

Madelia Area Economic Development Authority

Madelia City Council Chambers
January 26th, 6:00 PM Agenda

1. Call to Order

2. Approval of Agenda

3. Approval of Board Minutes- December 22nd, 2025

4. Financial Reports

4.1 EDA Program Funds Reports

4.2 Outstanding Loans Report

5. EDA Elections

6. Old Business

6.1 LOST Analysis for Madelia

7. New Business

8. Staff Report

8.1 EDA Specialist Update

9. Public Comment

10. Upcoming Events

February 23rd, 2026: EDA Meeting

11. Adjournment



Madelia Area Economic Development Authority

Madelia City Council Chambers

December 22nd, 2025, 6:15 PM Minutes

The meeting was called to order by Chair Cody Eager at 6:15 pm. Those in attendance were Cody Eager, Matthew Gunderson, Andrew Gappa, Glen Christensen, and Mark Slater. Others present include Chris Fischer, Heather Utz, Chief Rob Prescher, Travis Bottelson, David Tran, and Jim Petterson.

Eager asked for a motion to approve the agenda. Gappa made a motion to approve the agenda with the removal of the Watona Park Community Survey results and the EDA specialist update. Slater seconded. The motion was passed unanimously.

A motion was made by Gappa and seconded by Christensen to approve the minutes from November 24th, 2025. The motion was passed unanimously.

The board reviewed the program fund reports and outstanding loan reports.

The board reviewed a request to apply for a second round of the Greater MN Small Cities (Tier II Cities) Housing Aid grant program to support Hartshorn Manor. Gappa made a motion to approve the application. Gunderson seconded the motion. The motion was passed unanimously.

The meeting was opened to public comment at 6:18 pm. No public comment was brought before the EDA board at that time. Public comment was closed.

Eager reviewed the upcoming events.

With no further business before the EDA, a Motion was made by Christensen and seconded by Gappa to adjourn the meeting at 6:18 pm.

Typed this 23rd day of December, 2025,

Celia Viesselman, CEDA

TO: EDA Board
 FROM: Celia Viesselman, CEDA
 SUBJECT: EDA Program Funds Report
 DATE: January 26th, 2026

EDA Program Funds Report (Estimate as of December 31st)

Fund Name	Fund 39	Fund 40	Fund 41	Fund 43	Fund 44	Fund 45	Fund 46			Fund 52
Fund Purpose	Housing	Commercial	Commercial: Small and Emerging	Child Care	Commercial: Small and Emerging	Commercial	Housing - MF Construction	Housing- Rehabilitation	Housing- Down Payment Assistance	Development Fund
Fund Source	SCDP	SCDP	USDA and City (SCDP)	First Children's Finance	USDA	SCDP	SCDP			Riverview Heights Lot Sales and Loan Repayments
Program Policy	2015 SCDP Housing	2015 SCDP Commercial	Business Assistance Program	Madelia Child Care Start-Up / Expansion Grant	Business Assistance Program	Business Assistance Program	Multifamily Housing Loan Program	<i>In Development</i>	Down Payment Assistance Program - CLOSED	Loans: Business Assistance Program
Current Structure	Forgivable Loan	Forgivable Loan + Installment Loan	Low-interest loans	Grants	Low-interest loans	Low-interest loans	Low-interest loans	<i>In Development</i>	Low-interest loans	Loans
Cash on Hand	\$52,478.00	\$3,457.34	\$4,018.07	\$9,166.11	\$99,000	\$116,947.93	\$160,895.81			\$220,479.14
Restricted Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$60,000
Loans Receivable	\$400,675.00	\$0.00	\$112,470.14	\$0.00	\$0.00	\$233,257.41	\$136,007.36			\$149,852.26
Loans Outstanding	14	0	3	N/A	0	6	1	None	7	2

EDA Outstanding Loans Report (Estimate as of December 31st, 2025)

Forgivable loan with clawback for early sale or death

Beneficiary	Loan Status	Principal balance	Origination Date	Maturity Date
Valdez, Maria and Angel	Current	\$32,000.00	11/12/2016	11/12/2026
Tiedeken, Mary	Satisfied	\$24,693.00	5/25/2016	5/25/2026
Schmidt, Vicki	Current	\$29,280.00	6/15/2017	6/15/2027
Schwartz, Tara	Current	\$22,502.00	11/7/2016	11/7/2026
Rojas, Delmy	Current	\$31,870.00	1/28/2017	1/28/2027
Rodriguez, Maria	Current	\$23,131.00	4/15/2017	4/15/2027
Moore, Alan and Angela	Current	\$25,750.00	7/31/2017	7/31/2027
Kuennen, Aaron and Carol	Current	\$25,735.00	8/24/2017	8/24/2027
Kilmer, Shari	Current	\$32,000.00	8/1/2017	8/1/2027
Lopez, Josseline and Gomez, Mario	Current	\$32,000.00	11/10/2016	11/10/2026
Coners, Amy	Current	\$28,571.00	12/16/2016	12/16/2026
Balderas, Maria and Niave, Carlos	Current	\$24,900.00	5/25/2016	5/25/2026
Callejas, Benancio and Zeidy	Current	\$30,051.00	10/20/2016	10/20/2026
Gomez, Iris	Current	\$31,885.00	10/6/2017	10/6/2027
Orellana, Gladys	Current	\$31,000.00	11/11/2016	11/11/2026
Total Balance Outstanding		\$400,675.00		
Total Cash Balance in Fund		\$52,478.00		

Fund 40-Commercial SCDP

Company Name	Loan Status	Principal balance	Origination Date	Maturity Date
		Total Balance Outstanding		\$0.00
		Total Cash Balance in Fund		\$3,457.34

Fund 41-Commercial USDA

Company Name	Loan Status	Outstanding Balance	Monthly Payment Amount	Interest Rate	Origination Date	Principal Start Date
Filip Diesel Repair	Current	\$59,405.23	\$413.89	3%	10/15/2025	11/01/2025
Dream River Marketing Group, LLC	Current	\$4,754.24	\$341.67	1%	2/13/2017	03/15/2017
J Henry Properties, LLC	Current	\$48,310.67	\$344.92	1%	5/1/2018	06/01/2018
Total Balance Outstanding		\$112,470.14				
Total Cash Balance in Fund		\$4,018.07				

EDA Outstanding Loans Report (Estimate as of December 31st, 2025)

Fund 45-Commercial

Company Name	Loan Status	Outstanding Balance	Monthly Payment Amount	Interest Rate	Origination Date	Principal Start Date
Madelia Lumber	Current	\$27,495.65	\$636.69	1.00%	7/22/2019	09/01/2019
Madelia Lanes	Paid in Full	\$0.00	\$251.77	1.00%	12/31/2018	01/31/2019
Sud UR Duds	Current	\$699.13	\$175.25	1.00%	04/12/2016	05/20/2016
Lost Sanity Brewing	Current	\$81,095.71	\$597.86	1.00%	09/01/2017	10/01/2017
J Henry Properties	Current	\$18,814.31	\$114.97	1.00%	08/01/2020	09/01/2020
Shellum Properties Management, LLC	Current	\$52,582.16	\$659.89	4.00%	09/01/2023	10/01/2023
Bryngelsson Holdings	Current	\$52,570.45	\$580.59	3.00%	07/15/2024	08/15/2024
Total Balance Outstanding		\$233,257.41				
Total Cash Balance in Fund		\$116,947.93				

Fund 46-Downpayment Assistance/Housing

Beneficiary	Loan Status	Outstanding Balance	Monthly Payment Amount	Interest Rate	Origination Date	Principal Start Date
Biehn, William and Jennifer	Paid in Full	\$0.00	\$95.46	5.00%	11/28/2012	12/28/2012
Eser, Sterling	Current	\$451.45	\$91.18	4.00%	05/09/2016	06/15/2016
Forstner, Michael	Current	\$1,055.01	\$100.00	6.00%	11/15/2016	12/15/2016
Guyer, Ryan	Current	\$1,348.43	\$99.95	6.00%	02/13/2017	03/15/2017
Hogg, Darrell	Current	\$719.56	\$53.05	5.00%	02/13/2017	03/15/2017
Rodriguez, Maricela	Current	\$1,232.16	\$91.19	4.00%	05/01/2017	05/01/2017
Ordoff, Brandon and Sonya	Current	\$3,220.73	\$109.07	8.00%	09/20/2018	10/15/2018
Sandoval, Ismael	Current	\$4,125.12	\$104.50	7.00%	09/01/2019	10/01/2019
J Henry 115 LLC	Current	\$123,854.90	\$693.25	3.00%	04/01/2025	10/15/2025
Total Balance Outstanding		\$136,007.36				
Total Cash Balance in Fund		\$160,895.81				

Fund 52- Economic Development

Company Name	Loan Status	Outstanding Balance	Monthly Payment Amount	Interest Rate	Origination Date	Principal Start Date
VanHale Properties	Current	\$131,314.87	\$920.14	1%	5/1/2018	06/15/2018
ProSide LLC	Current	\$18,537.39	\$569.72	1%	8/13/2018	10/01/2018
Total Balance Outstanding		\$149,852.26				
Total Cash Balance in Fund		\$280,479.14				

TO: EDA Board
FROM: Celia Viesselman, CEDA
SUBJECT: Election of EDA Board Officers
DATE: January 26th, 2026



Background: Madelia EDA by-laws require the election of officers annually at the annual meeting of the EDA (held on or about the second Monday of January).

Positions to be Elected:

1. **President:** Presides at all meetings of the Board
2. **Vice President:** Presides at any meeting of the Board in the absence of the President and may exercise all powers and perform all responsibilities of the President if the President cannot exercise or perform the same due to absence or other inability
3. **Secretary:** Keeps or cause to be kept minutes of all meetings of the Board and shall maintain or cause to be maintained all records of the EDA, **does not** need to be a held by a board member

Board Action Requested: The board must elect someone to fill each of these three roles for 2026.

TO: EDA Board
FROM: Celia Viesselman, CEDA
SUBJECT: Tier II Cities Grant Round 2 - Hartshorn Partnership
DATE: December 22nd, 2025



In November, the EDA approved securing a Local Options Sale Tax (LOST) Analysis through the University of MN Extension office.

Potential Uses for a LOST: Local option sales taxes can only be used for “regionally significant” capital projects. State law limits these projects to “a single building or structure, including associated infrastructure needed to safely access or use the building or structure; improvements within a single park or named recreation area; or a contiguous trail.” In recent years, several of the requests were modified to exclude road and other infrastructure projects, on the basis that those projects are not “regionally significant” and can be financed, at least in part, with other revenue sources.

Suggestions: Madelia City Pool, Watona Park

Process for a LOST: If Council sees a value in the revenue to be raised, they could adopt a resolution and submit this to the state tax committees by January 31st to request legislative authority to pursue the LOST. The city must then secure the passage of a special law authorizing the enactment of the local sales tax. The City would typically work with its local legislators to introduce special legislation to gain legislative authorization. Once that has occurred, the City must adopt a resolution to approve the new law. The City would need to conduct a referendum within two years of the law passage. Only the ballot questions approved by voters may be funded by the sales tax.

Board Action Requested: Review and take appropriate action regarding the Local Options Sales Tax Analysis.

Senate Counsel, Research, and Fiscal Analysis

Alexis C. Stangl, Director

Minnesota Senate Building
95 University Ave. W. Suite 3300
St. Paul, MN 55155-1800
(651) 296-4791
www.senate.mn/scrfa

Senate

State of Minnesota

TO: Interested Parties

FROM: Nora Pollock, Senate Counsel (651/297-8066)

DATE: January 10, 2023

RE: Requirements for enacting or modifying a local sales tax

Local sales taxes are governed under [Minnesota Statutes, section 297A.99](#). Local sales taxes apply to the same base as all other sales in the state sales tax base and are administered by the Department of Revenue. The requirements outlined in this memo apply only to local general sales taxes and do not apply to special taxes such as lodging or food and beverage taxes.

Local sales tax revenues may be used instead of traditional local revenues (such as LGA) only for construction and rehabilitation of capital projects that have a clear and demonstrated regional benefit beyond the local jurisdiction. The proceeds of the tax must be dedicated exclusively to payment of the construction and rehabilitation costs and associated bonding costs related to the specific capital projects as approved by voters.

The 2021 First Special Session omnibus tax bill codified the definition of “capital project” for local sales tax proposals.¹ A capital project means:

- a single building or structure including associated infrastructure needed to safely access or use the building or structure;
- improvements within a single park or named recreation area; or
- a contiguous trail.

Requirements for local governments seeking to enact a local sales tax or modify an existing local sales tax

1. **Pass a resolution prior to seeking legislative authority.** The resolution must include:

- The proposed tax rate;
- A detailed description of no more than five capital projects to be funded by the

¹ [2021 First Special Session, Chapter 14, Article 8, section 1](#); codified at [Minnesota Statutes, section 297A.99, subdivision 2, paragraph \(d\)](#).

proposed tax;

- The amount of revenue from the sales tax that would be used for each project and the estimated time needed to raise that amount; and
- The total revenue that will be raised for all projects before the tax expires, and the estimated length of time that the tax will be in effect if all proposed projects are funded.

- 2. Submit the resolution to the chairs and ranking members of the House and Senate Tax Committees by January 31 of the year of the proposed authorization.** The submission must include underlying documentation showing how the regional benefit, including the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction was determined.
- 3. Receive legislative approval to impose the tax via a special law.** The legislative approval must not include a project that was not in the resolution and must detail the tax rate, the projects, the total revenue that will be raised from the tax, and the estimated length of time the tax would be in effect.
- 4. Receive voter approval to impose the tax as authorized by the legislature at a general election held within two years after receiving legislative authority.** The ballot must contain a separate question for each proposed project. Only the projects that received a majority of “yes” votes may be funded with the tax. If not all projects are approved by the voters, the total revenue raised and the duration of the tax must be reduced proportionately based on the share of the approved projects’ costs to the total costs in the authorizing legislation.
- 5. File the resolution and documentation of voter approval with the Secretary of State.** The filing must occur before the first day of the next regular legislative session.²

Other considerations

After the tax is approved by the voters, the local government must notify the commissioner of revenue at least 90 days before the tax is imposed. The tax may be imposed only on the first day of a calendar quarter.

² [Minnesota Statutes, section 645.021, subdivision 3.](#)



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Modified Local Option Sales Tax Analysis for Madelia, MN

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

Authored by Eric King



REPORT SPONSOR: CITY OF MADELIA, MINNESOTA

Modified Local Option Sales Tax Analysis for Madelia

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

November 2025

Authored by Eric King, Extension Educator, University of Minnesota Extension, Department of Community Development

Report Reviewers:

Sponsor:
City of Madelia



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SUMMARY OF FINDINGS

University of Minnesota Extension conducted a study to estimate the proportion of sales proceeds attributed to both Madelia residents and non-residents.

Using 2023 sales and use tax data available from the Minnesota Department of Revenue (MN Revenue), Extension estimated a range for non-resident spending from roughly 40 percent to 60 percent of taxable sales subject to a local option sales tax (LOST).

In 2023, total taxable sales in Madelia were \$6.50 million. MN Revenue analysts estimate that all taxable sales would be subject to a LOST. Using 30 percent of sales being derived from non-resident spending, Extension estimated that Madelia residents spent \$4.55 million of the total \$6.50 million in taxable sales subject to a LOST.

If the tax were in place in 2023, a 0.5 percent local option sales tax would have garnered \$99,000 thousand in tax proceeds according to MN Department of Revenue analysts. Madelia residents would have contributed \$69,954 thousand in taxes, and non-residents would have contributed \$29,980. Based on these estimates, each Madelia resident would have paid, on average, an additional \$29.12 in sales tax in 2023.

This report is based on a trade area analysis comparing actual taxable sales to potential sales. This is calculated by multiplying the Madelia population in 2023 (MN Demographic Center) by the Minnesota average per capita sales for each category, and then adjusting for the city's personal income factor. This initial analysis provided an estimate of retail and service purchases made by Madelia residents. For each merchandise group, the estimates for two types of purchasers—city residents and others—were calculated and adjusted considering the area economy and mobile data. These adjustments were based on informed estimates and were aimed, in part, at reducing potential overestimates of the sales tax share attributable to non-residents. Assumptions and calculations are included for major retail and service categories so local decision makers can adjust totals if they have more nuanced insight.

Several factors and features of Madelia's economy helped frame the analysis for the different merchandise categories:

- Residents of nearby communities can easily access Madelia businesses. For this analysis, cross-hauling has the net effect of increasing non-resident spending as Madelia is a central shopping hub in the region.
- Madelia has more workers entering the city for employment than residents who leave for work (Figure 1). In this dynamic, commuters often shop for goods and services near where they work and those commuting into the city purchase in the city.

Figure 1: Madelia worker in-flow and out-flow



Inflow and outflow of wage earners.

Source: 2021 U.S. Census Bureau On-The-Map



Figure 2 shows the estimated percentage of sales—across all merchandise categories—attributed to both residents and non-residents in 2021. These estimates are based on the adjusted analysis to more accurately reflect the city's economic and consumption circumstances. Based on these findings, Extension estimates city residents represent 70 percent of all taxable retail and service sales subject to the tax (\$4.55 million), and the

remaining 30 percent (\$1.95 million) are attributed to non-residents. The following table provides a breakdown of this same data at different shares of resident spending estimates, from a conservative 70% estimate to a less conservative 50% estimate of resident spending. Based on the limited data available and difficulties applying mobile and other secondary data, Extension estimates spending by Madelia residents somewhere in the range of 40-60%.

Figure 2: Estimated 2022 Taxable Sales Subject to LOST

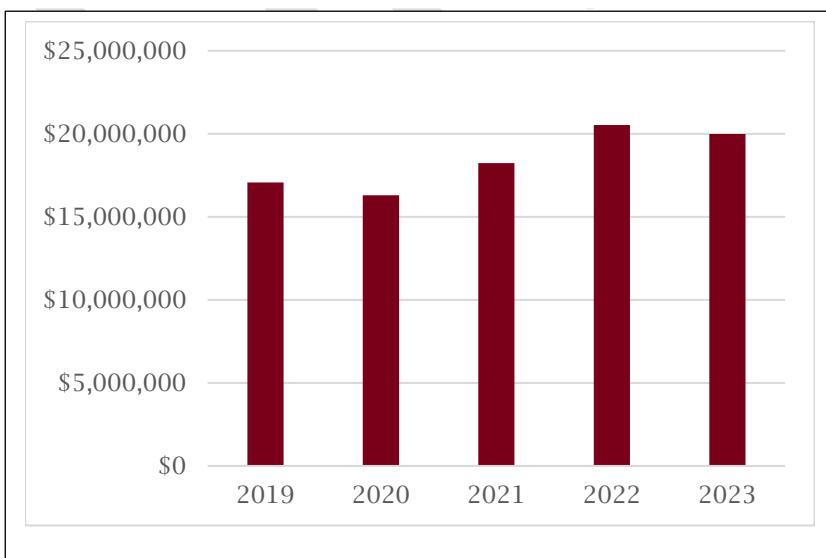
	Taxable Sales	Percent of Sales
City residents	\$4,547,582	70%
Non-residents	\$1,948,963	30%

Resident Retail Spending Estimate	Madelia Taxable Sales Spending (in millions)	Non Resident Retail Spending (in millions)
50%	\$ 3.25	\$ 3.25
60%	\$ 3.90	\$ 2.60
70%	\$ 4.55	\$ 1.95

Additional Retail Spending for Madelia Resident

40%	\$ 20.80
50%	\$ 24.96
60%	\$ 29.12

Figure 3: Total taxable sales in Madelia from 2019-2023



Source: Minnesota Department of Revenue

The total taxable sales in the city increased overall from 2018 through 2022. Total sales have risen substantially following the 2020 pandemic. This provides some sense of the stability of a LOST going forward.

Extension forecasted taxable sales subject to the local tax for 2022, 2023, and 2024 using a simple exponential smoothing forecast model that employs a moving weighted



average and a 95% confidence interval to provide an upper and lower bound to the estimate (Figures 5 and 6). This model estimates total tax proceeds in 2024 to be between an upper limit of \$123,223 thousand and a lower limit of \$97,102 thousand.

Considering the historic disruption of the pandemic and its uneven effect on business categories, this forecast is an unlikely scenario based only on past trends. National evidence shows that home-focused businesses like food, building materials, furniture, and general merchandise did well through the pandemic, whereas dining, accommodations, and amusement saw record sales decreases. The sharp rebound in sales in 2021 further complicates any forecast.

Figure 5: Forecast for Tax Proceeds based on Past Trends 2019 to 2023

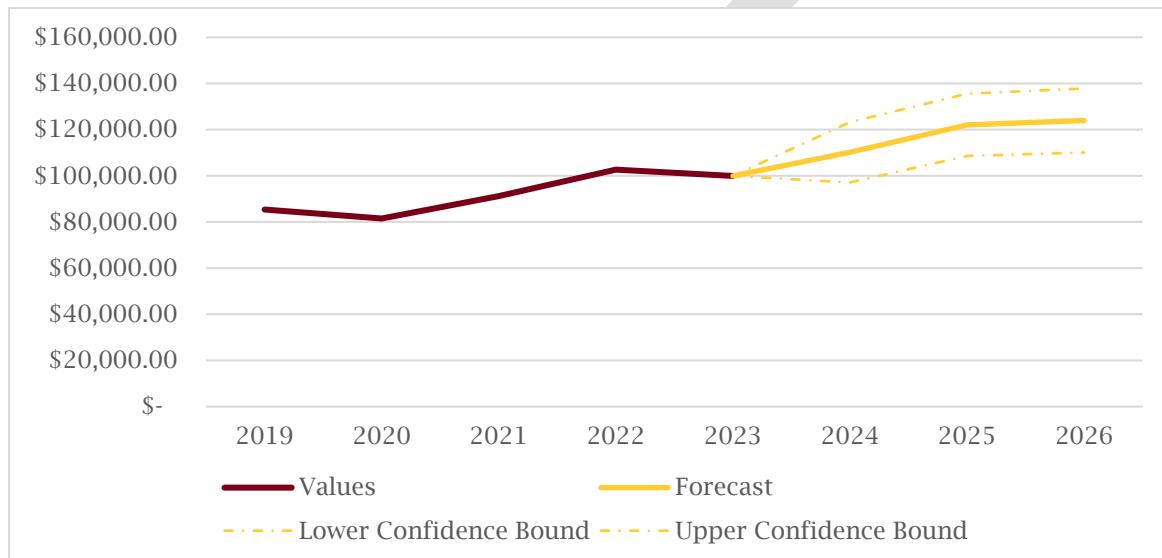


Figure 6: Forecast with Upper and Lower Bound 2022-25

	Forecast	Lower Bound	Upper Bound
2024	\$110,162.60	\$97,101.82	\$123,223.37
2025	\$122,067.63	\$108,598.53	\$135,536.73
2026	\$123,963.72	\$110,092.10	\$137,835.35

Policymakers must also consider the impacts that a LOST may have on consumer purchasing behavior, particularly whether it will result in a loss of consumer purchases to other jurisdictions. Extension examined records of 11 cities that enacted a local option sales tax between 1999 and 2006 (information available on the Minnesota Department of Revenue website). Records do not indicate a major purchasing change due to the additional sales tax, and most of the jurisdictions have shown continued sales growth (see Appendix A). These communities, however, may not be comparable to Madelia. All communities included in this analysis are located outside the Twin Cities metro area and may retain more shoppers than communities in the metro area where one can easily switch spending from one jurisdiction to another.



Online sales have been left out of the estimates for this analysis as data for these types of transactions by jurisdiction are not available before a local option sales tax is enacted. After a local option sales tax is enacted, sales tax is collected for online sales for delivered purchases. Extension estimates about 10% of sales are made online by households. This additional revenue is not included in this analysis, and is a conservative effort of total online sales by household. An additional 10% in revenue would total an additional \$12,000 in 2026 when looking at total taxable sales.

BACKGROUND AND METHODOLOGY

Community economics educators at University of Minnesota Extension provide applied research and education to help community and business partners make better informed decisions. In recent years, Minnesota has adopted laws enabling local governments to enact a local option sales tax. Extension has assisted these administrations in estimating their potential tax proceeds and the portion of taxes paid by local residents.

This report estimates the proportion of tax proceeds generated by Madelia residents compared to non-residents. The most recently available state sales tax data (2021) from the Minnesota Department of Revenue (MN Revenue) was used.

Trade Area Analysis and Calculations

Extension conducted a trade area analysis of retail and service sales in select merchandise categories, estimating the amount of taxable sales subject to sales taxes made by both local residents and non-residents. Use tax is a much smaller portion of the total collection compared to sales tax proceeds. It is also estimated using a different formula.

Extension calculated potential sales for the city in each merchandise category and compared this calculation to actual taxable sales from the Minnesota Department of Revenue sales tax statistics for the same category. Actual sales greater than potential sales indicate the county attracts sales from outside its boundaries or has sales greater than one would expect from its residents. Extension used the difference between potential and actual sales to set reasonable estimates of spending by residents and non-residents across all categories. These estimates also helped inform adjustments for each category.

Potential sales calculations are based on average statewide spending by merchandise category and the population of the county, then adjusted by the level of income in Madelia. Specifically, potential sales result from county population, state per capita taxable sales, and the index of income (see sidebar and Appendix B).

The following section details the initial and adjusted trade area calculations for all merchandise categories. The sections labeled “Analysis with Adjustments” lists the final estimate of sales generated by non-residents. A rationale for adjustments and conclusions is also included.

Potential sales estimate the dollar amounts for purchases made by local residents *if* local residents spend as much as the average Minnesota resident.

Potential sales are calculated by the following formula:
$$(T \div PMn) \times PO \times (YWC \div YMn) = \text{potential sales}$$

T = Total Minnesota taxable sales for a merchandise category

PMn = 2023 population of Minnesota (5,801,769)

PO = 2023 population of Madelia (2,402)

YWC = Per capita income of Watonwan County residents (\$55,976)

YMn = Per capita income of Minnesota residents (\$72,557)



DOOR releases data publicly for communities which meet certain population and business number thresholds, and as a result, data for the City of Madelia was limited to larger sectors and not individual categories. We performed a modified analysis and used mobile data and other secondary sources to ground-truth assumptions and estimates.

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MODIFIED ANALYSIS OF RETAIL AND SERVICE SECTORS

As mentioned, DOR provided limited data at the sector level for the City of Madelia. By conducting a gap analysis and complementing these findings with mobile data, Extension was able to provide a general estimate of the share of resident spending vs non-resident spending.

Figure 7: 2023 Retail and Service Total Taxable Sales- Expected and Actual

Category	Expected	Actual	Surplus
44/45 Retail Trade	\$12,380,000	\$6,496,546	\$(-5,880,000)
72 Accommodation and Services	N/A	N/A	N/A

Figure 7 provides insight into these findings focusing on Retail Trade and Accommodation and Services sectors. The total taxable sales for Madelia amount to \$19.99 million, with \$6.50 million of that spent in the retail and service categories. Extension estimated that local residents would account for approximately \$4.55 million in sales within these retail categories, leading to an estimated spending of \$1.95 million attributed to non-resident spending.

For context, in the retail trade category, actual sales were \$6.50 million against an expected \$12.38 million, resulting in a \$5.88 million deficit, or 'leakage' of spending.

In developing a conservative estimate for the share of resident vs non-resident spending, Extension assumed leakage for spending of Madelia residents to other communities at approximately 20%, which would align with similar communities across the state when factoring in shopping and commuting patterns in the region. While Madelia pulls in visitors from nearby communities such as St. Cloud, retailers are faced with stiff competition from these communities in both attracting visitors the community and retaining the spending of Madelia residents as well.

MOBILE DATA

For this report, we will leverage mobile data to offer detailed insights into the number of visitors to Madelia and their potential spending behavior.

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APPENDIX A: RESEARCH ON THE EFFECTS OF A LOCAL OPTION SALES TAX

Policymakers are often concerned that enacting a local sales tax will result in a loss of consumer purchases to neighboring communities that have not adopted the tax.

The Minnesota Department of Revenue records the tax collected from a set of Minnesota jurisdictions that have had a local sales or use tax in effect for at least eight years. Most of these cities show continued sales growth. A comparison that includes 11 Minnesota cities adopting a 0.5 percent local option sales tax is offered below (refer to Figures 4, 5, 6, and 7).

Policymakers must determine the best allowable method to raise revenue from a variety of options. One option is raising property taxes, which is not directly related to a household's current income and raises the financial burden of low-income or retired homeowners. Sales taxes raise revenues based on household expenditures, which, in Minnesota, excludes the basic necessities of food and clothing. However, since sales tax raises revenues from non-residents who shop in Madelia, resident contributions to tax revenues are significantly lower than a tax generated exclusively by local residents, such as a property tax. Policymakers must carefully consider these and other factors before making a decision about enacting a local sales tax.

Figure 12: Taxable retail and service sales by communities that began collecting a local option sales tax from 1999 to 2006

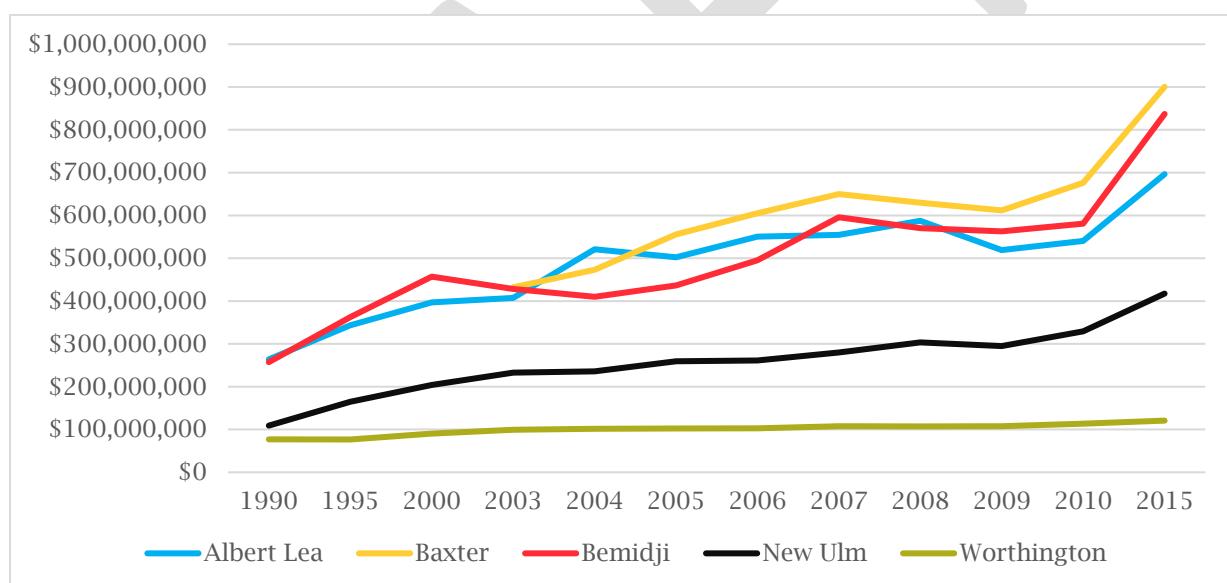


Figure 13: Data table for example communities, taxable retail and service sales (in millions)

Town Name	2015 Population	Year LOST	90	95	00	03	04	05	06	07	08	09	10	15
Albert Lea	18,356	2006	\$264	\$344	\$397	\$407	\$521	\$502	\$551	\$555	\$588	\$519	\$541	\$696
Baxter	8,065	2006				\$432	\$473	\$556	\$605	\$650	\$630	\$612	\$676	\$900
Bemidji	11,917	2005	\$257	\$362	\$457	\$428	\$410	\$437	\$495	\$596	\$570	\$563	\$581	\$837
New Ulm	13,594	1999	\$109	\$165	\$204	\$233	\$236	\$259	\$261	\$280	\$303	\$295	\$329	\$417
Worthington	11,283	2005	\$77	\$77	\$91	\$99	\$102	\$103	\$103	\$108	\$107	\$108	\$114	\$121



Figure 14: Taxable retail and service sales by communities that began collecting a local option sales tax between 2011- 2012

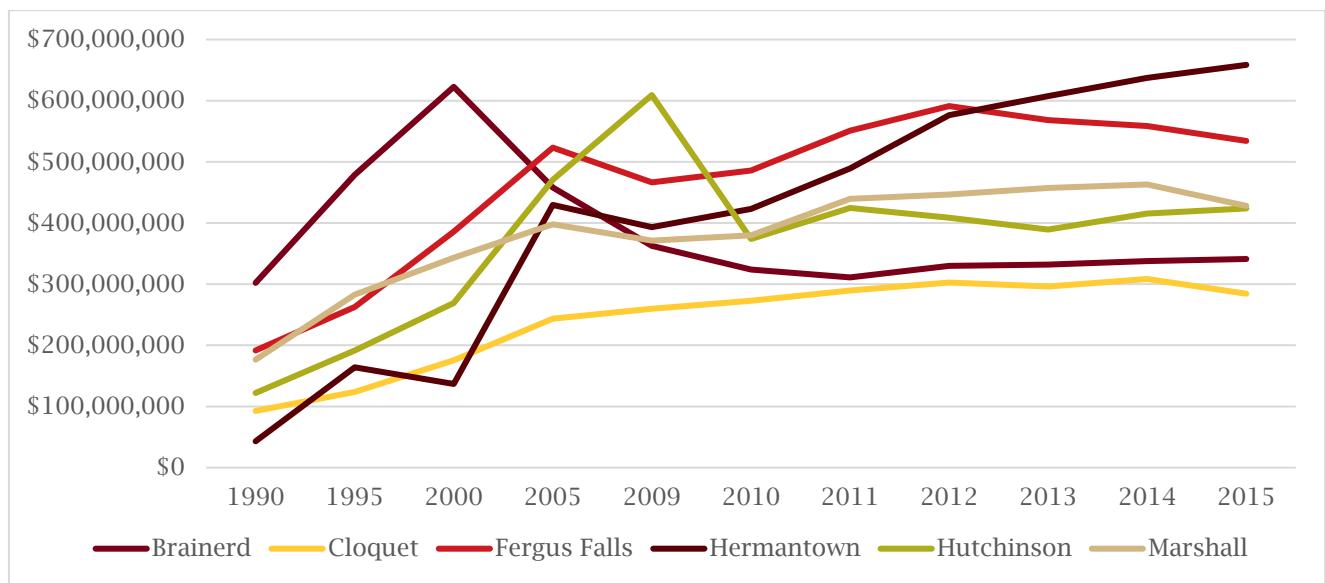


Figure 15: Data table for example communities, taxable retail and service sales (in millions)

Town Name	2015 Pop	Year LOST	90	95	00	05	09	10	11	12	13	14	15
Brainerd	13,178	2011	\$302	\$479	\$623	\$458	\$362	\$324	\$311	\$330	\$332	\$338	\$341
Cloquet	11,201	2011	\$93	\$124	\$175	\$244	\$260	\$273	\$290	\$303	\$296	\$308	\$284
Fergus Falls	13,471	2011	\$192	\$263	\$386	\$523	\$467	\$486	\$551	\$591	\$568	\$558	\$534
Hermantown	7,448	1996 - increase 2012	\$43	\$164	\$137	\$430	\$393	\$423	\$489	\$576	\$607	\$637	\$659
Hutchinson	13,080	2011	\$122	\$191	\$269	\$471	\$609	\$374	\$425	\$409	\$389	\$415	\$424
Marshall	12,735	2011	\$176	\$283	\$343	\$398	\$371	\$380	\$440	\$447	\$457	\$463	\$428

APPENDIX B: DEFINITIONS OF TERMS

Gross sales

Gross sales include taxable sales and exempt businesses with sales and use tax permits. This is the most inclusive indicator of business activity for reporting jurisdictions, but it can be misleading when used in comparisons. At times, non-taxable commodity items (e.g., gasoline) can have large price variations, creating huge swings in gross sales.

Taxable sales

Taxable sales are sales subject to sales tax. Taxable sales exclude exempt items, items sold for resale, items sold for exempt purposes, and items sold to exempt organizations. For the purpose of this study, taxable sales were the focus of the analysis. For more information on what is taxed in Minnesota, see the "Minnesota Sales and Use Tax Instruction Booklet" available at <https://www.revenue.state.mn.us/minnesota-tax-handbooks>

Taxable retail and service sales

In this study and other retail trade analyses conducted by University of Minnesota Extension, the term "taxable retail and service sales" refers to the North American Industry Classification System (NAICS) numbers of 441 to 454 (retail) and 511 to 812 (most service industries) released by the Minnesota Department of Revenue for a geographic area.

Current and constant dollar sales

Current dollar (or "nominal dollar") sales are those reported by the state. No adjustment has been made for price inflation. In general, this measure of sales is not satisfactory for comparisons over long periods of time since it does not account for changes in population, inflation, or the state's economy. Constant dollar (or "real dollar") sales reflect changes in price inflation by adjusting current dollar sales according to the Consumer Price Index (CPI). Constant dollar sales indicate the real sales level with respect to a base year. This is a more realistic method of evaluating sales over time than current dollar comparisons, but it still does not take into consideration changes in population or the state's economy.

Number of businesses

The number of sales and use tax permit holders who filed one or more tax returns for the year.

Index of income

This index provides a relative measure of income, calculated by dividing local per capita income by state per capita income. The base is 1.00. For example, a 1.20 index of income indicates that per capita income in the area is 20 percent above the state average.

Potential sales

Potential sales are an estimate of the amount of money spent on retail goods and services by residents of a county or county. It is the product of county population, state per capita sales, and the index of income (based on the county personal per capita income).

Actual sales

For this study, the Minnesota Department of Revenue's 2019 sales data for Madelia provides the actual sales numbers used.



Variance between actual and potential sales

The variance between actual and expected sales is the difference in sales from the “norm” (i.e., the amount above or below the standard established by the expected sales formula). When actual sales exceed expected sales, the county has a “surplus” of retail sales. When actual sales fall short of expected sales, the county has a retail sales “leakage.” Discrepancies between expected and actual sales occur for a variety of reasons. For this study, we use potential sales per merchandise group to create a first-cut estimate of residents’ purchase activities.

Cautions

Gross sales

Gross sales are a comprehensive measure of business activity, but it should be noted the numbers in this report are self-reported. Furthermore, gross sales are not audited by the state of Minnesota. It is believed that gross sales figures are generally reliable, but there is the possibility of distortions, especially in smaller cities where misreporting may have occurred.

Misclassification

Holders of sales and use tax permits select the North American Industry Classification System (NAICS) category that best fits their business. All sales reported by a business is attributed to that selected NAICS category. Regardless of who makes this classification, errors are occasionally made. Also, sometimes a business will start out as one type but evolve over time to a considerably different type. Misclassifications can distort sales among business categories, especially in smaller cities. For example, a furniture store that is classified as a general merchandise store will underreport sales in the furniture store category and over-report sales in the general merchandise category.

Suppressed data

The sales data for merchandise categories that have less than four reporting firms are not reported. This is a measure taken by most states to protect the confidentiality of sales tax permit holders. Sales for suppressed retail categories are placed into the miscellaneous retail category (NAICS 999) and included in total sales but not total sales of a typical retail trade analysis. For this report, however, all taxable sales—including NAICS 999—are part of calculating the amount of special taxes collected.

Consolidated reporting

Vendors with more than one location in Minnesota have the option of filing a separate return for each location or filing one consolidated return for all locations. The consolidated return shows sales made, tax due, and location by county, and county for each business. Data for consolidated filers are combined with data for single-location filers to produce the figures in this report. Occasionally, consolidated reports may not be properly deconstructed, and all sales for a company may be reported for one town or county. Whenever misreporting is discovered, the Minnesota Department of Revenue is contacted to clarify the situation.



Target Market Summary

Madelia City, MN 2
Madelia City, MN (2739230)
Geography: Place

Prepared by Esri

TARGET MARKET SUMMARY

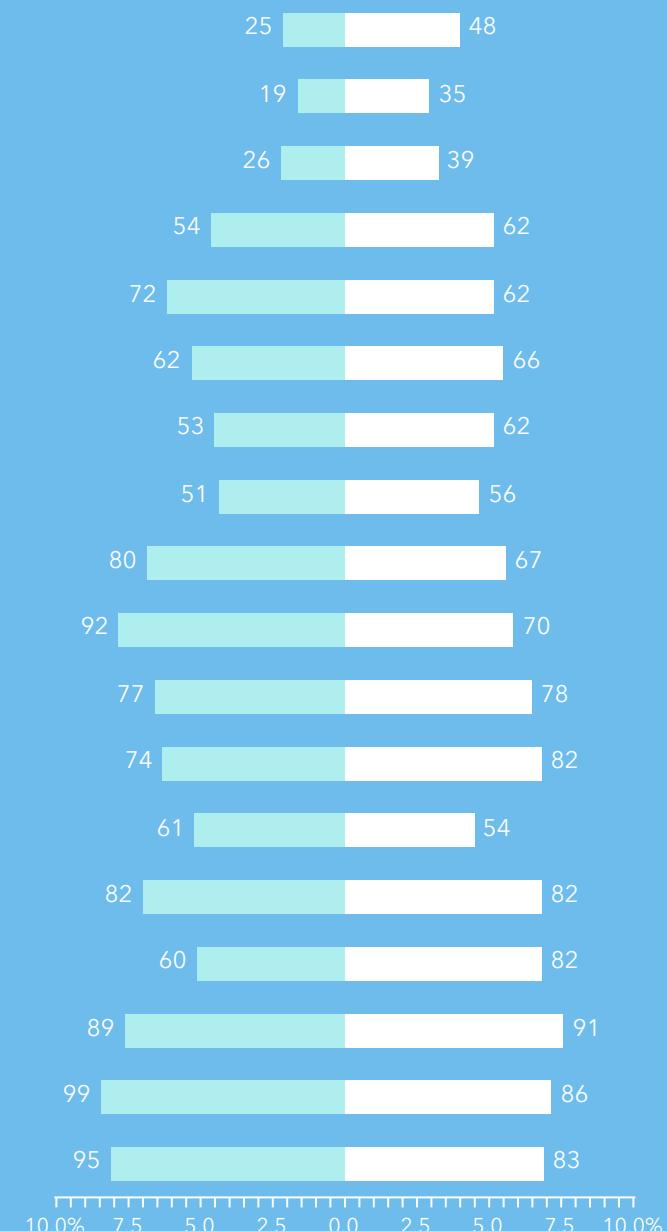
Madelia City, MN 2

Geography: Place

Key Facts



Age Pyramid



The largest group:

2025 Males Age 5-9

The smallest group:

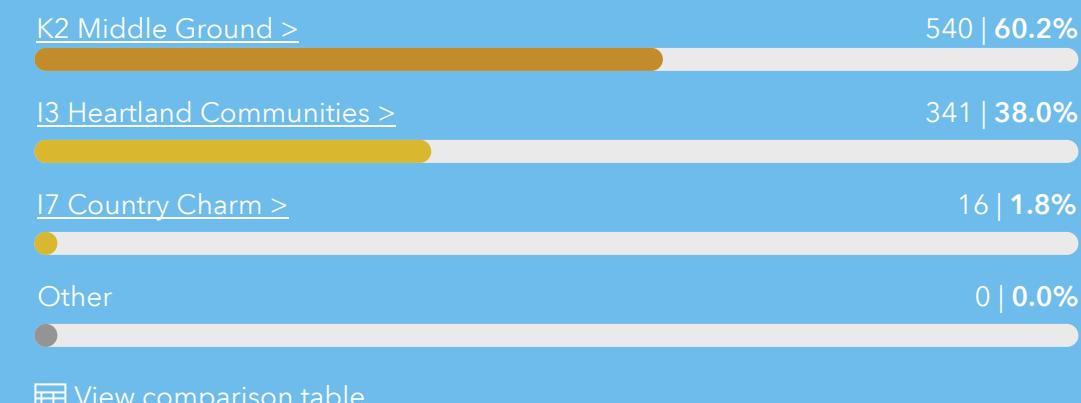
2025 Males Age 80-84

Annual Lifestyle Spending



Tapestry

Top 3 segments by household count



Target Market Summary

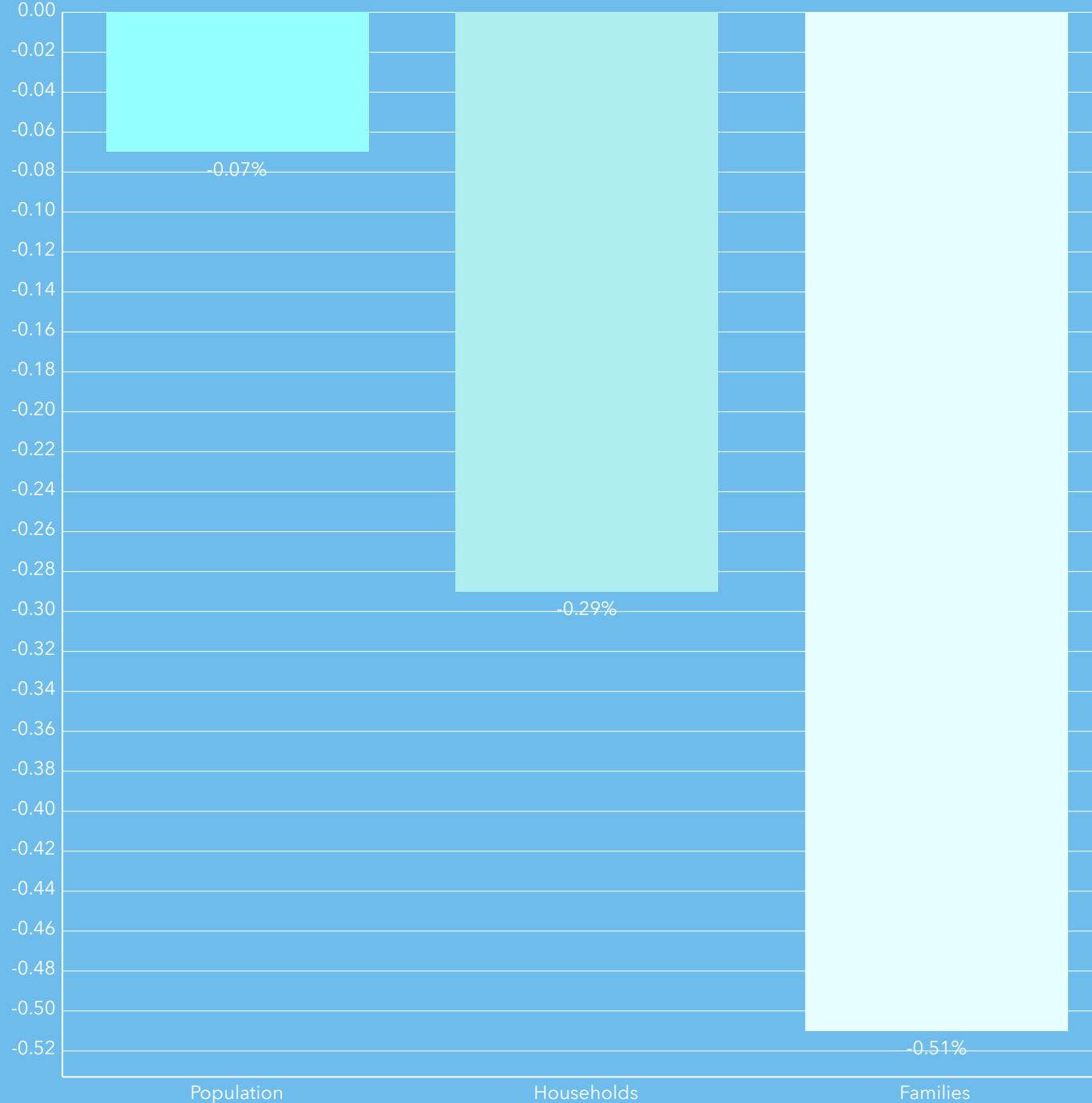
Madelia City, MN 2

Madelia City, MN (2739230)

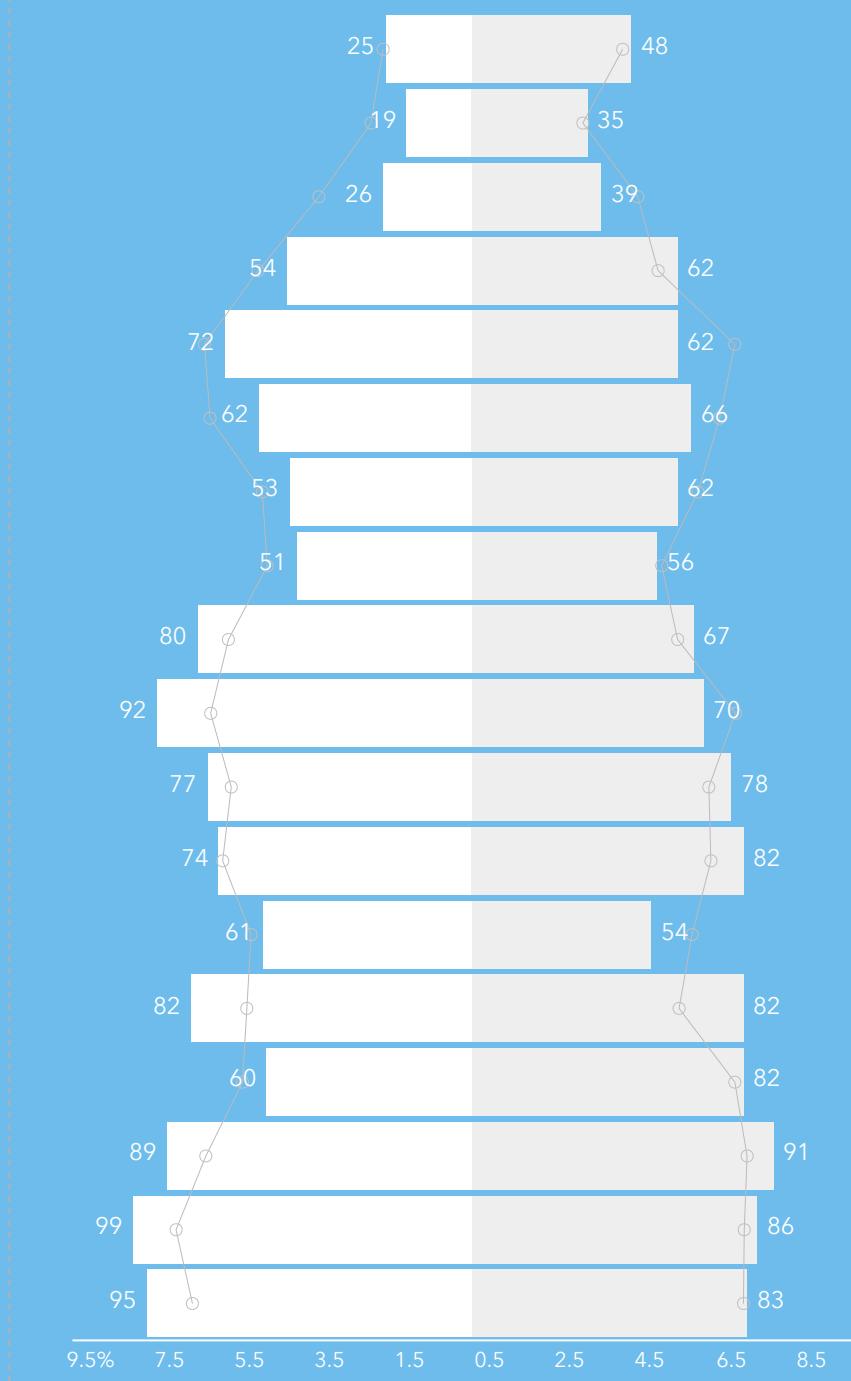
Geography: Place

Prepared by Esri

Annual Growth Rate



Age pyramid



The largest group:
2025 Males Age 5-9

The smallest group:
2025 Males Age 80-84

Dots show comparison to

Watonwan County

Target Market Summary

Madelia City, MN 2

Madelia City, MN (2739230)

Geography: Place

Prepared by Esri

Average Household Size

for this area

2.56

which is more than the average for United States

Area	Value ▼ 0.00	4.00
This area	2.56	
Watowwan County	2.52	
United States	2.50	
Minnesota	2.45	

2025 Households by income (Esri)

The largest group: 2025 HH Income \$75000-99999 (%)

(16.8%)

The smallest group: 2025 HH Income \$400,000-499,999 (%) (0.1%)

Indicator ▲	Value	Diff	
2025 HH Income <\$10,000 (%)	3.5%	-0.1%	
2025 HH Income \$10,000-14,999 (%)	4.1%	0	
2025 HH Income \$15,000-19,999 (%)	3.6%	-0.9%	
2025 HH Income \$20,000-24,999 (%)	5.6%	+1.6%	
2025 HH Income \$25,000-29,999 (%)	2.7%	-1.4%	
2025 HH Income \$30,000-34,999 (%)	1.8%	-2.0%	
2025 HH Income \$35,000-39,999 (%)	4.1%	-0.7%	
2025 HH Income \$40,000-44,999 (%)	2.5%	-0.9%	
2025 HH Income \$45,000-49,999 (%)	2.6%	-0.4%	
2025 HH Income \$50,000-59,999 (%)	7.6%	+0.5%	
2025 HH Income \$60,000-74,999 (%)	9.6%	-0.7%	
2025 HH Income \$75000-99999 (%)	16.8%	+2.0%	
2025 HH Income \$100,000-124,999 (%)	10.7%	+1.3%	
2025 HH Income \$125,000-149,999 (%)	10.3%	+1.0%	
2025 HH Income \$150000-199999 (%)	12.5%	+3.9%	
2025 HH Income \$200,000-249,999 (%)	0.9%	-0.7%	
2025 HH Income \$250,000-299,999 (%)	0.3%	-0.4%	
2025 HH Income \$300,000-399,999 (%)	0.7%	-0.9%	
2025 HH Income \$400,000-499,999 (%)	0.1%	-0.2%	
2025 HH Income \$500,000 or greater (%)	0.2%	-1.1%	

Bars show deviation from

Watowwan County

Target Market Summary

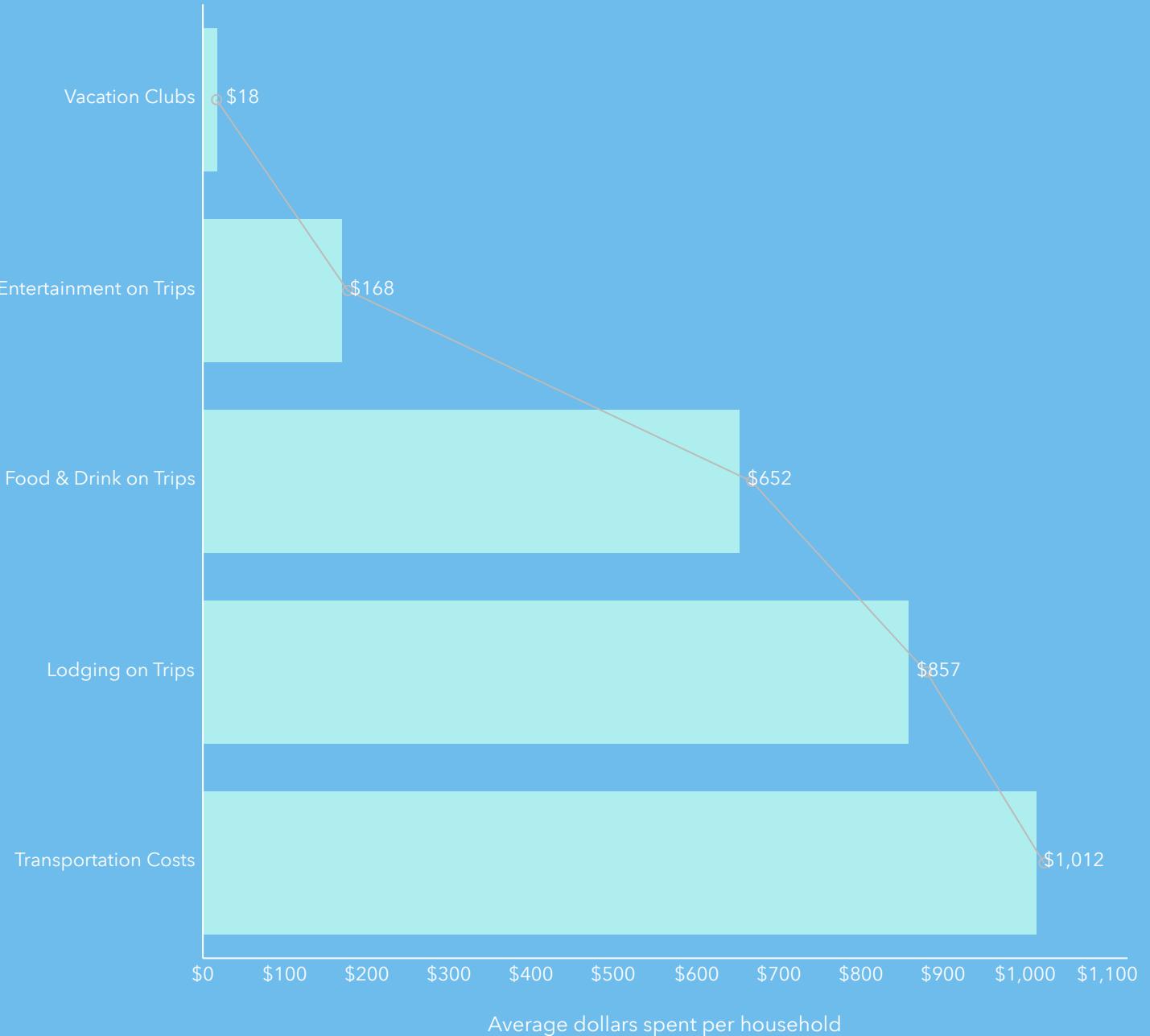
Madelia City, MN 2

Madelia City, MN (2739230)

Geography: Place

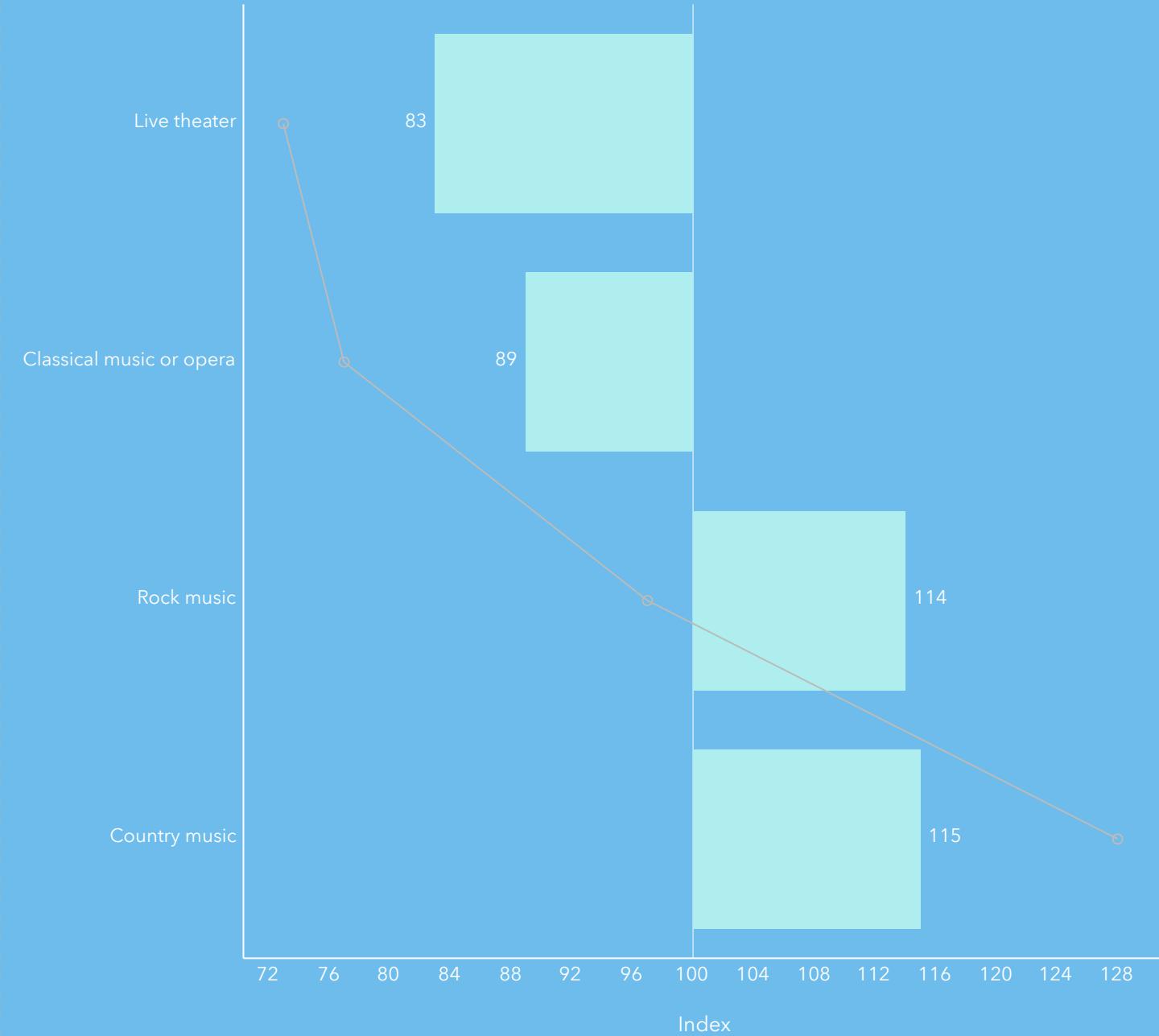
Prepared by Esri

Spending on Travel (Avg)



Dots show comparison to Watonwan County

Attended Performance in last 12 months (Index)



Dots show comparison to Watonwan County

Target Market Summary

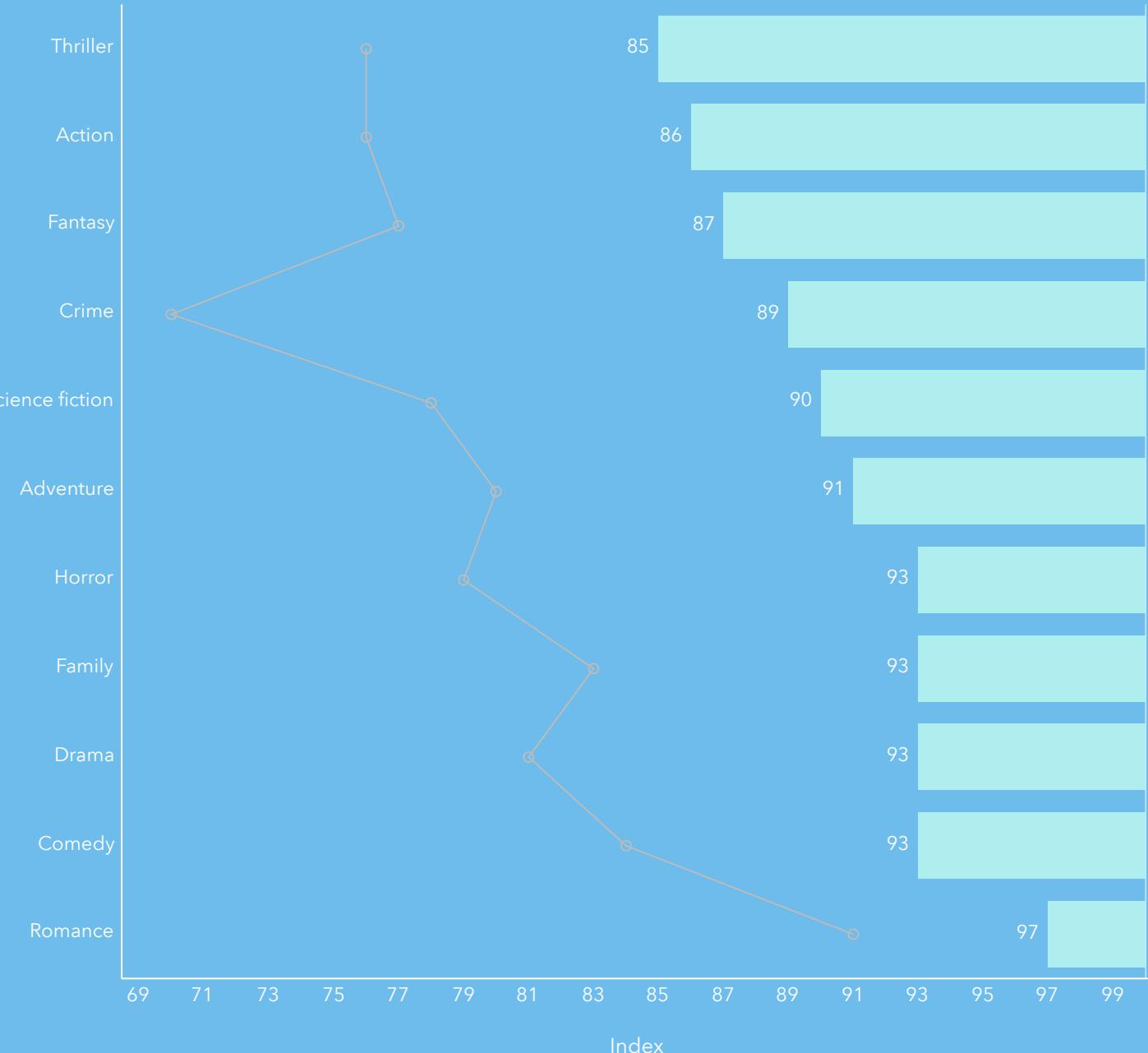
Madelia City, MN 2

Madelia City, MN (2739230)

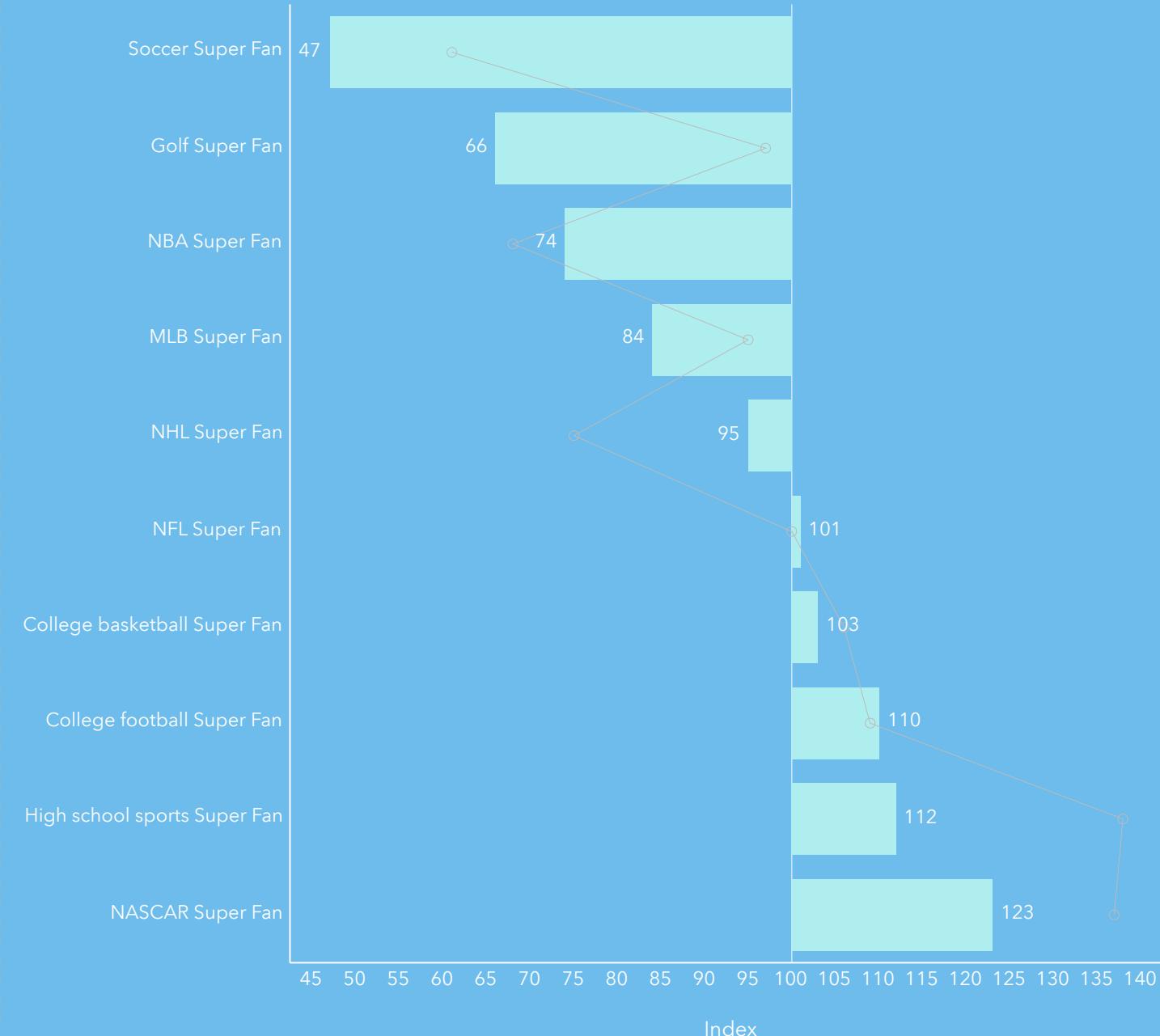
Geography: Place

Prepared by Esri

Movie Genre - Watched in the last 6 Months (Index)



Interest in Sports (Market Potential) (Index)



Target Market Summary

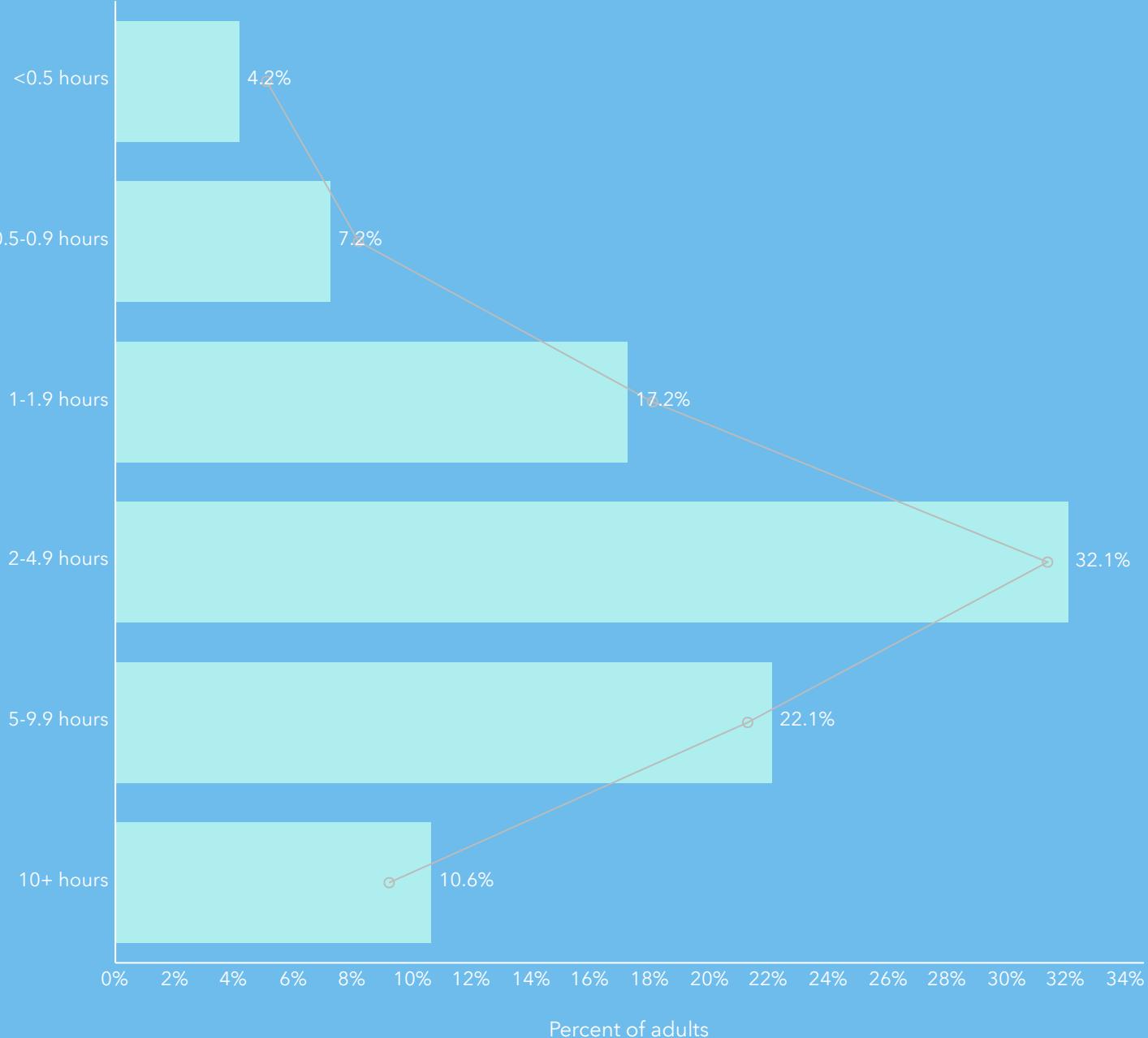
Madelia City, MN 2

Madelia City, MN (2739230)

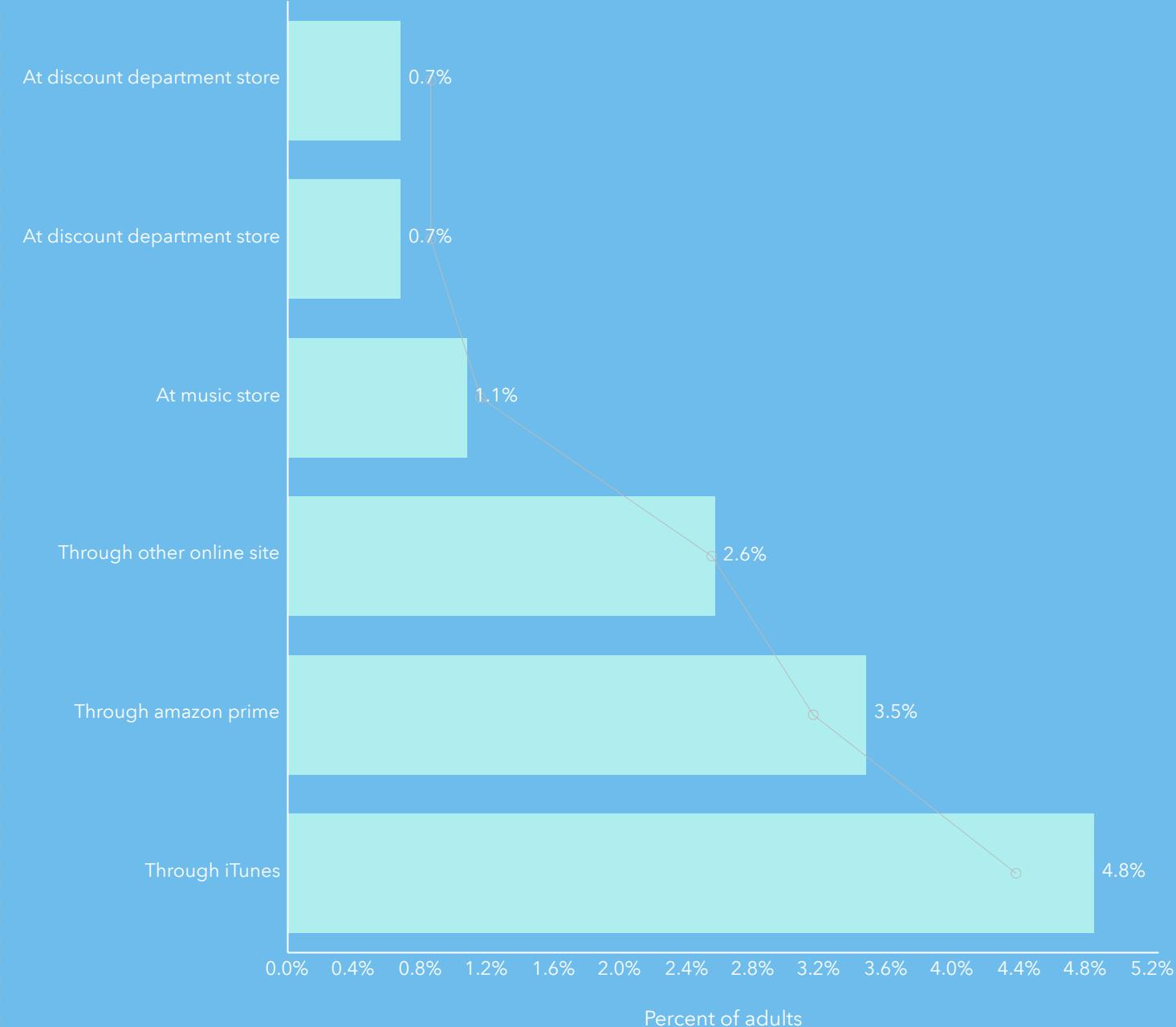
Geography: Place

Prepared by Esri

Time Online (%)



Purchased Music (%)



Source: This infographic contains data provided by Esri (2025, 2030), Esri-U.S. BLS (2025), Esri-MRI-Simmons (2025).

Target Market Summary

Madelia City, MN 2

Madelia City, MN (2739230)

Geography: Place

Prepared by Esri

K2 Middle Ground

Segment values include the entire U.S.



Housing Traits



Single Family



Married Couples
Housing type



Owners
Occupancy type

[View segment profile](#)

I3 Heartland Communities

Segment values include the entire U.S.



Housing Traits



Single Family



Married Couples
Housing type



Owners
Occupancy type

[View segment profile](#)

Target Market Summary

Madelia City, MN 2

Prepared by Esri

Madelia City, MN (2739230)

Geography: Place

I7 Country Charm

Segment values include the entire U.S.



Housing Traits



Single Family



Married Couples
Housing type



Owners
Occupancy type

[View segment profile](#)



Source: This infographic contains data provided by Esri (2025, 2030), Esri-U.S. BLS (2025), Esri-MRI-Simmons (2025).

Target Market Summary

Madelia City, MN 2

Madelia City, MN (2739230)

Geography: Place

Prepared by Esri

Comparison view

Selected area and overlapping geographies

United States

Area	Population Density Population per sq. mi.	Median Household Income	Median Home Value	Median Age	Diversity Index
Madelia City, MN 2 Geography: Place	1,571.1	\$77,783 	\$168,473 	37.2 	72.5 
United States Country	96.2	\$81,624 	\$370,578 	39.6 	72.7 

Tapestry segments

Values represent the segment nationwide, independent of the selected area.

Area	Population Density Population per sq. mi.	Median Household Income	Median Home Value	Median Age	Diversity Index
 [Color: Brown]	Low 313.6	Moderate \$69,074 	Very low \$174,311 	Moderate 38.8 	Low 55.6 
 [Color: Gold]	Very low 54.9	Low \$60,072 	Very low \$139,003 	High 43.6 	Very low 37.3 
 [Color: Gold]	Very low 12.4	High \$78,155 	Low \$243,467 	High 43.6 	Very low 25.5 

Source: This infographic contains data provided by Esri (2025, 2030), Esri-U.S. BLS (2025), Esri-MRI-Simmons (2025).

Business Key Facts

Madelia City, MN 2
Madelia City, MN (2739230)
Geography: Place

Prepared by Esri

Business Key Facts

Madelia City, MN 2 | Geography: Place



This infographic features record-level business information. It is best suited for smaller area analysis such as census tracts, neighborhoods, and smaller zip codes.

Key Statistics

126

Total Businesses

1,424

Total Employees

\$180M

Total Sales

1.5%

Unemployment Rate

Top 25 Largest Businesses in Area



3

100 or More Employees



3

\$10M+ Annual Sales Vol

Daytime Population



2,376

Total Population



2,051

Total Daytime Population

Ratio of daytime to total population:

0.86

Values > 1.0 mean that more people come to the area during the day than live there.



Small Town

Dominant Urbanicity Type



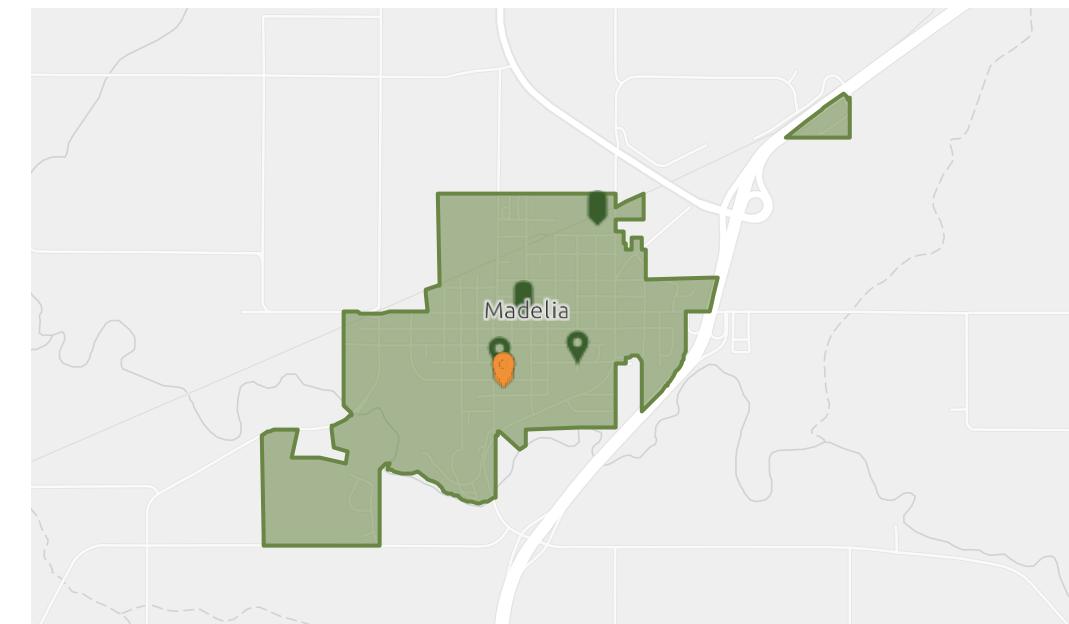
11.4

Avg Number of Employees



83.3 ↑

Total Business Per Sq Mi
This is 7,338.4% higher than **Watonwan County**



Highest sales volume

Downs Food Group

Independent

\$58.4M

Most Employees

Downs Food Group

Independent

300

Source: This infographic contains data provided by Esri-Data Axle (2025), Esri (2025). Note: business sales volumes and employee counts are estimates provided by Data Axle. * Indicates the number of locations has reached the maximum.

Source: This infographic contains data provided by Esri-Data Axle (2025), Esri (2025).

Business Key Facts

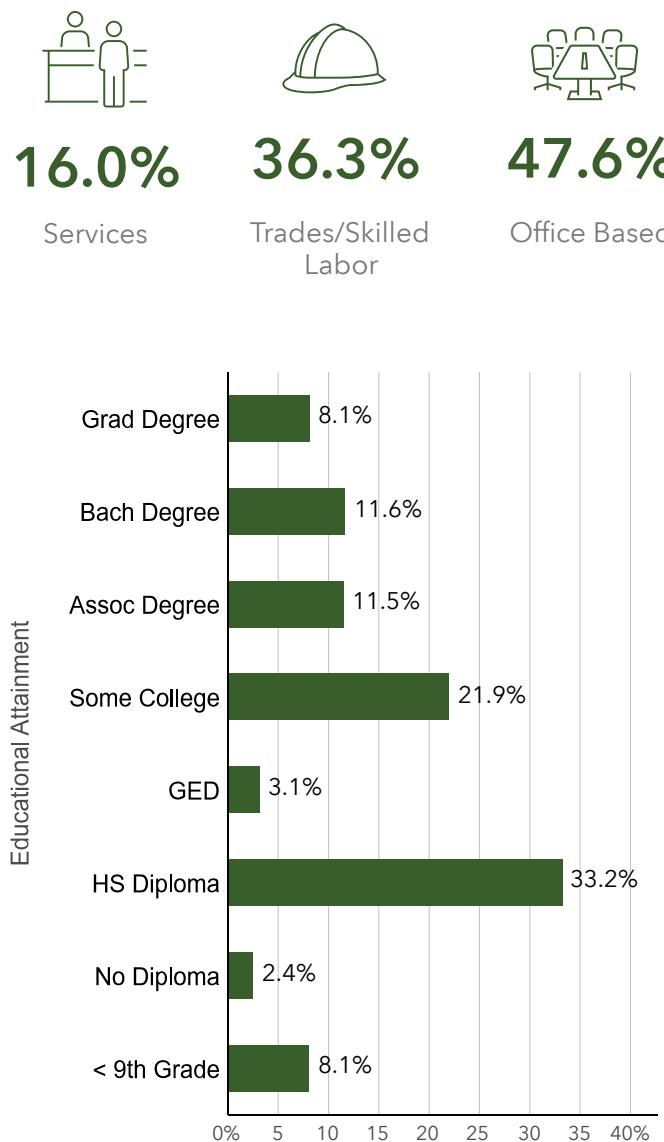
Madelia City, MN 2
Madelia City, MN (2739230)
Geography: Place

Prepared by Esri

Business Key Facts | Madelia City, MN 2 | Geography: Place



About the Workforce



Tapestry

Top 3 segments by household count



K2 Middle Ground >	540 60.2%
I3 Heartland Communities >	341 38.0%
I7 Country Charm >	16 1.8%
Other	0 0.0%

[View comparison table](#)

About the Community



-0.2% ↓

Pop Growth Rate is
133.3% lower than
United States



57

Wealth Index
Below 100 = low
Above 100 = high



-0.4% ↓

Housing Units Growth
Rate is 144% lower than
United States.

Businesses Per 1,000 Population

Business Categories	Madelia City, MN 2	States Minnesota	United States of America United States
Restaurants	2.10	1.94	2.45
Health Care & Social Assistance	6.31	3.82	3.76
Retail	7.58	4.33	4.59
Manufacturing	2.95	1.58	1.32
Finance & Insurance	2.53	1.98	1.79
Professional & Tech Services	2.95	3.13	3.60

Source: This infographic contains data provided by Esri-Data Axle (2025), Esri (2025). Note: business sales volumes and employee counts are estimates provided by Data Axle. * Indicates the number of locations has reached the maximum.

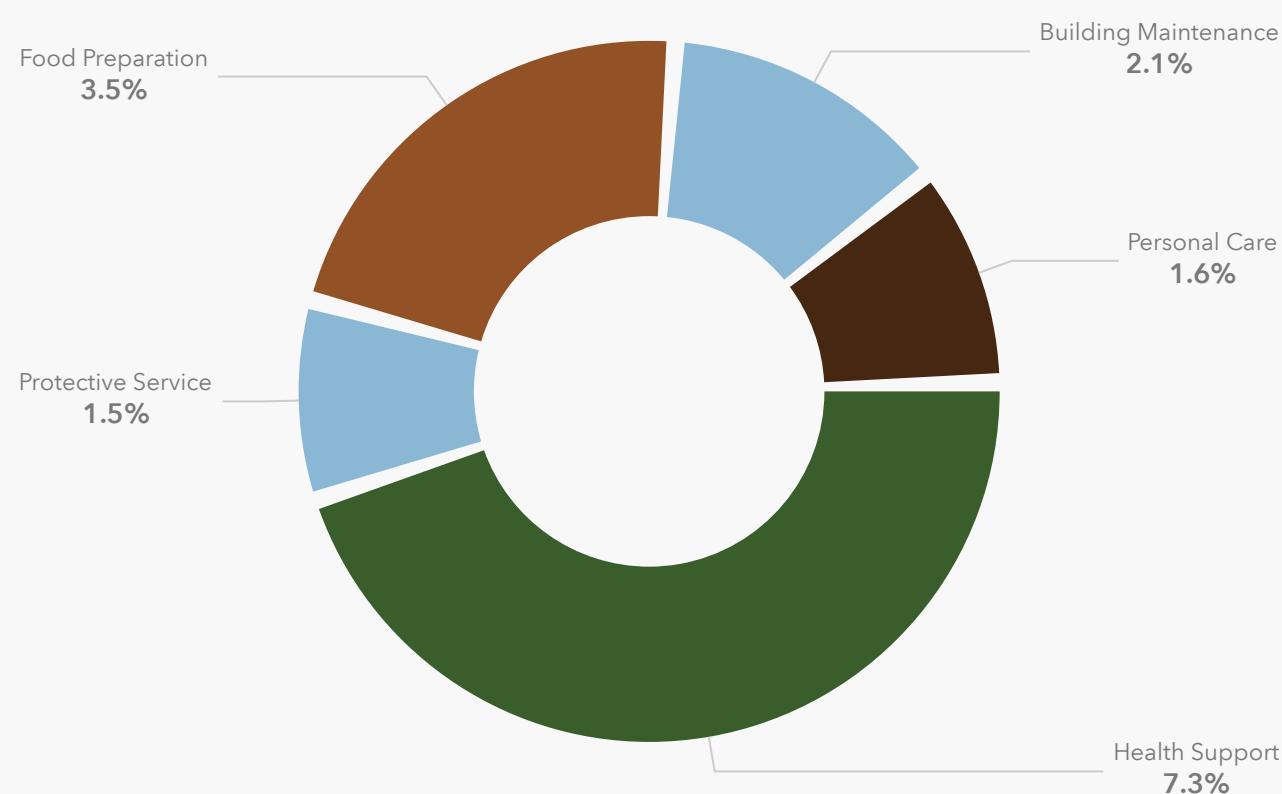
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Business Key Facts

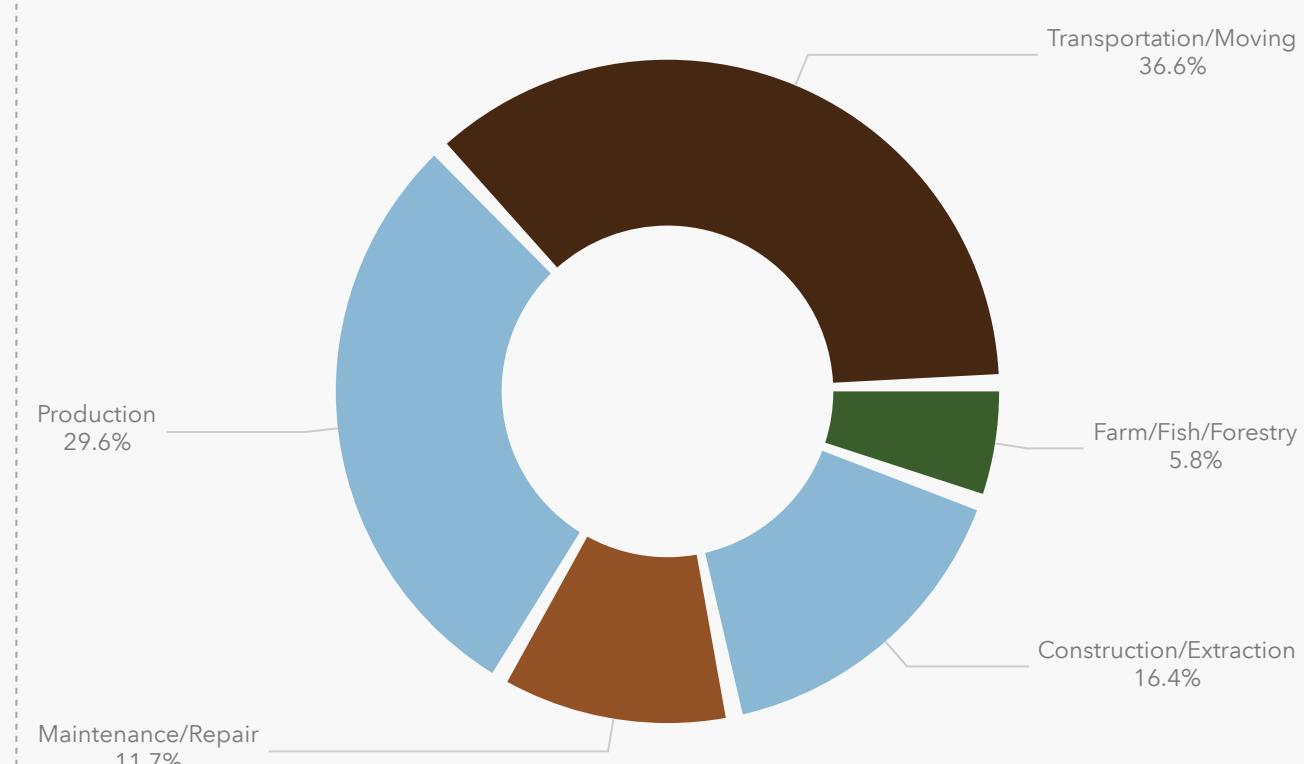
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Madelia City, MN (2739230)
Geography: Place

Prepared by Esri

Services



Trade/Skilled Labor

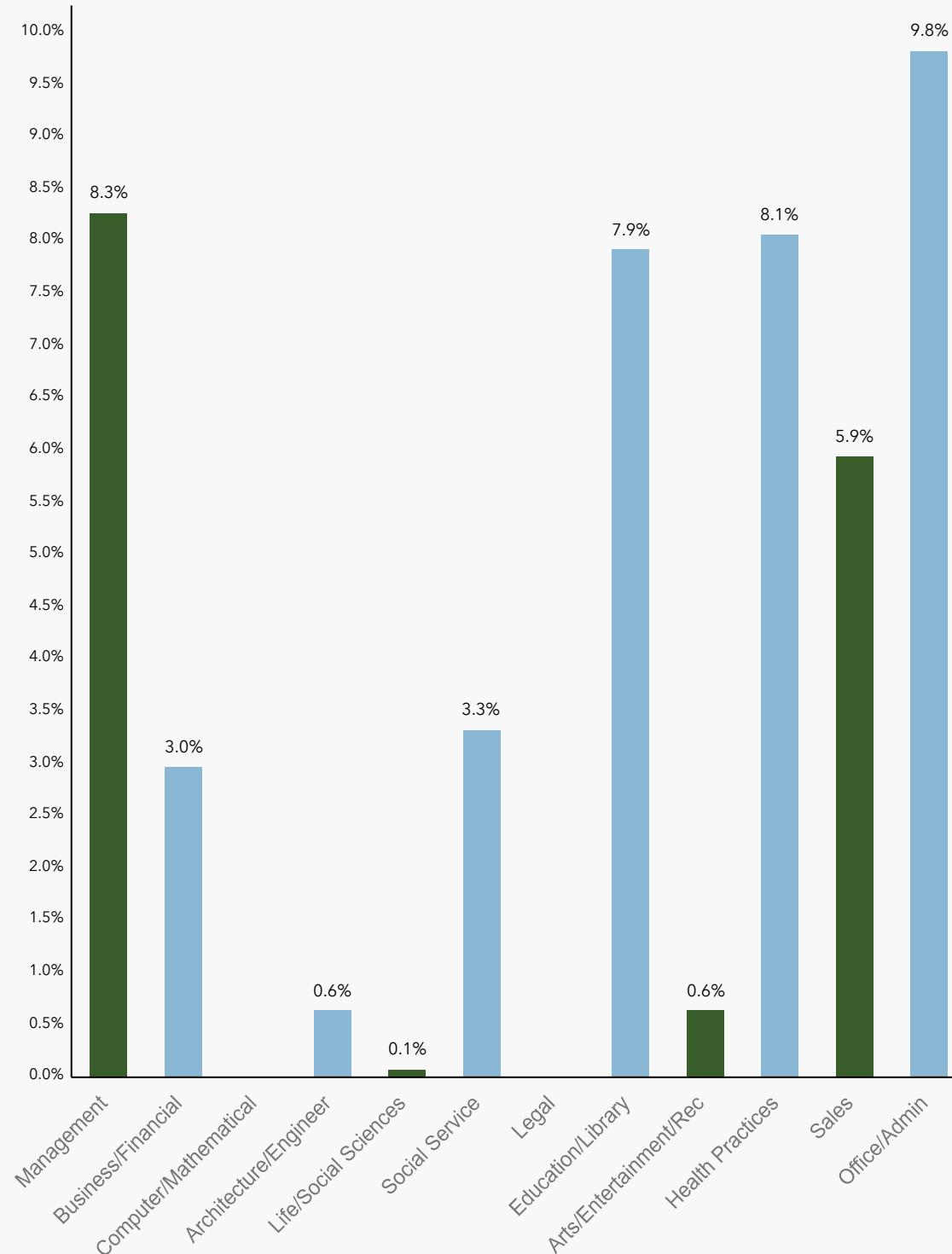


Business Key Facts

Madelia City, MN 2
Madelia City, MN (2739230)
Geography: Place

Prepared by Esri

Office Based



K2 Middle Ground

Segment values include the entire U.S.

Population Density

Income

Home Value

Age

Diversity ⓘ

Housing Traits



Single Family



Married Couples
Housing type



Owners
Occupancy type



Low

Moderate

Very low

Moderate

Low

[View segment profile](#) 

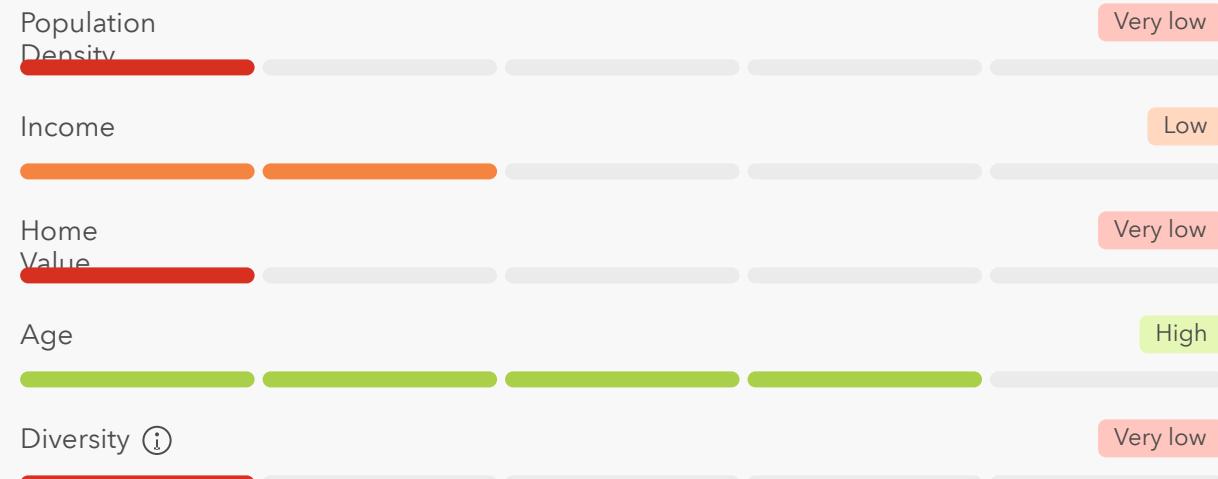
Business Key Facts

Madelia City, MN 2
Madelia City, MN (2739230)
Geography: Place

Prepared by Esri

13 Heartland Communities

Segment values include the entire U.S.



Housing Traits



Single Family



Married Couples
Housing type

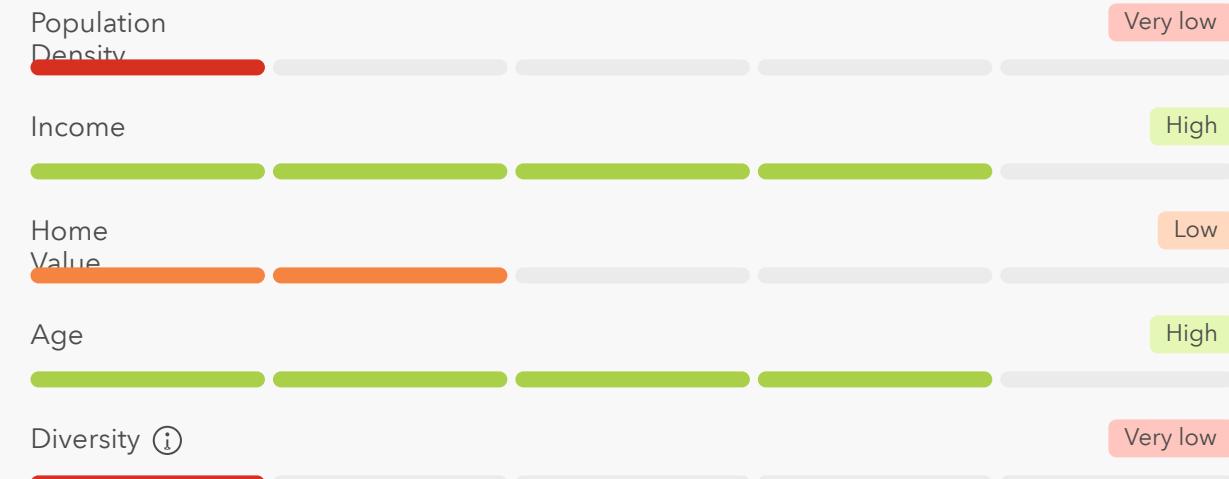


Owners
Occupancy type

[View segment profile](#)

17 Country Charm

Segment values include the entire U.S.



Housing Traits



Single Family



Married Couples
Housing type



Owners
Occupancy type

[View segment profile](#)

Business Key Facts

Madelia City, MN 2
Madelia City, MN (2739230)
Geography: Place

Prepared by Esri

Comparison view

Selected area and overlapping geographies

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I7 Country Charm	Very low 12.4	High \$78,155	Low \$243,467	High 43.6	Very low 25.5

TO: EDA Board
FROM: Celia Viesselman, CEDA
SUBJECT: January Monthly Update
DATE: January 26th, 2026



Annexation: Coordinated and filed paperwork for Daley annexation.

Campground Saferoom Grant Application: Responded to 2nd RFI.

Housing - Tier II Cities Grant: Submitted grant to support elevator improvements at Hartshorn Manor.

Housing Institute: Continued work on Infill Housing Lot Portfolio for Martin and Watonwan Counties. Attended Workshop 4.

Marketing: Research on Google Ads. Analysis of City marketing content.

Watona Park: Reviewed draft LOST analysis from UMN-Extension.

Workforce Development: Set up Healthcare VR apps on VR Headsets. Explored other apps in preparation for February Career Fair.