69.63	\$50.79	\$53.10
Home Furnishings	\$7.39	\$0.96	\$3.64	\$8.24	\$4.14	\$13.80
Miscellaneous	\$61.47	\$24.73	\$21.34	\$37.90	\$23.92	\$36.24
Motor Vehicle	\$19.30	\$17.81	\$11.25	\$14.83	\$19.36	\$21.65
Services	\$46.77	\$55.92	\$54.10	\$36.01	\$45.68	\$62.06
Specialty Retail	\$14.47	\$19.59	\$29.31	\$22.32	\$15.51	\$34.72
Utilities and Transp.	\$25.56	\$85.32	\$39.35	\$35.34	\$26.09	\$44.11
Wholesale	\$17.67	\$18.31	\$23.01	\$28.18	\$16.20	\$44.47
Total	\$346.38	\$370.23	\$358.85	\$343.98	\$275.70	\$444.20

Marion County businesses in two of the categories – Eating and Drinking and Miscellaneous – had higher taxable sales per \$1,000 of household income than the other four counties. As has already been discussed with respect to the taxable sales per capita analysis, it is likely that manufacturers located in Marion County had taxable sales per \$1,000 of household income that are considerably higher than for the four comparison counties and for the state as a whole. This is why businesses in the Miscellaneous category had taxable sales of \$61.47 per \$1,000 of household income versus \$37.90 for the next highest county (Mahaska) and \$36.24 statewide.

The margin by which taxable sales per \$1,000 of household income by Eating and Drinking establishments located in Marion County exceed those of the other four counties was relatively small with the exception of Bremer County. The spending at Eating and Drinking establishments in Marion County equaled \$40.53 per \$1,000 of household income. Of the four comparison counties spending was next highest at Eating and Drinking establishments in Poweshiek County at \$38.96 per \$1,000 of household income. However, statewide the spending was considerably higher equaling \$49.46 per \$1,000 of household income.

There are several reasons that explain the somewhat higher spending at Eating and Drinking establishments in Marion County than in other comparable counties. These include:

- The location of tourist attractions in the area, such as the Knoxville Raceway, Bos Landen golf course, and Lake Red Rock,
- The staging of festivals, such as the Pella Tulip Festival,
- The close proximity to the state's largest metropolitan area, and
- The existence of two cities with over 5,000 in population in the county.

Another aspect of Marion County's retail landscape that stands out as unusual is the relatively low amount of taxable sales by businesses in the Specialty Retail category. Marion County businesses in this

category had only \$14.47 in taxable sales per \$1,000 of household income during 2017. Similar businesses in Bremer County had the next lowest amount of sales at \$15.51 per \$1,000 of household income. Statewide sales by comparable businesses equaled \$34.72 per \$1,000 of household income. A couple of factors that may explain the low amount of sales by Marion County businesses in this category include:

- General Merchandise stores in Marion County had higher sales (\$59.38 per \$1,000 of household income) than most other counties in the comparison group of counties and even more than the statewide amount of \$53.10 per \$1,000 of household income. These stores may have drawn away so many customers as to make many specialty retailers unviable.
- The county's close proximity to the Des Moines metropolitan area makes it hard for local specialty retailers to compete.

Other categories of Marion County businesses that had relatively high taxable sale per \$1,000 of household income during 2017 are Apparel, Home Furnishings, and Motor Vehicles. But even though Marion County businesses in the Apparel and Home Furnishing categories rank second in each case compared to the other four counties, taxable sales per \$1,000 of household income in these categories are considerable below the statewide amounts. For the Apparel category taxable sales controlled for household income are 54.0% below the statewide amount and for the Home Furnishings category taxable sales per \$1,000 of household income are 46.5% below the statewide amount. On the other hand, sales in the Motor Vehicle category are only 10.9% below the statewide amount. The existence of the Knoxville Raceway may explain the relatively high sales in the Motor Vehicle category.

The above county level analysis of taxable sales reveals what appears to be a trend toward the increased concentration of retail sales by regional and national general merchandise businesses and a decline in the number of and sales by small locally owned specialty stores. The loss of businesses of this type has been occurring in non-metropolitan area counties for several decades, but the loss in Marion County seems to have been greater than in the other four similar counties focused on in this study.

As indicated previously, the IowaDOR does not publish information on the amounts of sales by different types of businesses below the county level of aggregation. And what sales data it does publish at the county level is aggregated into twelve broad business categories. However, business count data is made available by city for 250 types of businesses. This more detailed business type data provides some insight into opportunities for additional business development.

#### Pella and Similar Cities Business Type Comparisons

Table 17 summarizes sales tax permit counts for the eight business categories that pertain to retailers and to restaurants and bars. The number of these types of business in Pella falls in the mid-range for the five cities. Fairfield's 422 businesses was the highest number and Grinnell's 220 was the lowest number. The number of similar businesses in Pella equals 271.

The only business category in which Pella had the greatest number of establishments was apparel stores. This corresponds with Marion County having relatively high sales per capita and per \$1,000 of household income by this category of stores. On the other hand, even though eating and drinking places in Marion County has a high aggregate amount of taxable sales compared to the other four

similar counties, there are only 32 establishments in this category in Pella, which is one of the lowest numbers among the comparison cities.

Table 17: Number of Retail and Eating and Drinking Businesses, 2018

Business Categories	Pella	Fairfield	Grinnell	Oskaloosa	Waverly
Apparel	19	14	5	13	11
Building Materials	13	15	8	5	5
Eating and Drinking	32	52	39	41	34
Food Dealers	13	24	13	17	8
General Merchandise	4	5	6	10	6
Home Furnishings	4	9	6	8	9
Motor Vehicle	19	11	13	27	15
Specialty Retail	167	292	130	192	143
Total Retail and Eating and Drinking	271	422	220	313	231

The category of Pella businesses that has the highest number of sales tax permit holders is specialty retail, which at 167 is in the middle of the five cities. However, as discussed previously taxable sales by Marion County specialty retail businesses both per capita and per \$1,000 of household income are low compared to the other similar counties and to the state as a whole. Looking more closely at the Iowa DOR sales tax registration file reveals that about 80 percent of the businesses classified as specialty retailers appear to be home-based businesses. Many business of this type are seasonal and generally have much lower revenue than brick-and-mortar businesses located in established retail districts.

In addition to retailers and eating and drinking places, there are many service businesses that serve the needs of other businesses and households. Table 18 summarizes the permit counts for these types of businesses for Pella and the four comparison cities.

Table 18: Number of Service Businesses, 2018

Business Categories	Pella	Fairfield	Grinnell	Oskaloosa	Waverly
Transportation Services	10	2	7	11	3
Information Services	10	19	10	21	9
Financial and Real Estate Services	9	7	8	7	5
Business, Professional and Maintenance Services	109	129	79	97	74
Education Services	6	7	3	4	3
Medical Services	15	15	9	12	12
Recreation, Entertainment and Accommodation Services	36	41	31	32	25
Repair and Personal Services	77	100	87	110	90
Total Service Businesses	272	320	234	294	221

For Pella the greatest number of service businesses falls in the Business, Professional and Maintenance category followed by the Repair and Personal Services category. Even with the high number of permitted Pella businesses in the Business, Professional and Maintenance Services category, many businesses in this category are not required to collect the state sales tax and thus are not counted in this table. For example, there are no law offices and only one accounting company included in the count. On the other hand, most businesses that provide various types of repair services, such as auto repair, shoe repair and tailoring, and most personal service businesses, such as beauty salons, barber shops and fitness centers, are subject to the state sales tax. Among the five cities Pella has the least number of sales tax permit holders in this service category. Given the relatively high income for Pella households and the fact that many non-resident workers come to the city each day, this may be a service category that could support a number of new businesses.

### Comparison Communities Analysis Summary

Comparing Pella to four other similar cities (Fairfield, Grinnell, Oskaloosa and Waverly) and Marion County to the counties in which the four comparison cities are located (Jefferson, Poweshiek, Mahaska and Bremer) provides a basis for analyzing how well the retail and service sectors of Pella's economy are performing. The primary sources of data for these comparisons are the Iowa Department of Revenue's sales tax permit registration file and quarterly statistical reports. Even though the five cities and their home counties are similar in size and economic character differences in population and income can distort comparisons. Therefore, in addition to presenting comparisons of retail and service sector activity in aggregate, they are also presented in per capita and per \$1,000 of household income terms.

Following is a summary of key findings from this part of the analysis:

- From 2000 to 2017, taxable sales by businesses located in Pella increased from \$119.8 million to \$178.8 million, or by \$58.9 million (49.2%). In dollar terms taxable sales by Pella businesses experienced the greatest growth among the five cities, but in percentage terms Pella taxable sales growth trailed Waverly (54.2%) and Grinnell (57.8%).
- In 2000, per capita taxable sales by Pella businesses equaled \$12,066. This was \$350 (2.8%) below per capita taxable sales by Oskaloosa based businesses, but above the amounts for Grinnell (\$7,585), Waverly (\$10,419), and Fairfield (\$11,191). By 2017, per capita taxable sales by Pella businesses rose to \$17,482, or by \$5,416 (44.9%). Oskaloosa businesses had the next highest taxable sales per capita in 2017 at \$14,921, or \$2,561 (14.6%) below the Pella amount. What is surprising is that until 2010 taxable sales by Oskaloosa businesses exceeded the Pella amount, but since then taxable sales per capita by Pella businesses have exceeded the amounts by businesses in the other four cities by a considerable margin.
- During 2017, statewide per capita taxable sales exceed Marion County per capita taxable sales for 10 of the 12 business categories for which the IowaDOR publishes statistics. The two categories for which Marion County per capita sales exceed the statewide amounts are Miscellaneous and General Merchandise.
- Taxable sales per capita by General Merchandise businesses located in Marion County equaled 106.9% of the statewide amount during 2017.

- The Miscellaneous category includes businesses that are primarily involved in construction and manufacturing. There are 32 manufacturing businesses, including Pella Corporation and Vermeer Corporation, with Pella addresses. It is likely that Pella Corporation in particular contributes significantly to the amount of taxable sales credited to Marion County because a large share of building products sold directly to construction contractors are subject to sales tax. Taxable sales per capita by businesses in the Miscellaneous category equaled 162.1% of the statewide amount during 2017.
- During 2017, the business categories for which taxable sales per capita in Marion County had the lowest ratios to statewide per capita taxable sales were Wholesale (38.0%), Specialty Retail (39.8%), Building Materials (40.7%), Apparel (43.1%), and Home Furnishings (51.2%). Also, per capita taxable sales by Eating and Drinking establishments located in Marion County equaled only 78.3% of the statewide amount.
- From 2010 to 2017, taxable sales by Specialty Retailers in Marion County dropped by \$14.0 million (52.4%). Traditionally, many of these types of businesses are small locally owned establishments and they tend to be the type of businesses that give an area its “local” flavor.
- Marion County Home Furnishing businesses experienced a \$395 thousand (5.7%) decline in taxable sales from 2010 to 2017.
- Sales by Apparel category businesses in Marion County were \$178 per capita (56.9%) less than the statewide average.
- For Marion County businesses in the Eating and Drinking category had taxable sales per capita of \$1,082, which was \$300 (21.7%) less than statewide taxable sales per capita. Also, the spending at Eating and Drinking establishments in Marion County equaled \$40.53 per \$1,000 of household income, while statewide the spending equaled \$49.46 per \$1,000 of household income.
- Marion County businesses had higher per capita taxable sales than similar businesses statewide in the General Merchandise category. For Marion County General Merchandise businesses had \$1,585 in taxable sales per capita. The comparable statewide amount was \$1,483. These “big box” and “medium box” size stores seem to have forced many locally owned specialty retailers out of business.
- Among the five counties, Specialty Retailers in Marion County have the lowest amount of per capita taxable sales equaling only \$386 during 2017. The statewide average for taxable sales by Specialty Retailers equaled \$970 per capita. Also, Marion County businesses in this category had only \$14.47 in taxable sales per \$1,000 of household income during 2017. Statewide sales by comparable businesses equaled \$34.72 per \$1,000 of household income.
- The category of Pella businesses that has the highest number of sales tax permit holders is specialty retail, which at 167 is in the middle of the five cities. However, taxable sales by Marion County specialty retail businesses both per capita and per \$1,000 of household income are low compared to the other similar counties and to the state as a whole. Looking more closely at the IowaDOR sales tax registration file reveals that about 80 percent of the businesses classified as specialty retailers appear to be home-based businesses.



- Pella may be able to support additional service businesses, particularly those providing personal services and recreational services.

The analysis of retail trade and service enterprises in Pella, Marion County and in similar cities and counties reveals the potential for business growth in Pella. Additional information being gathered from city staff, economic development officials and business owners will provide further direction on what type of business development and expansion may be most appropriate for the Oskaloosa Street corridor. A detailed analysis of development options for the Oskaloosa Street corridor is the subject of the next part of this report.

## **Oskaloosa Street Development Options Analysis**

The portion of Oskaloosa Street that is the focus of this project extends for approximately 1.4 miles from Main Street to 240<sup>th</sup> Place. The western end of the corridor begins at South Park near the entrance to Pella Corporation. The corridor terminates on the east end near the entrance to Pella Christian High School. The corridor location is shown in the following figure.



The analysis of development options for the corridor begins with an overview of the area and a discussion of how existing commercial activities located in the corridor relate to the remainder of the city. In addition, opportunities and challenges associated with future development options are identified and evaluated.

Development options for the corridor are presented and evaluated by dividing the corridor into three segments, which are:

- Main Street to E. 3<sup>rd</sup> Street
- E. 3<sup>rd</sup> Street to E. 8<sup>th</sup> Street
- E. 8<sup>th</sup> Street to 240<sup>th</sup> Place

This segmentation reflects differences among the different parts of the corridor and how the different parts of the corridor relate to the remainder of the city.

### Oskaloosa Street Corridor Overview

Even though the Iowa Highway 163 Bypass carries about 10,000 vehicles per day around the west and south sides of Pella and most of the heavy trucks traveling between the central and southeastern parts of the State, Oskaloosa Street still carries about 8,000 vehicles per day. It appears most of this local traffic consists of automobiles and light trucks. This heavy amount of traffic along Oskaloosa Street can be explained by the existence of significant traffic generators located in this area of the city.

- At the top of the list among major traffic generators is the headquarters and manufacturing plant for Pella Corporation located at the west end of the corridor. This complex employs about 2,400 people.
- At the east end of the corridor is the entrance to Pella Christian High School, which has an enrollment of about 280 students.
- The Pella Community School District High School is located about a block north of Oskaloosa Street at E. 8<sup>th</sup> and University Streets. The high school has an enrollment of about 700 students.
- Between E. 9<sup>th</sup> and E. 15<sup>th</sup> Streets are located a number of large retail stores including a Hy-Vee grocery, Theisens Home-Farm-Auto store, several auto and truck parts stores, a bowling alley, and the Pella Motors automobile dealership.
- The 17 acre Caldwell Park is located between Prairie and E. 8<sup>th</sup> Streets.
- Located between Clark and E. 9<sup>th</sup> Streets and between Oskaloosa Street and Iowa Highway 163 are a large number of light manufacturing, wholesale and service businesses.

The segment of Clark Street between the interchange with Iowa Highway 163 and Oskaloosa Street carries about 6,000 vehicles per day. This segment of Clark Street provides shipping/receiving and employee parking area access from Pella Corporation and Ideal Ready Mix. So, even though not all 6,000 vehicles on this segment pass through the Clark Street/ Oskaloosa Street intersection this is still a main access route from the central part of Pella to Iowa Highway 163.

On the west end of the corridor Main Street extends north from Oskaloosa Street through the town square area and on to the northern corporate limits of the city where it becomes County Road T14. E. 1<sup>st</sup> Street also connects Oskaloosa Street to the town square business district. No other north-south streets extend all of the way through the city except for 240<sup>th</sup> Place at the east end of the corridor.

The corridor contains a broad mix of land uses. The Pella Corporation complex on the west end of the corridor is heavy industry. In addition, much of the area between Oskaloosa Street and Iowa Highway

163 from Clark Street east to SE 9<sup>th</sup> Street includes a mix of light manufacturers, wholesalers, warehouses, and maintenance and repair businesses. There also appears to remain a substantial amount of property in this area available for additional development.

Between SE 9<sup>th</sup> Street and SE 16<sup>th</sup> Street is a small concentration of retail and business service enterprises. The largest retailers located in this area are a Hy-Vee grocery, a Theisens Home-Farm-Auto store, and the Pella Motors auto dealership. There are also a McDonald's restaurant, a Git-N-Go convenience store, a bowling alley, and the PRC Health and Fitness Center.

### The Corridor and the City

To provide background and direction for the analysis of development options for the Oskaloosa Street corridor the citywide analysis of demographic and economic trends and the market analysis of retail and service businesses has been completed. The findings of this detailed analysis are presented in the prior sections of this report. The findings that pertain most directly to the Oskaloosa Street corridor are summarized here:

- Although Pella has lost population in recent years there has been growth in rural areas in close proximity to the city dating back to at least the 1990s. This is particularly true in the area west of the city near to Lake Red Rock. This nearby population growth makes Pella function as if it is 20% to 30% larger than its official population.
- Mean income for Pella households equaled \$68,429 during 2016. This compares to \$67,848 for all of Marion County and to \$70,708 for the entire state. Median income for Pella households equaled \$60,568 during 2016. Median household incomes for Marion County and the State equaled \$57,412 and \$54,570, respectively.
- One thing particularly notable about household income for Pella is the closeness of the mean and median values. The ratio of mean to median household income for 2016 for Pella equals 1.13, while for all of Marion County the ratio equals 1.18 and for the State of Iowa it equals 1.30. The low ratio value for Pella indicates relative income equality in the city. The relatively high and equal income of the city's residents implies a strong environment for retail trade, restaurant and personal services expenditures.
- There has been a slowdown in home construction in Pella since the last recession. However, home construction has been recovering in recent years. According to City of Pella building permits an average of 33 units were constructed between 2010 and 2017. Sixty-two percent of the units constructed since 2010 have been single-family units. According to American Community Survey estimates home construction in Pella from 2000 to 2009 averaged 51 units per year. So, although home construction in Pella is stronger than many other similar size cities, it remains below the pre-recession level.
- A 2016 study found there will be a need for 966 new housing units constructed in Pella between 2015 and 2025. This estimate includes 340 units for sale, 317 rental units, and 309 units of senior housing.

- During 2017, taxable sales by Pella businesses totaled \$178.8 million and for all of Marion County taxable sales equaled \$306.1 million. On a per capita basis taxable sales by Pella businesses equaled \$17,482 and for all of Marion County they equaled \$9,274. Statewide taxable sales per capita equaled \$12,407. However, taxable sales per capita for Pella businesses are likely overstated because of the large amount of tax collected by manufacturers located in the city.
- General merchandise (discount and variety) stores have captured a larger share of consumer purchases in Marion County than in other similar size counties in Iowa and statewide even though the number of such stores in the county is small. There are four general merchandise stores located in Pella.
- Marion County in comparison to other similar counties and to the State has an unusually small amount of retail sales accounted for by specialty retailers, which include beauty and health supplies stores, book stores, gift stores and card shops, florists, hobby and toy stores, jewelry stores, liquor stores, sporting goods stores, and used merchandise stores. From 2010 to 2017 taxable sales by specialty retailers located in Marion County dropped by \$14.0 million (52.4%). Over the same period sales by the same type of retailers statewide increased by 19.2%.
- Stores that sell furniture, appliances and other home furnishings have experienced hard times since the last recession. Since 2010 Marion County stores in this retail category have experienced a 5.7% decline in taxable sales compared to a 2.2% increase statewide. Pella has only four stores in this retail category with sales tax permits and its largest store in this category is in the process of going out of business. If home building does increase in the city, as called for in the recent housing study, this could provide an opportunity for the expansion of this category of business.
- During 2017, taxable sales by bars and restaurants in Marion County equaled \$1,082 per capita, which is higher than the four counties to which it has been compared, but still \$300 per capita (21.7%) below the statewide average. The number of restaurants and bars in Pella (32) is less than in any of the four comparison communities. About half of these businesses are parts of regional and national franchises. Pella only accounts for 39.5% of the bars and restaurants located in Marion County.

#### Other City Plans

Pella's most recent Comprehensive Plan, adopted August 19, 2014, presents a number of population projections for the year 2035. They range from a high of 14,079 to a low of 10,221. The high projection uses an annual growth rate of 1.39%, which equals the average growth rate from 1960 through 2010. The low projection incorporates a rate that only reflects natural population growth. The plan adopts 11,553 as the most likely 2035 population projection for the city, which incorporates an average annual growth rate of 0.50%.

The high growth projection incorporates three decades of unusually strong growth from 1960 through 1990 when the city's population increased from 5,198 to 9,270, or by 4,072 (78.3%), which equals an average annual growth rate of 1.95%. Since 1990 Pella's population has increased to 10,225, and the annualized growth rate has slowed to 0.49%.

The 2014 Comprehensive Plan outlines a number of Principles of Future Land Use and Development that are particularly pertinent for the Oskaloosa Street corridor. These are:

- Encourage compact, contiguous and fiscally responsible development
- Promote infill development
- Use public investments to promote private development

In addition to the 2014 Comprehensive Plan, the Pella Area Community and Economic Alliance (PACE) has developed a 2018 Business Plan that identifies a number of strategies for promoting future economic growth for the city. A couple of strategies that may have implications for the Oskaloosa Street corridor include:

- Work with professional/service businesses who want to relocate outside of the CBD to find a space that will function better for their business and clients.
- Create policy to guide the use of incentives for non-residential (commercial/industrial) growth.

Also, during 2017, PACE conducted a survey to help identify “What people would like to see” in the way of new development in Pella. One question on the survey requested suggestions for additional types of retail businesses. The most frequent suggestion was a Target store. The second most frequent suggestion was more clothing and shoe stores, particularly for young professionals and for children. Also, respondents indicated they would like to have the city attract stores that sell:

- Crafts supplies
- Organic, gluten-free, and dairy-free foods
- Outdoor sporting equipment
- Popular books
- Home improvement supplies and materials

There were many other suggestions that named a number of specific brand stores, but many of the mentioned stores do not have outlets in cities the size of Pella. The same was true for suggestions of new restaurants.

## **Opportunities and Challenges**

There are numerous factors specific to the Oskaloosa Street corridor that will influence the area’s future development. Also, there are some citywide factors that will have an impact. Some of these factors may be viewed as opportunities, while others will present challenges for future development. In a few cases the same factor may be viewed as both an opportunity and a challenge.

### Opportunities

- There are a number of vacant and underutilized parcels.
- The west end of the corridor is located only about a half mile south of the town square, two blocks from the Central College campus, and immediately adjacent to Pella Corporation.
- There is a small retail concentration near to the east end of the corridor.

- Clark Street provides access to Iowa Highway 163.
- Existing high traffic volumes along Oskaloosa Street provide the area with good visibility.
- Oskaloosa Street already has a continuous third turn lane.

### Challenges

- The mix of industrial, warehouse, commercial and residential land uses in the corridor detracts from the area having a cohesive character.
- The narrow lot sizes along the north side of Oskaloosa Street between Main Street and Caldwell Park restrict the size of buildings that can be built and limits on-site parking.
- The city does not appear to currently have a mechanism in place for acquiring and aggregating property parcels in the corridor when they become available for purchase.
- The area contains a number of historic homes that date to the 1800s.
- The site of the former city power plant at the west end of the corridor cannot have structures built on it.
- The heavy traffic presents safety concerns for pedestrians attempting to cross Oskaloosa Street.
- There are only two signalized intersections (Clark Street and SE 9<sup>th</sup> Street) along Oskaloosa Street. The intersection of Main and Oskaloosa Streets, which is also the entrance to the corporate offices for Pella Corporation, has no signal and only a stop sign for east bound traffic on the one-way segment of Oskaloosa Street between Broadway Street and Main Street.

## **Development Options**

As indicated above, the Oskaloosa Street corridor is divided into three segments for the purpose of identifying and evaluating development options. The existing land uses within each segment differ somewhat from those of the other segments. Also, the feasibility of different types of future development varies among the three segments.

Several factors are considered in assessing the viability of different types of future development. These factors include:

- Present use of the land and structures
- Compatibility with neighboring land uses
- Age and condition of structures
- Parcel size
- Proximity and accessibility to other areas of the city
- Value of the land and structures
- Potential for higher valued use
- Future plans of existing businesses and property owners

The viability of development options for the Oskaloosa Street corridor as a whole and for the different segments of the corridor will depend on the levels of support from a number of different stakeholders, including elected officials, property owners, business owners, homeowners, and the residents of the city in general. Also, some options will likely require commitments of public funds and the creation of new incentive programs. The availability of public incentives, private financing, and stakeholder support will both influence what development will occur and the time frame over which changes will occur.



For each of the segments the presentation and evaluation of development options includes:

- A schematic map that identifies the suitability of different property parcels for future development or redevelopment.
- A discussion of factors that have been considered in evaluating the different development options.
- A general discussion of factors that will likely influence the time frame over which future development may be reasonably expected to occur.
- The value and tax generating capacity of existing property uses.
- The potential value and tax generating capacity of alternative property uses.

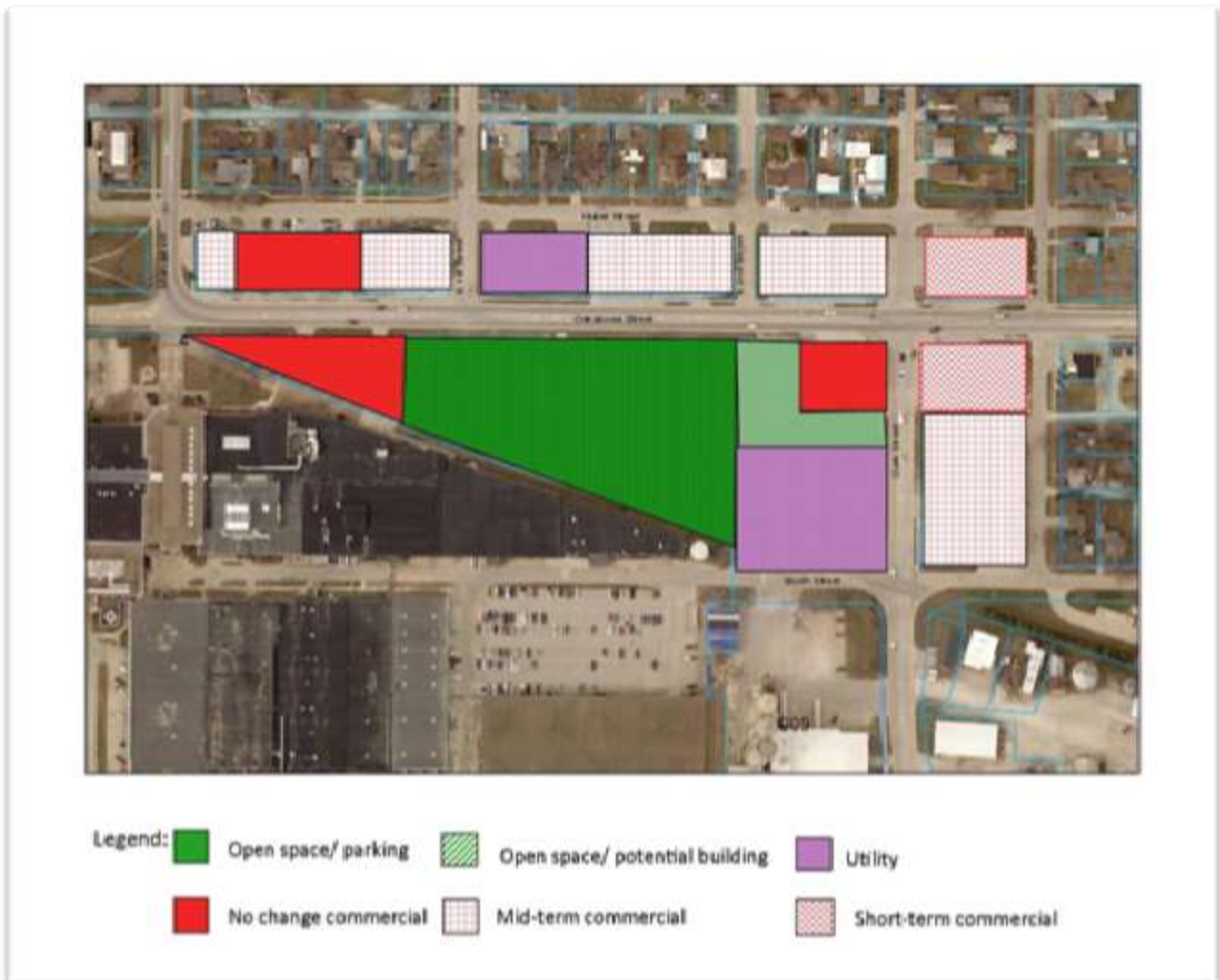
**The redevelopment and new development options presented in this report are just that “options.” They reflect the results of the analysis of demographic and economic trends and characteristics of the city and a market analysis for the city and comparisons to other similar cities completed by Strategic Economics Group as part of this project. Also, they reflect prior city studies and plans.**

**The time periods over which corridor improvements may occur will depend on a number of factors. There are some recommendations that are designated as short-term. These recommendations generally reflect opportunities arising from property that is vacant or currently available for sale. For the purpose of this study short-term means from 1 to 3 years.**

**Other development options are presented as mid-term because the designated properties are currently occupied by existing businesses. For the purpose of this study mid-term means 4 to 10 years. In these cases redevelopment will depend on future plans of existing property owners and occupants. In cases where recent improvements have been made to properties no redevelopment is proposed. In addition, there are some residential areas within the corridor where no redevelopment is proposed. This is the case where the homes are of recent construction, such as for several Habitat for Humanity homes built along Prairie Street between 2009 and 2012.**

**Toward the east end of the corridor there are some options presented as long-term meaning they would not likely occur within the next ten years. This is because there are existing uses on the designated properties and because projected population growth for the city will only support so much new business.**

## Oskaloosa Street Segment 1: Main Street to E. 3<sup>rd</sup> Street



### Development Suitability

This segment of Oskaloosa Street provides the greatest potential for new development and redevelopment. The primary reason for this view is the area's close proximity to downtown Pella, the Central College campus, proposed new housing development near Main and Peace Streets, and the Pella Corporation headquarters and factory. There are also a number of vacant and under-utilized parcels of land within this area.

The intersection of Oskaloosa Street and Clark Street provides the greatest potential for near-term, higher value development. The property located on the south side of Oskaloosa Street between Clark and E. 3<sup>rd</sup> Street is currently vacant. The property on the northeast corner of Clark and Oskaloosa Streets (a former Dairy Queen restaurant) is available for sale. In addition, Clark Street provides direct access to Iowa Highway 163.

### Development Options and Timing

Types of development that would fit well in the area from Main to E. 3<sup>rd</sup> Streets along Oskaloosa Street include offices for professional and financial service businesses, one or more casual dinner places, and some personal service businesses. Mixed-use buildings with commercial space on the first floor and apartments above would also fit in well in this area. Such buildings would help fill the city's need for additional rental housing. Development of additional office space for professional services businesses may provide the opportunity to open up additional retail space downtown.

A good location for a casual dining restaurant is the block located on the north side of Oskaloosa Street between Clark and E. 3<sup>rd</sup> Streets. The property has good road access and there is already a traffic signal at the corner of Oskaloosa and Clark streets. In addition, this site is in relatively close proximity to three motels. About half of this block is available at the present time and the other half contains a relatively old, low value structure. Also, if needed for additional parking there may be the potential to acquire property to the north of this site.

All of the property located along the north side of Oskaloosa Street from Main Street to Clarke Street is occupied. The two story building located at 606 Oskaloosa that houses a Jimmy Johns sandwich shop and a State Farm office with apartments above was constructed in 2002 and is one of the highest valued properties in the corridor. This property can serve as an example for new development to be pursued for this segment of the corridor.

There are established businesses on the parcels on either end of the block between Main and E. 1<sup>st</sup> Streets along the north side of Oskaloosa Street. Therefore, no immediate redevelopment of these properties is likely unless the owners are looking for opportunities to expand or relocate for other reasons. However, if these properties do become available, the property at the west end of the block could be a good location for some sort of unique local business, like a small diner, a candy and ice cream shop, or coffee/ donut store with drive through. The west end of the block would be a good location for a building similar to the one at 606 Oskaloosa Street.

The north side of Oskaloosa Street between E. 1<sup>st</sup> and E. 2<sup>nd</sup> Streets has an electric substation on the west end, a car wash in the middle and a branch bank on the east end. There may be the potential for higher valued uses of the car wash and bank sites, but the location of the electric substation on the block may prevent certain types of development. Relocation of the substation would be very expensive and so there is a low probability of this occurring.

The north side of Oskaloosa Street between E. 2<sup>nd</sup> and Clark Streets contains an Enterprise car rental lot and office and an Edward Jones financial services office, which is in a converted former Casey's convenience store. The location of this block makes it attractive for higher value development. A 2- or 3-story office or mixed-use building would fit well on this block. This type of structure could accommodate professional and financial service type businesses. There are nearby sites along Clark Street south of Oskaloosa Street where the Enterprise car rental business could relocate. The Edward Jones office could be accommodated in any new structure built on the site.

The site of the former city power plant located on the south side of Oskaloosa Street between E. 1<sup>st</sup> and E. 2<sup>nd</sup> Street cannot be built on due to underground infrastructure. However, this 3 acre site can be used for open space and possibly for parking. If new office and mixed-use development does occur along the

north side of Oskaloosa Street between Main and Clark Streets, this site could be used for employee parking for the businesses that occupy the new buildings and for tenants of new apartments.

#### Property Values and Tax Yield

The property located along the segment of Oskaloosa Street from Main Street to E. 3<sup>rd</sup> Street consists of a little over 9 acres and has an assessed value of \$3.4 million. For tax year 2017 property taxes levied on these properties equaled \$68,166. The following table summarizes parcel size, valuation, and tax liability by property classification for this segment of the corridor.

Table 19: Current and Potential Property Valuation and Tax Main to E. 3<sup>rd</sup> Street Segment

Classification	Parcel Area (acres)	Current Value	Current Tax	Potential Value	Potential Tax
Exempt	5.15	\$263,570	\$0	\$263,570	\$0
Agricultural	0.00	\$0	\$0	\$0	\$0
Commercial	3.03	\$2,433,155	\$51,478	\$6,447,393	\$136,427
Industrial	0.85	\$305,660	\$6,390	\$0	\$0
Residential	0.09	\$398,335	\$10,298	\$885,510	\$22,890
Total	9.12	\$3,400,720	\$68,166	\$7,596,473	\$159,317

In addition to presenting current property valuation and tax information, the above table provides property valuation and tax estimates associated with redevelopment and new development options described above. The potential valuation and tax estimates reflect both short-term and medium-term development options. These estimates are based on valuations of similar property in or near to the Oskaloosa Street corridor where available or elsewhere in the city if comparable properties in or near to the corridor do not exist. Property tax estimates reflect effective tax rates for the respective classes of property in the corridor.<sup>8</sup>

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<sup>8</sup> Effective tax rates reflect the official levy rate adjusted for rollback percentages and tax credits.

## Oskaloosa Street Segment 2: E. 3<sup>rd</sup> Street to E. 8<sup>th</sup> Street



### Development Suitability

Oskaloosa Street from E. 3<sup>rd</sup> Street to E. 8<sup>th</sup> Street and associated cross streets contain a number of residential properties. Some of these properties date from before 1900, while others have been built during the past 10 years. Some of the residential properties appear to have been converted to commercial use. It is not reasonable to propose redevelopment for the newer residential properties.

The property parcels most suitable for redevelopment within this segment of the corridor are the facing half blocks located along Oskaloosa Street between E. 3<sup>rd</sup> Street and Carson Street. A considerable amount of this property does not have any structures and most of the structures that do exist are of low value and date from 1950 or earlier. New development on these blocks could be an extension of office and mixed-use development proposed for the segment of the corridor from Main Street to E. 3<sup>rd</sup> Street.

This segment of Oskaloosa Street contains two long-time businesses – Nick’s Greenhouse and the Dutch Mill Inn Motel. Both of these businesses date from the 1960s. These businesses provide a unique local flavor to this part of the corridor. The potential for expanding these two businesses or other compatible and complementary businesses should be investigated. This area could possibly become a unique draw for the corridor.

### Development Options and Timing

Because overall population and business growth in Pella has slowed in recent years and the recent city Comprehensive Plan projects only modest population growth over the next two decades, there is only so much redevelopment activity that the overall Oskaloosa Street corridor can support. In the short-term it would be best to focus on property parcels that are undeveloped and where existing structures are of low value. Therefore, for this segment of the corridor the two half blocks located on Oskaloosa Street between E. 3<sup>rd</sup> Street and Carson Street will likely be the most attractive for redevelopment in the short-term.

There is a considerable amount of housing located along this segment of Oskaloosa Street and cross streets (i.e., Carson, Prairie, and Skenk Streets). Many of the housing units in this area are of relatively recent construction and in good condition. Therefore, even though housing many not seem to be compatible with the commercial development in the area, redevelopment of most of the residential property is not likely advisable for the foreseeable future. However, there are a couple of possible exceptions. Depending on what type of development occurs on the block on the south side of Oskaloosa between E. 3<sup>rd</sup> Street and Carson Street, there may be need for additional parking to the south. Also, because the block between Carson Street and Prairie Street along the north side of Oskaloosa Street already has some commercial uses and there is multi-family housing just to the north, further development of this block for commercial use or mixed-use may be appropriate.

The block that contains Nick's Greenhouse and the Dutch Mill Inn motel could be viewed as a diamond in the rough. These two long established businesses are well regarded by their customers according to on-line rating sites. If either business is interested in expanding it would be appropriate to investigate the acquisition of three residential properties to the west and two commercial properties to the east. It may also be possible to attract complementary retail businesses to this area of the corridor. Types of businesses that may add to the attractiveness of this area include antiques, crafts and arts businesses. The market analysis revealed that Pella appears to have many home-based arts and crafts businesses. The development of a business in which crafts persons can sell their goods by either leasing small booths or through a consignment store may be an attractive new enterprise for this area of Oskaloosa Street.

### Property Values and Tax Yield

The property located along the segment of Oskaloosa Street from E. 3<sup>rd</sup> Street to E. 8<sup>th</sup> Street consists of 25.6 acres and has an assessed value of \$4.95 million. The largest parcel of land in this segment of the corridor is Caldwell Park, which includes 17.0 acres. For tax year 2017 property taxes levied on the properties in this segment of the corridor equaled \$86,124. The following table summarizes parcel size, valuation, and tax liability by property classification for this segment of the corridor.

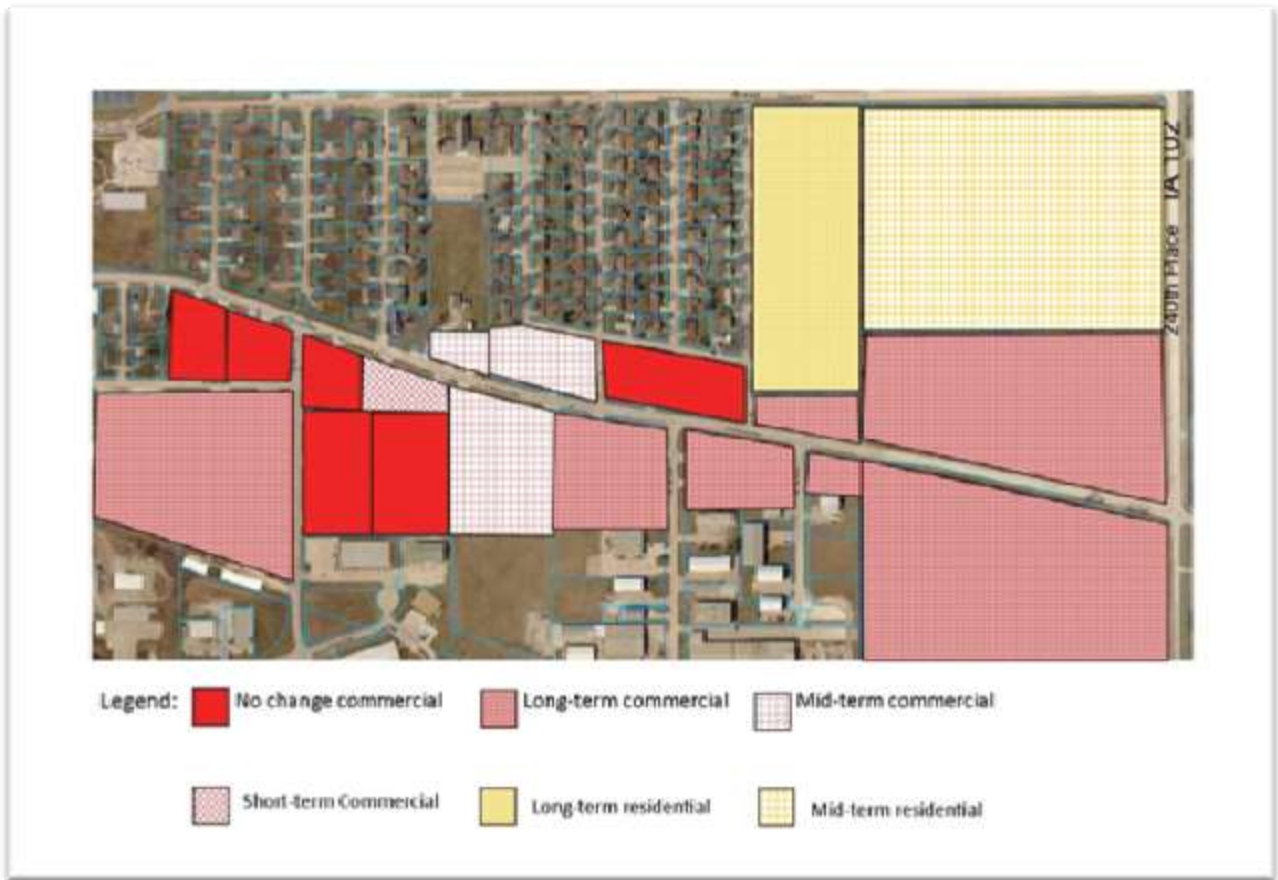
In addition to presenting current property valuation and tax information, Table 20 provides property valuation and tax estimates associated with redevelopment and new development options described above for segment 2. The potential valuation and tax estimates reflect both short-term and medium-term development options. These estimates are based on valuations of similar property in or near to the Oskaloosa Street corridor where available or elsewhere in the city if comparable properties in or near to the corridor do not exist. Property tax estimates reflect effective tax rates for the respective classes of property in the corridor.



Table 20: Current and Potential Property Valuation and Tax E. 3<sup>rd</sup> to E. 8<sup>th</sup> Street Segment

Classification	Parcel Area (acres)	Current Value	Current Tax	Potential Value	Potential Tax
Exempt	17.14	\$242,720	\$0	\$253,060	\$0
Agricultural	0.83	\$167,013	\$2,372	\$167,013	\$2,372
Commercial	1.82	\$837,660	\$18,104	\$2,574,063	\$58,145
Industrial	0.00	\$0	\$0	\$0	\$0
Residential	5.76	\$3,704,440	\$65,648	\$4,796,618	\$101,133
Total	25.55	\$4,951,833	\$86,124	\$7,790,753	\$161,649

### Oskaloosa Street Segment 3: E. 8<sup>th</sup> Street to 240<sup>th</sup> Place



#### Development Suitability

There already exists a concentration of retail businesses located between E. 9<sup>th</sup> Street and E. 14<sup>th</sup> Street. The major businesses located in this area are a Hy-Vee grocery store, a Theisens Home-Farm-Auto store, and Pella Motors automobile dealership. In addition, there are a Super 8 motel, a Git-N-Go convenience store, a McDonald's restaurant, three auto and truck parts stores, a thrift store, a liquor store and a spa. Also, along the north side of Oskaloosa Street between E. 8<sup>th</sup> Street and E. 15<sup>th</sup> Street is an area of single-family homes.

So, much of the area is already developed. However, there are some areas where future development can occur. These areas are mainly located near the east end of this segment of Oskaloosa Street. There are several parcels of land where the most suitable development would likely be single-family residential. Proximity to both Pella High School and to Pella Christian High School makes the area particularly attractive for additional residential development.

There is an 80 unit mobile home park (Sunrise) located on E. 15<sup>th</sup> Street between Oskaloosa and University Streets. At some point in the future this area will likely transition to single-family homes.

How soon this transition occurs will depend on the pace of other residential development in the area and on the availability of alternative affordable housing in the city.

Also, near to the east end of the corridor are two large parcels of agricultural land (approximately 45 acres) that are directly adjacent to Oskaloosa Street and extend to 240<sup>th</sup> Place. These parcels could accommodate a considerable amount of new retail development. Alternatively, the parcel along the north side of Oskaloosa Street may be suited for residential use. The pace at which these parcels are developed will depend on future population and income growth within the city and surrounding areas. Even though development of these parcels will likely not occur for some time, it would be wise for the city to take actions to prevent incompatible spot development.

One 10 acre parcel of land located along the west side of E. 9<sup>th</sup> Street offers an opportunity for expanding the Hy-Vee/Theisens shopping area into a larger retail center. This parcel is currently occupied by the Two Rivers Cooperative. When originally developed in the 1960s this area was on the edge of the city and Oskaloosa Street was the main highway route into Pella from the south and east. But now a considerable amount of surrounding development has occurred. As such this business, which mostly serves farm customers, is incompatible with other nearby land uses. Also, it generates large truck traffic that likely interferes with other traffic in the area. The relocation of this business to a more appropriate location would likely require a significant financial commitment on the part of the city.

#### Development Options and Timing

This segment of the corridor contains a number of existing retail businesses that have been in the area for 20 years or longer. Except for the large parcels of agricultural land near the intersection of Oskaloosa Street and 240<sup>th</sup> Place there is little undeveloped or vacant land in this area. One exception is the parcel located just to the east of the McDonald's restaurant where a former restaurant building has been demolished. Vacating the access drive to the east and combining this parcel with undeveloped land to the east of the drive would provide a larger site for another fast-food restaurant or casual dining restaurant.

Rather than commercial develop, the focus should be on residential development in this part of the city at the present time. The recent countywide housing study indicates there is a substantial need for both single-family and multi-family housing in the city. The close proximity of this area to both city high schools and to Vermeer Corporation, Pella Corporation and to many other employers makes the area very attractive for residential development.

Long-term if the demand for more retail develops in the city there are two areas along this segment of the corridor that can accommodate such growth. First, there are the facing parcels of agricultural land adjacent to Oskaloosa Street from about E. 16<sup>th</sup> Street to 240<sup>th</sup> Place. Second, it may be possible to relocate the Two Rivers Cooperative and expand the retail area that currently contains Hy-Vee and Theisens.

There are some smaller parcels located adjacent to Oskaloosa Street currently occupied by The Well Resource Center Thrift Store, O'Reilly Auto Parts, Hy-Vee Liquor Store, and other businesses that could possibly be reconfigured or redeveloped to accommodate additional commercial activity. However, for the immediate future no changes to these sites are likely.

## Property Values and Tax Yield

Excluding the residential properties located along Oskaloosa Street between E. 8<sup>th</sup> Street and E. 15<sup>th</sup> Street, there are 31 parcels of land totaling 126.1 acres included in this segment of the corridor. Near the east end of the corridor are three parcels of land zoned as agricultural totaling 70.6 acres. Commercial properties account for 45.1 acres. There are 10.4 acres classified as residential occupied by the Sunrise mobile home park. The current assessed valuation of these properties equals \$12.8 million. For 2017, property taxes levied on these properties equaled \$440,008.

This segment of the corridor contains the primary concentration of retail business in this part of the city. It is unlikely that many of the existing retail property will experience redevelopment in the near future. For the near term residential development offers the best opportunity for economic growth in this area. Additional residential development would provide an expanded customer base that can then support additional retail business along this segment of Oskaloosa Street. However, given that population growth will likely occur at a modest pace, retail growth in this area will not occur for some time.

Table 21 summarizes existing property valuations and tax liabilities by property classification for this segment of the corridor. In addition, the table summarizes potential property valuation and tax generating capacity.

Table 21: Current and Potential Property Valuation and Tax E. 8<sup>th</sup> Street to 240<sup>th</sup> Place Segment

Classification	Parcel Area (acres)	Current Value	Current Tax	Potential Value	Potential Tax
Exempt	0.00	\$0	\$0	\$0	\$0
Agricultural	70.55	\$162,952	\$2,226	\$0	\$0
Commercial	45.14	\$12,008,510	\$420,188	\$30,818,054	\$676,181
Industrial	0.00	\$0	\$0	\$0	\$0
Residential	10.42	\$671,300	\$17,594	\$37,474,000	\$692,601
Total	126.11	\$12,842,762	\$440,008	\$68,292,054	\$1,368,782

## **Summary**

The best opportunities for new commercial development in the Oskaloosa Street corridor exist along the portion from Main Street to Carson Street. Office and mixed-use develop would fit best in this area. One or two small to medium size restaurants could also fit in well in this area. There are several factors that support this type of development, which include:

- Proximity to downtown, Pella Corporation, Central College, and a proposed new housing development just north on Main Street
- Access to Iowa Highway 163 via Clark Street
- The desire to keep most retail development, particularly for smaller specialty type retailers, in the downtown area
- Small lot sizes and limited area for on-site parking

The east end of the corridor offers opportunities for new single-family housing. This area has some undeveloped land and is close to the city's two high schools as well as a large park. Later after population grows additional retail active could be attracted to this area.

Based on the identification of growth opportunities for each of the three segments of the corridor, property valuation and property tax estimates have been developed. These estimates along with current property valuation and tax amounts obtained from county assessor records are summarized in the following table.

Table 22: Current and Potential Property Valuation and Tax for the Oskaloosa Street Corridor

Classification	Parcel Area (acres)	Current Value	Current Tax	Potential Value	Potential Tax
Exempt	22.29	\$506,290	\$0	\$516,630	\$0
Agricultural	71.38	\$329,965	\$4,598	\$167,013	\$2,372
Commercial	49.99	\$15,279,325	\$489,770	\$39,839,510	\$870,753
Industrial	0.85	\$305,660	\$6,390	\$0	\$0
Residential	16.27	\$4,774,075	\$93,540	\$43,156,128	\$816,624
Total	160.78	\$21,195,315	\$594,298	\$83,679,280	\$1,689,748

## Appendix 1: Sales Tax Business Groups

### **Apparel Group**

Clothing and Clothing Accessories Stores  
Shoe Stores

### **Building Materials Group**

Building Material Dealers  
Garden Supply Stores  
Hardware Stores  
Mobile Home Dealers  
Paint and Glass Stores

### **Eating and Drinking Group**

Restaurants, Taverns, and Bars

### **Food Dealers Group**

Gas Stations/Convenience Stores Selling Gas  
Grocery Stores and Convenience Stores  
Specialized Groceries

### **General Merchandise Group**

Department Stores  
Miscellaneous Merchandise Stores  
Variety Stores

### **Home Furnishings And Appliances Group**

Appliances and Entertainment Equipment  
Furniture Stores  
Home Furnishing Stores

### **Miscellaneous Group**

Agricultural Production and Services  
Apparel and Textile Manufacturers  
Carpentry Contractors  
Electrical Contractors  
Food Manufacturers  
Furniture, Wood and Paper Manufacturers  
General Contractors  
Industrial Equipment Manufacturers  
Mining  
Miscellaneous Manufacturers  
Non-Metallic Product Manufacturers  
Other Special Trade Contractors  
Painting Contractors  
Plumbing and Heating Contractors  
Publishers Of Books and Newspapers and Commercial Printers  
Unclassified

### **Motor Vehicle Group**

Automotive Parts and Accessories  
New and Used Car Dealers  
Recreational and All Other Motorized Vehicles

### **Services Group**

Arts and Entertainment  
Auto Rental and Storage  
Auto Repair  
Beauty/Barber Shops  
Education and Athletic Events  
Electronic and Precision Equipment Repair and Maintenance  
Employment Services  
Finance, Insurance, Real Estate and Leasing  
Footwear and Leather Repair  
Funeral Service and Crematories  
Hotels and All Other Lodging Places  
Laundry and Floor Cleaning  
Miscellaneous Repairs  
Motion Picture and Video Industries  
Other Business Services  
Other Personal Services  
Other Services  
Photographic Studios  
Upholstery and Furniture Repair  
Watch, Clock, Jewelry Repair

### **Specialty Retail Stores Group**

Beauty and Health ( Includes Pharmacies and Drug Stores)  
Book and Stationery Stores  
Direct Sellers  
Electronic Shopping and Mail Order Houses  
Florists  
Fuel and Ice Dealers  
Hobby and Toy  
Jewelry  
Liquor Stores  
Other Specialty  
Sporting Goods  
Stationery, Gift, Novelty  
Used Merchandise Stores  
Vending Machine Operators

### **Utilities and Transportation Group**

Communications  
Electric and Gas  
Transportation and Warehousing  
Water and Sanitation

### **Wholesale Goods Group**

Apparel, Piece Goods  
Construction Materials  
Farm and Garden Equipment  
Furniture and Home Furnishings  
Groceries and Farm Products  
Miscellaneous Durable Goods  
Miscellaneous Non-Durable Goods  
Motor Vehicle Parts and Supplies



## Appendix 2: Retail and Eating and Drinking Places with Sales Tax Permits

Business Type	Pella	Fairfield	Grinnell	Oskaloosa	Waverly
<b>Apparel Category</b>					
4481 Clothing and Clothing Accessories Stores	18	13	4	11	10
4482 Shoe Stores	1	1	1	2	1
<b>Building Materials Category</b>					
4441 Home Centers and Building Materials	5	5	1		2
4442 Lawn and Garden Stores	6	5	6	2	1
4549 Paint and Glass Stores		1		2	
4550 Hardware Stores	2	4	1	1	2
<b>Eating and Drinking Category</b>					
7221 Restaurants, Taverns, and Bars	32	52	39	41	34
<b>Food Dealers Category</b>					
4451 Grocery and Convenience Stores w/o Gas	3	8	3	4	2
4452 Specialized Groceries	6	10	3	5	2
4471 Gas Stations/Convenience Stores w/ Gas	4	6	7	8	4
<b>General Merchandise Category</b>					
4521 Department Stores	2	2	2	3	2
4528 Variety Stores	1		2		1
4529 All Other General Merchandise Stores	1	3	2	7	3
<b>Home Furnishings Category</b>					
4421 Furniture Stores	2	2	2	2	2
4422 Home Furnishings Stores	1	4	2	2	4
4431 Household Appliance Store	1	3	2	4	3
<b>Motor Vehicle Category</b>					
4411 New and Used Car Dealers	7	4	3	10	3
4412 Recreational Vehicles	2	1	5	4	4
4413 Automotive Parts and Accessories	10	6	5	13	8
<b>Specialty Retail Category</b>					
4453 Liquor Stores	1	1		2	2
4461 Beauty and Health Stores	4	11	3	2	5
4483 Luggage and Other Leather Goods				1	
4484 Jewelry Stores	7	28	3	5	3
4485 Music Stores	1	11	1	2	3
4486 Sewing and Needlework Stores	6	7	5	11	9
4487 Hobby and Toy Stores	30	37	29	30	34
4489 Cigar Stores		1	1	2	
4493 Direct Sellers	16	33	7	9	6
4494 Camera and Photographic Stores		2			1
4511 Sporting Goods Stores	8	13	12	15	11
4512 Book and Stationery Stores	8	14	3	3	5
4531 Florists	2	6	3	2	1
4532 Stationery, Gift, and Novelty Stores	8	13	6	7	4
4533 Used Merchandise Stores	9	14	7	25	13
4539 Miscellaneous Retailers	64	91	45	70	42
4541 Electronic Shopping and Mail Order Houses	3	10	3	5	3
4542 Vending Machine Operators			2	1	1

### Appendix 3: Service Businesses with Sales Tax Permits

Business type	Pella	Fairfield	Grinnell	Oskaloosa	Waverly
<b>Transportation Services</b>					
4810 Air Transportation	1		1		1
4841 Truck, General Freight Local, and General Freight Long Distance	4	1	3	3	
4842 Specialized Freight Trucking				1	
4852 Interurban and Rural Bus Transportation	1				
4853 Tax and Limousine Service				1	
4881 Support Activities For Air Transportation	1				
4884 Motor Vehicle Towing	1		2		1
4889 Other Support Activities For Transportation	1		1		
4921 Couriers	1			1	
4931 Warehouse and Storage		1		5	1
<b>Information Services</b>					
5111 Newspaper, Periodical, Book, and Database Publishers	3	7	3	3	1
5112 Software Publishers		1		2	
5121 Motion Picture and Video Industries	3	4	6	6	5
5122 Sound Recording Industry		1			
5131 Communications (Telephone, Radio, Television)	3	5		6	1
5133 Telecommunications Companies		1	1	4	2
5141 Information Services	1				
<b>Financial and Real Estate Services</b>					
5221 Banks, Savings and Loans, and Credit Unions	2	2	4	2	1
5222 Credit Card Issuing				1	
5239 Other Financial Investment Activities	1	1			
5241 Insurance Carriers and Related Activities		1	2	1	
5259 Other Investment Pools and Funds		1	1	1	
5311 All Managers/Developers	2			1	3
5312 Offices Of Real Estate Agents and Brokers					1
5313 Activities Related To Real Estate	4	2	1	1	
<b>Business, Professional and Maintenance Services</b>					
5321 Car and Truck Rental	4	1	1	1	
5323 General Rental Centers	6	4	2	9	1
5325 Equipment Leasing (All Types)	1		3	1	1
5411 Legal Services		1			
5412 Accounting, Auditing, and Bookkeeping	1			1	1
5413 Engineering, Arch, and Surveying	1	1			
5414 Specialized Design Services	1			5	1
5415 Computer Related Services	9	13	6	12	4
5415 Specialized Design Services	1				
5416 Management, Scientific, and Technical Consulting Services		5	1	1	4
5416 Specialized Design Services	1				
5417 Scientific Research and Development Services		2			
5417 Specialized Design Services	1				
5418 Advertising and Related Services	4	4	1	2	2
5419 Services (NEC-Not Elsewhere Classified)	17	43	18	13	19
5420 Veterinary Services	4	3	2	2	4
5421 Photographic Studios	15	6	12	12	13
5422 Commercial Testing Laboratories		2	1		
5613 Employment Services	1	1			1
5616 Investigation and Security Services				1	3
5617 Extermination and Cleaning Services	5	3		3	
5620 Waste Treatment and Disposal	1	2		2	1
5623 Cleaning and Building Maintenance	16	12	7	14	10
5624 Lawn Garden Tree Shrub Services	19	23	24	15	8
5625 Carpet and Upholstery Cleaning	1	3	1	3	1

Business type	Pella	Fairfield	Grinnell	Oskaloosa	Waverly
<b>Education Services</b>					
6110 Elementary and Secondary Schools	1	1			
6113 College, University, and Professional Schools			1	1	1
6115 Tech and Trade Schools	1	2	1		
6116 Other Schools and Instruction	3	2		3	2
6117 Educational and Support Services	1	2	1		
<b>Medical Services</b>					
6211 Offices Of Physicians and Mental Health Specialists	2	2	1		3
6212 Offices Of Dentist	3			1	2
6213 Other Practitioners	9	10	6	9	5
6214 Health Allied Services (NEC-Not Elsewhere Classified)		2			1
6215 Medical and Diagnostic Laboratories		1			
6216 Home Health Care			1		
6230 Nursing and Residential Care Facilities	1		1	1	1
6241 Individual and Family Services				1	
<b>Recreation, Entertainment and Accommodation Services</b>					
7111 Performing Arts Companies	1	1	1		
7113 Promoters Of Performing Arts, Sports, and Similar Events	1				
7115 Independent Artists, Writers, and Performers	9	7	7	2	3
7121 Museums and Art Galleries		2	2	1	
7131 Amusement Parks and Arcades				1	
7132 Gambling Industries					2
7139 All Other Amusement and Recreation	4	12	10	12	10
7140 Coin Operated Devices		1			
7141 Bowling Alleys	1		2	1	1
7142 Club Memberships	3	3	1	1	1
7143 Public Golf Courses	2			2	2
7211 Hotels and All Other Lodging Places	11	13	7	11	6
7212 RV Parks and Recreational Camps		1	1	1	
7213 Rooming and Boarding Houses	4	1			
<b>Repair and Personal Services</b>					
8111 General Automotive Repair	7	19	9	21	15
8112 Electronic and Precision Equipment Repair and Maintenance	4	5	1	8	3
8113 Miscellaneous Repairs	13	15	12	10	6
8114 Footwear and Leather Repair	1	1			
8121 Beauty/Barber Shops	30	31	41	52	47
8122 Funeral Service and Crematories	2	1	1	2	1
8123 Dry-Cleaning and Laundry Services	1	2	3	1	1
8129 All Other Personal Services	6	13	7	5	7
8143 Car Washes	3	2	2	3	5
8144 Auto Services (Not Auto Repair or Car Wash)		1		1	
8145 Tire Retreading	2				
8146 Top and Body Repair	4	3	4	3	1
8147 Other Auto Services	1	2	3	2	2
8148 Upholstery and Furniture Repair	1	2	1	1	1
8149 Watch, Clock, and Jewelry Repair	1	1		1	
8150 Coin Operated Laundry	1	2	3		1