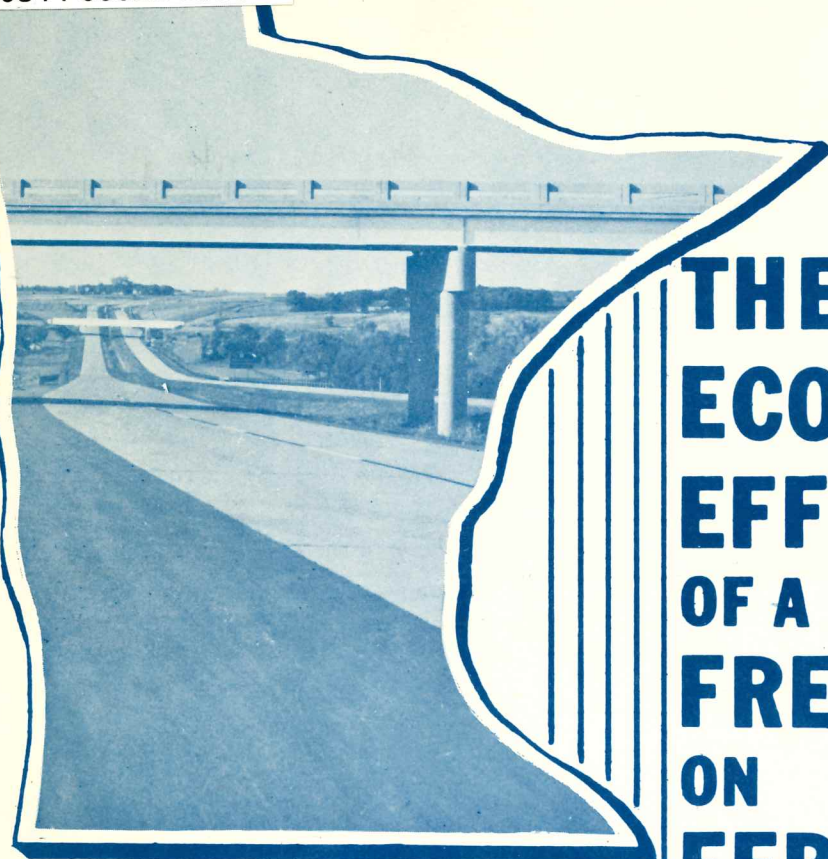


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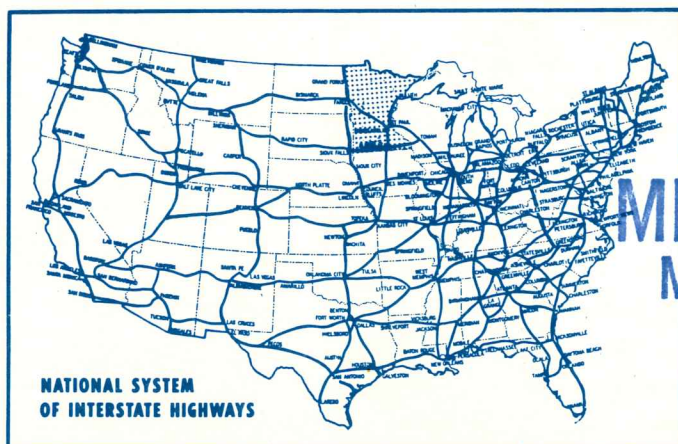


RIGHT-OF-WAY STANDARDS



THE ECONOMIC EFFECTS OF A FREEWAY BYPASS ON FERGUS FALLS

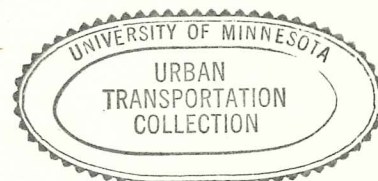
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THE ECONOMIC EFFECTS OF A
FREEWAY BYPASS
ON FERGUS FALLS
MINNESOTA

RESEARCH AND STANDARDS DIVISION
OFFICE OF RIGHT OF WAY STANDARDS

October, 1969

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B.A. Candidate in Geography
University of Minnesota

A RESEARCH REPORT
for the
MINNESOTA DEPARTMENT OF HIGHWAYS
and the
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
BUREAU OF PUBLIC ROADS

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ABSTRACT

The National Interstate and Defense Highway System was established in response to the land transportation technology of our age. Francis V. duPont businessman and former Commissioner of the Federal Bureau of Public Roads, has this to say about the Interstate Program:

"We are now entering a period of accelerated highway construction far greater than any heretofore contemplated. The magnitude is so great that few, if any, of us can evaluate the extent thereof, or its effect on our economy and posterity. On the other hand, we do know that such a program is absolutely necessary if we are to adequately provide for our expanding population and economy." *

Impact of
Interstate
System

How do smaller cities fit into the context of this Interstate System? This study is concerned with the effects of interstate freeways and their bypass routes around typical communities of 10,000 to 20,000 population - specifically Fergus Falls. The diversion of a major share of through traffic around the community rather than along the main thoroughfare through the Central Business District (CBD) carries away one or more potential customers per vehicle. Two logical questions arise from this: **

Bypass
around
Fergus
Falls

1. What will happen to the downtown merchants in the community, especially along the main thoroughfare?
2. What effect will the decreased volume of traffic have on total gross sales of the area?

Economic
Effects

* U.S. Chamber of Commerce, Businessmen's Guide to the Road Program, p.iii.

** These questions were asked in earlier studies - "A Highway Change in Changing Faribault", 1959, and "The Economic Effects of a Highway Change in Faribault", 1960, by University of Minnesota personnel; and two studies by Robert W. Vockrodt of the Minnesota Department of Highways - "The Economic Effects of a Highway Change on Faribault, Continued to Summer, 1967", and "The Economic Effects of Highway Bypass on Austin, 1968".

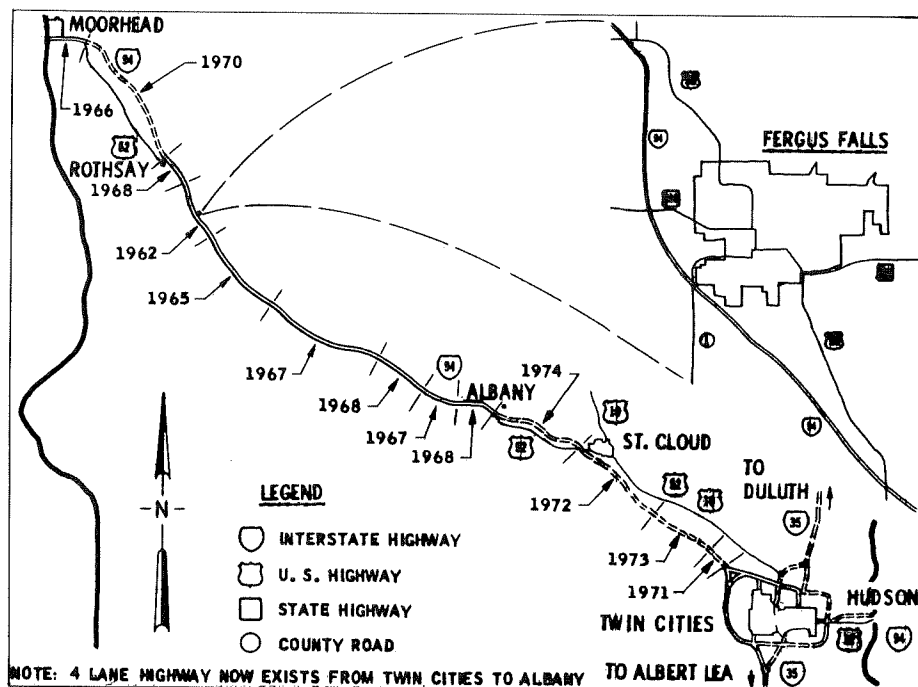
Integration of
existing
highways
with
I-94

Fergus Falls became aware that it was to be involved in the National Interstate and Defense Highway System when it was first unveiled in August, 1956. The specific route was announced on February 1, 1957, bypassing the city to the southwest. A year later, the citizens of Fergus Falls were informed of the plans; two county roads passing over the interstate freeway from the southwest, and four controlled access interchanges providing direct routes into the city.

I-94 in
Minn-
esota

On October 3, 1962, an 11.2 mile stretch of Interstate Freeway 94 was opened from Highway 59 (south) to Highways 52 and 59 (north). This was the first segment of I-94 open to traffic in Minnesota. Successive stretches of the freeway have been opened since then. At the end of 1968, Interstate Freeway 94 in Minnesota extended from Albany to Rothsay. Segments have previously been completed in the large urban centers of Moorhead and the Twin Cities. This means that the State of Minnesota is now spanned by a continuous four lane highway from west to east (Moorhead to the Twin Cities and east to Hudson, Wis.) with the exception of a 35 mile stretch from Rothsay to Moorhead, which is scheduled for completion in 1970. This report is designed to study the past,

Figure 1. I-94 across the State of Minnesota. The dates represent the years that sections of the freeway were completed or scheduled for completion.



Source: Planning and Programming Division, Minnesota Highway Department
St. Paul, Minnesota.

present, and possible future economic effects of the freeway bypass on Fergus Falls.

Five indices were used to measure the economic trends in Fergus Falls over the last ten to fifteen years. These indices are:

1. Total retail sales of the city, county, and state.
2. Sales of firms according to the standard industrial classification as devised by the Bureau of the Budget.
3. Wholesale business in the city, county, and state.
4. Employment statistics for Fergus Falls.
5. Gasoline sales of the city, county, and state and other bypassed communities.

➡ *Economic indicators*


In addition to these economic indicators, other statistics, facts, and trends were used to analyze the changes, primarily economic in nature, in Fergus Falls both before and after the I-94 bypass was opened to traffic.





Figure 2. The Fergus Falls CBD, surrounded by residential property and trees. Before the freeway, all through traffic in the area was forced to use the main streets of the CBD. Now the bypass has given them a choice.


CONCLUSIONS


The major findings in this study of Fergus Falls can be summarized as follows:

- Increasing
CBD
congestion
halted* 

1. The transportation problem in Fergus Falls was recognized as early as 1947. Like most other communities of similar size, Fergus Falls was in need of a new facility to reduce the ever-increasing traffic congestion in the CBD caused by both local and through traffic. The interstate freeway bypass provided an answer to this problem.
- Accessi-
bility
increased
by I-94* 

2. The increased mobility of the American public via the automobile, and the concentration of population in large urban centers have greatly enhanced the importance of accessibility to and from these metropolitan areas. Interstate freeway 94 has brought Fergus Falls much closer timewise, to the national markets and large population centers east and west.
- Increasing
retail
sales
unaffected* 

3. Total retail sales in Fergus Falls for 1967 exceeded the 1963 figure by 15.4 percent and topped the pre-bypass year of 1958 by 23 percent. No drop in total retail sales was recorded subsequent to the rerouting of through traffic via I-94 around the city.
- Traffic
sensitive
sales
drop
slightly* 

4. Traffic-sensitive firms in the city, namely gas stations and eating and drinking places have not regained the volume level of 1958. The drop, however, was slight, not nearly as severe as most people expected.
- CBD land
values
increased* 

5. Land values on the two main commercial streets in the CBD have increased or remained stable for every block in the past ten years. This phenomenon is due primarily to the construction of municipal parking lots and the increase in retail business of the community. A large shopping center presently under construction in the CBD is further evidence of a growing, centralized, and cohesive business district in Fergus Falls.

6. Rural land values of the area show similar increases. This is especially true at the interchanges and along access routes from the freeway bypass. Land values have increased tremendously at these locations, due to their desirability as commercial locations. Studies concerning these locations have been conducted in different parts of the state by the Land Economics Unit of the Minnesota Department of Highways. The studies are available on request. *Valuable interchange sites*
7. Average annual employment is generally increasing, although there are considerable differences in the trends of the various classifications. *Employment rising*
8. Most of the demographic and economic indicators in this report show increasing trends over the last ten years, signifying growth for Fergus Falls. The erratic indicators reflect local conditions in the community. The few stable or declining trends are characteristic of cities like Fergus Falls and do not detract from the city's overall economic growth and prosperity. *Many favorable & few adverse trends*
9. In comparison with conventional trunk highways, national statistics show that interstate freeways have cut accident rates in half and fatality rates are about one-third as great. The accident rate in Fergus Falls showed a decided drop after the opening of the freeway. One probable cause of this is the elimination of through traffic within the city limits. *Rural and urban safety improved*
10. Traffic volumes in Fergus Falls have suffered no drastic decreases since the freeway bypass was opened in 1962 and extended more recently. Most of the through truck and automobile traffic is now using I-94. Halting the trend of increasing congestion in Fergus Falls has made the downtown area more accessible and attractive for local area shoppers. By 1980 traffic volumes are expected to double on the main access route and triple on the interstate freeway. *Streets freed for more profitable traffic*

SOURCES OF ECONOMIC INDICATORS

*Statistical
sources
and
methods
of pre-
sentation*

Data for this report were gathered from a variety of sources. Wherever practical, the statistics obtained were converted into percentages by dividing them by the figure for 1962, the year the freeway bypass was opened to traffic. Thus the graphs represent a before and after relationship of the economic indicators. In other graphs, the statistics were left as actual numbers.

The Chamber of Commerce of Fergus Falls provided valuable information concerning the city's present and future plans. The city and county assessors, the city engineer, and the police chief supplied valuable statistics and explanations for various economic indices. The county attorney, the city clerk-treasurer, and a former planning commission chairman provided additional information about Fergus Falls over the last ten years.

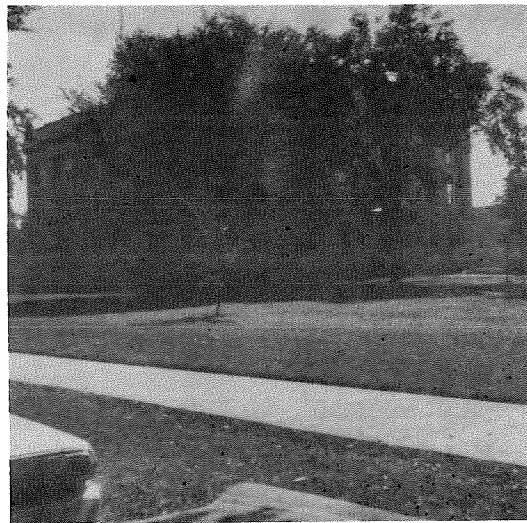
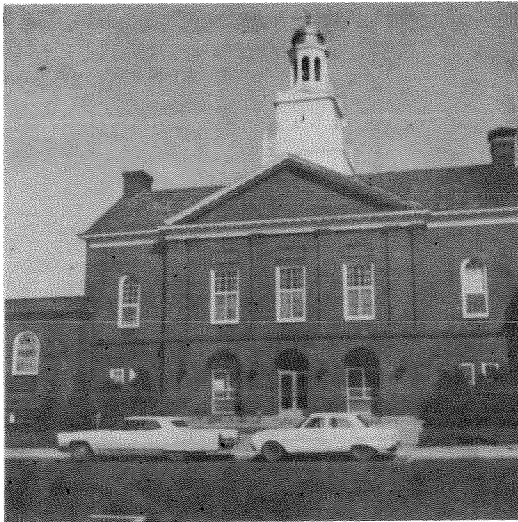
The Minneapolis firm of Nason, Wehrman, Knight and Chapman, Inc., in the early 1960's, designed a comprehensive plan for Fergus Falls. The reports by this firm on "Thoroughfares and Transportation" and "The Central Business District" were especially helpful for an understanding of the present patterns and background of the community. Community Planning and Design Associates, Inc., of Minneapolis is the planning firm for Otter Tail County. Reports of this firm provided valuable information on history, agriculture, tourism, and transportation for this study. Several Upper Midwest Economic Studies contained useful past, present, and future trends of cities in this region of the United States.

The Minnesota Department of Highways Planning and Programming Division was consulted regarding accident data, regional traffic patterns, average daily volume of traffic, and projected traffic flow. Other state departments - Employment Security and Economic Development - also supplied useful data for the report.

The Federal Reserve Bank provided statistics on Fergus Falls bank debits.

The Northwest Petroleum Association supplied information regarding gasoline sales in Fergus Falls and other bypassed communities. Last, but not least, the U. S. Census of Business (for the years 1954, 1958, 1963, and 1967), and Sales Management annual publications were utilized to obtain gross retail sales and retail dollar volume broken down into standard industrial classification. Wholesale trade statistics were obtained solely from the U. S. Census of Business. Personal interviews with city and local corporation officials and retail merchants substantiated and reinforced the business trends in Fergus Falls as derived from the above sources over the last ten to fifteen years.

Personal
Interviews
considered



Figures 3 and 4. The City and County Courthouses. Being the County seat, Fergus Falls is a hub of government activity. Useful information and data were supplied by several officials located in these buildings.

INTRODUCTION

Fergus Falls is located in west central Minnesota in Otter Tail County.

*Site and
situation
character-
istics* ◀

The topography in and around the city consists of gently rolling hills. The area is a transition zone between flat, productive farmland to the west and rough, glaciated moraine land to the east. With respect to larger centers, the city is 180 miles from the Twin Cities, 210 miles from Duluth, and 57 miles from Fargo-Moorhead. This community of nearly 15,000 is well known for its medical facilities and as a regional power supplier.

*Medical
and
mental
health
center* ◀

Fergus Falls is fast becoming one of the major medical and mental health centers in the state. The institutions located in the city are the Lake Region Hospital, Lakeland Mental Health Center, Lake Region Sheltered Workshop, Otter Tail County Association for Retarded Children, Lake Park Wild Rice Children's Home, and the Fergus Falls State Hospital for treatment of the mentally ill.

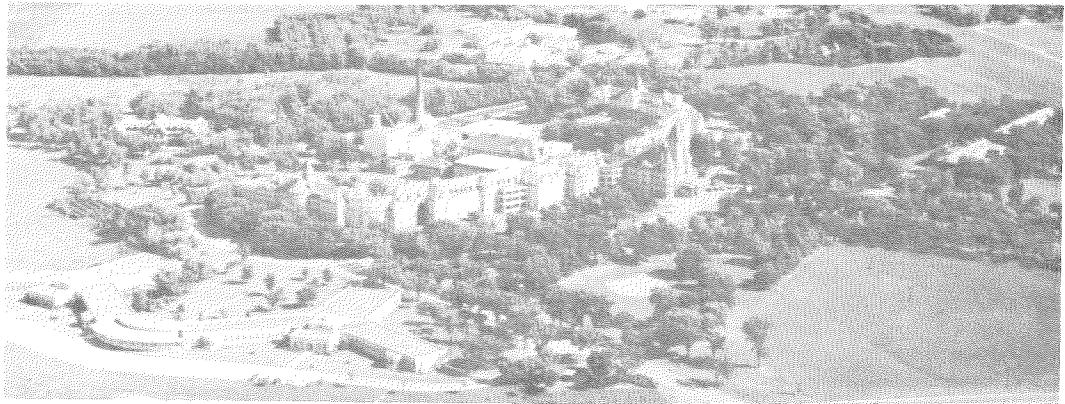


Figure 5. The Fergus Falls State Hospital complex serves a 26 county area in northwestern Minnesota. The hospital has a staff of 545 people with an annual payroll of approximately three million dollars. One reason Fergus Falls is termed the "convenient city" by its Chamber of Commerce is because of its excellent medical facilities.

*Home of
Otter
Tail
Power
Co.* ◀

Otter Tail Power Company, established in 1909, was considered the original backbone of the community. The company is an investor-owned operating electric utility. The general office is located in Fergus Falls. The company employs 375 people here and serves 477 other communities. Its more than 100,000 customers are located in eastern North Dakota, northeastern South Dakota, and

northwestern and west central Minnesota. The area served is roughly the size of the State of New York. Another utility, Great Plains Natural Gas Co., was established in Fergus Falls in 1967. It is a regional distribution center of natural gas for the Upper Midwest.

Fergus Falls is linked to Fargo-Moorhead and the Twin Cities by Interstate Freeway 94 and U.S. Highway 52. State Highway 210 runs east to Duluth and links the Great Lakes and the St. Lawrence Seaway to Fergus Falls. It also extends westward to the North Dakota border (Breckenridge-Wahpeton), 24 miles away.

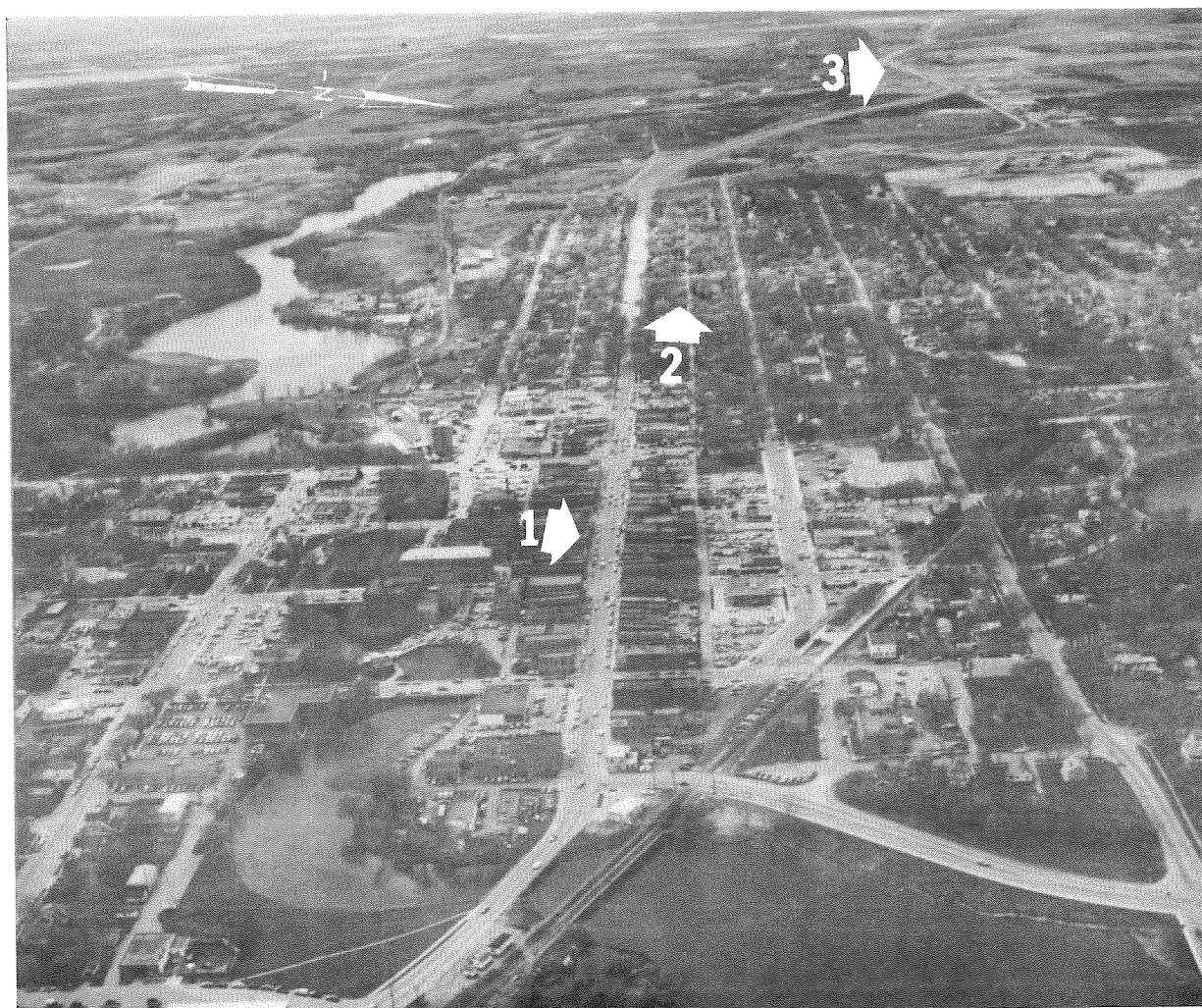


Figure 6. Aerial photograph of the CBD in the foreground with the Otter Tail River winding right through the middle of it. Arrow 1 points to the retail core with businesses lining both sides of Lincoln Avenue. Arrow 2 points the direction of Highway 210 to the freeway interchange (Arrow 3). I-94 is the faint diagonal line running across the top of the photograph.

Transportation facilities

This land transportation network serving Fergus Falls is augmented by U. S. Highway 59, running north and south through the city, Interstate Freeway 29 (under construction), located just inside the North Dakota border and extending from Kansas City to the Canadian border, 70 miles south of Winnipeg, and the Great Northern and Northern Pacific Railroads. The city is also served by Fleet Airlines, providing daily passenger and freight service between the Twin Cities, Fargo, and Duluth. Four flights, two destined for the Twin Cities and two to Fargo, arrive and depart from the Fergus Falls Airport every week day. The Otter Tail River runs directly through the heart of the city westward to Wahpeton, North Dakota, where it joins the Bois de Sioux River to form the Red River of the North.

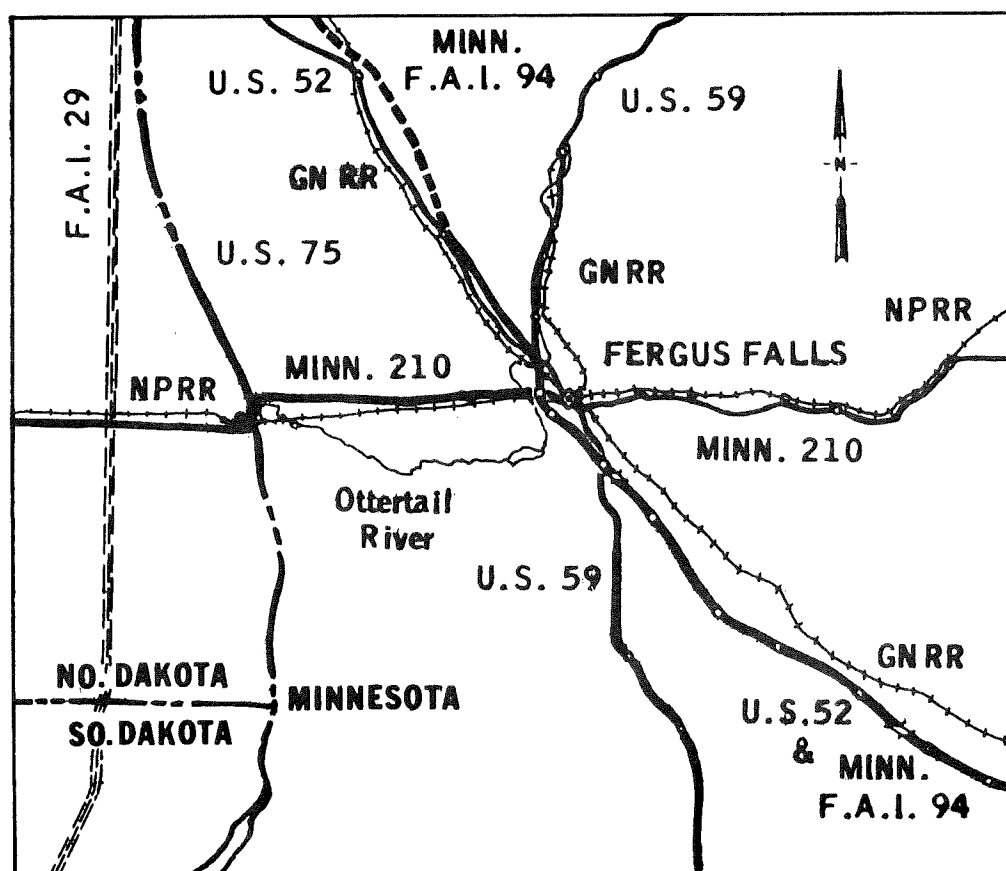


Figure 7.

Source: Highlights of the 1969 Official Minnesota Highway Map.

HISTORY

Present Otter Tail County was the domain of the Indian for hundreds of years. Trading forts were established in the late 18th century with the influx of the white man. In January of 1857, James Fergus, a wilderness land speculator, commissioned Joe Whitford to make a townsite at Graham Point on the Red River where Breckenridge stands today. Whitford found claim jumpers on this site. He moved eastward along the river, later to be named the Otter Tail River, and staked out a claim where the water raced powerfully, and called it Fergus Falls. A few years later Whitford was killed by Indians and James Fergus moved westward to Montana to carry on his land speculation.

Early
explora-
tion

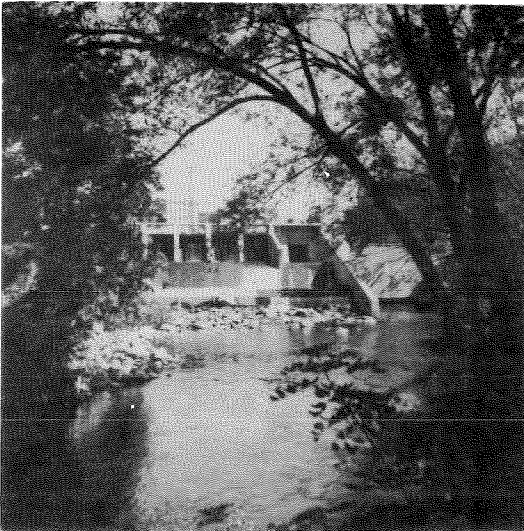


Figure 8. This dam is located near the point of initial settlement. In early days, it supplied much of the power to its customers in the region from nine steam electric-generating stations. The river, with its wooded and terraced banks, provides Fergus Falls with a natural aesthetic feature.

The townsite reverted to government ownership. In 1870, the land was bought and a dam built by H. W. Down. Through promotional advertising with plots of land as bonus gifts, a large number of people were induced to migrate northwest to Fergus Falls. It became the county seat of Otter Tail County in 1872. Transportation and travel was slow and clumsy until the coming of the Great Northern Railway in 1879 and the Northern Pacific Railway in 1882. This gave a tremendous boost to the economic and population growth of Fergus Falls.

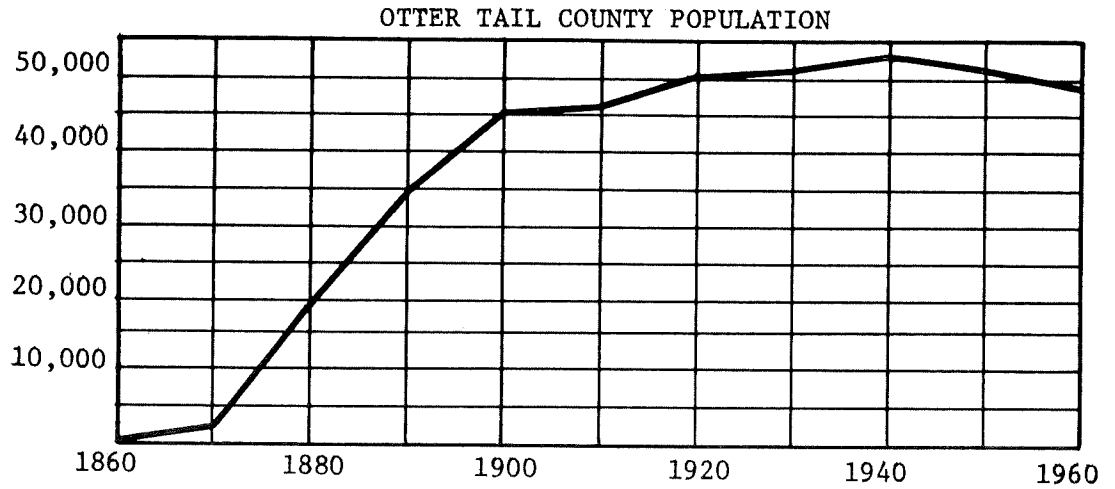
Initial
settle-
ment

POPULATION BACKGROUND

County
popula-
tion
growth &
decline

From 1867 to 1900, Otter Tail County's growth was quite rapid. The trend since the turn of the century has been remarkably stable, with a slow decline in population since 1940. This decline is due to changes in agricultural operations, and the resultant loss in farm population.

Figure 9.

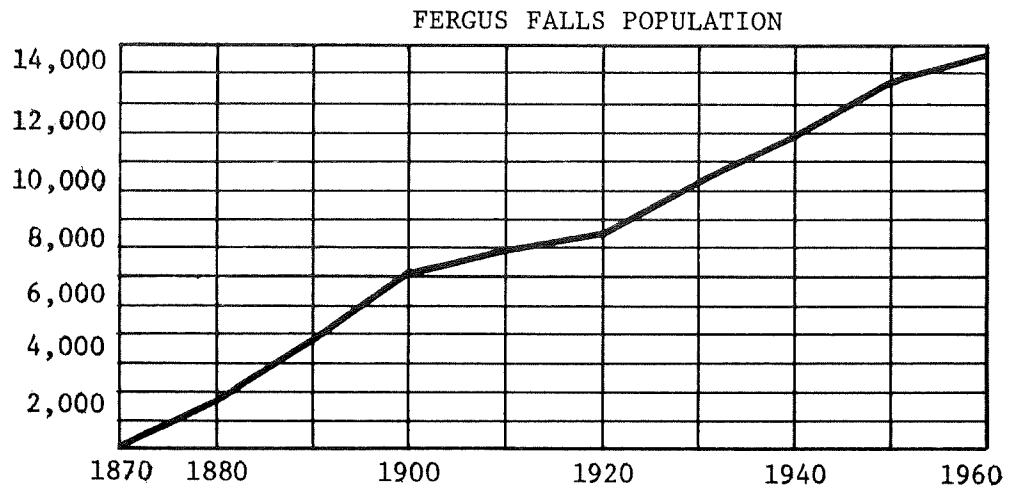


Source: U.S. Census of Population

City popu-
lation
steadily
increasing

Meanwhile, Fergus Falls has been steadily growing in population. There has been a marked rural to urban migration in Otter Tail County, with a large percentage of it going to Fergus Falls.

Figure 10.



Source: U.S. Census of Population

These trends have continued in the 1960's. Reliable estimates list the county population at 47,265, a 3½ percent decrease since 1960. This is the lowest level since the turn of the century. Fergus Falls population, on the other hand, has continued its increasing trend. Presently, the city's population is estimated at 14,700. This represents a seven percent increase over the official census of 1960. *

► *Present
estimates*

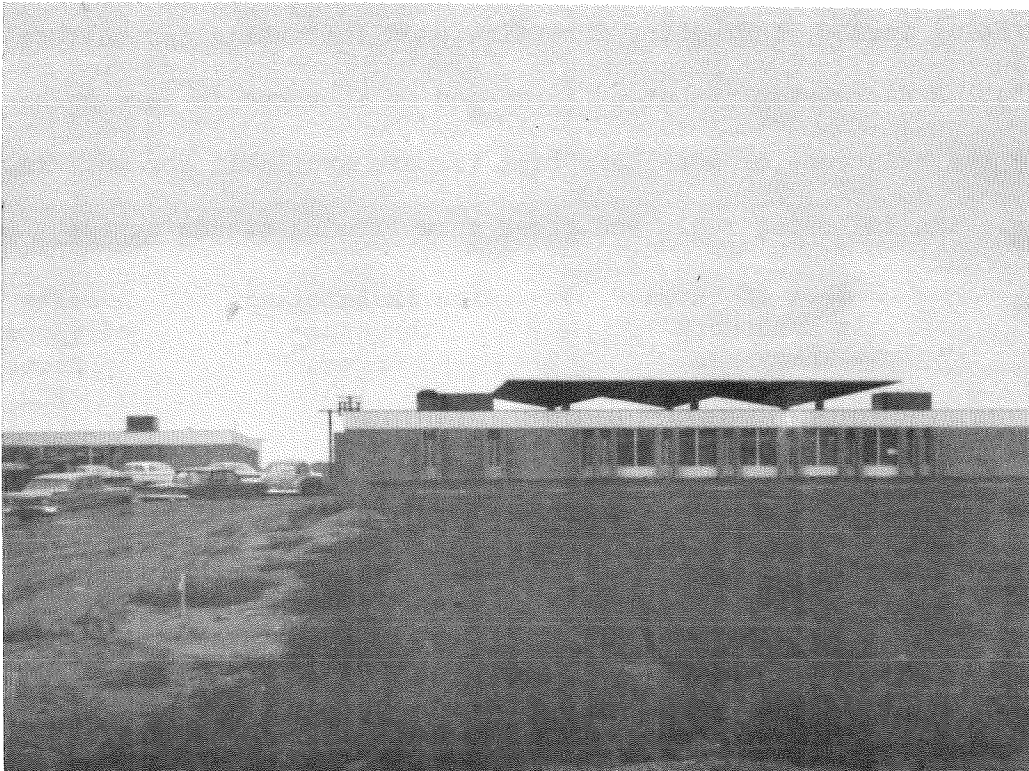


Figure 11. This is a portion of the newly constructed Fergus Falls State Junior College campus. It is presently operating at full capacity, with nearly 600 full and part time students. Located at the west edge of the city, the college is bound to attract new residential and commercial development. Other educational facilities in Fergus Falls include seven elementary schools, a junior high school, a senior high school, two parochial schools, and vocational training programs.

* The county population estimate is of 1967 from the Section of Vital Statistics of the Minnesota Department of Health. The city estimate is from the Fergus Falls Chamber of Commerce for the year 1968.

AGRICULTURE

*Role of
agricul-
ture in
county's
economy* 

Agriculture is the most important economic activity in Otter Tail County. About 85 percent of the land is farmed, with nearly two-thirds in crops and the remainder pasture and woodland. Generally, the most productive soils for agricultural use are located in the southwestern portion of the county. Grain crops dominate in this area. Some trends evident in Otter Tail County, as well as the rest of Minnesota, are the stability in the amount of land being farmed, increasing farm size, and increasing agricultural productivity. A decreasing number of farms and an increase in farm mechanization means the existence of more part time farmers available for work in urban areas. The following table and graph show farming trends across the state:

Year	Number of farms in Minnesota Thousands	Area in farmland thousand Acres	Average size of farms in Acres
1957	164	33,100	202
1958	162	32,800	202
1959	160	32,500	203
1960	156	32,400	208
1961	154	32,400	210
1962	152	32,400	213
1963	149	32,400	217
1964	146	32,400	222
1965	143	32,400	227
1966	139	32,400	233
1967	135	32,400	240
1968	133	32,400	243
1969	130	32,200	248

Source: Minnesota Agricultural Statistics

TOTAL NUMBER OF WORKERS ON FARMS IN STATE
BOTH FAMILY AND HIRED

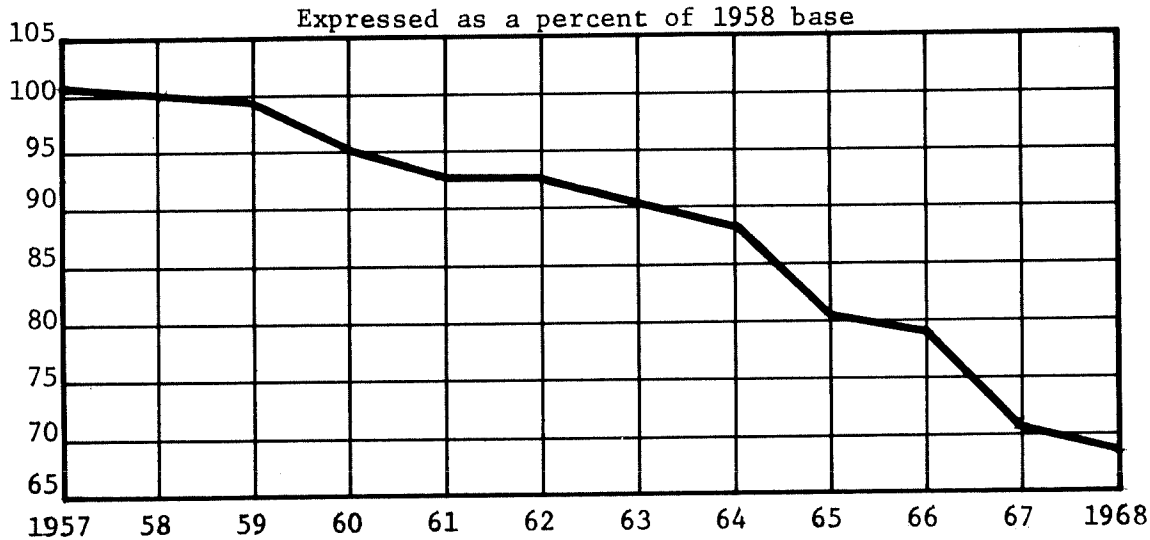


Figure 12.

Source: Minnesota Agricultural Statistics.

Two agricultural products dominate agricultural sales in Otter Tail County: livestock and livestock products and dairy products. These made up two-thirds of the value of all farm products sold in the county in 1967.

Other important agricultural products, in the order of acres devoted to them are oats, corn, spring wheat, soy beans, barley, flaxseed, and rye. When Otter Tail County is compared with all the other counties in Minnesota, it ranks high in the following agricultural products:

*Primary
agricul-
tural
products*

Agricultural Activity	Otter Tail County's Rank in Minnesota
Oats acreage	1st
Harvested hay acreage	1st
Sheep and lambs	1st
Pounds of wool shorn	1st
Acreage in farms	2nd
Harvested cropland	2nd
Turkeys raised	2nd
Dollars worth of milk and cream sold	2nd
Number of milk cows	2nd
Dollars worth of poultry products sold	3rd
Spring wheat acreage	7th
Barley acreage	8th
Number of steers and bulls	11th
Flaxseed grown	14th
Number of hogs and pigs	16th
Corn acreage	20th

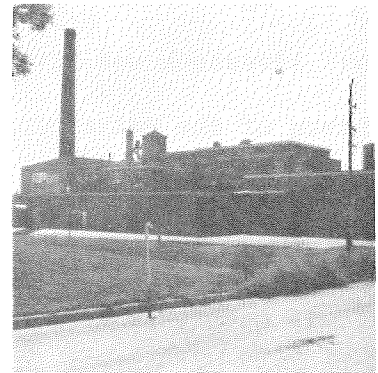
Source: U.S. Census of Agriculture

INDUSTRY

Manufacturing in Fergus Falls and the surrounding area is generally resource oriented. This involves the processing of agricultural and forest products. The major industries in Fergus Falls that are involved in this type of manufacturing are listed below. Also included are the products they produce, the number of employees, and the approximate year the firm was established in Fergus Falls.

	<u>Employees</u>	<u>Year founded</u>
Montana Mills Flour Co. - flour	27	1956
National Tea packing plant - meat	74	1946
Fergus Dairy - dairy products	85	1942
Park Region Bakery - bakery goods	105	1936
Occidental Chemical Co. - fertilizer	11	1955
Northwestern Sash and Door - cabinets	52	1918

Source: Department of Economic Development, "Fergus Falls Community Profile", August, 1968



Figures 13 and 14. Montana Flour Mills and Fergus Dairy are both located west of the CBD along the Northern Pacific railroad tracks.



Figure 15. The rendering plant is another industrial firm in Fergus Falls. Note the vegetation growth over the railroad tracks in the foreground. The more frequent use of trucks for transportation is characteristic of all industries in Fergus Falls. Rail usage has suffered an absolute decline in this auto-highway oriented age.

The trade areas of these industries are somewhat distorted by competition from the major wholesale-retail centers of the Twin Cities, Fargo-Moorhead, and St. Cloud. Also, Fergus Falls has a central location with respect to four smaller competing centers: Detroit Lakes, Wadena, Alexandria, and Breckenridge-Wahpeton. The following map shows Fergus Falls' approximate trade area as of 1968:

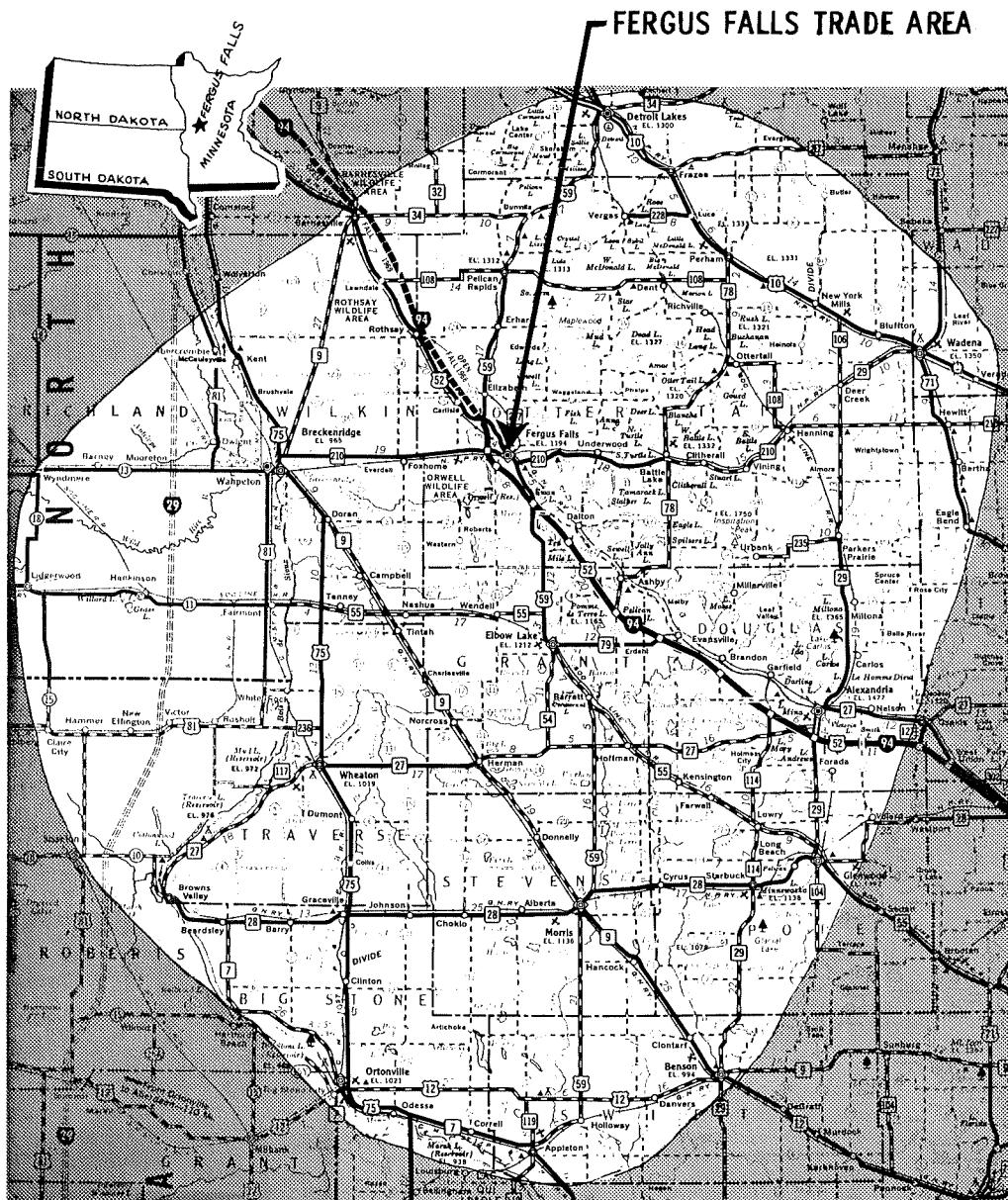


Figure 16.

Source: Fergus Falls Chamber of Commerce.

*New
industrial
concern*

Just recently, Fergus Falls has added a new industry, the D. B. Rosenblatt Company. This firm is a clothing manufacturer, with its main factory in Minneapolis. The Fergus Falls plant is now in the process of training new employees and will have over 200 employees when it reaches full production. The plant will produce only sports clothes, transporting them to the Twin Cities for distribution throughout the Midwest.

The Rosenblatt Company chose Fergus Falls as the location for its branch plant for the following reasons:

1. Availability of labor.
2. Community was receptive to the industry.
3. Desire to stay within 200 miles of Minneapolis.
4. Willingness of the community to finance the plant and equipment.
5. Location on good highway routes, especially I-94 to Minneapolis.
6. Optimism concerning the future of the community.

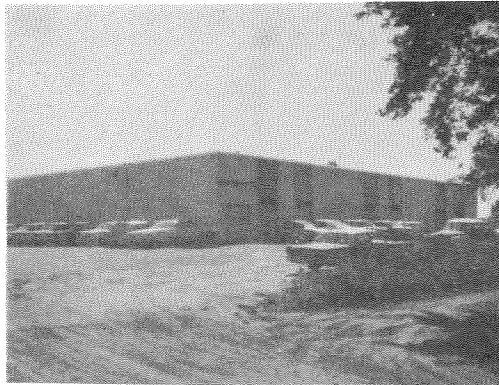


Figure 17. The D. B. Rosenblatt Company established a branch plant in Fergus Falls in May, 1968.

*Active
leader-
ship*

Much of the effort in attracting the Rosenblatt Company to Fergus Falls can be attributed to the Chamber of Commerce and the Industrial Development Corporation (IDC). Both played an integral role in helping the firm with its move, providing facilities, and preparing the community in regard to labor and location of the plant. As soon as the Rosenblatt firm is well established the Chamber and the IDC have plans for other possible moves by industrial

concerns to Fergus Falls. The progressive leadership of Fergus Falls has recognized the importance of aggressiveness and hard work in attracting industry to build a sound economic base for the community. The decentralization of industry - away from the large urban centers - was illustrated by Francis V. duPont when he said:

"Smaller communities located near the larger cities will probably experience rapid new growth. The improved routes will cause industry to move out of the central city to areas where taxes are lower, property is less costly, and employees are within easy driving or even walking distance to work". *

Industrial uses in Fergus Falls presently occupy about 200 acres, mainly along railroad lines shown by I-2 sites on the zoning map on the following page. The largest single concentration of industrial uses is located south-east of the CBD at the junction of the Great Northern and Northern Pacific railroads. Much of this area is used as drop and storage for incoming rail freight. The major trucking firms are also located in this district.

Location
of
industry

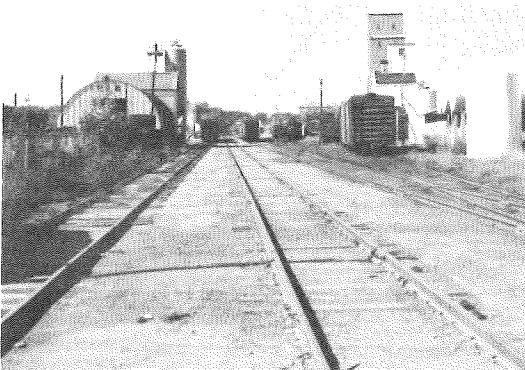


Figure 18. The southeast industrial district railyard, near the junction of the Great Northern and Northern Pacific railroads.



Figure 19. Other trucking firms serving Fergus Falls include Twin City-Fargo Freight, Hart Motor Express, and Murphy Motor Freight Lines. Franchises of Allied Van Lines and United Van Lines do local area moving. All see the freeway as beneficial to their enterprises.

* U.S. Chamber of Commerce, Businessman's Guide to the Road Program, p. 35

There is also an industrial district west of the CBD and north of the river. Another 192 acres, purchased by the Industrial Development Corporation, are available for industrial use. The IDC is currently negotiating for even more land on the city's perimeter.

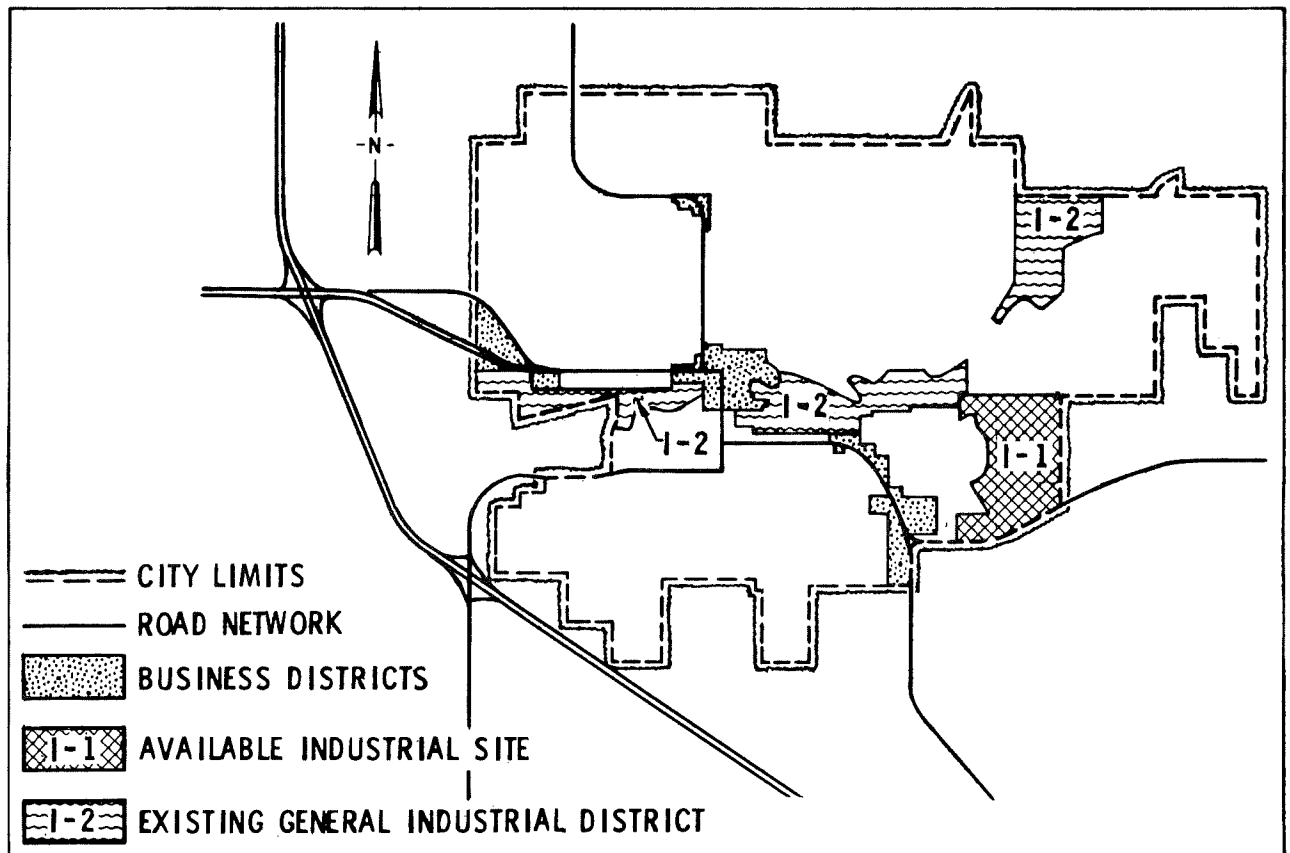


Figure 20. Commercial and industrial sections are located in distinct areas of the city. Areas on the primary access routes to and from the city are zoned commercial. Of course the primary commercial area is the CBD. The industrial sections, available and existing, are located on the Northern Pacific and Great Northern Railway lines.

Source: Derived from the Zoning Map of Fergus Falls, Minnesota.

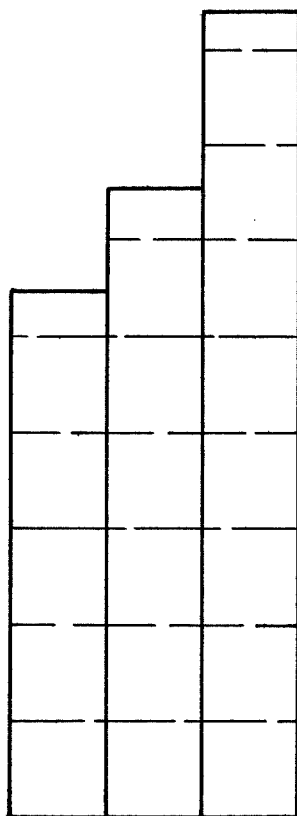
Wholesale trade statistics for the State of Minnesota show a steadily increasing trend. City and county statistics reveal a somewhat different pattern. Wholesale trade of both entities dropped from 1954 to 1958. From the pre-bypass year of 1958 to 1963, the first full year after the bypass was opened to traffic, both Fergus Falls and Otter Tail County recorded substantial increases in wholesale trade business. Thus, it can be assumed that the I-94 bypass did not adversely affect wholesale trade in the city and county. At the time this report was published, 1967 wholesale trade statistics were not available.

Wholesale trade not affected adversely

WHOLESALE TRADE

1954 1958 1963

1954 1958 1963

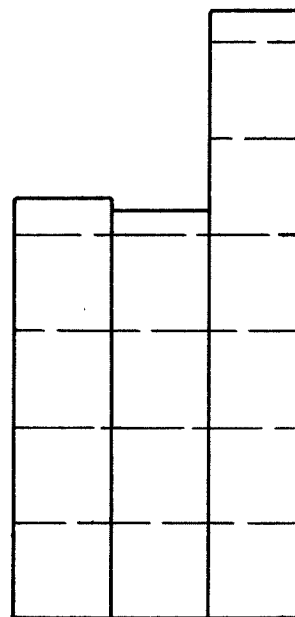


STATE OF MINNESOTA

(1/2" = \$1,000,000,000)

Source: U.S. Census of Business

1954 1958 1963



FERGUS FALLS

OTTER TAIL COUNTY

(1/2" = \$2,000,000,000)

TOURISM *

Otter Tail County has more lakes than any other county in the United States. Few areas in the state have as many excellent lakes and scenic areas. The backbone of the county's resort industry is recreational fishing. With the completion of Interstate Freeway 94, as well as increases in personal income, mobility, vacation time, and the desire for more and varied recreational opportunities, greater demands will be placed upon Otter Tail County's recreational facilities.

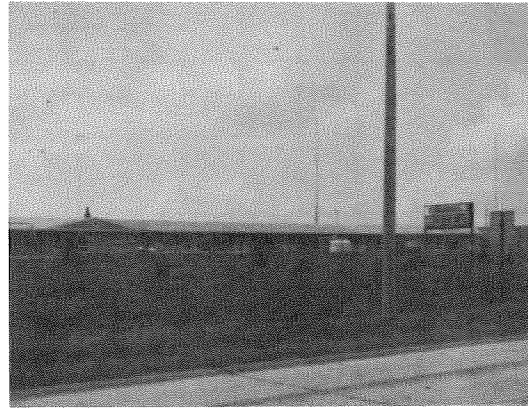
*Tourism
is big
business
in
County*

The county ranks among the highest in the state in annual number of resort registrations. About 60 percent of these registrations are by persons from out of state. The remaining 40 percent are Minnesotans, with the majority coming from the Twin Cities. Most of the out of state registrations are from Iowa, Illinois, Nebraska, and North Dakota. The Interstate System, when completed, should greatly enhance the accessibility of Otter Tail County, and thus make it a more attractive tourist spot to those who would otherwise be discouraged by distance or undesirable travel conditions.

Fergus Falls, the largest center in the area on Interstate 94, is the most logical stopping-off place for tourists both going to and coming from resort areas to the northeast in Otter Tail County. The benefits of the vacation industry for Fergus Falls and other centers in Otter Tail County include moneys spent by vacationers on automobile supplies, gasoline, food, clothing, and other retail goods. Motels, hotels, and restaurants also prosper from the traveling tourist. Almost 20 percent of the total amount of money spent at Minnesota resorts annually is spent in Otter Tail County.

*City
benefits
from
tourist
industry*

* The figures and some of the factual material contained in the section on Tourism are from a report by the Community Planning & Design Associates, Inc., Economic Analysis - Population Study, for Otter Tail County, Minnesota, pp. 63-75



Figures 22 and 23. Two types of accommodations in Fergus Falls. The River Inn Hotel, located in the heart of the CBD: and the Falls Motel, located on the outskirts of town.

Seasonal residences also play a large part in the economy of Otter Tail County. Seasonal home owners participate to a greater extent in the life of the community and make fuller use of the various facilities than transient resort occupants. A survey of Otter Tail County in 1965 showed 5,068 seasonal homes. Expenditures by non-county resident seasonal home owners account for about \$4,500,000 in consumer items and services. This figure is almost 10 percent of the total retail sales for the county.

*Impact
of incoming
tourist
revenue*

It is generally accepted that retail trade adds to the economy only when it attracts dollars from outside the county; otherwise retailing is merely a redistribution of agricultural or manufacturing revenues already earned. Thus, increasing the accessibility of Otter Tail County and Fergus Falls to the larger population centers means a growing economy through the tourist industry. Fergus Falls, whose locational advantages were mentioned previously, is bound to benefit from the increasing retail sales. The retail sales for Otter Tail County are illustrated by graphs on the following two pages. Most trends are favorable, especially in recent years since 1964. The data for all the graphs were obtained from annual Sales Management publications.

OTTER TAIL COUNTY
TOTAL RETAIL SALES

Expressed as a percent of 1962 base

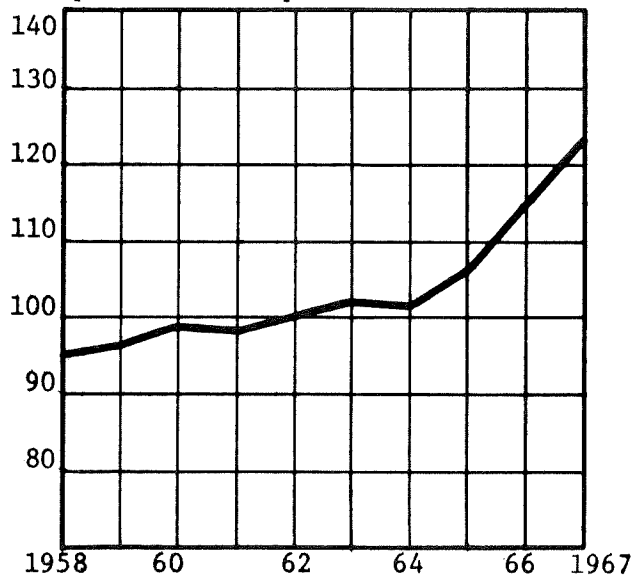


Figure 24.

OTTER TAIL COUNTY
AUTOMOTIVE RECEIPTS

Expressed as a percent of 1962 base

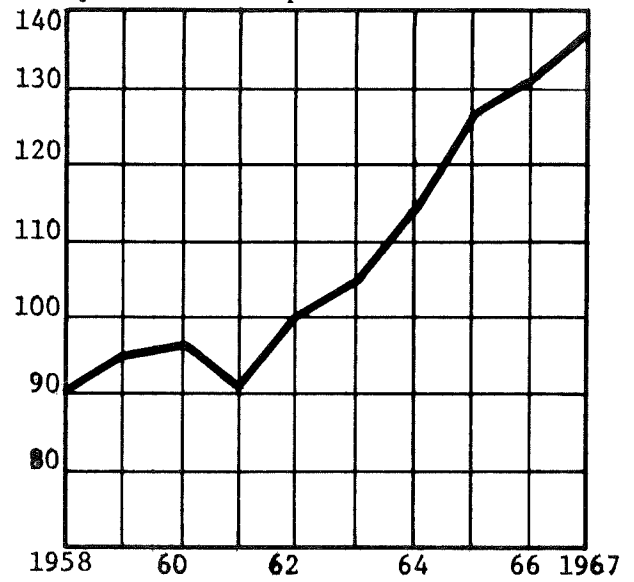


Figure 25.

OTTER TAIL COUNTY
LUMBER, BUILDING, AND HARDWARE
RECEIPTS

Expressed as a percent of 1962 base

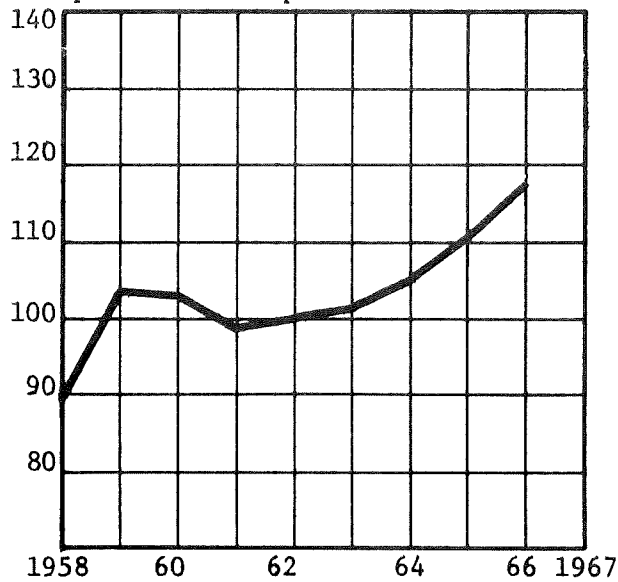


Figure 26.

OTTER TAIL COUNTY
GAS STATION RECEIPTS

Expressed as a percent of 1962 base

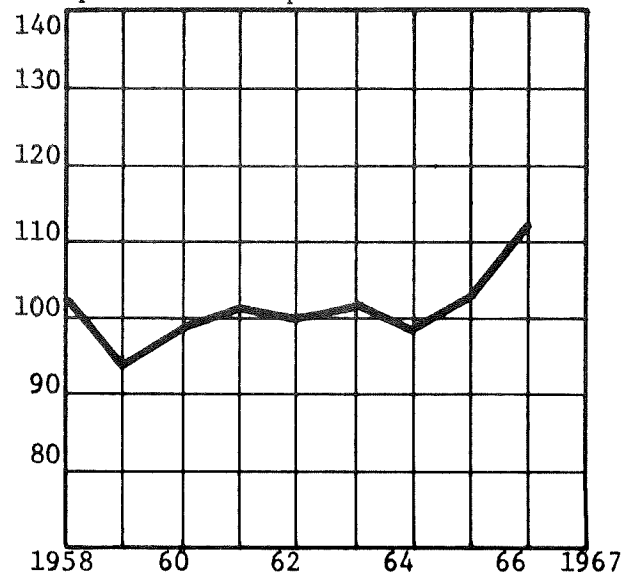


Figure 27.

OTTER TAIL COUNTY
DRUG RECEIPTS

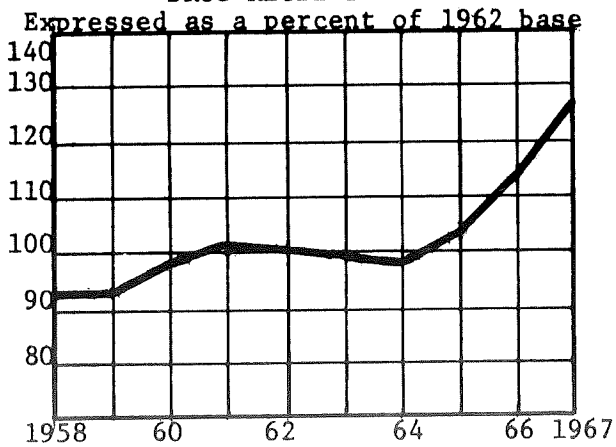


Figure 28.

OTTER TAIL COUNTY
APPAREL RECEIPTS

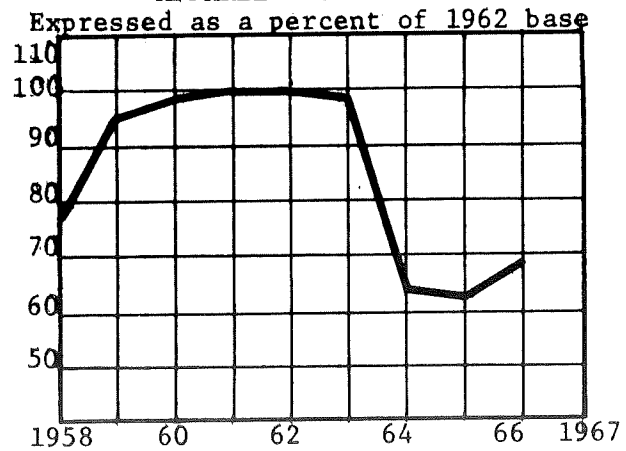


Figure 29.

OTTER TAIL COUNTY
FOOD RECEIPTS

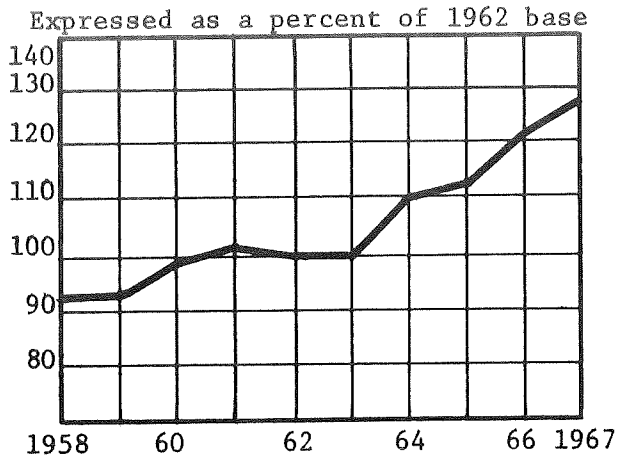


Figure 30.

OTTER TAIL COUNTY
GENERAL MERCHANDISE RECEIPTS

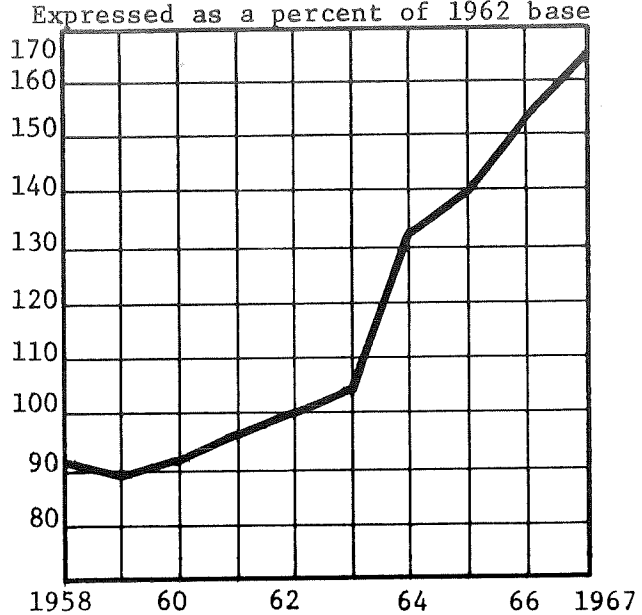


Figure 31.

OTTER TAIL COUNTY
FURNITURE, HOUSEHOLD
APPLIANCES RECEIPTS

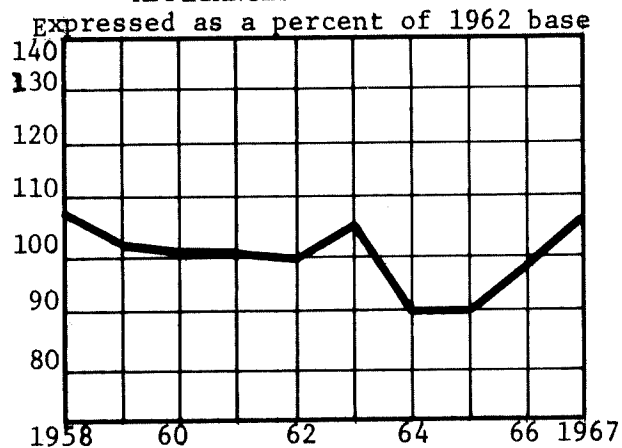


Figure 32.

OTTER TAIL COUNTY
EATING, DRINKING PLACES RECEIPTS



Figure 33.

HISTORICAL TRANSPORTATION PATTERN

Since the 1930's Otter Tail County has been traversed by two U. S. trunk highways from the Twin Cities to Fargo-Moorhead. U. S. Highway 10, in the northeast part of the county, has had traffic volumes more than twice as large as those on U.S. Highway 52, which ran through Fergus Falls.

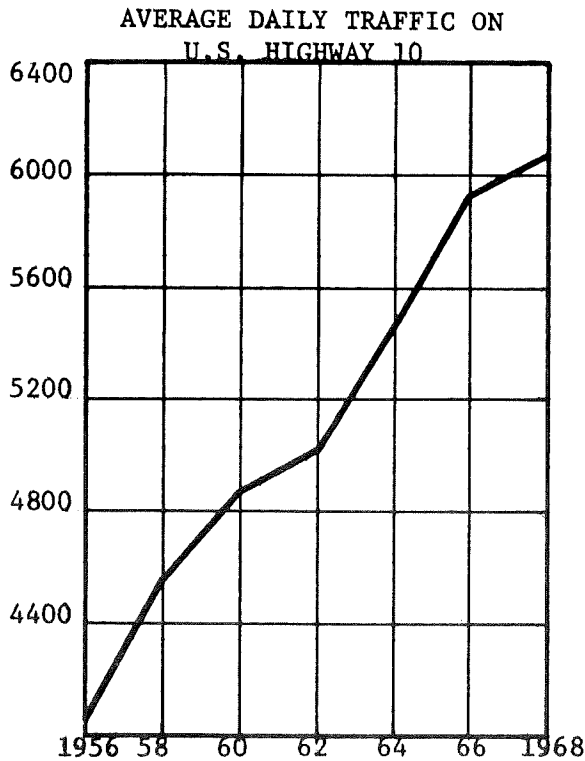


Figure 34.

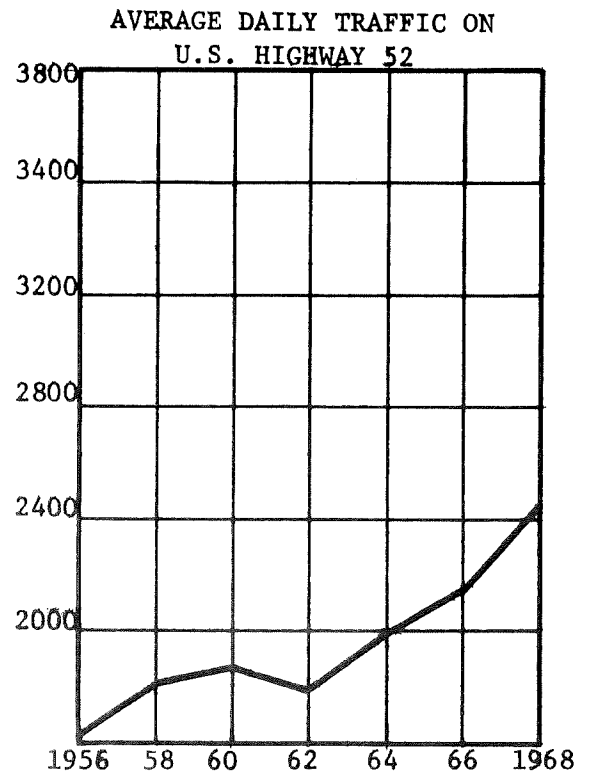


Figure 35.

Source: Division of Planning and Programming, Minnesota Department of Highways, St. Paul, Minnesota

Interstate Freeway 94, when it is completed to Fargo-Moorhead, will definitely have an effect on the transportation pattern northwest of St. Cloud. State Highway Department projections indicate that I-94 from its present southern terminus at Albany and following the old route of U.S. 52 to Fergus Falls, will become the most important circulation element in that part of the State. Much of the Highway 10 traffic will be diverted to I-94 (a 1,100 car shift per day is expected by 1971-72). By 1985, I-94 is expected to carry over 5,000 vehicles per day into Otter Tail County. The freeway is expected to play

*I-94
effect
on
highway
network*

great role in "opening up" the interior of the county. *

Fergus Falls transportation problems are similar to just about every other city in the United States with variation in only the scale of the problem. The point of initial settlement was on flat land on the north bank of the Otter Tail River. Soon the railroads came through the center of town, providing the impetus for economic and population growth. The settlement pattern expanded in all directions from the point of initial settlement. As the transportation technology changed from river, rail, and the horse and wagon to the automobile, streets and highways were built to accomodate them. Lines of movement to the CBD from both the north and south were broken and strongly channeled by rail and river barriers.

Changing
transporta-
tion
technology

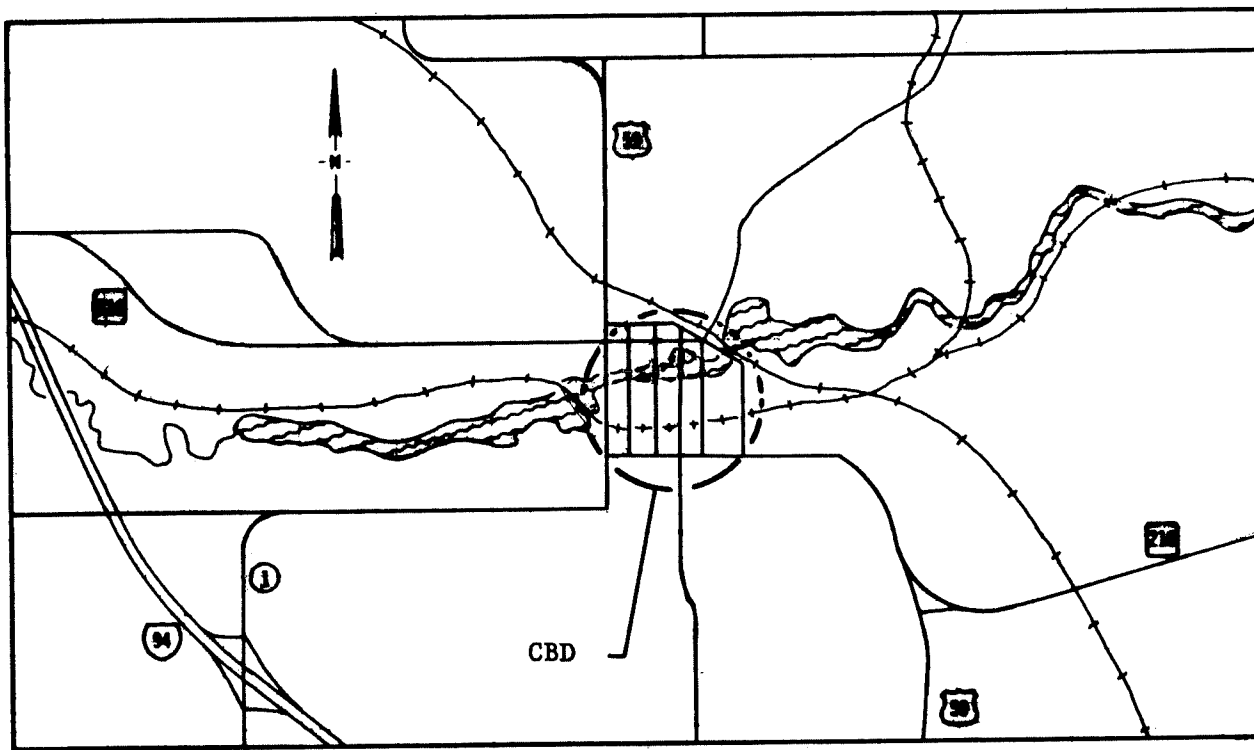


Figure 36.

Source; Derived from the city engineer's map of Fergus Falls, Minnesota.

* Derived from a report by the Community Planning & Design Associates, Inc., Land, Transportation, and Public Facilities Analysis, for Otter Tail County, Minnesota, July, 1968, pp. 65-70.

Thus railroads and rivers, essential to the initial growth of Fergus Falls, have left a legacy of problems related to transportation, growth, and physical development in the city.

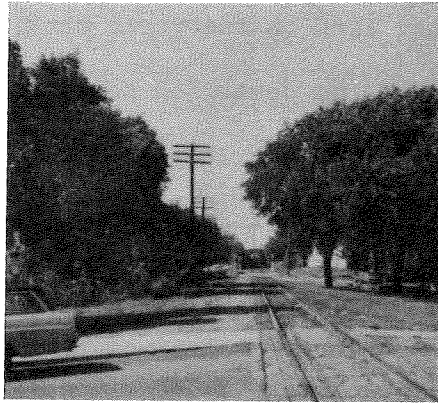


Figure 37. One of many street and railroad crossings in Fergus Falls.



Figure 38. Aerial photograph with the southeast industrial district in the foreground. Arrow 1 points to the grade separation for the Northern Pacific railroad and arrow 2 to the grade separation over the Great Northern railroad. These two grade separations are the only ones in the City of Fergus Falls. The rail lines, coming out of the lower right hand corner of the photo, dissect the city's street transportation pattern, especially north and south of the CBD.

Today, the Otter Tail River is crossed by only five bridges in Fergus Falls. All life within the CBD and going north from the river these streets intersect with Lincoln Avenue, the main street of the retail core. This funneling of traffic makes for a congested downtown area. The problem is further complicated by the single route that Trunk Highways 59 and 210 follow for almost two miles within the city limits. All trunk highway through traffic formerly was required to follow this route in and out of the CBD. The route turns at right angles at three different intersections, further intensifying the congestion.

Trunk highways follow only one route in the city

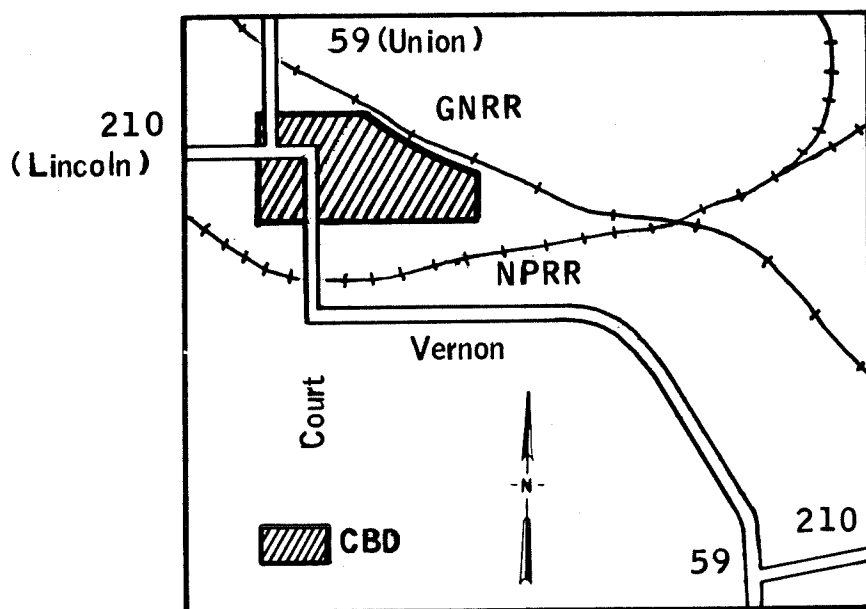


Figure 39.

Source: Planning and Programming Division, Minnesota Department of Highways, St. Paul, Minnesota


The transportation problem in Fergus Falls was recognized as early as 1947 in a study conducted by the Minnesota Department of Highways. It was stated in the introductory paragraph that:

Problem recognized in 1947

"Fergus Falls presents a traffic problem typical of cities where steadily increasing motor vehicle travel, including a substantial volume of through trips, is being carried into or through the Central

Business District over routes designed for the horse and wagon of a half century ago. While there has been some widening and relocation of highways in outlying areas, improvement of streets in the downtown area has been largely confined to building new surfaces. Width and alignment have not been improved." *

Widening the highway in the CBD is impossible. Buildings have been constructed adjacent to the existing street line, and it would not be economically feasible to remove the front portions or tear them down for the purpose of widening the route. A partial solution to relieving the congested bottleneck of traffic in the CBD is a bypass route, freeing the business streets for traffic of a more profitable nature. This congestion problem was reduced significantly in Fergus Falls, as well as many other cities, with the advent of the Interstate System.

*Bypass
provided
a
choice* 

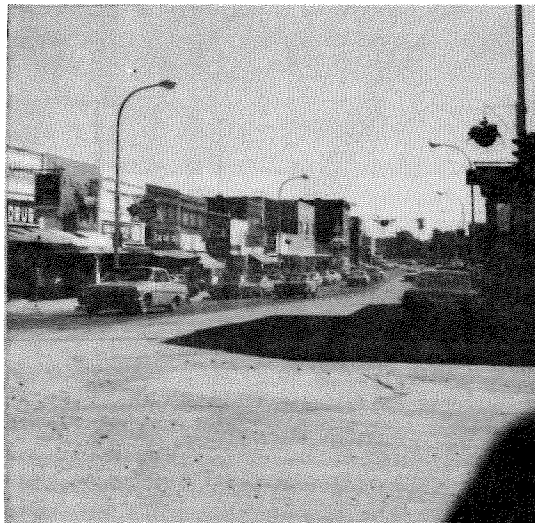


Figure 40. Traffic on the main street of the retail core, Lincoln Avenue, in the middle of a summer day. Note the lack of traffic congestion.

* Minnesota Highway Planning Survey, Report of an Origin - Destination Survey at Fergus Falls, Minnesota, 1947, p. 4.

SEPARATE INTERESTS TO BE SERVED

As transportation problems in a given community increase, pressures from various sources are directed towards doing something about highway location. The decision will be supported by previous land economic studies, needs indices, and available funds. The greatest influence, however, comes from the various interests in the community and the pressures exerted by each in its own behalf.

*When
congestion
is
recognized*

Analysis of these interests in Fergus Falls leads to the conclusion that they are quite similar to those in Austin and Faribault. These communities were the topic of earlier bypass studies by the Minnesota Department of Highways. The interests to be served by alternate routes in all three communities include:

*Similar
interests
in other
communities*

1. The local merchants who derive a large percentage of their trade directly from through traffic and favor keeping the through traffic in the CBD despite the congestion or tie-up. A survey undertaken by the Highway Research Group at the University of Minnesota in 1958 prior to research on a 1959 report found that 96% of the businessmen interviewed in Faribault were not in favor of the alternate route although when they traveled they preferred not to go through the small towns. Gasoline stations, motels, and some restaurants are good examples of this type of business.

*Dependence
on thru
traffic*

2. At the other extreme is a group of merchants who receive most of their business from local residents and very little from the through traffic. They are very much in favor of rerouting the through traffic in order to relieve congestion and acquire a better shopping atmosphere for their trade. Automobile dealers, builders, and hardware stores are prime examples of this group.

*Dependence
on local
traffic*

3. There are also businessmen who fit in between the two extremes. They weigh the benefits of the rerouted traffic to the community and to themselves.

They may and usually do see value in either alternative. An essential requirement for them is the ability to adjust to the new pattern of traffic movement. Clothing, variety. food, and drug stores are excellent examples of this type of business.

4. The local residents who are not in business favor removing through traffic from the business district to reduce congestion and improve safety conditions.

5. The local motorists also favor the removal of through traffic to speed local traffic and improve safety.

6. The through traffic motorists are usually very much in favor of an alternate route. They wish to avoid the CBD with its many stop signs and traffic restrictions. Modern day motorists dislike slowing to 30 m.p.h. or less just to traverse a small community, especially when these urbanized areas come every seven or eight miles. The freeway concept involves entire elimination of any stopping or slowing of traffic on the principal travel lanes.

7. Businesses transporting goods from the main centers of population have an interest somewhat similar to that of the traveling motorist.



Figure 41. County Road 1 interchange with the City of Fergus Falls in the background.

CHANGING ECONOMIC AND LAND USE PATTERNS

- Interchanges and Access Routes

Interstate Freeway 94, bypassing Fergus Falls to the southwest, was integrated into the area's transportation pattern in 1962. The city is provided with four interchanges with access routes from the freeway (see Figure 1 - inset). The major connection to Fergus Falls is State Highway 210, approaching the city from the west. Highway 210 interchange lies about one mile from the city limits. Interchanges at U.S. Highway 59 south and U.S. Highways 52 and 59 north, provide longer access routes into Fergus Falls. These routes also allow travelers from both the north and south to leave the interstate freeway and stop in Fergus Falls without going out of their way, i.e., backtracking or retracing their travel route. The interchange at County Road No. 1 also provides an access route from I-94 to the city.

*Bypass
opened
in 1962*

Until November, 1968, Interstate 94 north of St. Cloud was only segmental. Thus the traffic volumes on I-94 were low - too low, perhaps to warrant large capital investments to establish traffic sensitive businesses at the freeway interchanges. There were exceptions to this fact in Fergus Falls.

*Commercial
development
at the
inter-
changes*

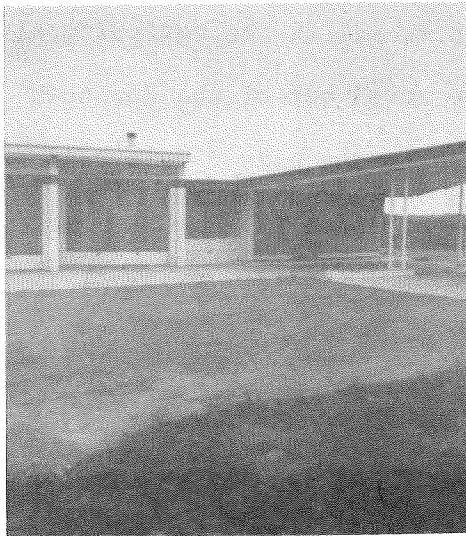


Figure 42.


At the County Road No. 1 interchange there is a gas station leased to Phillips Oil Company, but now closed. The station was open for a year and a half, but traffic volumes were not large enough for the business to succeed. It was closed in the fall of 1966 and has remained idle since. The local manager reports that the station will probably open again some time in 1969 when Interstate 94 opens to Albany, and is expected to bring a much larger flow of traffic into the area.

One of the reasons given for the failure of the Phillips station was the lack of restaurant facilities. In the spring of 1968, Skelly Oil Company opened a gas station - restaurant combination at the Highway 52 and 59 interchange north of Fergus Falls. The business has been doing very well in the gas, food, and emergency service needs of truck and tourist traffic. This is the only service station that is open for business at any interchange on I-94 between Albany and Rothsay (as of Jan. 1, 1969). When similar stations become established at the interchanges, the Skelly station manager expects a temporary decline in his business, but he feels it will pick up again as traffic volumes increase.

At the present time, there is a texaco station with restaurant facilities being constructed at the Highway 59 interchange south of Fergus Falls. Four other oil companies have purchased land at or near the interchanges of the bypass around Fergus Falls, but none have started construction as of yet.

Also located at interchanges of the interstate bypass around Fergus Falls are an agricultural implement business, a new and used car dealer and a contractor's storage yard. In Fergus Falls decentralization is characteristic of these types of business. Over the last six years, all of the agricultural implement dealers and some of the car dealers have moved out of the downtown area to the interchanges or along the access routes to the city. This relocation, in almost every case, was prompted by a lack of space in the CBD, and the convenience factor of being near I-94 and outside the city limits for local area people and farm customers.

It is interesting to note that all of the development along the interchanges has taken place on the northeast, or Fergus Falls side of the freeway.

Development only on city side of I-94  The major reasons for this are to attract (1) the traffic going to and from Fergus Falls to these businesses, and (2) the heavier traffic volumes heading northwest from the already completed stretches of four lane highway

to the southeast. When I-94 is completed to Fargo-Moorhead, it will divert a large percentage of traffic from Highway 10, as stated previously. This increased traffic volume heading southeast past Fergus Falls will induce companies to buy and develop the remaining interchange parcels of land for commercial use.

The only other location where frequent buying and/or development has taken place is along Highway 210, the primary access route into Fergus Falls. Because it is the major access, part of Highway 210 was relocated to the south to avoid a dangerous curve and some businesses with uncontrolled access on old Highway 210. The new route was also widened to four lanes all the way into the CBD. The old Highway 210 has reverted to county control. The businesses along the old route are not worried about this bypass (rerouting of Highway 210) because their commercial enterprises are not considered traffic sensitive. Most of their customers are local area people and come to this location with a particular purpose in mind.

*Commercial
development
in Highway
210 area*



Figure 43. A view of old high way 210, looking toward the freeway. Uncontrolled access driveways to the businesses, like the one in the center of the picture, are characteristic of this stretch of the highway.

Two car dealers and a construction company are located at or near the Highway 210 interchange. Also, two oil companies have purchased sites, and it is rumored that the Holiday Inn Corporation has acquired an option on a parcel of land immediately adjacent to the interchange.

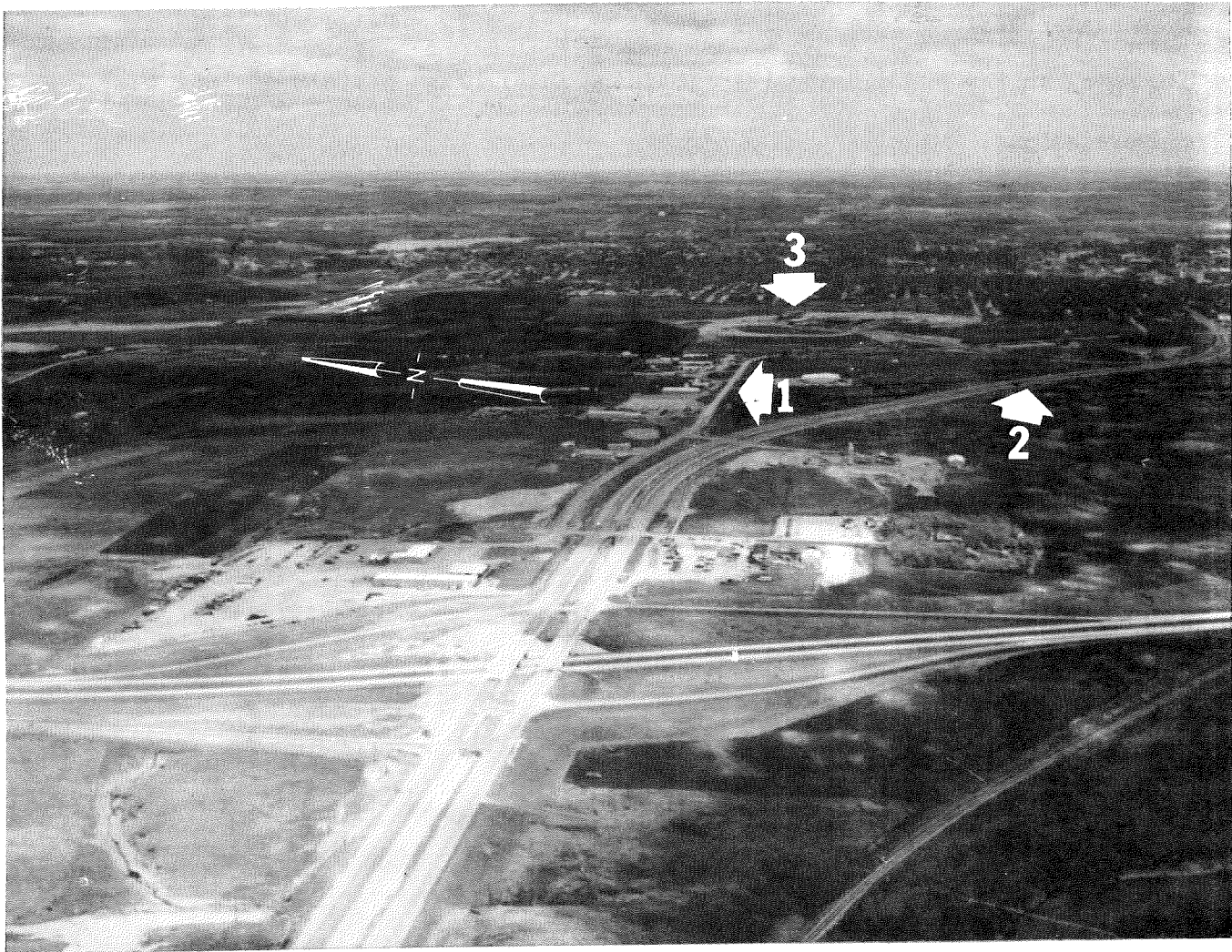


Figure 44. Aerial photograph of the Highway 210 interchange looking east toward the city. It is the primary access route to and from I-94 for Fergus Falls. Arrow 1 points to old Highway 210 and the existing businesses that have been bypassed by the newly opened four lane route into the CBD (Arrow 2). Arrow 3 designates the new junior college site. The interchange land is presently occupied by a construction company, two car dealers and a sign company. This area also exhibits a high degree of real estate activity.

- The Central Business District

The downtown area of Fergus Falls is experiencing the same difficulties as the CBDs of almost every other American city of comparable size. An increasing population, faster automobiles, improved highways, and more leisure time have resulted in a heavy concentration of vehicles and pedestrians in the CBD.

CBD congestion ←

To a large extent, the CBD was conceived and developed in the horse and buggy days (pre-1900). Today automobiles are forced to use the same thoroughfares and parking places that were used by horses over a half century ago. Thus the necessity of eliminating through traffic is readily apparent.

In addition to the bypass, recently constructed municipal parking lots in the CBD have also reduced vehicle congestion. Presently, there are five municipal lots with a total capacity of 450 cars. An additional 25 acres will be needed for parking in the next 20 years, including multi-story parking ramps (near the end of the 20 year period). "The streets which are already crowded with parked cars are no longer the answer to the parking problem. The large majority of shoppers use the automobile as their means of transportation to and from the shopping area. If the shoppers are to be encouraged, they must be provided with convenient and attractive parking places." *

► *Municipal
parking
lots*



Figure 45. Four of the five parking lots are adjacent to back door entrances of businesses along Lincoln Avenue. Store managers claim their businesses have profited greatly as a consequence of these municipal parking lots and the back door entrances.

Businesses in the downtown area of Fergus Falls are oriented to local area people. Tourist trade is seasonal, but businessmen say it is increasing every year. They also report that their gross retail sales are growing at a rate of 5 percent, 10 percent, and more every year. Even in the summer of 1968, with the main street of the retail core torn up for many weeks and State Highway 210 closed off for relocation and widening, most retail merchants

► *Tourist
trade is
growing*

* Nason, Wehrman, Knight, and Chapman, Fergus Falls - the Central Business District, February, 1964, p. 11.

*Prospering
even
under
adverse
conditions*

reported that business sales were up over the similar period one year ago. This is an encouraging sign for Fergus Falls. Next year, with Interstate Freeway 94 completed to the south, Highway 210 construction finished, and the downtown streets repaved, business should be better than ever.



Figure 46. Various parts of Lincoln Avenue in the CBD were closed during the summer for resurfacing and curb work.

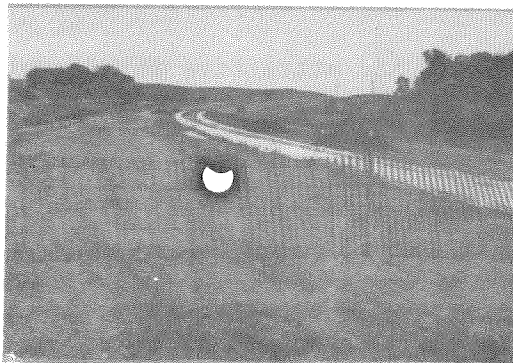


Figure 47. Construction of new Highway 210, looking west toward the freeway. This new access route was opened in November, 1968.

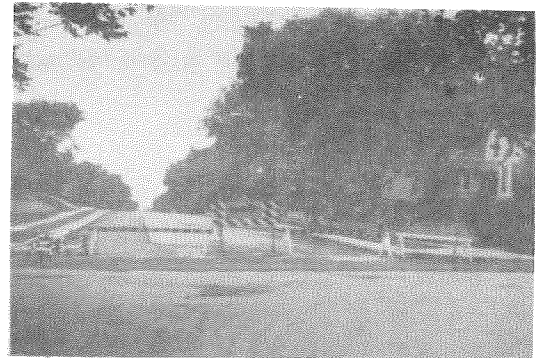


Figure 48. Widening Lincoln Avenue (Highway 210) in the city limits. There was a considerable disruption of main traffic routes during the construction and repaving.

*New
shopping
center
in CBD*

A new shopping center is now under construction in the CBD, one block north of Lincoln Avenue. National Food Stores moved in to the center in the spring of 1969. Other nation-wide chain stores and some service industry concerns have also leased space in the new shopping center. This center is further evidence of a cohesive, centralized CBD in Fergus Falls. The local merchants feel that the new center will be an excellent "drawing card", attracting retail customers from a larger trade area to shop in Fergus Falls.

The local merchants and city officials of Fergus Falls feel that the city has not yet experienced the full effect of the freeway and its bypass for reasons stated previously. As more people are brought into the area via I-94, it is expected that a greater number of people will stop in Fergus Falls. This can only mean increased business and a more prosperous economy for the city and the county.

Full
effect of
I-94 not
yet felt

- Retail Trade Trends in Fergus Falls and the State of Minnesota

Interstate Freeway 94 around Fergus Falls was opened to traffic in October, 1962. Thus 1963 was the first full year that Fergus Falls businessmen experienced the bypass. That year a retail trade census of business was taken. The bypass could have had an effect on the trend of total retail sales in Fergus Falls. There was a smaller percentage-wise increase in the period of years from 1959 to 1963 (1.3% a year) than in the period before the bypass (2.5% a year from 1954 to 1958) or the period after the bypass (3.85% a year from 1964 to 1967). Most significant, however, is that retail sales during the period after the bypass have increased at a rate more than twice as great as the rate of increase before the bypass.

Rate of
increase
in retail
trade
doubled
after the
bypass

Total retail sales of the periods between the official census years show that Fergus Falls sales volume in 1967 exceeded the 1963 figure by 15.4 percent and topped the pre-bypass year of 1958 by 23 percent. No drop in retail sales was recorded subsequent to the I-94 bypass around Fergus Falls. Thus 1967 represents the year of highest retail sales volume ever recorded in Fergus Falls.

This was the last year that the official census of retail trade was taken. Even under the adverse traffic conditions present in the summer of 1968 when the research was conducted for this report, most retail merchants reported that business was up from the official census year of 1967.

Retail
business
reported
to be
better
than
ever

After the bypass was opened to traffic, the period from 1964 to 1967 shows only three categories of retail trade for Fergus Falls declining in volume. There was a sizeable drop in the lumber category, and small decreases in the volume of apparel stores and eating and drinking establishments.

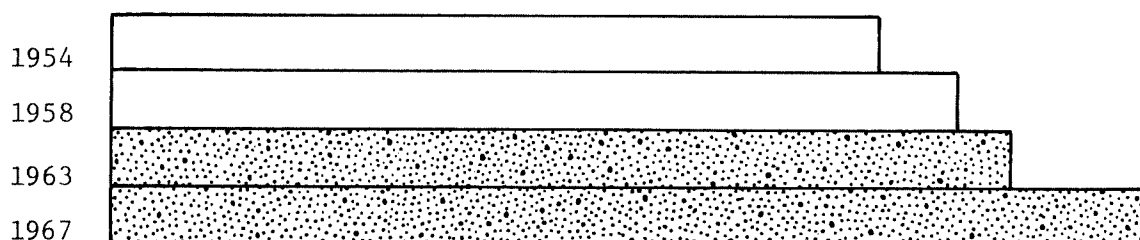
State retail sales, on the average, have increased about twice as fast as Fergus Falls retail sales in the last fifteen years. Cited as perhaps the major reason for this phenomenon was the greater rates of increase in the metropolitan areas and other large cities throughout the State of Minnesota. With the exception of one period in the lumber category, all categories of state retail sales have steadily increased up to 1967. Thus, each category has followed the same pattern as the total retail sales bar graph for the state.

All categories of state retail sales show increasing trends

TOTAL RETAIL SALES



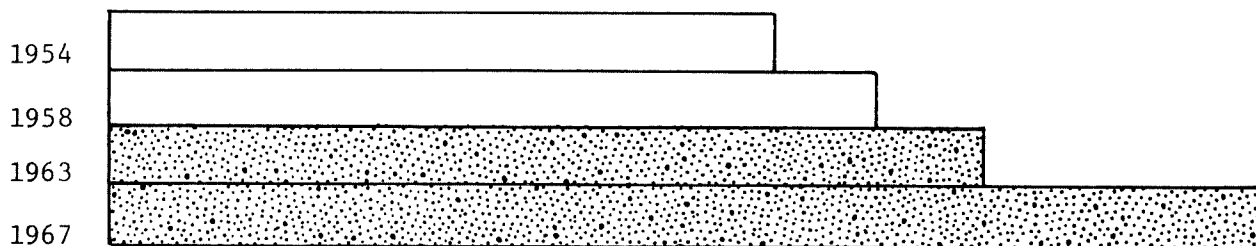
Applicable to Pages 41 and 57 also



FERGUS FALLS (1" = \$5,000,000)

Figure 49.

Source: U.S. Census of Business

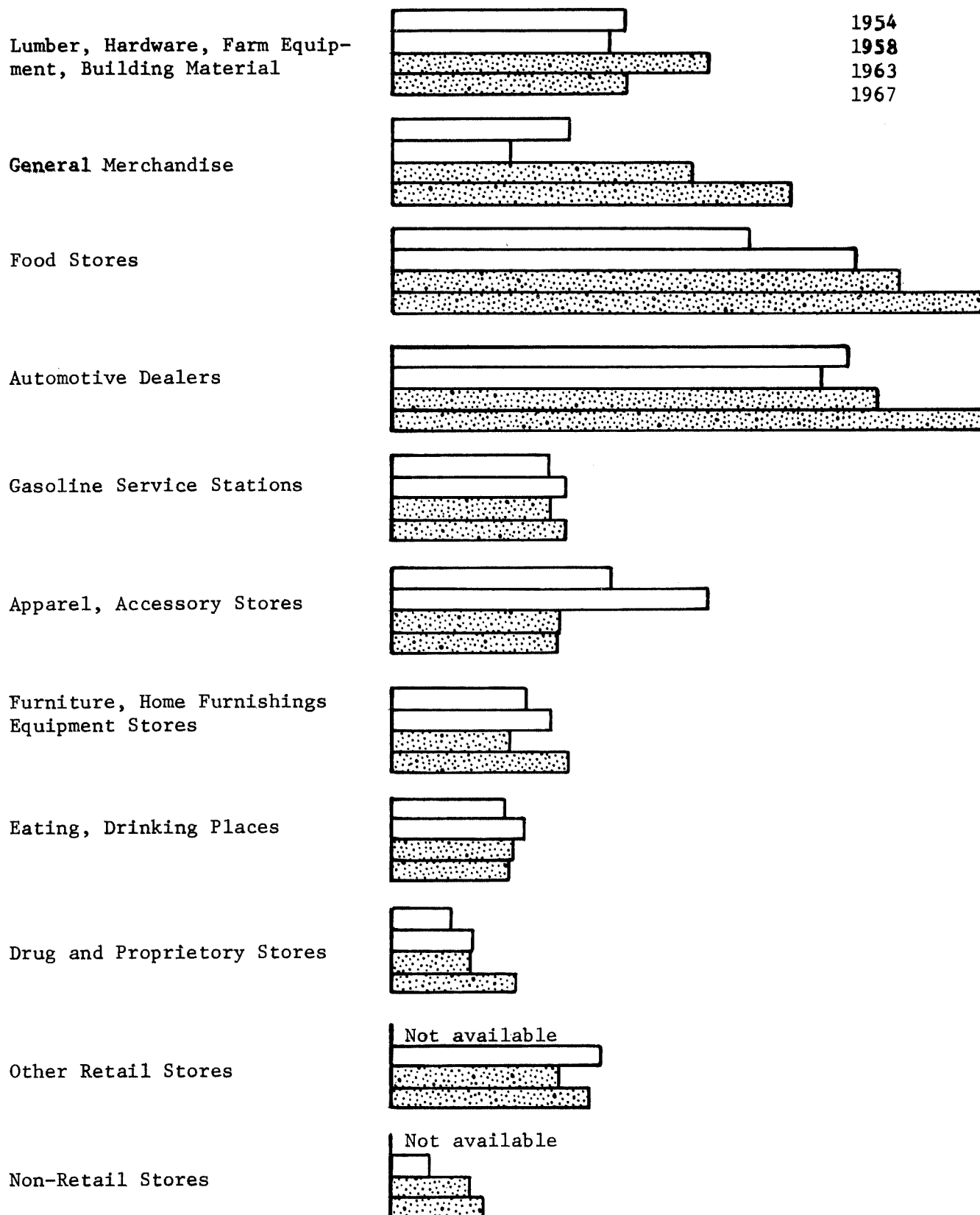


STATE OF MINNESOTA (1" = \$1,000,000,000)

Figure 50.

FERGUS FALLS -- RETAIL SALES

Figure 51. (3/4" = \$1,000,000; Each 3/16" = \$250,000)



Source: U.S. Census of Business

In any analysis of retail trade over time, the factor of inflation

must be considered. Figure 52 illustrates the continually rising cost of living index in the United States. When this national inflationary trend is incorporated into percentage increases of Fergus Falls total retail sales, interesting relationships appear. The period 1959 to 1963 recorded a 7.6 percent increase in sales volume, but over three-fourths of that growth was due to inflation.

Inflation made up a much smaller percentage of the total retail sales for the period 1964 to 1967. It can be seen from Figure 53 that inflation has a definite

influence on sales, although real growth, over and above inflation of total retail sales in Fergus Falls, was recorded both before and especially after the bypass was constructed.

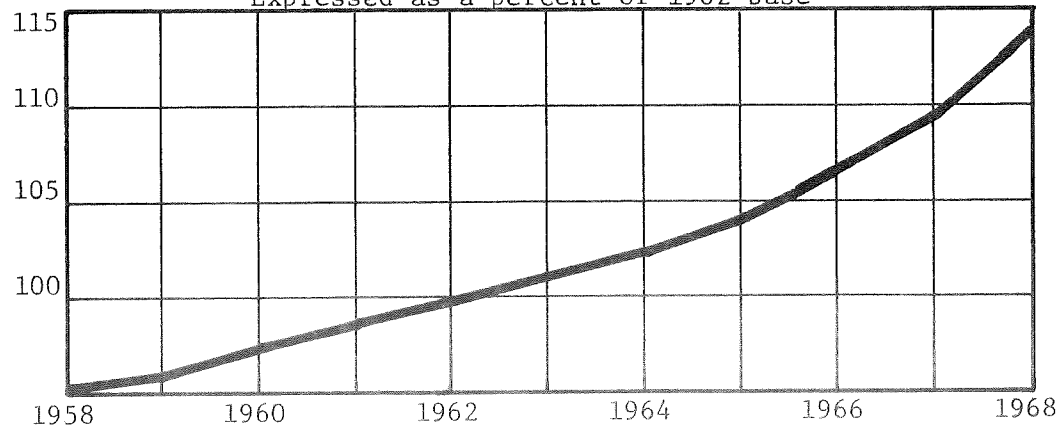
Cost of living trend

Real growth of total retail sales

Figure 52.

CONSUMER PRICE INDEX (Cost of living)

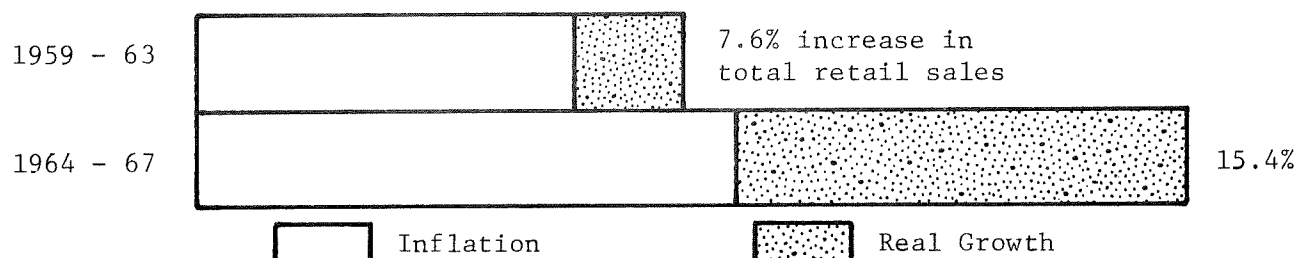
Expressed as a percent of 1962 base



Source: NEWS - From U.S. Dept. of Labor

Figure 53.

INFLATION AND TOTAL RETAIL SALES IN FERGUS FALLS



Source: U.S. Dept. of Labor and U.S. Census of Business

LAND VALUES

Most of Fergus Falls' retail and service commercial businesses are located on Lincoln and Washington Avenues, respectively. Property values, a good economic indicator of a community's prosperity, are derived mainly from developments within the city. Values are influenced by availability of land, traffic volumes, parking facilities, attractiveness of surrounding enterprises, and various related factors. From the map and bar graphs below, it can be seen that in every block of Lincoln and Washington Avenues in the CBD, property values rose or remained stable in every two year period from 1958 to 1968. The bar graphs are placed over the streets to show that the values are approximately the same on both sides of the street.

Property values in CBD rising ←

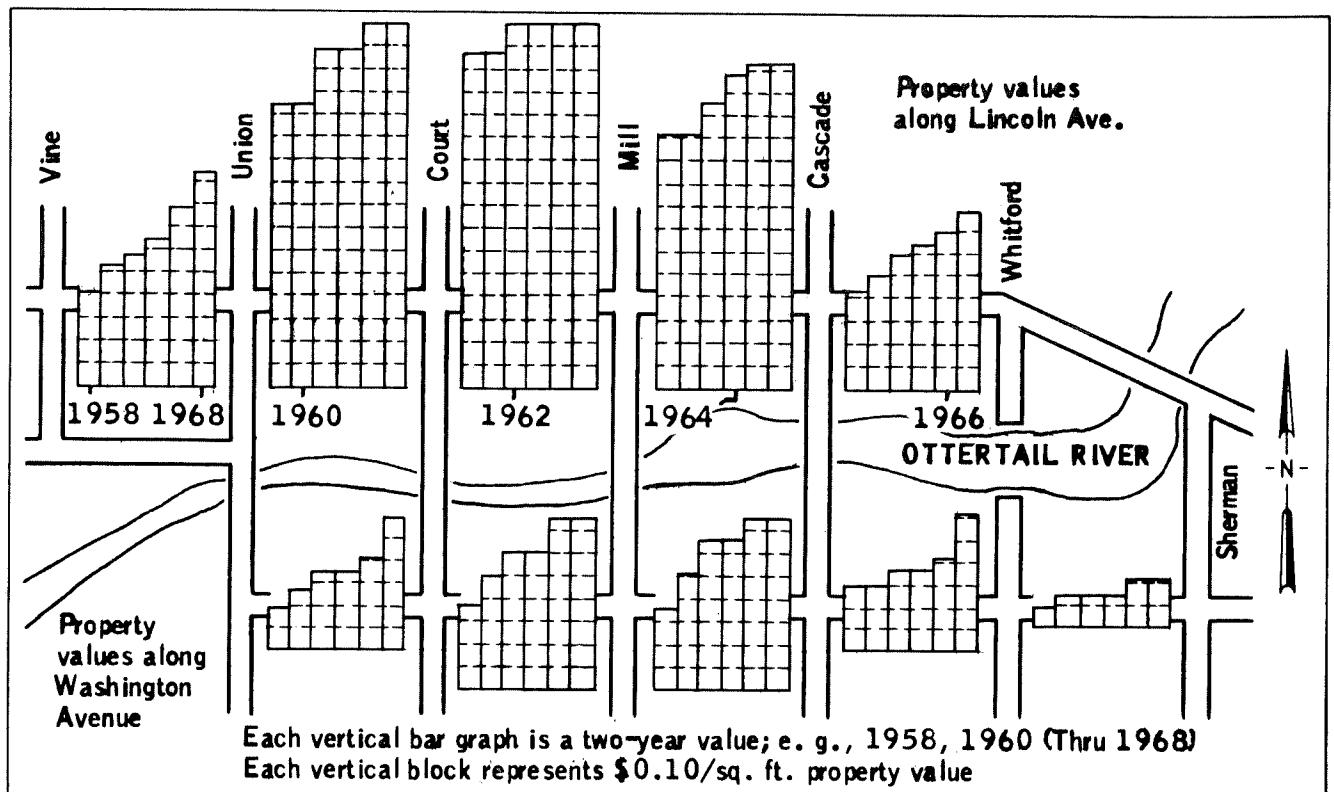


Figure 54.

Source: City Assessor's records, Fergus Falls, Minnesota.

ASSESSED PROPERTY VALUATION

A definite economic growth trend in the period 1958 to 1965 is indicated by the graph below. According to the city assessor this can be attributed, in a large part, to the growth and expansion of Otter Tail Power Company. The years of greatest increase of assessed property valuation in Fergus Falls were also Otter Tail Power's largest investment years in structures and equipment. The power company has such an impact on assessed property valuation because it represents approximately 36% of the city's valuations. The rate of increase on assessment valuations for Fergus Falls declined in 1966 and 1967 due to no major investments by Otter Tail Power Company, normal depreciation, and personal property assessment changes in 1967. The rise again in 1968 can be attributed to economic growth, inflation, and a re-evaluation of personal property changes for assessment purposes.

Otter
Tail
Power
Company's
influ-
ence

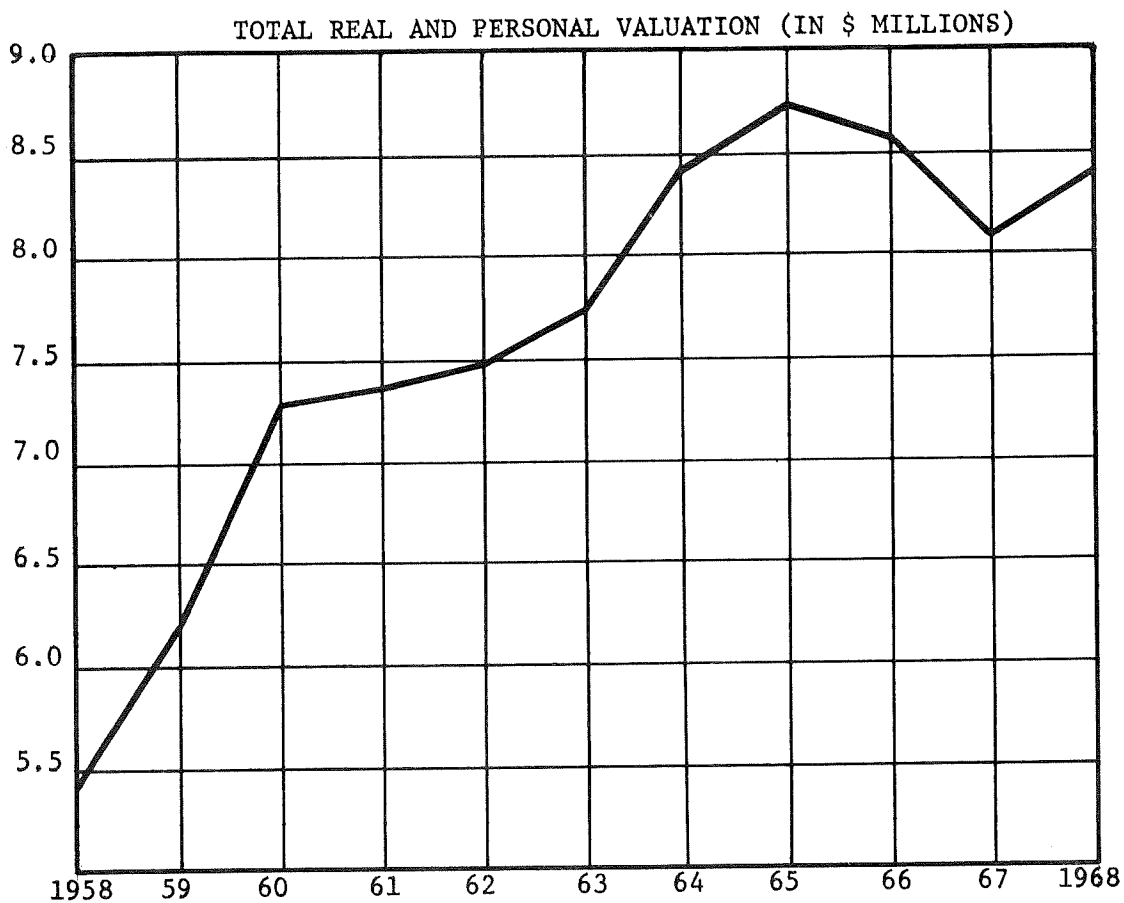


Figure 55.

Source: Text and data from the City Assessor, Fergus Falls, Minnesota.

EMPLOYMENT

Employment in Fergus Falls shows a similar trend. Average annual employment dropped slightly in 1962 and 1965, but has gained in all other years.

Average
annual
employ-
ment
increas-
ing

Average monthly employment shows a five percent fluctuation: February is the low month and July and August have the largest employment figures, probably due to increased tourist activity. There are also variations in the trends of average annual employment in the different categories. Retail and wholesale trade employment are generally decreasing. Both fields are becoming more mechanistic and specialized. By carrying only the necessary lines to stay in business, more capital is available for investment. For these reasons, fewer people are needed for wholesale and retail trade employment. Manufacturing has been decreasing, but this trend has reversed itself since the D. B. Rosenblatt Company established itself in Fergus Falls. Contract construction employment has shown the greatest variability. All other categories have shown generally increasing employment trends over the last eight years. The public sector, including government agencies (city, county, state, and federal) and public schools, is now the largest employer in Fergus Falls.

Individ-
ual cate-
gories
fluct-
uate

The Department of Employment Security supplied the data for the following 11 graphs.

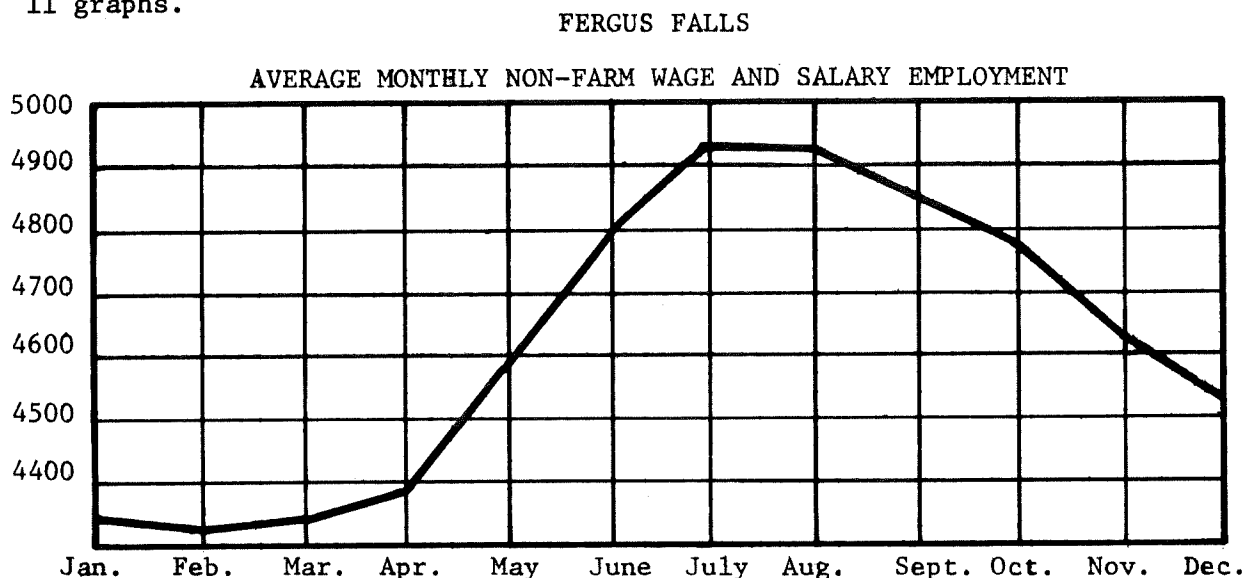


Figure 56.

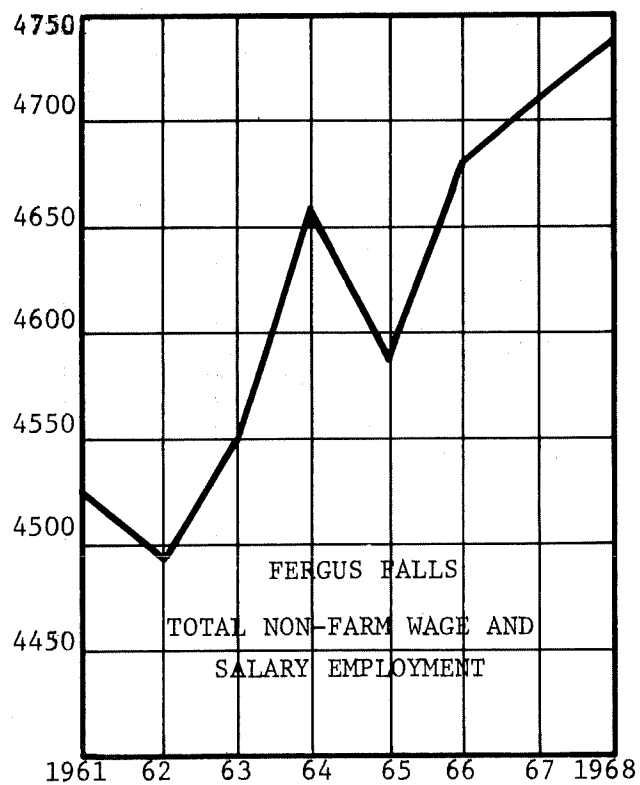


Figure 57.

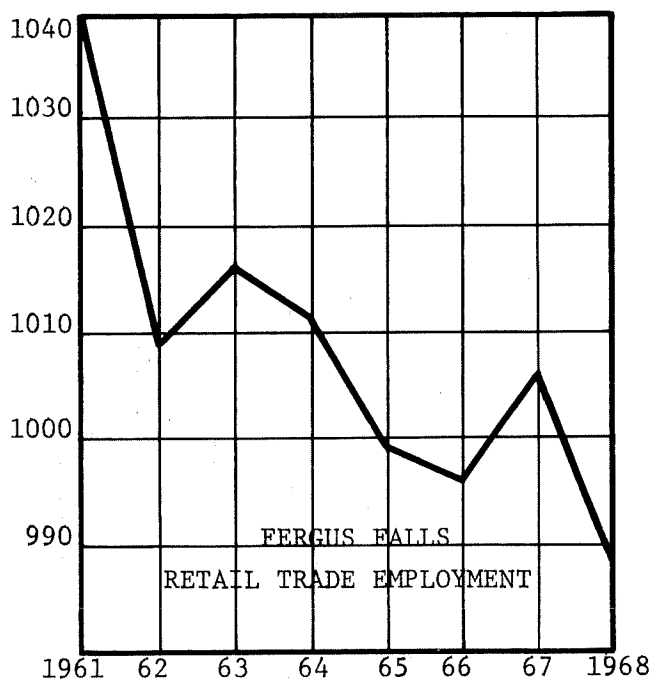


Figure 58.

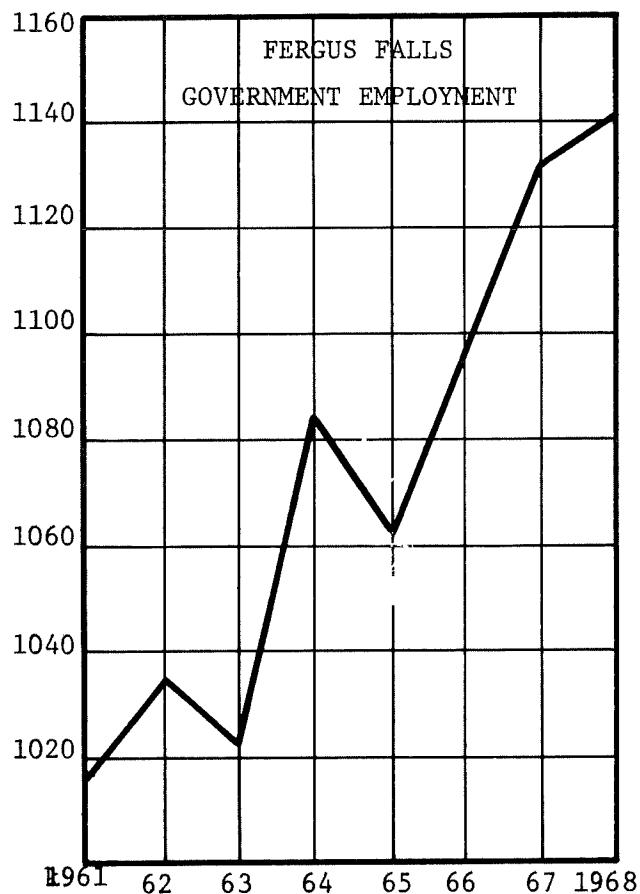


Figure 59.

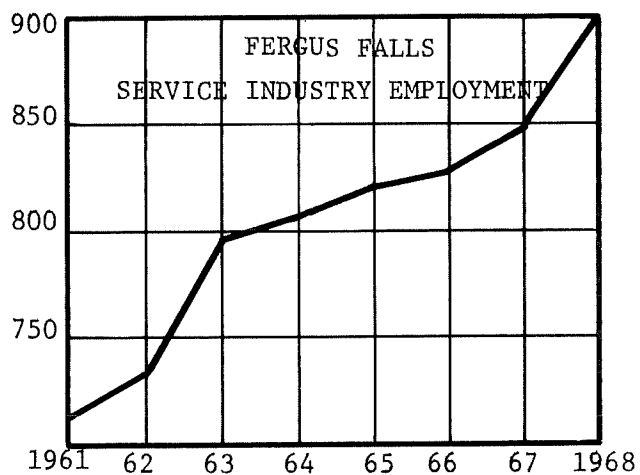


Figure 60.

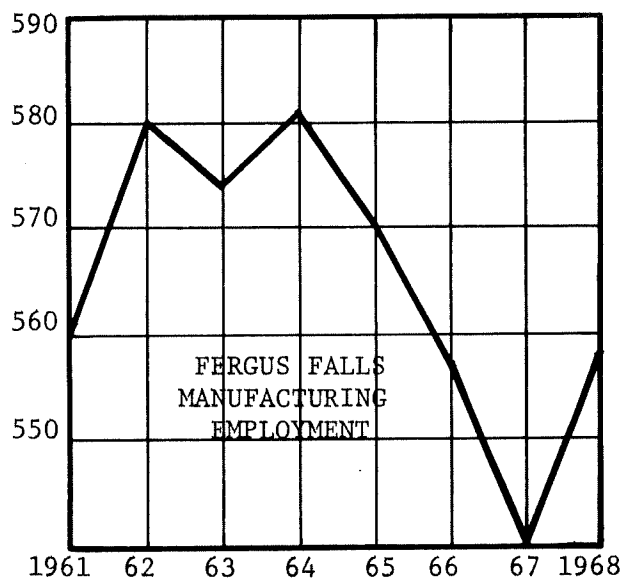


Figure 61.

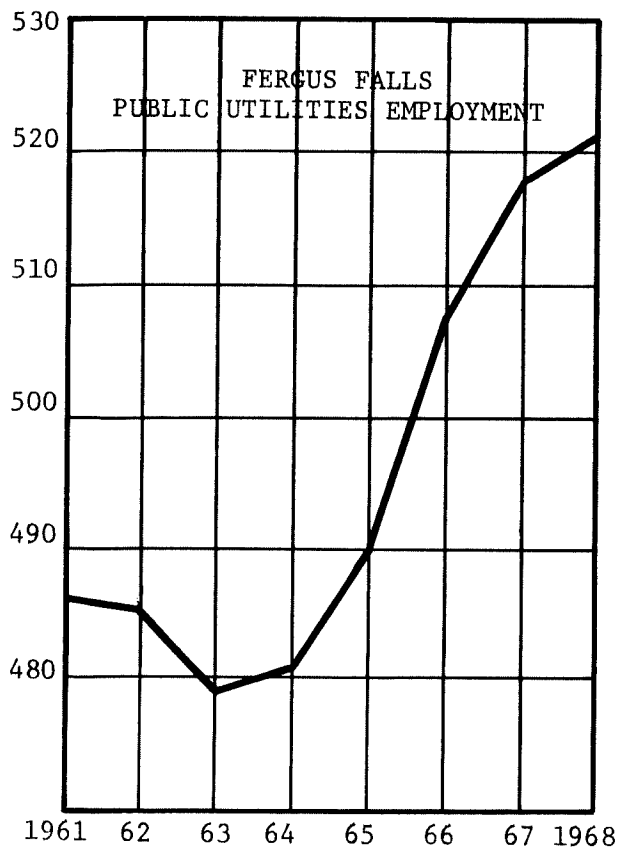


Figure 62.

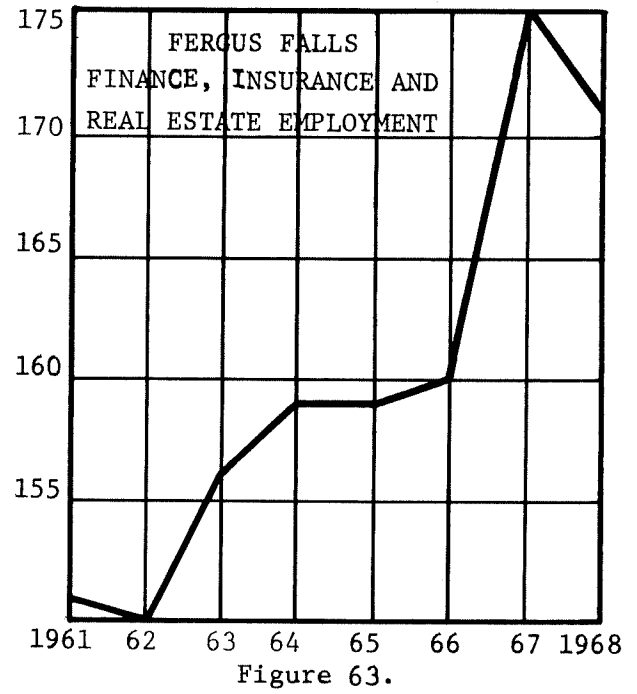


Figure 63.

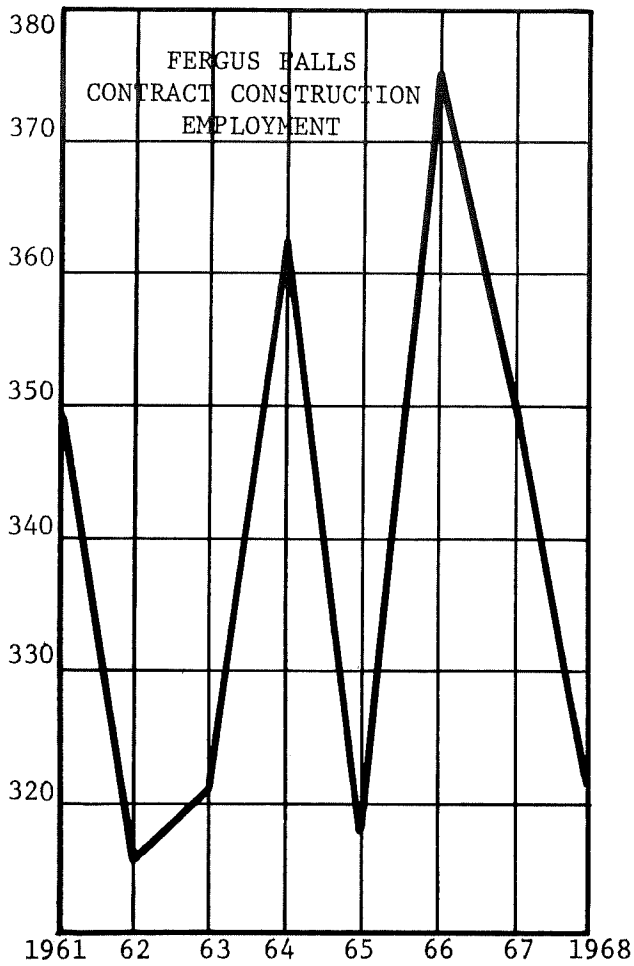


Figure 64.

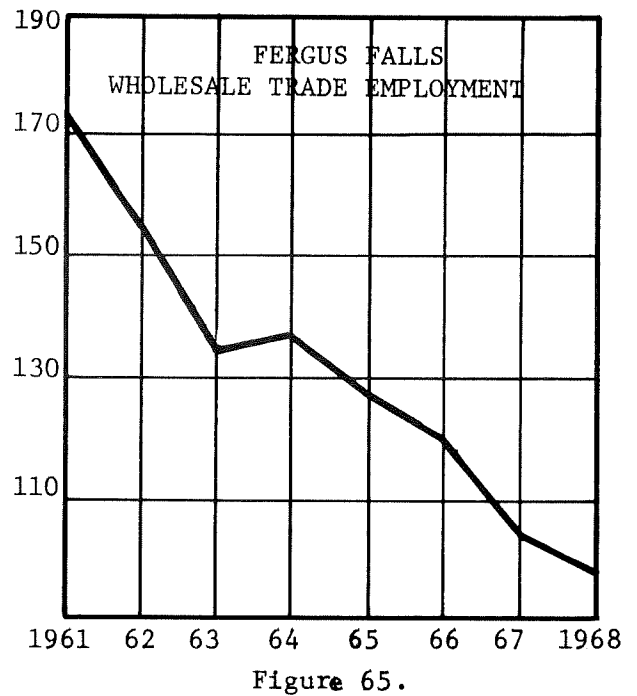


Figure 65.

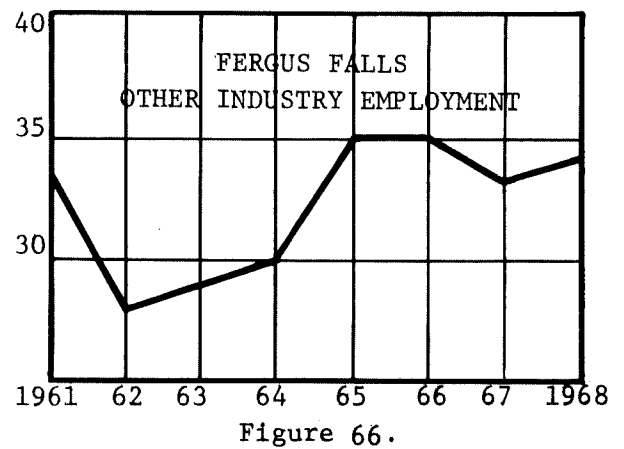


Figure 66.

BANK DEBITS

The Federal Reserve Bank of Minneapolis defines bank debits as:

"basically representing the total amount of checks written against demand deposit accounts (i.e., checking accounts) of individuals, partnerships, corporations, and political subdivisions in payment for goods, services, and debts. These data do not include debits to accounts of banks of the U. S. Government, or of the Postal Savings System, nor do they include time and savings accounts. Also excluded are debits in settlement of clearinghouse balances, payments of certificates of deposit, and cashiers' and certified checks".

The graph of Fergus Falls bank debits indicates a steadily increasing growth rate over the last 10 years. There are no unfavorable shifts in the curve since the bypass was completed in 1962. This is a good indicator of the community's continuing growth and prosperity. Bank debits rising

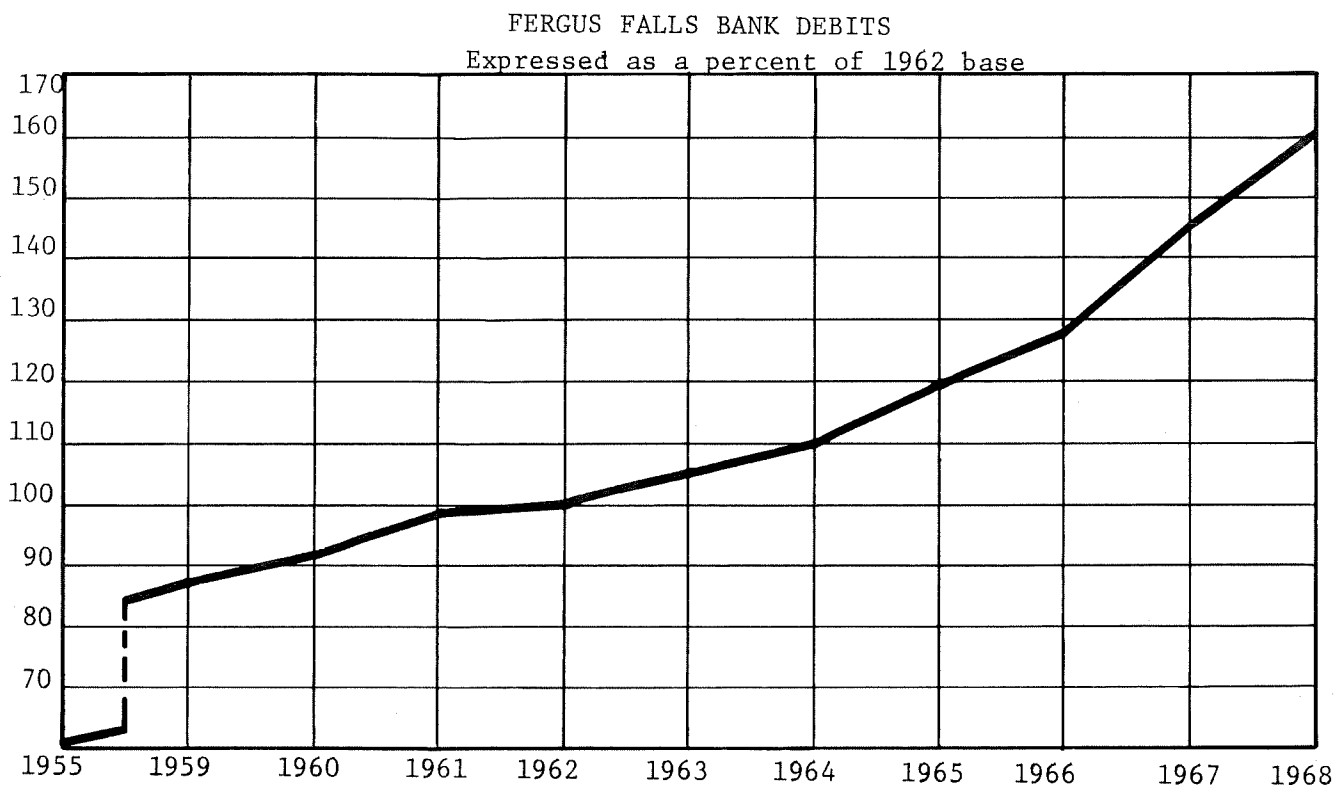


Figure 67.

Source: Federal Reserve Bank, Minneapolis, Minnesota

BUSINESS STARTS AND STOPS

In almost every community there are a certain number of establishments which begin or end business operations within the city limits annually. According to the city assessor's records, there have been 27 more stops than starts within the city limits of Fergus Falls in the last ten years. This is due to a combination of factors: the construction of five municipal parking lots in the CBD has eliminated several businesses; many businesses have located outside the city limits for convenience and a need for more space; and the existence of marginal establishments which went out of business for various reasons, such as adverse local economic conditions or the initial drop of traffic volume in the city when the bypass was opened in 1962 and extended southeastward in 1965. The last two years show an abrupt change in the declining trend of business establishments. In fact, 1968 was the first year since the bypass was opened that there were more business starts than stops. Many of the business starts were specialty shops. This reflects the confidence of the new shop owners that the Fergus Falls trade area is now large and diversified enough to support these specialty enterprises.

Declining trend reversed itself

New specialty shops

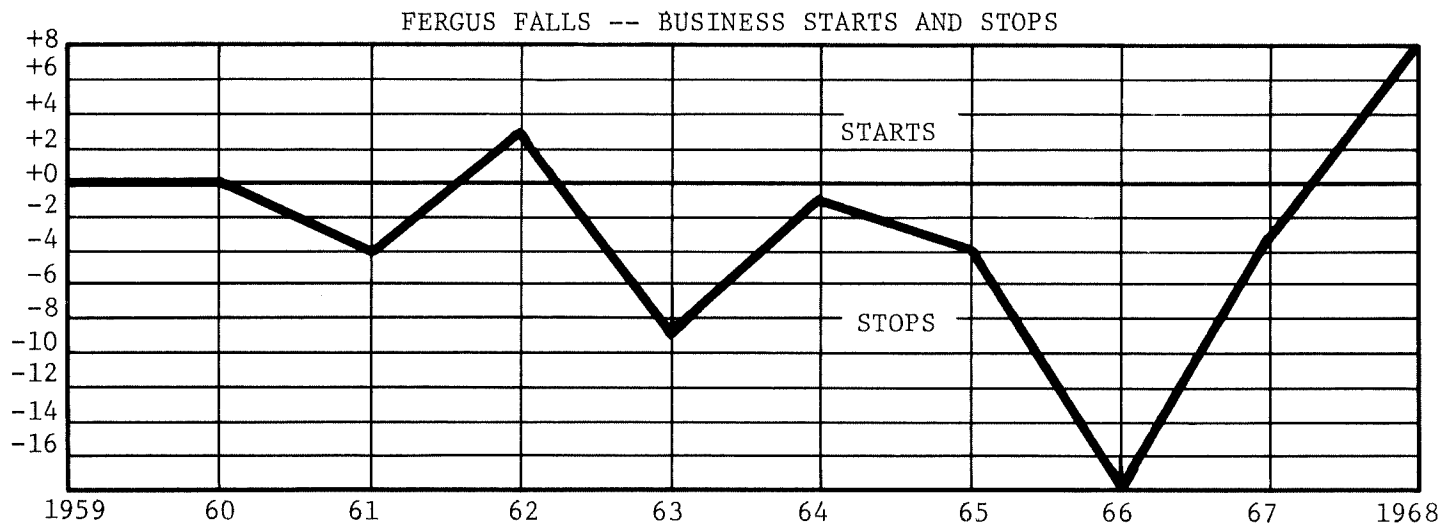


Figure 68.

Source: Text and data from the City Assessor, Fergus Falls, Minnesota

ASSESSED VALUE OF BUSINESS STARTS AND STOPS

The graph of the assessed value of all business starts and stops every year reflects no general trend. The fluctuations of the assessed values are due almost entirely to local conditions. For example, the peaks of the graph for business stops in 1961 and 1963 are related to two large firms, GMC Super Truck Sales and Soby Construction Company moving out of the city limits. The tremendous increase in the assessed value of all business starts in 1967 was due almost completely to the establishment of Great Plains Natural Gas Company in Fergus Falls. The low figures in 1968 may be attributable to a change in the regulations regarding assessment procedure. Recent legislation after passage of the new sales tax, exempts machinery or inventory in an assessment of personal property. Previously both inventory and machinery items were included.

No
general
trend

ASSESSED VALUE OF BUSINESS STARTS AND STOPS IN FERGUS FALLS (IN \$ THOUSANDS)

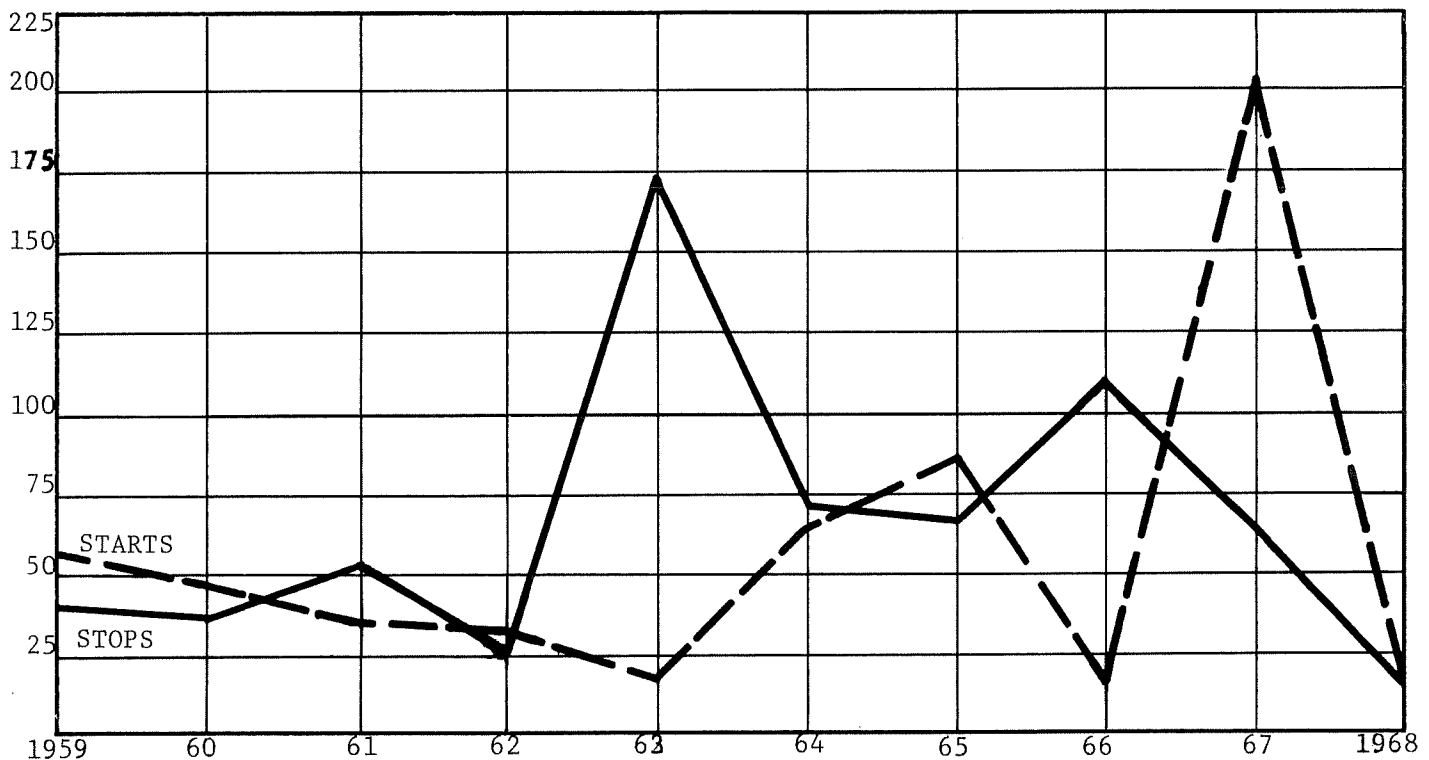


Figure 69,

Source: City Assessor's Office, Fergus Falls, Minnesota

BUILDING PERMITS

The issuance of building permits in Fergus Falls reflects a generally decreasing trend from 1959 to 1966. The city engineer reports that this is due mainly to the decline in construction of single family dwellings. Many developers feel that single family dwelling construction is not as profitable as it used to be, and they now favor multiple family dwelling construction (hence fewer permits are issued). The recent rise of permits issued in 1967 and 1968 can be attributed to more commercial and non-profit building construction (schools, hospitals, churches, etc.). This is a sure sign of economic growth in Fergus Falls.

Local
condi-
tions
regulate
permits
issued

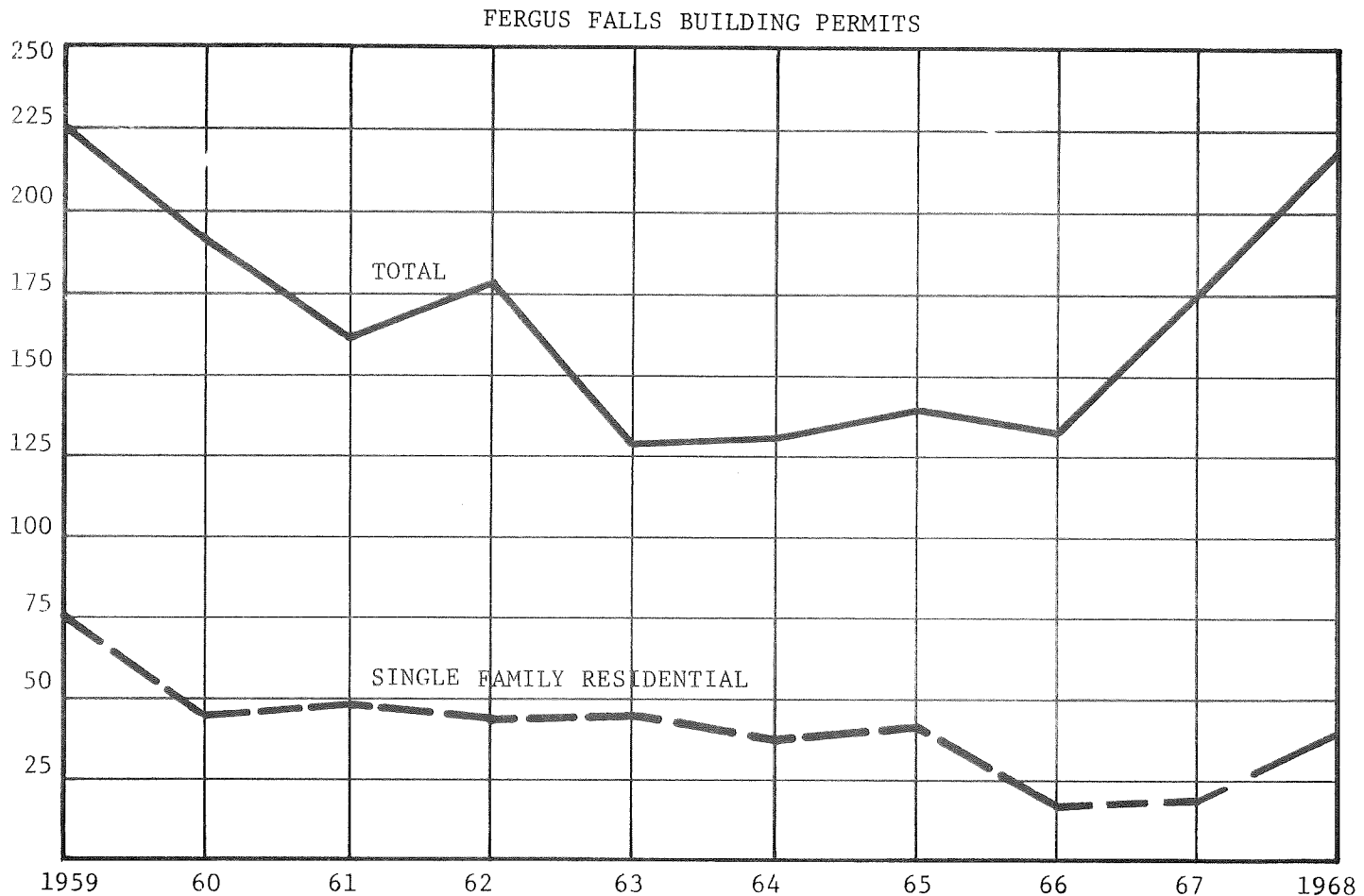


Figure 70.

Source: City Engineer, Fergus Falls, Minnesota.

DOLLAR VOLUME OF BUILDING PERMITS

The outstanding feature of this graph is the tremendous increase in the dollar volume of commercial and tax exempt building permits in 1961. This is due to the construction of a large electric power producing plant by the Otter Tail Power Company. It should also be noted that in the last four years the total dollar volume has been increasing. This rise in dollar volume comes almost completely from the commercial and exempt category.

Large investment in power plant

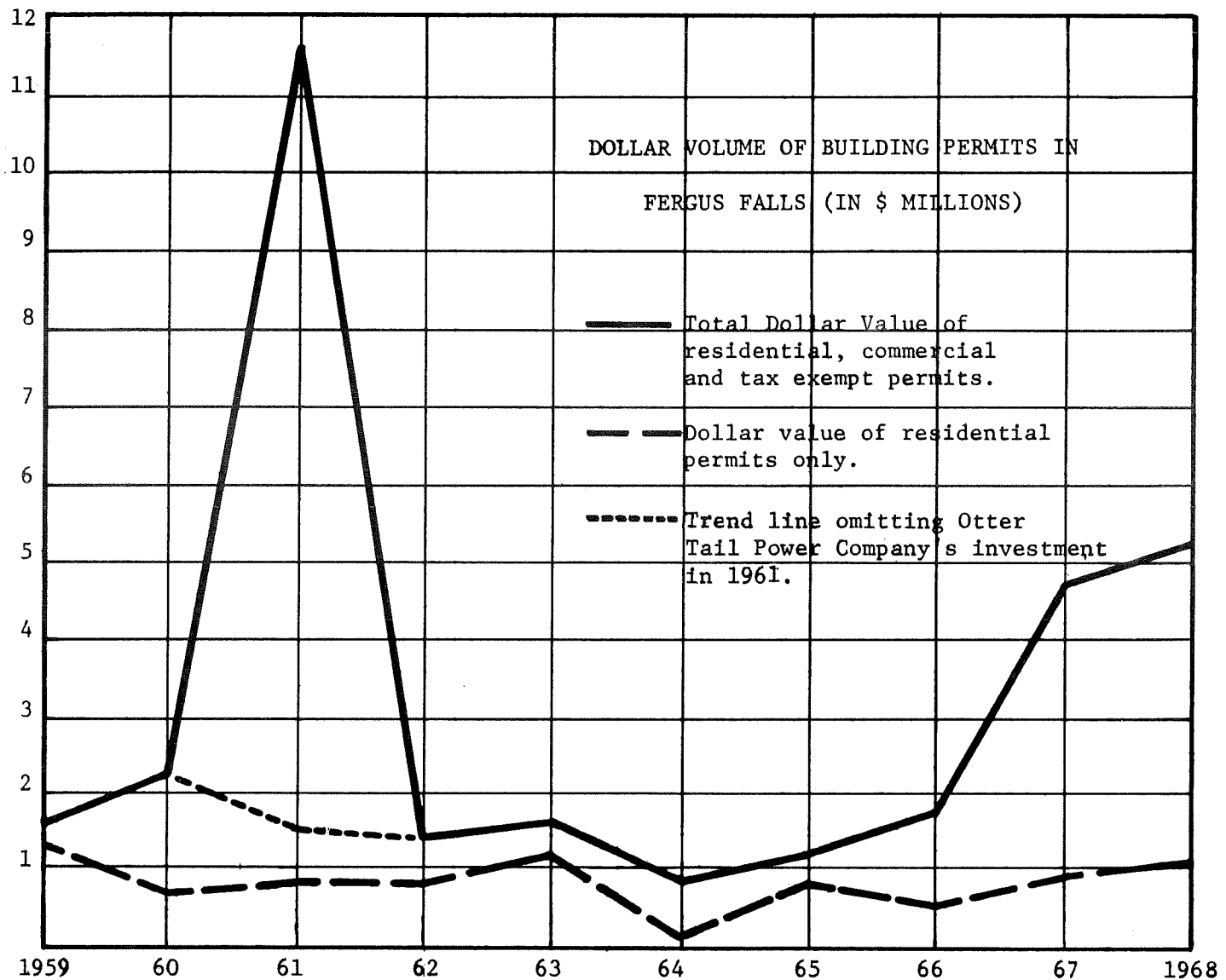



Figure 71.

Source: City Engineer, Fergus Falls, Minnesota.

NEWSPAPER CIRCULATION

Rural decline and urban growth  The two lines of the graph below show diverging trends. The total circulation of the Daily Journal of Fergus Falls has experienced definite decreases in the last eight years. During the same period, circulation in Fergus Falls has been growing steadily. The manager of the paper attributes the decline in total circulation to the decreasing rural population in the area. He states that the increasing city circulation is due to the growing population and economic prosperity of Fergus Falls.

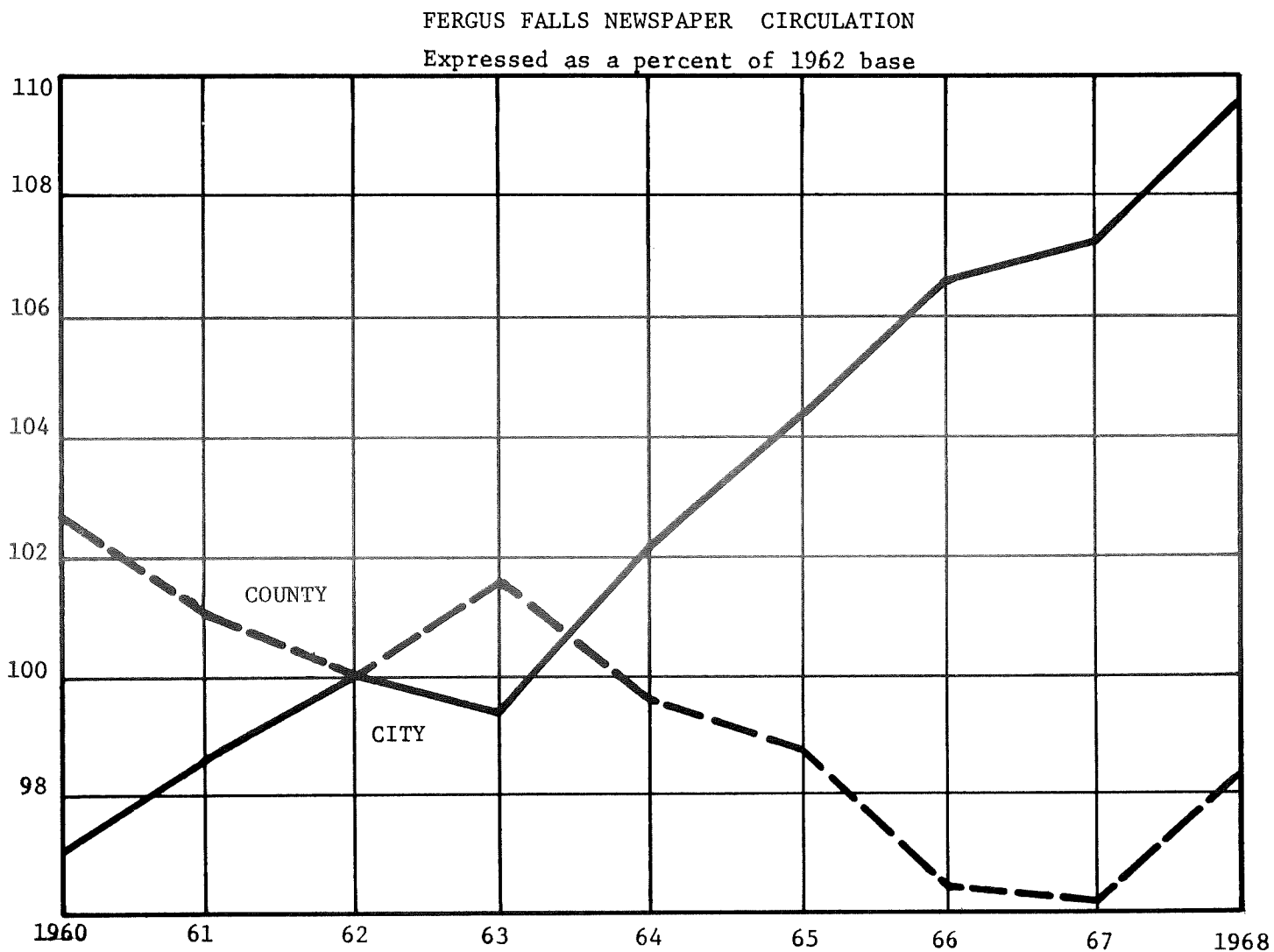


Figure 72.

Source: Newspaper Manager, Fergus Falls Daily Journal.

VEHICLE REGISTRATION

Vehicle registration in Otter Tail County has increased 25 percent in the last eight years. The solid black line is irregular because some vehicle licenses are issued every second year, trailers and mobile homes, for example. The dashed line, representing passenger vehicles only, shows an increase of approximately 2,500 cars during the same period.

*Vehicle
regis-
tration
shows
increase*

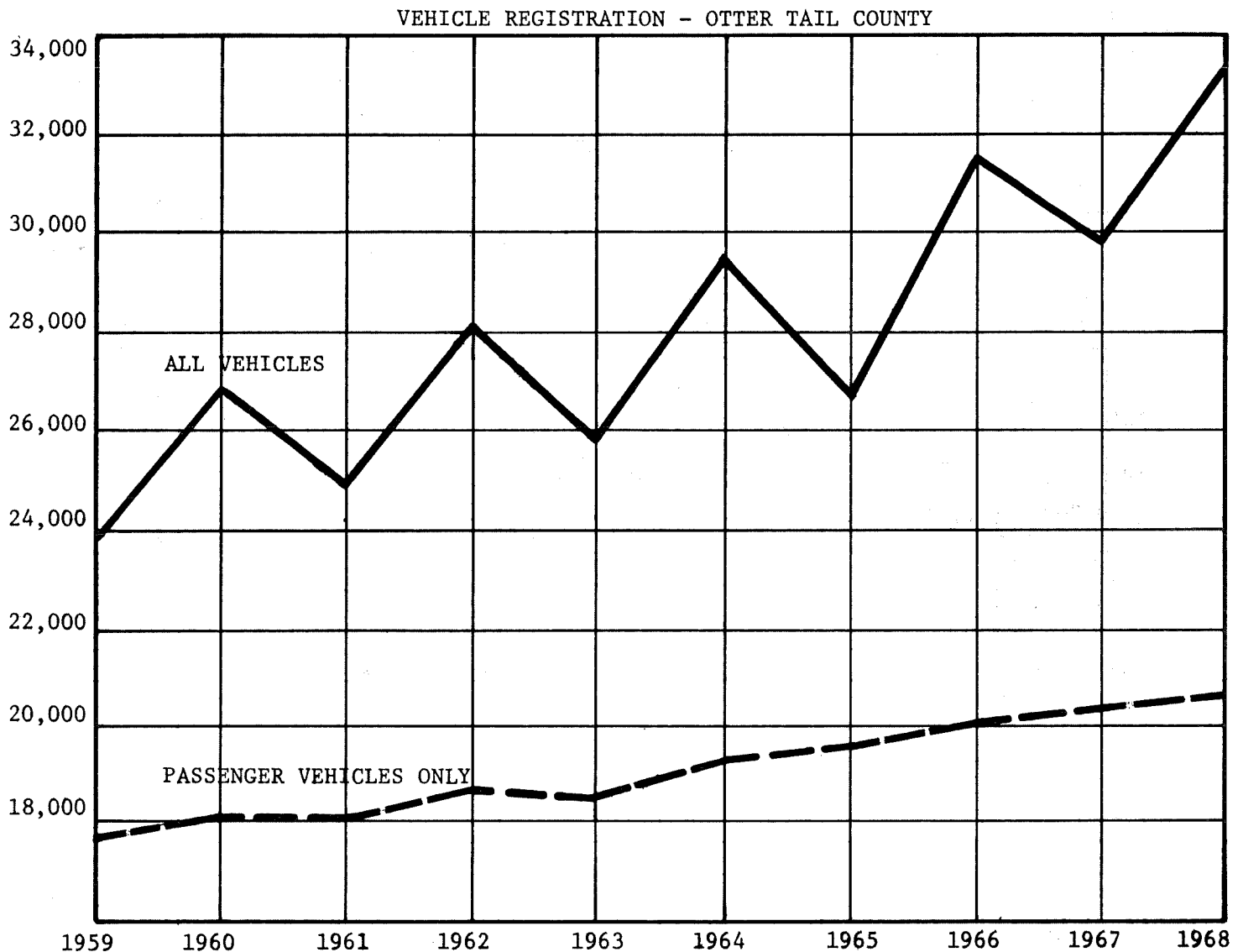


Figure 73.

Source: Vehicle Registration, Minnesota Dept. of Highways, St. Paul, Minn.

GASOLINE SALES - CITY, COUNTY, AND STATE

Drop
in
sales

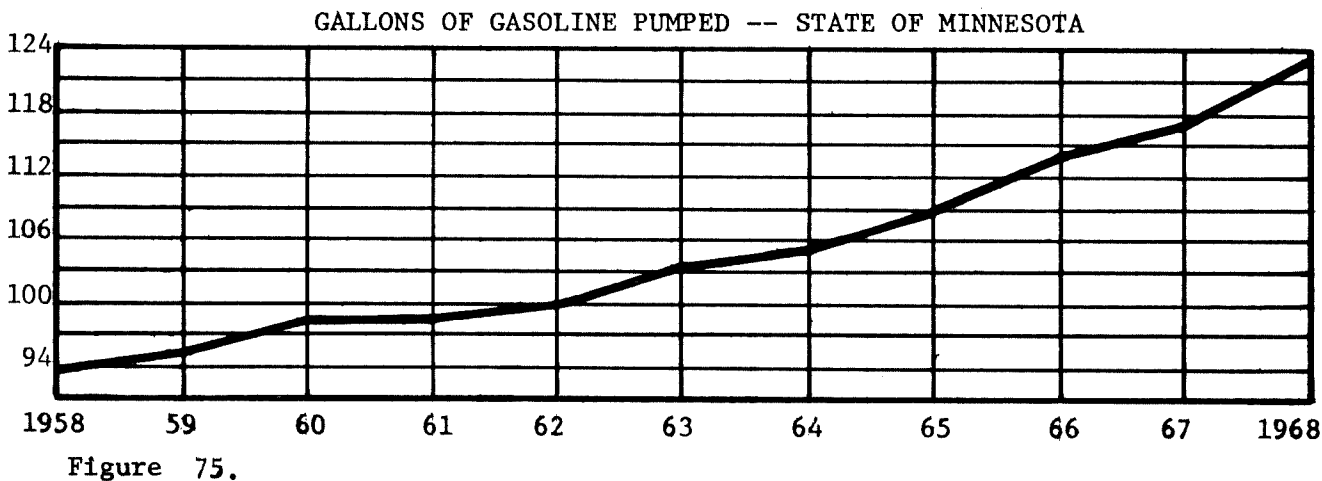
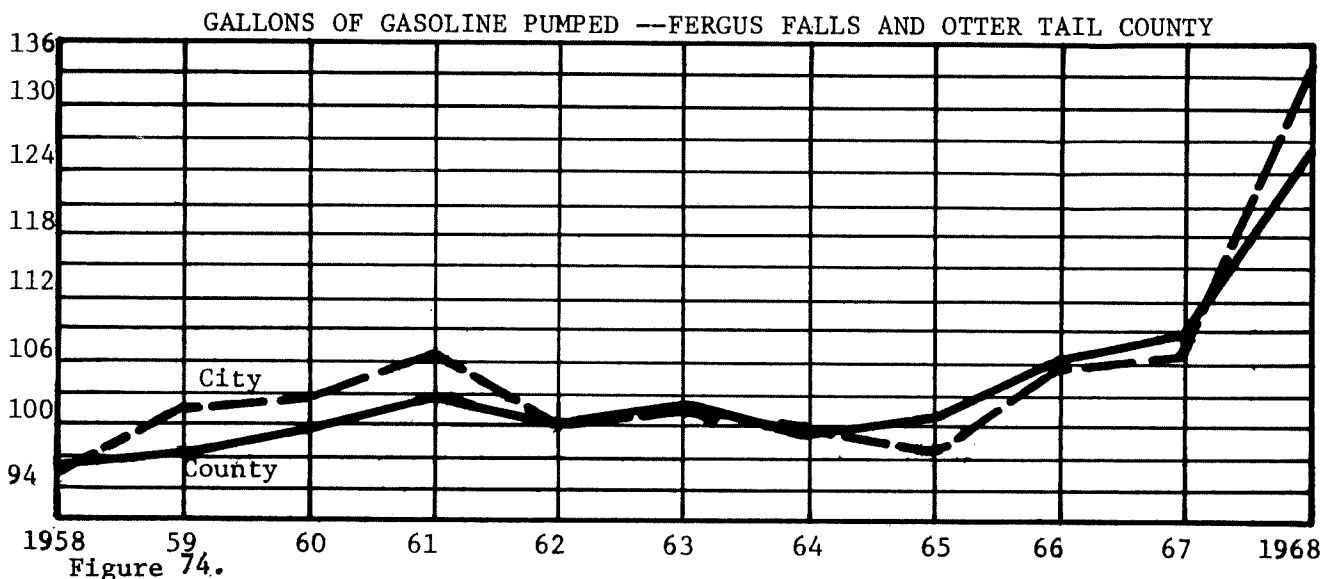


Gasoline gallonage in both the City of Fergus Falls and Otter Tail County recorded healthy increases from 1958 to 1961. When the bypass was opened to traffic in 1962 there was a definite drop in gallons of gasoline pumped in both the city and county. From 1962 to 1965, this sector of the economy in the area was generally depressed. This "initial shock" period seems to have ended in 1965. Both the city and county have increased their

Recent
recovery



gasoline gallonage substantially in the last three years. The State of Minnesota, on the other hand, has recorded a much slower, but steadily increasing trend in gasoline gallonage (note differences in vertical scales).



Both graphs - percentage of 1962

Source: Northwest Petroleum Association, Minneapolis, Minnesota.

One service station manager reported that the I-94 bypass had a definite effect on his tourist traffic business. He knew he would "have to spread his wings or go under". He began to concentrate on local area traffic and diversify his business to include:

two wreckers

one service truck

an AAA contract for emergency road service

a U-Haul trailer business

a camper-type travel trailer renting business

*Case of
diversi-
fying
by station
manager*

As a consequence of these additions, the station has more than made up for the loss of heavy through traffic business. The manager reports that now his business is better than ever.

The service station operators in Fergus Falls, like those in many other communities, claim that there are just too many other gas stations in the city for their business to be spectacular. Consequently, most stations have concentrated on developing a regular local clientele through improved service and repair workmanship. The tourist credit card business is also important to many service stations.

*Concentrate
on
local
Customers*

The earlier Faribault and Austin reports included gasoline sales for 15 bypassed Minnesota communities. The following table shows recent research concerning annual gasoline gallonage and percent increase (from the base year of 1959 - to 1968). The average percent of change of all communities in the earlier reports (1959 to 1966) shows an increase of 20.9 percent. When the 1967 and 1968 figures are added, the average percent of change since 1959 increases to 37.3 percent. Note that of the individual bypassed communities, only two show a decrease in gallonage from the base year of 1959. Elsewhere substantial increases were recorded. St. Cloud, for example, increased its

*Increase
reflected*

gasoline sales 84 percent, and Waconia 97 percent. Fergus Falls' increase for the period from 1958 to 1968 was 38.5 percent. Almost all of this increase has occurred in the last three years.

GALLONAGE OF SELECTED BYPASSED MINNESOTA COMMUNITIES

(in 000's gallons)

Source: Northwest Petroleum Association Publication

Minnesota Community	Population	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	Percent of Change
St. Cloud	31,746	18,633	19,329	21,644	21,940	25,102	25,166	25,033	25,155	25,837	34,211	84
Slayton	2,487	3,322	3,248	3,132	3,071	2,360	2,360	2,329	2,436	2,757	3,120	-6
Victoria	426	647	704	699	719	601	692	694	655	629	664	3
Waconia	2,048	839	898	1,347	1,436	1,255	1,319	1,320	1,283	1,415	1,650	97
Onamia	645	1,333	1,500	1,589	1,732	1,770	1,647	1,730	1,809	1,919	1,879	41
Freeport	615	539	559	531	556	567	582	576	604	587	614	14
Melrose	2,135	1,278	1,305	1,371	1,374	1,425	1,287	1,376	1,504	1,938	1,910	49
Mora	2,329	4,082	4,032	3,935	3,856	3,966	4,580	4,506	4,369	4,214	4,333	6
Albany	1,375	946	1,209	1,446	1,490	1,454	1,476	1,530	1,598	1,605	1,723	82
Avon	443	249	257	258	249	246	230	255	278	316	391	57
Badger	338	580	631	694	660	790	763	815	851	813	807	39
Belle Plaine	1,931	2,240	2,218	2,286	2,256	2,409	2,214	2,422	2,608	2,739	2,831	26
Cleveland	389	320	180	30	117	117	131	176	266	221	221	-31
Faribault	18,000	6,953	6,965	7,003	9,724	8,132	9,222	9,088	9,790	10,356	11,147	60
Farmington	2,300	2,148	2,167	2,293	2,382	2,618	2,876	2,922	2,811	2,537	2,986	39

Average percent of change 37.3

Figure 76.

Source: Northwest Petroleum Association Annual Publications.

TRAFFIC SENSITIVE FIRMS

Those businesses which would be expected to be affected the most by a bypass route are considered traffic sensitive. That is, a large share of their business is derived from vehicular traffic passing by their doors. Opening the freeway bypass to through traffic around Fergus Falls in 1962 was a major factor in the lower retail sales of service stations and eating and drinking places in 1963. These firms have still not gained the volume level of 1958, before the bypass was constructed. This type of business has been going through a period of adjustment since the traffic flow pattern of through traffic was changed. The drop in sales volume, however, is not nearly as severe as most people expected. For other traffic sensitive firms - hotels, motels, tourist courts and camps, only county data up to 1963 was available. The total receipts from these firms increased even after the bypass was opened to traffic.

Gas and
restaurant
sales
declined

County
hotel and
motel
receipts
unaffected

Figure 77.

Fergus Falls - Service Stations and Eating, Drinking Places

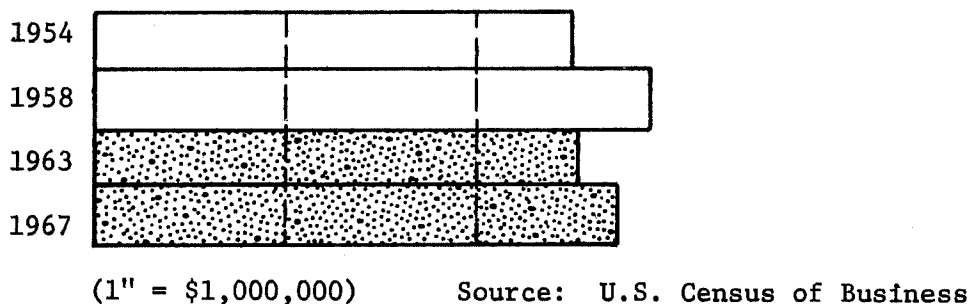
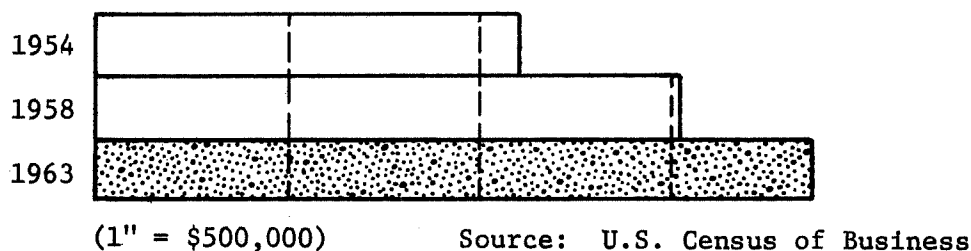


Figure 78.

Otter Tail County - Hotels, Motels, Tourist Courts, Camps



APPENDIX

-Facts About the Interstate System

*Birth of
the
freeway
concept*

As traffic volumes and speeds increase, new concepts in transportation technology are needed. Thus, a concept similar to our present-day freeway system was first introduced in Germany in 1933. Its primary function was to provide fast, uninterrupted movement of military traffic.

*Legisla-
tion
outlining
Inter-
state
System*

The Federal Bureau of Public Roads, in 1939 and again in 1944, reported to Congress the need of a similar concept in the United States. Legislation was passed in 1944, authorizing a special system of interregional highways and necessary connections through and around cities. It was to be called the National Interstate and Defense Highway System.

In 1947, figures were quoted as guidelines for the system. They were modified in 1956 to read: a 41,000 mile system, 35,541 miles of which are city to city routes, with 5,257 miles assigned to urban areas, and 202 miles held in reserve for possible future adjustments.

*Federal
and
state
respon-
sibil-
ities*

The final groundwork was laid for the Interstate System when the Federal Aid Highway Act was passed in 1956, incorporating the 41,000 miles of highways referred to above into the system. It provides for the rebuilding of our inadequate road and street system through substantial Federal financial aid to the states. The act called for the states to provide 10% of the funds, while the Federal Government provided the other 90%. The states were also responsible for the complex tasks of acquiring the necessary rights of way, and of designing, building, operating, and maintaining the highways. After signing the bill, President Dwight D. Eisenhower said, "A safe and efficient road network is absolutely essential to the curtailment of death and injury from accidents, as well as to the national defense and to our expanding economy".

The states were also asked to make studies to establish specific

location of the Interstate freeways. They were somewhat restricted by a general interstate pattern outlined by the U.S. Federal Bureau of Public Roads. Certain criteria were used in outlining these general routes:

1. Distribution of urban and rural population.
2. Urban and rural motor vehicle ownership.
3. Service to cities of manufacturing importance.
4. Value of farm products sold or traded in each county.
5. Strategic importance of inter-regional connections from a defense standpoint.
6. Service to defense plants and principal military establishments.

*Criteria
for gen-
eral
location
of Inter-
state
System*

Thus the Interstate System was designed to perform the functions of linking the country's metropolitan, industrial, and principal agricultural areas, serve the national defense, and connect with routes of continental importance in Canada and Mexico. The system will pass through 37 percent of all counties in the United States where half of the total rural population lives. It will also connect all of the state capitals and 90 percent of the urban centers over 50,000. The completed system will compose only 1.3 percent of the total highway mileage, but by 1975 it is expected to carry over 20 percent of the vehicle traffic in the country. *

*Principal
functions*

The National Interstate and Defense Highway System is financed through a special Highway Trust Fund. The revenues for the fund are derived from gasoline taxes, taxes on other motor fuels, taxes on heavy highway vehicles, and certain other transportation oriented taxes.

*Source of
financ-
ing*

Interstate users are expected to benefit by 11 billion dollars in the first full year after the system is completed, with increasing annual amounts thereafter. Savings will come from reduced vehicle operation costs,

*Tangible
and
intangible
benefits*

* Scanlon, Thomas P., "Patrolling the Interstate System", 1964, p. 4.

less travel time, lower accident costs, and relief from the strains and discomforts of congested traffic and stop and go driving.*

The Interstate System is designed to serve many human values, with safety and beauty high on the list, without sacrificing utility. The concept of access control was the first significant change in road characteristics since the days of the Romans. Thus, the freeway's utility provides for present day needs - carrying large volume, high speed traffic safely and efficiently. This utility could not be accomplished without total access control - probably the most important of all interstate standards.

*Principle
of
access
control*

◀ "Access control. . . permits vehicles entering or leaving the highways to do so on facilities designed for both safe and easy merging with and emerging from through traffic streams." **

This control prevents the build-up of roadside businesses with direct entrance onto highways. These "ribbon town" developments are characteristic of many communities in Minnesota as well as the rest of the nation. In the recent past, some of the newly located highways, bypassing the central business districts of these communities did not have this total access control.

*Prevention
of
highway
commercial
strips*

◀ Consequently, commercial developments such as gas stations, restaurants, motels, and used car lots, which are incompatible with the smooth flow of traffic, and sometimes unsightly, sprang up along the main thoroughfares. The interstate freeways, besides attempting to preserve the beauty of the countryside, also eliminate the dangerous interaction between fast moving through traffic and slow moving local, commercial oriented traffic. In other words, if the Interstate System didn't contain a controlled access pro-

* Bureau of Public Roads, Highways and Human Values, 1966, p. 29.

** U.S. Chamber of Commerce, Businessmen's Guide to the Road Program, p. 23.

contain a controlled access provision, it would obviously be doomed to obsolescence before its completion. It would defeat the whole purpose of the system - the safe and swift flow of traffic.

When the Interstate System is complete, it is estimated that it will save from 5,000 to 9,000 lives per year, by comparison to fatality rates on conventional highways. In 1966, with the system about halfway completed, it was estimated that 4,000 lives a year were saved.* A study by the Traffic Systems Research Division of the Federal Bureau of Public Roads indicates that accident rates on the Interstate System are one-half as great as those on conventional, undivided highways, and fatality rates are about one-third as great. Also, the Interstate System has produced the greatest net reduction in accident rates in the more densely populated areas and the greatest reduction in fatality rates in rural areas. These areas normally have, respectively, the highest accident and fatality rates.

➡ *Safety aspect*

➡ *Nation-wide proportions & safety trends*

The following table of Minnesota Motor Vehicle Accident and Fatality Rates generally reflects the national trends mentioned above. The figures are four year averages - from 1964 to 1967. Of particular significance are the comparisons of rural interstate to rural trunk highways and urban interstate to urban trunk highways.

➡ *Minnesota statistics on safety*

	<u>Accident Rate per 100 Million Vehicle Miles</u>	<u>Fatality Rate per 100 Million Vehicle Miles</u>
	4 Year Average	4 Year Average
Rural Interstate	107	2.8
Rural Trunk Highways	154	5.7
Urban Interstate	255	2.8
Urban Trunk Highways	905	4.4

Source: Prepared by the Traffic Safety Research Section of the Minnesota Highway Department, St. Paul, Minnesota, from data based on mileage information from the Planning and Programming Division.

* Bureau of Public Roads, Highways and Human Values, 1966, p. 29.

-Traffic Accidents in Fergus Falls

The graph below consists of all traffic accidents within the city limits of Fergus Falls that were reported to the state. These accidents involved damage in excess of \$100. Of special significance is the large accident total in 1962 and the sharp drop in 1963, the first full year after the bypass was opened. The annual accident rate stabilized until 1968, when it jumped up to 240. This figure is still below the record year of 1962.



Figure 79.

Source: Police Department, Fergus Falls, Minnesota.

-Traffic Volumes for Fergus Falls

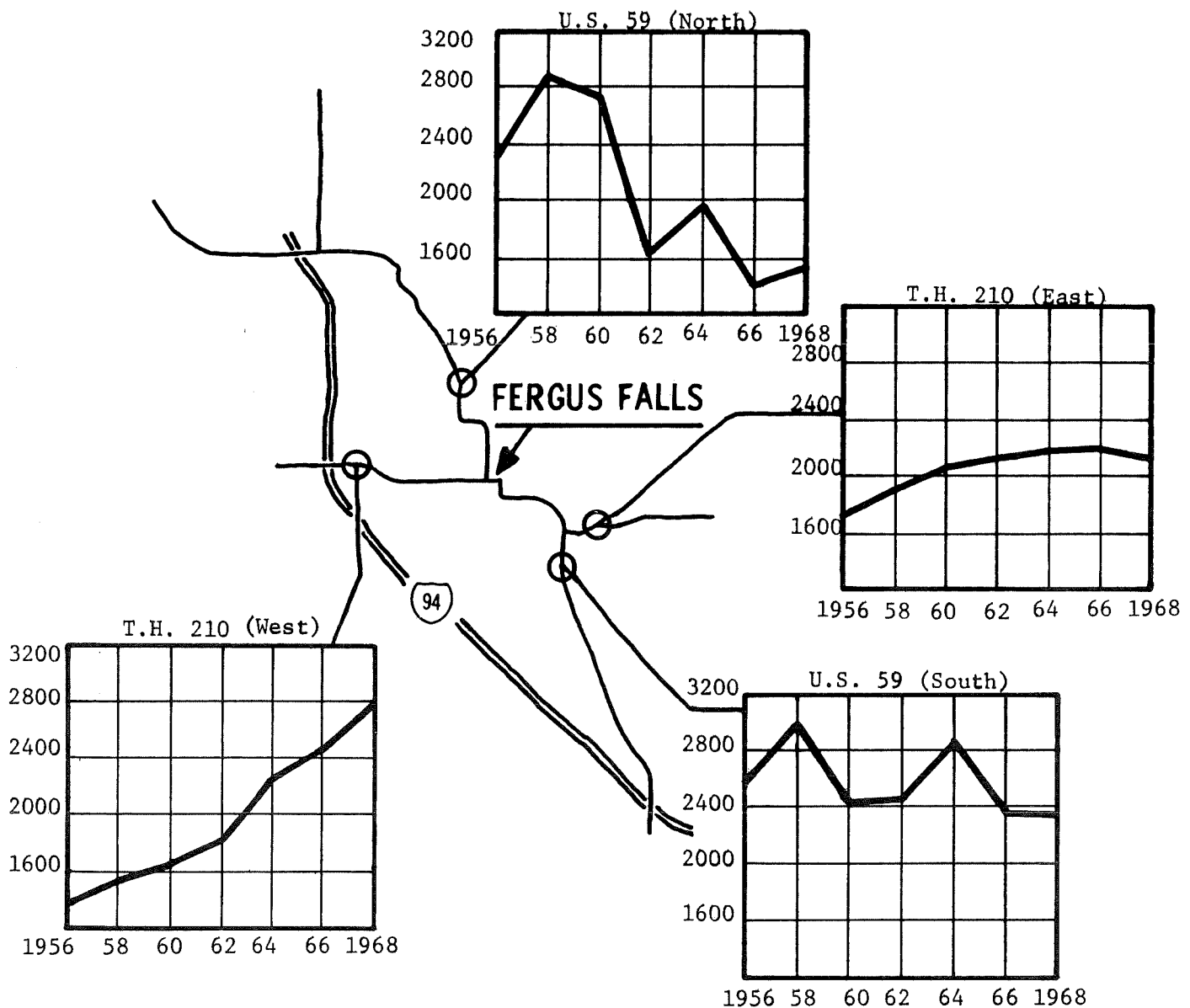


Figure 80.

The above map and graphs show the major trunk highways leading into Fergus Falls and their traffic volumes at two year intervals from 1956 to 1968.* The irregular patterns on Highway 59 north and south of the city can be explained, at least in part, by the advent of Interstate 94 in 1962.

* Traffic volume data is from the Planning and Programming Division of the Minnesota Department of Highways, St. Paul, Minnesota.

Before 1962, all motorists traveling north or south in the area were forced to go through Fergus Falls via the common location of T.H.'s 52 and 59. Now the interstate freeway has given them a choice. Trunk Highway 210 traffic volumes reflect steadily increasing trends both east and west of the city. Interstate Freeway 94 has had little effect on the traffic volumes on this highway, except for the greater increases west of the city, due to this route being the primary access from I-94 to Fergus Falls. Comparing the present and future traffic volumes around the important Highway 210 interchange shows the access route volume almost doubling and the interstate traffic nearly tripling by estimate for 1980.*

		<u>1968</u>	<u>1980</u>
	East of the interchange on Highway 210	2795	5460
	South of the interchange on I-94	1875	5320
<i>Traffic volumes expected to increase sub- stantially</i>	North of the interchange on I-94	2400	7020

It has been predicted that by 1980, 30 percent of the average daily flow of traffic, approximately 1,950 vehicles, will leave the freeway via this interchange. Of this vehicle total, 75 percent will travel in the direction of Fergus Falls. The other three interchanges will also provide a substantial, although smaller flow of traffic to Fergus Falls.

* Present traffic volumes and future estimates are from the Planning and Programming Division of the Minnesota Department of Highways, St. Paul, Minnesota.