



City Government's Strategic Plan 2024 – 2026

Our Vision

**Red Wing thrives as a vibrant, creative river town
that values its natural environment, welcomes all people,
and unlocks opportunity for everyone.**

Our Mission

**We strive to create a sustainable, healthy,
accessible, resilient, and equitable community where
every person feels at home.**

Adopted Unanimously on July 8, 2024

The City of Red Wing has four strategic priorities:

- **Increase Housing for All**
- **Increase Economic Development and Diversify the Tax Base**
- **Improve Employee Culture and Maintain a Strong Workforce**
- **Stabilize Finances and Improve Budgeting**

The following pages outline the goals and action steps identified with each of the four strategic priorities.



Increase Housing For All

Housing is one of the most significant policy issues facing governments of all levels in our country. Red Wing is no exception, and the City is committed to addressing this issue.

The construction of housing in Red Wing has not kept up with the demand for housing units across all income levels. Employers tell us they are having a difficult time finding and recruiting new employees because it's hard for prospective employees to find places to live. The City is also facing issues with housing affordability, as construction costs and rents have increased significantly over the last few years. The available homes for sale tend to be on the upper or lower end of the valuation spectrum, and homes and rental units in the middle of the price range (often referred to as the "missing middle") are difficult to find.

Red Wing also has an aging housing stock, and housing conditions are deteriorating in areas throughout town. Many of the city's homes were built in the early 1900s, with another large subset built between 1940 to 1970. Many younger homebuyers do not have the financial capability or desire to purchase an older home that needs significant maintenance.

Another obstacle to the creation of new housing has been the lack of sites zoned for multi-family units. There is only a small amount of land with proper zoning in place for new apartment construction, and almost every new housing project must go through an extensive zoning and subdivision review process. The process and regulations are a disincentive when trying to attract new housing developers to the community. The supply of available flat land in Red Wing is limited, and many of the existing buildable sites are owned by local builders and land-holding companies. Neighborhood opposition to new housing projects has led to developers walking away from much-needed projects. Lack of new housing projects hurts the City as it tries to diversify its tax base.

Today, the City faces major factors that impact local housing:

- General economic conditions and high interest rates.
- Lack of larger buildable sites, especially acreages with flat land and public utilities installed.
- The Red Wing housing market is different than the markets in nearby metropolitan areas; regional and national home builders have told us our local economics do not work for them.
- Age of our housing stock.
- Lack of supply in the rental housing market, and the age of current rental housing units.
- Loss of naturally occurring affordable housing to other uses like short-term rentals.
- Neighborhood bias against density and housing that's affordable to all income levels.
- Zoning that does not support density or infill development.
- Lack of builders willing to build spec housing or moderately priced housing in town.
- Lower incomes in Red Wing compared to surrounding areas.

Achieving success will include the following: (a) more housing across all spectrums; (b) job growth and retention of employees citywide; (c) role clarity among the Port Authority, HRA, and City; (d) strategies, policies, and action steps that produce results; and (e) code and ordinance updates that address the housing barriers in Red Wing.

Increase Housing for All

(See the key of abbreviations at the bottom of page 5)

Goal #1

Understand the Issues and Amount of Need for Housing	Action Steps	Assigned	Deadline
	a. Conduct a Red Wing-focused housing study to better learn how much housing is needed per year in Red Wing to meet demand.	CDD/ HRA	Late 2025
	b. Co-host a housing summit with the HRA to investigate how to encourage new housing construction in Red Wing.	CDD/ HRA	2024
	c. Clarify the roles of the City, HRA, and Port Authority to increase efficiency and effectiveness and build collaboration on initiatives.	CDD/ HRA	Early 2025
	d. Educate the public on Red Wing's housing situation so everyone understands the challenges and multiple impacts on the community.	CDD/ Admin	2025

Goal #2

Remove Barriers to New Housing	Action Steps	Assigned	Deadline
	a. Identify and target sites for rezoning to multi-family residential. <ul style="list-style-type: none"> Educate the public on the value of both multi-family and single-family homes in a community. 	CDD/ Planning	Early 2025
	b. Review and consider updating the Zoning Ordinance to provide more opportunities for all types of housing. <ul style="list-style-type: none"> Consider amendments to allow accessory dwelling units and tiny homes in residential districts. Expand opportunities for construction of duplex, triplex, and quad units in R-1 and R-2 zoning districts. Allow duplexes in A and AR districts. Increase maximum density in RM-1 and RM-2 districts. Review maximum density requirements in residential districts (lot size, lot width, units per acre, maximum coverage, etc.). Consider reduced parking requirements for residential uses. Educate the public on the zoning impacts of affordable housing. 	Planning	Late 2025
	c. Document, explain, and expand incentives for housing developers and builders to construct new housing. These incentives include fee waivers, grants, infrastructure relief, and other options.	CDD	Late 2025

d. Compare building- and housing-related development fees in Red Wing to other peer cities.	CDD	Early 2025
e. Collaborate with the HRA to develop and publicize a first-time homeowners program that could help residents buy and maintain their first homes.	HRA/ CDD	2025

Goal #3

Create More Opportunities for New Housing Across All Affordability Levels With Public/Private/Community Partners	Action Steps	Assigned	Deadline
	a. Complete rezoning and PUD amendment for Briarwood to move a multi-family development area closer to Tyler Road South.	CDD/ Planning	2024
	b. Acquire or donate land for a housing tax-credit project (Three Rivers).	CDD/ HRA	Late 2025
	c. Collaborate with Habitat for Humanity on grant applications for Hope Heights infrastructure (located on the former St. John's Hospital site).	CDD	2024
	d. Identify key sites in downtown and the West End District for future housing and to promote redevelopment.	CDD	2026
	e. Work with MN State College SE to target college-owned land for housing development.	CDD	Late 2025
	f. Include housing in annexation discussions to understand the housing potential in areas outside the current city limits.	CDD	2026
	g. Determine how to allocate Statewide Affordable Housing Aid.	CDD/ HRA	Early 2025

Goal #4

Improve and Maintain Existing Housing	Action Steps	Assigned	Deadline
	a. Partner with the HRA to expand and fund strategies and programs to improve and maintain existing housing.	HRA/ CDD	Late 2025
	b. Consider minimum design standards for new residential housing and accessory buildings.	Planning	Late 2025

CDD = Community Development Department / Port Authority
HRA = Red Wing Housing and Redevelopment Authority
Planning = Red Wing Planning Department

Increase Economic Development and Diversify the Tax Base

Red Wing strives to be a welcoming community. To fulfill that commitment, we need to find ways to make all residents feel welcome and provide job options and housing for all who wish to be part of the community.

Undeveloped land is limited in Red Wing, so redevelopment and annexation provide the best opportunities to pursue this goal. Both options require a commitment of staff time and financial resources.

Redevelopment can help create additional housing, retail, and industrial and commercial businesses. Corridors like Plum Street, the West End District, and Main Street offer exciting opportunities for public-private partnerships. For redevelopment to succeed, the City and other public partners will have to consider development incentives.

Redevelopment would also help bring financial stability to Red Wing by providing a broader tax base. Industrial development is challenging in our city due to the limited amount of flat, developable land. We need a future-focused economic development strategy that includes tax base diversification, especially since our current strategy relies heavily on the Prairie Island Nuclear Generating Plant.

Today, the City faces the following major factors:

- General economic conditions, increased construction costs, and high interest rates.
- Lack of buildable sites, particularly larger acreages with flat land and shovel-ready utilities.
- Distance to metropolitan areas and major interstate highway corridors.
- Limited opportunities to take advantage of rail and river access.
- Tax policy changes at the state (and shifting tax burdens).
- Not enough people in town to support commercial projects (food, retail, services, etc.).
- Real or perceived higher City costs (utilities, property taxes, and other fees).

Achieving success in economic development has many benefits for the City, community, and our residents. A few examples of success include the following: (a) more available acreage for industrial growth; (b) new developments, including on the Central Research property and Bauer Built site; and (c) new retail and restaurants in the community. These results will increase the tax base, add jobs, and create a positive momentum in Red Wing.

The City will need to coordinate roles and responsibilities to be efficient and effective. Key players include the City Council and staff, Port Authority, Chamber of Commerce, Housing and Redevelopment Authority, and Advisory Planning Commission.

Increase Economic Development and Diversify the Tax Base

(See the key of abbreviations at the bottom of page 8)

Goal #5

Increase Availability & Desirability of Shovel-Ready Sites for Development Opportunities	Action Steps	Assigned	Deadline
	a. Execute archaeological studies on currently vacant City-owned land and private vacant industrial sites in cooperation with property owners.	Port	2026
	b. Provide an update on available building sites within the River Bluffs Business Park.	Port	2024
	c. Conduct a city-wide review of sites and areas that have had barriers to development or redevelopment, and create a set of short-term actions to reverse that trend.	Port/ Planning	Late 2025
	d. Research opportunities to guide larger tracts of land for industrial development and engage Wacouta and Featherstone townships in discussions about potential future annexation.	Port/ Planning	2026

Goal #6

Diversify the City's Tax Base	Action Steps	Assigned	Deadline
	a. Execute a land sale and development agreement with Blue Water Farms or commence process to prepare Highway 19/61 site for future business park development (replatting and building demolition).	Port	Early 2025
	b. Gain financial stability from nuclear power plant taxing fluctuations. This may include getting a contract with Xcel for a minimum annual taxing amount.	Port/ Finance	Late 2025
	c. Engage in city-owned cannabis dispensary discussions.	Port/ Permits	2024
	d. Gain site control or assist with the private acquisition of the Fleischmann's Maltery site and adjoining properties to promote riverfront redevelopment.	Port/ Planning	2024

Goal #7

Create More Incentives for Developers	Action Steps	Assigned	Deadline
	a. Create a new downtown revolving loan fund collaborative with public and private partners with a target of \$1 million.	Port/ Finance	2024
	b. Develop additional incentives for businesses to construct new facilities or move to Red Wing.	Port	Late 2025
	c. Research the typical site characteristics desired by site selectors.	Port	Early 2025

Goal #8

Plan for Future Economic Development Needs	Action Steps	Assigned	Deadline
	a. Update the City's economic development plan with a focus on future needs and port development.	Port	2026
	b. Apply for a grant through MN DEED and the Office of Energy Transition to plan for future changes to the City's utility tax base and the need for diversification.	Port/ Finance	2024
	c. Determine which variables and qualities are important in the attraction and retention of businesses in Red Wing.	Port	Late 2025

Port = Red Wing Port Authority

Planning = Red Wing Planning Department

Finance = City of Red Wing Finance Department

Permits = Red Wing Permits and Licensing Department

Improve Employee Culture and Maintain a Strong Workforce

The Council has agreed that maintaining a strong workforce is critical to the City's future, including the success of its three other strategic priorities. To keep that workforce robust and build future leadership, the City also requires a positive employee culture. Staff is working at capacity and under stress to maintain existing service levels, respond to new demands, and make progress on strategic priorities important to Red Wing's future. This emerging issue of improving employee culture deserves thoughtful action and will require the Council Administrator to make ongoing investments in employees a top priority.

The City requires resources and support from its elected leaders and administration to ensure the organization is appropriately staffed and healthy so it can maintain service levels and retain and attract employees. All public sector agencies across the country are facing employment issues, which are due, in part, to changing national, state, and regional demographics. Additionally, a declining number of individuals choose to work in specific fields of local government because of the pay and the much-publicized changing political environment.

Today, the City faces the following contributing factors:

- Upcoming change in the Council Administrator position.
- Inability to compete with the private sector in pay.
- Rising need for mental and physical health services for staff.
- Changes in policy and practices that require new financial resources.
(These could be offset by a reduction in costs in the new hiring process, however.)
- Competitive field and the need to keep up with the cities comparable to Red Wing.
- Lack of housing for new employees.
- The need to create a succession plan for senior officer positions.

When we improve the employee culture and consistently maintain a strong workforce, our success will look like this:

- Improved employee morale and retention.
- A healthier and more productive workforce.
- An enhanced ability to provide efficient and effective services to residents.
- Lower costs for recruitment and hiring.

Improve Employee Culture and Maintain a Strong Workforce

Goal #9

Provide Attractive Pay, Benefits, and Incentives	Action Steps	Assigned	Deadline
	a. Conduct a Benefits Study.	Admin Services Director	2025
	b. Provide important health and wellbeing services, training, and incentives.	Benefits Administrator	2025
	c. Invest in activities, events, or other methods of appreciation desired by employees.	Council Administrator/ Administrative Services	2025

Goal #10

Address Hiring Barriers at All Levels	Action Steps	Assigned	Deadline
	a. Explore new and innovative hiring practices in all departments. Ensure department heads and Human Resources staff have the capacity to dedicate time to this goal.	Admin Services Director	2025
	b. Identify a process for filling Officers of the City Council positions upon resignation or retirement.	Admin Services Director	2024
	c. Build a succession plan for key senior positions.	Admin Services Director	2024

Goal #11

Encourage Retention	Action Steps	Assigned	Deadline
	a. Meet individually to assist employees with making and accomplishing future job goals.	Admin Services Director	2024
	b. Develop a Public Relations Plan with the City Council to support public employment.	Project Team	2025/26

Stabilize Finances and Improve Budgeting

Citizens expect local government to be fair, to meet their needs, and to spend their tax dollars wisely and without waste. Meeting those expectations is the City Council's prerogative and is largely accomplished on a macro level by strategic planning and on a micro level through the annual budget process. The annual budget is a powerful tool; it's "where the rubber meets the road" and one of the most important activities undertaken by governments. To be successful over the long term, the budget process requires patience, constant communication, an interest in learning, a willingness to consider others' perspectives, and a positive and productive consensus-based methodology.

The overarching mission of the budget process is to help decision-makers make informed choices about capital assets and services to the public and to promote the public's participation in the process. Good budgeting is generally a defined process that has political, managerial, planning, communication, and financial dimensions. A good budget process: (a) incorporates a disciplined multi-year approach to financial and operational planning that avoids meeting current needs at the expense of the ability to meet future needs; (b) establishes links to strategic plans and organizational goals; (c) focuses decisions on results and outcomes; (d) involves and promotes effective communication with all stakeholders; and (e) provides clear direction to staff.

Red Wing has a unique tax base that is generally less certain, less predictable, and less stable than other communities. A high percentage of the community's tax base is dependent on a singular concern: the Prairie Island Nuclear Power Generating Plant (PINGP). This creates volatility within the community's tax base and revenue base without offsetting mechanisms like Local Government Aid. The PINGP simultaneously provides significant benefits and imposes significant burdens on the community. A recent example of this unique volatility: In 2018, utility properties paid 57% of Red Wing's tax levy, while residents and non-utility owners paid 43%. In 2024, utility properties will pay 44% of the levy, and residents and other non-utility owners will pay 56%. This type of tax base situation means that even when the City holds the levy flat, residents may experience property tax increases. As an example, from 2018 to 2024, the City increased the property tax levy by 11%, utility property taxes decreased by more than 15%, and residential property taxes increased by almost 63%. Stated another way, from 2018 to 2024, the City increased the levy by \$2.5 million, utilities paid \$2 million less, and residential properties paid \$3 million more.

Considering the City's challenges, our 2024 budget decisions should make progress toward:

- Eliminating or substantively reducing the budget's reliance on limited General Fund reserves.
- Solving the General Fund structural budget imbalance and challenges in other Funds.
- Stabilizing the utility tax base.
- Identifying public and Council consensus on priorities early in the process.
- Considering future needs including wastewater and public safety facilities.
- Recognizing the real impact of inflation on operating and capital requirements.
- Acknowledging that the City's tax base presents unique challenges.

Stabilize Finances and Improve Budgeting

Goal #12

Work with Partners to Stabilize Tax Revenue Fluctuations from Prairie Island Nuclear Generating Plant.	Action Steps	Assigned	Deadline
	a. Provide resources to and collaborate with the Coalition of Utility Cities, the Office of Energy Transition, Xcel Energy, and other partners to monitor legislative and agency activities impacting utility properties. Identify and implement policies that stabilize the utility tax base.	Admin	Ongoing
	b. Fund and actively participate in the current Public Utility Commission's Integrated Resource Planning and Certificate of Need processes.	Admin	PUC in 2025
	c. Fund and actively participate in the Department of Revenue's process on their idea to remove utility properties from the property tax system and replace that with a gross operating revenues tax.	Admin	2024-2025

Goal #13

Plan Finances for Long-Term Infrastructure Needs.	Action Steps	Assigned	Deadline
	a. Align the General Fund's revenues and expenses.	Council	2025
	b. Continue to actively monitor the risks, challenges, and opportunities that the community's unique tax base presents when planning for significant future public infrastructure investments, including those for drinking water, wastewater, public safety, and other pressing needs.	Council	Ongoing

Goal #14

Increase Non-Property Tax Revenues.	Action Steps	Assigned	Deadline
	a. Identify and pursue opportunities to diversify revenues.	Council	Ongoing
	b. Stretch and leverage limited local resources by actively pursuing state and federal grant opportunities that support the City.	Council & CDD	2025
	c. Prioritize and provide resources to the Community Development Department and take bold action on obstacles limiting economic development.	Council & CDD	2025