The City of ARLINGTON

ECONOMIC DEVELOPMENT AUTHORITY

MEETING AGENDA
February 18, 2025, AT 5:30 PM
COUNCIL CHAMBERS

1. Call Meeting to Order and Pledge of Allegiance
2. Roll Call
3. Approve of the Agenda
4. Approval of the January 2, 2025, Meeting Minutes

OLD BUSINESS
5. Cemstone Property
6. 10 Acre Lease Bid Advertisement

NEW BUSINESS
7. December Financial Report
8. 2024 Year-end Loan Summary
9. City Council Update

MISCELLANEOUS
10. Comments/Questions from the EDA

ADJOURNMENT
11. Next Meeting – March 17th, 5:30pm

The City of
ARLINGTON

ECONOMIC DEVELOPMENT AUTHORITY

MEETING MINUTES
January 2, 2025, AT 5:30 PM
COUNCIL CHAMBERS

1. Call Meeting to Order and Pledge of Allegiance
   - Meeting called to order by Kurt Menk at 5:31pm.
2. Roll Call
   - Members present: Kurt Menk, Curtis Ling, Howard Brinkman, Larry Sorenson, Cheyenne Bernstein, Tim Kloeckl, Jeff Matz
   - Members absent: none
   - Non-members present: Michael Monson (Jessica Steinke was absent)
3. Approve of the Agenda
   - Kurt asked to amend the agenda to add "Election of Officers"
     - Add as item #4
   - Motion to approve amended agenda by Larry and seconded by Curtis. Approved 7-0.
4. Election of Officers
   - Call for nomination of EDA President
     - Kurt Menk nominated by Curtis, seconded by Howard. There were no other nominations.
   - Kurt Menk was approved 7-0 to be the EDA President.
   - Call for nomination of EDA Vice President
   - Jeff Matz was nominated by Howard and seconded by Cheyenne. There were no other nominations.
   - Jeff Matz was approved 7-0 as the EDA Vice President.
5. Approval of the December 5, 2024, Meeting Minutes
   - Approval of the minutes was motioned by Curtis and seconded by Jeff. Approved 7-0.

OLD BUSINESS
6. Cemstone Property
   - Kurt asked the group to do more brainstorming for what can be done with the Cemstone property.
   - Cheyenne revisited her idea about having a walking path with sculptures or artistic structures along it. The idea of having different businesses or organizations donate materials for these structures was discussed.

- Howard asked if Cemstone is looking for just amenities, not buildings on the property. Kurt said they only asked for amenity ideas.
- Howard brought up the idea of putting a new fire hall there. The EDA will invite Cemstone to a meeting to discuss if they would be open to the idea of a Fire Hall.

7. 10 Acre Lease Bid Advertisement
    - Kurt shared that his company was supposed to put the bid in the paper, and it didn't happen. Jessica thinks the EDA should re-advertise the land for one year instead of three so that it would be available to sell in a year.
    - Kurt also shared that Jessica thinks the EDA should have the property appraised. The EDA would like to get more info from Jessica about why she thinks they should get the land appraised.
    - Jeff made a motion to re-advertise the 10-acre lease bid for up to one year, and Larry seconded. Approved 7-0.

NEW BUSINESS

8. City Admins Leave of Absence
    - Michael shared that Jessica will be on maternity/medical leave soon. It starts January 20th, but Michael does not know how long it will last. He will ask Jessica.

9. November Financial Reports
    - Kurt shared that Jessica said there weren't many changes to the financial report.
    - Larry motioned to approve the November Financial report and Cheyenne seconded. Approved 7-0.

10. Year-end Review
    - EDA is slated to share the 2024 review with Council in March.
    - Kurt will work on the report.

11. 2025 Goals
    - Kurt asked for the EDA members to share their 2025 goals.
    - Howard would like to push for a motel.
    - Curtis would like to do something with the Cemstone property.
    - Tim would like to see utilities brought out the EDA's property.
    - Jeff would like to see businesses go out to the EDA property. He would also like to figure out ways to help out Peep's Repair.
    - Larry would like to see assisted living come back to the Fairview building.
    - Cheyenne would like to see a daycare center also be added to the Fairview building.

MISCELLANEOUS

12. 2025 Meeting Schedule
    - The meetings have been moved to the third Monday of each month.
    - The third Monday of February is Presidents Day, so the meeting will be the following Tuesday, February 18th.

13. Kurt mentioned that we could add a City Council update as an item for each meeting.

14. Larry mentioned that he would still like to see a pharmacy in Arlington.

ADJOURNMENT
- Howard made a motion to adjourn and Curtis seconded. Approved 7-0.
- Meeting adjourned at 6:22pm.

_____   _____
EDA President Kurt Menk   EDA Director Jessica Steinke

Hotel Feasibility Study

A feasibility study of lodging, prepared for the City of Arlington by students in 668 Urban Studio from Minnesota State University, Mankato

MN

★ Designed by TownMapsUSA.com

URSI

URBAN & REGIONAL STUDIES INSTITUTE

MINNESOTA STATE UNIVERSITY, MANKATO

Prepared by Cyril Amissah, Hayden Lacher and Asmaa Salama

Table of Contents

Acknowledgements

We would like to take this opportunity to express our gratitude to the following professionals who contributed to the success of this project.

Firstly, we would like to express our appreciation to our professor, Dr. Miriam Porter, who provided great examples and recommendations throughout the project.

Secondly, we would like to thank the City of Arlington, with special thanks to Michael Monson, Jessica Steinke, and Gwen Sharpe. We would also like to thank the Arlington Economic Development Authority (EDA) for their support and insight.

Thirdly, we would like to thank everyone who provided us with their invaluable feedback on our surveys.

Fourthly, we would like to thank Steve Balfanz for his valuable knowledge and insight.

Executive Summary

This feasibility study, prepared by students from Minnesota State University, Mankato, assesses the potential for a lodging facility in Arlington, Minnesota. It provides insights into market demand, site analysis, economic considerations, and recommendations for establishing a successful hotel.

Purpose of Study

The purpose of this study is to determine the feasibility of a new lodging option in Arlington, Minnesota.

Market Overview

Arlington is a rural community near the Twin Cities that has a population of 2,247 with an economic base in agriculture and manufacturing. Despite hosting and having numerous community events and attractions, the town currently lacks adequate lodging. This gap represents a significant opportunity for a modern lodging facility to support tourism and economic growth.

Key Findings

Lodging Demand

Surveys indicate strong support for a small hotel, especially during local events like Arli-Dazzle and Sibley County Fair. Potential daily demand from drive tourists ranges between 37 and 74 overnight guests.

Site Selection

Four potential sites were evaluated. Site 2, adjacent to Highway 5 and the Arlington Event Center, has the most potential due to its visibility, proximity to attractions, and appropriate zoning.

Economic Potential

A 10-room hotel could generate annual revenue of approximately $224,759 initially, with the potential for expansion to meet an increase in demand.

Community Impact

A hotel would boost local businesses, attract more visitors, and enhance the town's event hosting capacity.

Recommendations

Develop a 10-room hotel at Site 2 with provisions for future expansion. Include essential amenities like free Wi-Fi and breakfast options. Collaborate with local event organizers for promotional deals. Upgrade infrastructure, including water mains, to support the development of a hotel.

Introduction

The following will provide a study for a lodging facility in Arlington, Minnesota. Students from Minnesota State University, Mankato have been engaged to provide this study and analysis for a possible lodging facility in Arlington, Minnesota. There are five sites that have been identified as potential sites for the proposed hotel. No specific site has been identified at this time. The size of the proposed hotel has not yet been determined, but recommendations regarding the size will be included in this report. The study will provide an overview of the overall feasibility of the project based off market conditions at the time of the survey.

General Market Description

Arlington, Minnesota is located approximately forty-five miles or 45-50 minutes southwest of the Twin Cities metro area. Arlington is a rural community in Sibley County with a population of approximately 2,247 according to the 2020 Decennial Census.

Arlington's economic base is split between agriculture and manufacturing. The manufacturing sector consists of a few smaller to medium-sized companies based in Arlington. Many Arlington residents commute northeast to the Twin Cities or some commute south to Mankato. Arlington does not have any big box retail stores. Most of the retail in Arlington consists of smaller local stores. The community has a grocery store and a handful of convenience stores.

Transportation

Highways

The main form of transportation in Arlington is the area's highway network. Arlington is served by State Highway 5, which runs north/south through the community. 12 miles north of Arlington is US Highway 212 which is a major highway providing access to the Twin Cities. U.S. 212 has seen major improvements the last decade facilitated by MnDOT and Carver County. By 2026, U.S. 212 will have been upgraded to a four-lane expressway between Glencoe and the Twin Cities metro. Once the upgrades are completed, travel between southwest Minnesota and the Twin Cities metro will be drastically safer and more efficient.
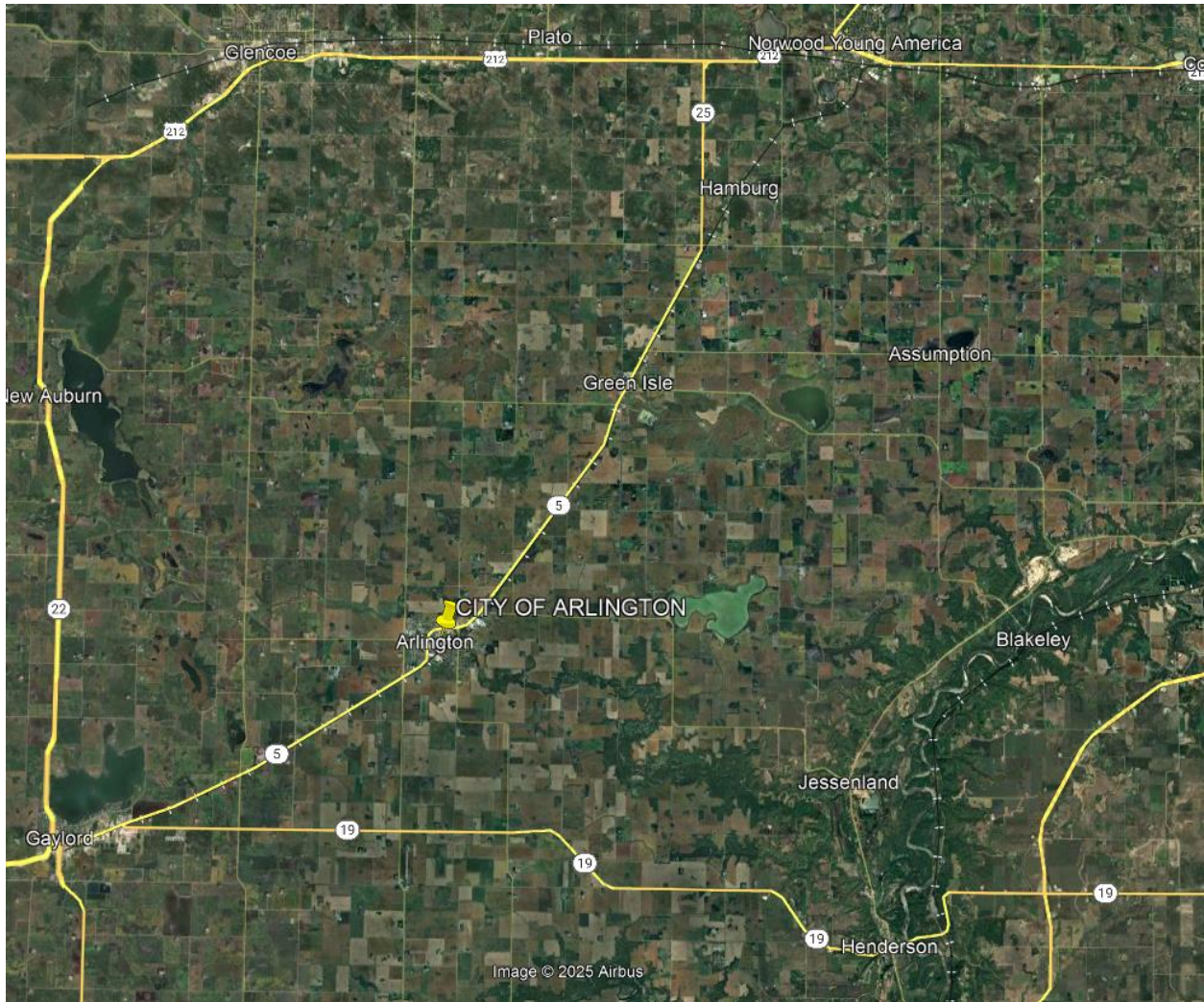
Figure 1: Highway Map

To the south, State Highway 5 connects Arlington to Gaylord, the county seat of Sibley County and to State Highway 19 which connects Arlington to Southwest Minnesota and notably to some of Southwest Minnesota's largest communities, Redwood Falls and Marshall.

Arlington is also served by Sibley County State-Aid Highways 9, 12, 17, and 34.

Other Forms of Transportation

Sibley County, McLeod County, Wright County, and parts of several other counties are all served by Trailblazer Transit, a form of public transportation. They offer elevator equipped buses to provide "Dial-A-Ride" service to people of all ages.

There is no airport located in Arlington; the closest commercial passenger air service is located at the Minneapolis/ St. Paul International Airport which is 60 miles away. 45

minutes away from Arlington is the Flying Cloud Airport in Shakopee which is capable of handling small private/ corporate jets.

There is no available form of rail travel in Arlington. Amtrak's Empire Builder stops at Union Depot in St. Paul, Minnesota which is 63 miles from Arlington.

Area Attractions

Area attractions are a crucial factor towards bringing people to a community or area. Below is a list of attractions in or near Arlington.

Sibley County Fair

https://www.sibleycountyfair.com/

Located in Arlington is the Sibley County Fair. The fair is renowned as the best little fair in Minnesota. It offers an exciting five-day experience featuring livestock and open class exhibits, various vendors, games, delicious food, live music, grandstand events, and a wide array of entertainment options. The fair is typically held every summer during the first weekend of August.

Arlington Raceway

https://www.arlingtonraceway.com/

The Arlington Raceway has established itself as a prominent fixture in southern Minnesota for more than 43 years, making it the longest-operating dirt track in the state under continuous ownership. Situated on the Sibley County Fairgrounds, the track also holds the distinction of being the longest-running IMCA sanctioned venue in Minnesota.

The races feature a diverse array of racing events, including go-kart racing, auto and truck cross, as well as IMCA sanctioned divisions such as sport compacts, hobby stocks, northern sport modifieds, Race Saver 305 sprints, modifieds and the outlaw hobby division. Races are held every Saturday evening April – September, weather permitting.

Arlington Bull Riding Event

https://arlingtonbullriding.com/

The Arlington Bull Riding Event offers an array of attractions, such as engaging live auctions, an exciting gun raffle, and enjoyable mutton busting activities for children. It is held on the first Friday and Saturday after Labor Day at the Sibley County Fairgrounds Horse Arena in Arlington.

Arli-Dazzle

https://www.arlidazzle.com/

Arli-Dazzle is a Christmas celebration hosted for the last 16 years in Arlington. It is usually held on the 1st Saturday of December. Tagged as the "Probably the Largest Lighted Christmas Parade in Minnesota" it features parade, 5k dash through the snow, a Santa Day and Kids events and so much food from vendors and local businesses.

Henderson Classic Car Roll-In

https://www.hendersonrollin.com/

Only 13 miles from Arlington is the community of Henderson. Henderson is home to the Henderson Classic Car Roll-In. The event offers a wide variety of diverse, vintage cars featuring American muscle cars, sleek convertibles, elegant luxury vehicles, and European cars. The event is usually held on Tuesday evenings throughout summer. Live music, food vendors and family friendly environment are some things participants and visitors can enjoy.

Sauerkraut Days

https://kraut.hendersonmn.com/Henderson_Sauerkraut_Days/Home.html

Also found in Henderson is Sauerkraut Days. Sauerkraut Days is a three-day celebration occurring on the last full weekend of June. The festivities feature a variety of activities, including a Kraut Car Cruise, a 5K Kraut Run, a Tractor Ride, a Kiddie Parade, a Grand Parade, Championship Arm Wrestling, and the World Champion Sauerkraut Eating Contest.

Gaylord EGGstravaganza Days

https://www.exploregaylord.org/chamber-of-commerce/eggstravaganza-2-2/

Only eight miles west of Arlington is the community of Gaylord. Every second weekend of August, the community hosts EGGstavaganza Days. The celebration offers numerous events like dances, parades, food, live music, and fireworks.

Parks

Four Seasons Park

298 1st Ave, Arlington, MN 55307

Four Seasons Park offers a large picnic shelter with electricity, rent-able indoor Lion's Center, an ice rink in the winter, two baseball diamonds, and basketball courts. The park also offers a bike trail which connects to Sportsmen's Park.

Sportsmen's Park

387th Ave, Arlington, MN 55307

Sportsmen's Park is located along High Island Creek, and it offers a picnic shelter with electricity, a recently improved baseball field and bike trail that connects to Four Seasons Park.

Fairview Park

407 7th Ave NW, Arlington, MN 55307

Fairview Park has two picnic shelters with electricity, a playground, and it is located behind Ridgeview Clinic and Hospital.

Frenzel Park

605 W Baker St, Arlington, MN 55307

Frenzel Park has a soccer field, a picnic shelter with electricity, a playground, and a baseball diamond with back drop.

Memorial Park

500 Douglas St, Arlington, MN 55307

Memorial Park boosts an American Veteran memorial, a scenic walking path dedicated to honoring veterans, and a large gazebo. It is located in front of Ridgeview Clinic and Hospital.

High Island Creek County Park

26428 341st Ln, Henderson, MN 56044

Located 10 miles from Arlington is High Island Creek County Park. The park is open year-round and offers a picnic shelter, nature trails and camping. The park is located along 3,000 feet of High Island Creek which eventually drains into the Minnesota River several miles downstream.

Rush River County Park

30752 Rush River Park Rd, Henderson, MN 56044

Located 14 miles from Arlington is Rush River County Park. The park is located along the Rush River, and it offers horseback riding, walking trails, swimming, birding, camping, picnicking, and a playground.

Arlington Baseball Park

410 2nd Ave NE, Arlington, MN 55307

Arlington is home to the Arlington Athletics (also known as the Arlington A's). The A's are a member of the Minnesota Baseball Association and they play in the River Valley conference. The A's have had a history of success with five championships under their belt. The Arlington Baseball Park has hosted three different state tournaments which attracted thousands to the community. The Sibley East High School baseball team has also had success with two championships to their name.

Because of the community's prestigious baseball history, the community painted a baseball on the water tower making Arlington the only city in Minnesota with a baseball on their water tower.

Points of Interest

Water Recreation

The scenic Minnesota River, plus several lakes are all within a 10-mile radius providing water recreation opportunities.

Golf

There are two golf courses within 20 miles of Arlington. Winthrop Golf Course, a 9-hole golf course located 18 miles west of Arlington. Even closer is the Glencoe Country Club, an 18-hole located 14 miles north of Arlington.

Gaylord Aquatic Center

515 Recreation Rd, Gaylord, MN 55334

Located in Gaylord is the Gaylord Area Aquatic Center. The aquatic center boasts two separate pools and many features like water slides, climbing walls, and concessions.

Sibley East High School

202 3rd Ave NW, Arlington, MN 55307

Arlington is also home to Sibley East High School. The school has about 630 students in grades 6-12 along with 40 staff members. The high school attracts visitors for its numerous activities ranging from sports like football or soccer to the arts like plays or concerts.

Ridgeview Medical Center

601 W Chandler St, Arlington, MN 55307

Arlington is also home to the Ridgeview Medical Center which is a part of the Ridgeview Medical system. The system consists of 13 primary care clinics and 4 hospitals across southwestern Minnesota. Ridgeview Medical has over 2,500 employees in their system. The campus located in Arlington offers a 24/7 emergency department, urgent care 7 days a week, and primary care Monday-Friday.

Arlington Event Center

204 Shamrock Dr, Arlington, MN 55307

The Arlington Event Center is operated and managed by the City of Arlington. Built in 2000, the event center has a capacity of 544 people and two parking lots with over 150 spots. The event center comes with an 800 square foot stage, fully equipped kitchen with walk-in cooler, a meeting room, unloading dock, and much more. The event center has hosted many events like weddings, anniversaries, banquets, birthdays, meetings, fundraisers, graduations, Quinceanera's, and more.

Current Lodging Options

Currently the only form of lodging in Arlington is a 10-room motel which does not adequately address the identified lodging needs. The closest traditional lodging facilities are either eight miles southwest in Gaylord or 15 or 17 miles north or northeast in Glencoe and Norwood Young America.

The area has seen slow, yet steady growth historically. According to the Minnesota State Demographic Center, Sibley County's population is expected to decline by 4.6% from a population of 14,636 in 2023 to 13,960 in 2033, with a rate of change that is slower than the projected statewide growth rate (5.6%).

Census Transportation Industry Analysis

The employment landscape and transportation patterns in Arlington, MN, provide essential insights into potential lodging demand, particularly when considering industry data from the U.S. Census Bureau (2022).

Approximately 30% of Arlington's workforce is employed in Educational Services, Health Care, and Social Assistance, making it the largest employment sector in the community. This workforce brings professionals to Arlington for training sessions, temporary assignments, and conferences. For these visitors, a hotel offering business-friendly features like meeting spaces, high-speed internet, and flexible booking options would be ideal (U.S. Census Bureau, 2022).

The Retail Trade sector, which accounts for 21% of local jobs, highlights Arlington's role as a shopping and business hub for the region. Retail-related activities, such as seasonal sales events and visits from wholesale suppliers, drive short-term lodging demand. Locating a hotel close to retail areas could attract this group of visitors who prioritize convenience and efficiency during their stays (U.S. Census Bureau, 2022).

The town's Arts, Entertainment, and Recreation industry employs 10% of its workforce, and local events such as Arli-Dazzle, the Sibley County Fair, and races at the Arlington Raceway bring in significant visitor traffic. These festivals create lodging needs, particularly on weekends and during peak tourism periods. A hotel that offers event-specific packages or promotional deals could capitalize on this demand (U.S. Census Bureau, 2022).

In addition, Construction and Manufacturing, which employ 13% of the workforce, bring contractors and workers to Arlington for long-term projects. This creates demand for extended-stay accommodation. Hotels designed with features like kitchenettes, on-site

laundry, and discounted weekly rates could attract this group of travelers and meet their specific needs (U.S. Census Bureau, 2022).

MNDOT Traffic Count

MnDOT's traffic data collection process is highly reliable and gives a complete picture of traffic patterns for any location in Minnesota. They use a combination of Automatic Traffic Recorders (ATR) and manual short-term counts, ensuring the data reflects accurate traffic volumes year-round, not just during busy times.

MnDOT Traffic Collection Methods:

1. Automatic Traffic Recorders (ATR):

   o These are permanent sensors placed on roads that continuously gather traffic data 24/7, all year long. They don't just record how many vehicles pass through but can also identify vehicle types.

   o Because traffic changes with the seasons—such as a spike in summer and a dip in winter—MnDOT applies adjustments to this data. These adjustments ensure that the Annual Average Daily Traffic (AADT) reflects an accurate, year-round average, accounting for seasonal fluctuations.

2. Manual Short-Term Counts:

   o For roads without permanent ATRs, MnDOT uses manual short-term counts, typically over a 48-hour period. This data is collected at different times of the year and then adjusted using the same seasonal factors as ATR data, making sure it aligns with the overall traffic trends.

Why It's Reliable for Any Traffic Count

MnDOT uses seasonal adjustment factors to ensure the data is not just representative of peak travel periods. For example, even if a road sees a lot of summer tourists, the adjustments even out the data to reflect an average day across the entire year. This approach prevents overestimating traffic based on a few busy months and ensures the AADT reflects more balanced, accurate numbers.

Application to Lodging and Planning

Since MnDOT uses this method consistently across all areas, the traffic data they provide—whether for a small town like Arlington or a larger highway—gives an accurate picture of how many vehicles pass through on an average day. This makes it a reliable

metric for estimating potential demand for things like lodging, retail, or infrastructure development, helping planners make informed decisions based on year-round patterns rather than temporary spikes.
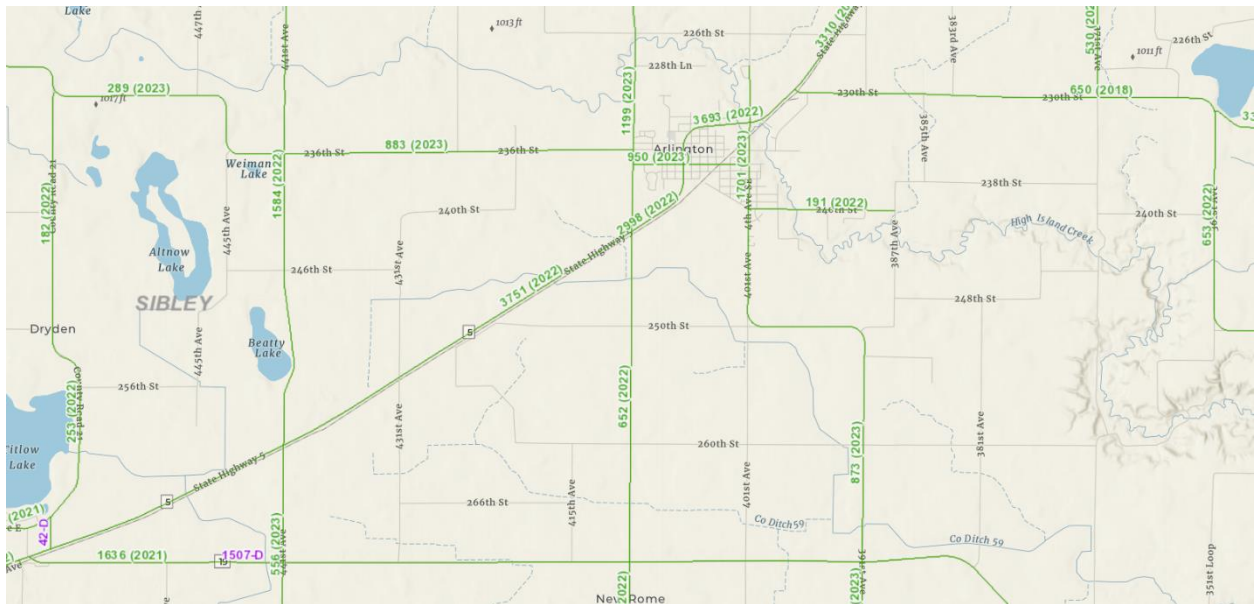

Figure 2: MnDOT Traffic Count

Analysis of Comparable Cities with Existing Lodging

This study analyzed towns with populations between 2,000 and 3,000 across Minnesota, Iowa, Wisconsin, North Dakota, and South Dakota to find places that, like Arlington, have a rural setting, community events, and tourism potential. Out of the cities reviewed, eight have hotels or motels, while seven do not.

Purpose

These insights provide a benchmark for assessing demand in Arlington and determining the types of lodging that might be successful.

City	State	Hotel Name	Population	Rooms
Springfield	**MN**	Microtel Inn & Suites by Wyndham	2,090	30

City	State			
Spring Valley	MN	Americas Best Value Inn & Suites	2,452	38
Darlington	WI	Darlington Inn	2,509	18
Fennimore	WI	Fenway House Hotel	2,759	12
Osceola	WI	River Valley Inn & Suites	2,872	32
Milbank	SD	Super 8 by Wyndham Milbank	~3,000	10
Milbank	SD	Lantern Motel	~3,000	10
Milbank	SD	GrandStay Hotel & Suites	~3,000	46
Parkston	SD	Dakota HorizInn	~1,500	10
Lennox	SD	Lennox Inn	~2,500	10

Table 1: List of Cities with hotel

City	State	Population	Tourism Draws	Distance to Nearest Lodging
Cokato	MN	2,800	Annual Corn Carnival, historical sites, nearby lakes	~8 miles
Eagle Lake	MN	2,500	Proximity to Mankato events, sports, recreation	~5 miles
La Porte City	IA	2,300	Community festivals, historical attractions, parks	~18 miles
Ackley	IA	2,300	Annual fairs, heritage festivals, regional agricultural events	~12 miles
Grantsburg	WI	2,400	Fishing tournaments, community fairs, Crex Meadows Wildlife Area	~13 miles

| Cumberland | WI | 2,300 | Rutabaga Festival, small-town fairs, nearby lakes | ~10 miles |
| Lisbon | ND | 2,100 | Agricultural festivals, historic sites, scenic views | ~23 miles |

Table 2: List of Cities without hotels

Purpose and Relevance

By comparing Arlington with similar towns, we can see patterns in what makes hotels viable in places with comparable population sizes, event offerings, highway access, and local tourism. Understanding these patterns helps assess whether Arlington could sustain a hotel and points to the types of accommodations that work in similar communities, offering guidance on the right size, location, and amenities for a potential hotel in Arlington.

Findings on Cities with Hotels or Motels

Eight of the reviewed cities have at least one hotel or motel. Common themes among these towns include:

- Proximity to Major Highways: Towns like Milbank, SD, and Osceola, WI, benefit from their location along major highways, which bring a steady flow of travelers who often need lodging. Easy accessibility seems to be a major factor for hotels in rural areas.

- Tourism Attractions: Some towns, such as Spring Valley, MN, and Osceola, WI, are close to popular natural or recreational sites, creating year-round demand for accommodations.

- Event-Hosting Capacity: Towns like Milbank, SD, and Springfield, MN, attract visitors for fairs, festivals, and community events, which boosts the need for nearby accommodations. This aligns well with Arlington's own community events and suggests a similar potential to draw regional visitors.

Findings on Cities Without Hotels or Motels

The seven towns without hotels share certain characteristics:

- Lower Visitor Traffic: Towns not located near major highways, such as Cokato, MN, see fewer travelers passing through, reducing demand for lodging.

- Nearby Lodging Options: Towns like Eagle Lake, MN, rely on accommodations in nearby cities, which meets local needs without requiring a hotel within the town itself.

- Limited Attractions or Events: Places without significant events or tourist draws, like La Porte City, IA, don't bring in enough visitors to sustain a hotel.

- Economic Constraints: Some towns face financial or infrastructure challenges that make hotel development less feasible or attractive to investors.

Implications for Arlington's Lodging Feasibility

The findings indicate that towns with successful hotels benefit from major highway access, regional attractions, and regular events that draw in visitors. For Arlington, boosting its regional appeal by leveraging highway traffic, enhancing community events, and promoting its central location could help create the demand needed to support a hotel. A mid-sized hotel or motel with basic amenities could meet local needs and attract travelers, helping Arlington grow its economy and improve the visitor experience.

Estimating Lodging Demand from Drive Tourists in Arlington

Daily Traffic Counts and Lodging Potential

Based on MnDOT's traffic data, approximately 3,693 vehicles pass through State Highway 5 near Arlington each day. Applying the industry-standard assumption that 1% to 2% of these travelers seek overnight lodging, we can estimate that Arlington might attract around 37 to 74 overnight guests daily. This translates to 1,110 to 2,220 guests per month solely from driving tourists. (Yi, 2010)

Drive Tourism Factors

Convenience: Passersby are more likely to stop when lodging is convenient, visible, and easily accessible from the highway.

Traveler Behavior: Tourists driving long distances tend to stop for rest and lodging after a certain number of hours on the road or when they approach evening hours.

Seasonality and Peak Travel: Drive tourism is highly influenced by seasonal factors such as summer vacations, festivals, and regional events. (Yi, 2010)

Refining Estimates with Additional Factors

Event Days

Special events, such as those held at the Arlington Raceway or during the Sibley County Fair, would significantly boost these numbers. Event-driven tourism typically spikes demand for lodging, especially during weekends and peak tourist seasons. (Yi, 2010)

Seasonality

Traffic counts and drive tourism tend to peak during the summer months and around holidays. During these periods, Arlington could see a higher percentage of travelers needing lodging, particularly leisure tourists on weekend getaways or longer trips. (Yi, 2010)

Socio-Demographic and Travel Purpose Influences

The Drive Tourism Paper highlights that longer trips, typically around 400 miles round trip, increase the likelihood of travelers staying overnight for one to two nights. Additionally, factors like income, gas prices, and trip purpose (leisure vs. business) can influence lodging demand. For example, higher gas prices might reduce long-distance trips, but during peak seasons, such as summer, tourists are still more likely to stay overnight in rural areas like Arlington. (Yi, 2010)

Potential for Lodging Demand

While the estimated 37 to 74 potential guests per day provides a baseline, this number could increase substantially on weekends, holidays, or during special events. By considering these fluctuations, you can better assess whether the demand is sufficient to support a new hotel in Arlington.

The combination of daily traffic volumes, seasonal travel patterns, and event-driven tourism provides a strong case for lodging demand in Arlington. The estimated 37 to 74 guests per day suggests that there is a consistent flow of potential overnight visitors, and during peak periods, the demand could increase, making a hotel a viable option. (Yi, 2010)

Survey Analysis

This section of the report will highlight the surveys used to collect data for a potential lodging facility. We conducted three surveys during our research in the fall of 2024. We conducted one survey on September 28th at the Arlington Raceway. The other two surveys were conducted online from October 10th to November 20th and October 20th to November 20th. We also met with a focus group on November 7th. Then we also presented our findings to the Arlington Economic Development Authority on December 5th.

Survey Findings

Lodging Demand

61% of respondents preferred a small hotel (20–30 rooms), indicating a strong preference for a modestly sized lodging facility.

What size and type of lodging do you think Arlington could best support?
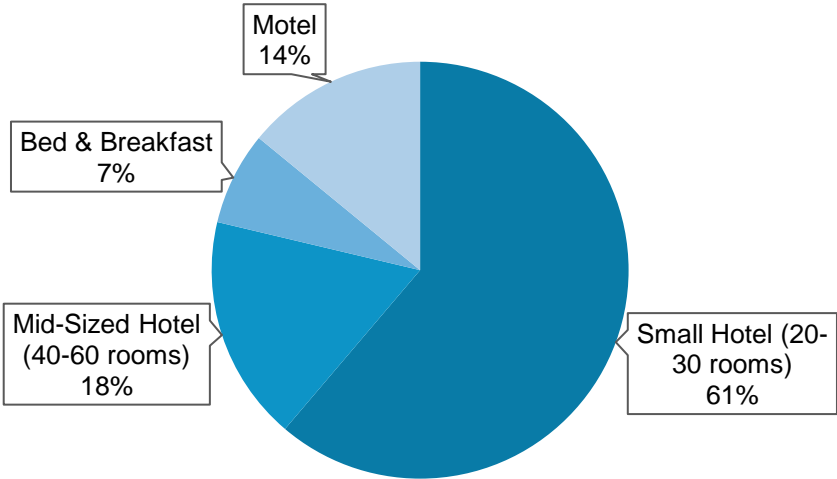

Figure 3: Resident Survey

Most participants suggested a need for clean, affordable, and safe lodging options, emphasizing dissatisfaction with the current motel.

Amenity Preferences

36% prioritized free Wi-Fi, making it the most requested amenity.

26% expressed interest in having a pool.

18% valued breakfast offerings, while 9% preferred a gym, and 1% desired pet-friendly rooms.
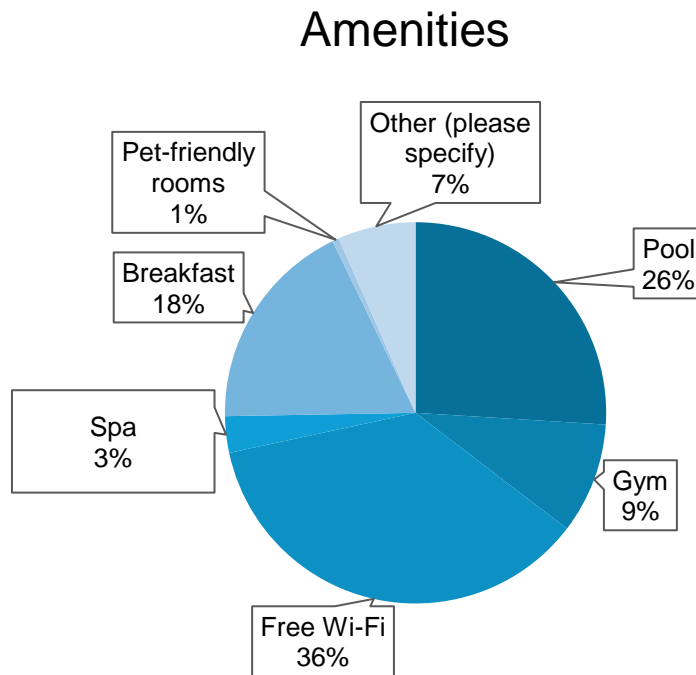
Amenities

Figure 4: All Surveys

Event-Driven Lodging Needs

Respondents frequently tied the need for lodging to local events such as Arli-Dazzle, Sibley County Fair, weddings, and community center events.
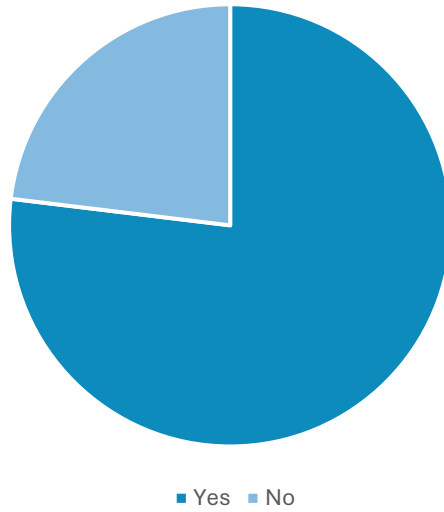
Figure 5: Raceway Event Survey

Figure 6: Raceway Event Survey

EVENTS ATTENDED

Other (please specify) 11%

Arli-Dazzle 27%

Arlington Raceway 18%

Sibley County Bull Event 13%

Sibley County Fair 31%
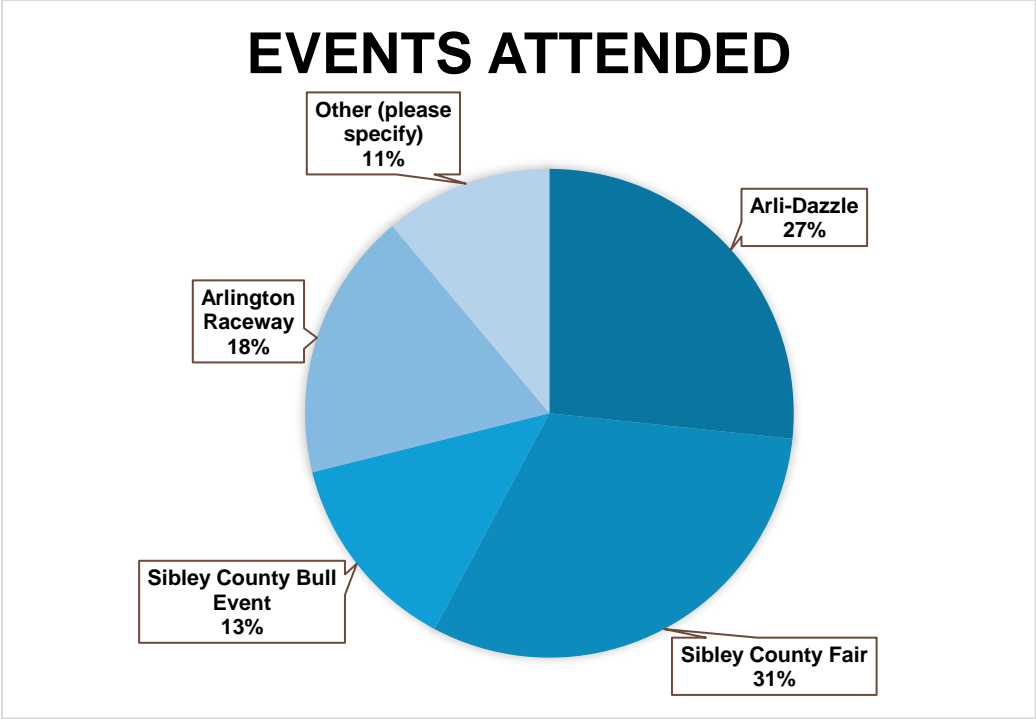
Figure 7: Non-Resident Survey

Other Events (11%): Includes weddings, high school activities, concerts, and family visits.

Many indicated that a nearby hotel would encourage more visitors and increase attendance at Arlington events.

Have you ever decided not to host an event in Arlington due to the lack of nearby lodging?

Yes, 41.85%

No, 58.15%
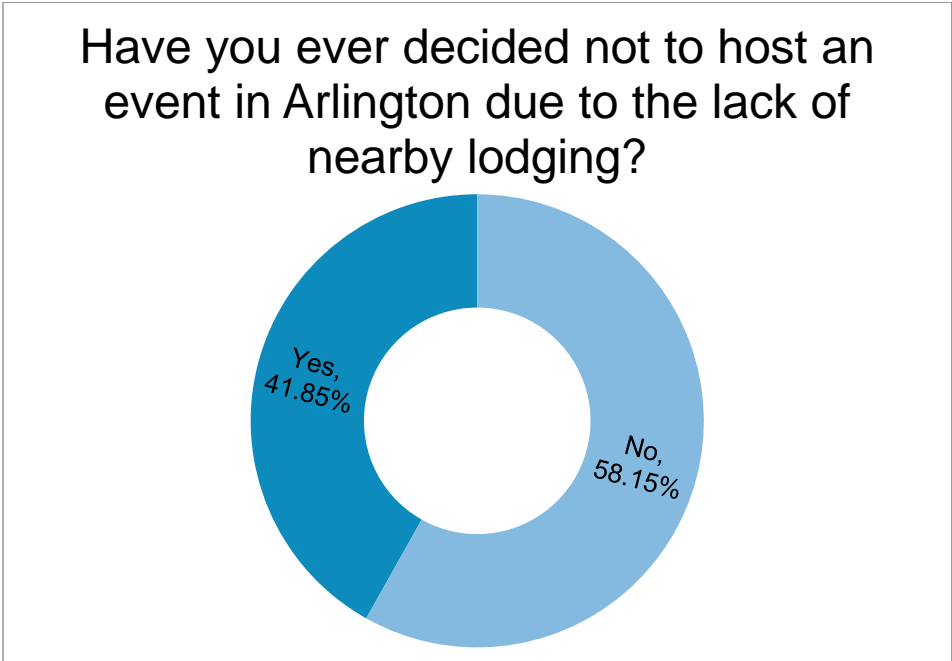
Figure 8: Resident Survey

How often do you host visitors from out of town?

- Weekly 0%
- Monthly 7%
- Never 23%
- Every few months 36%
- Annually 34%

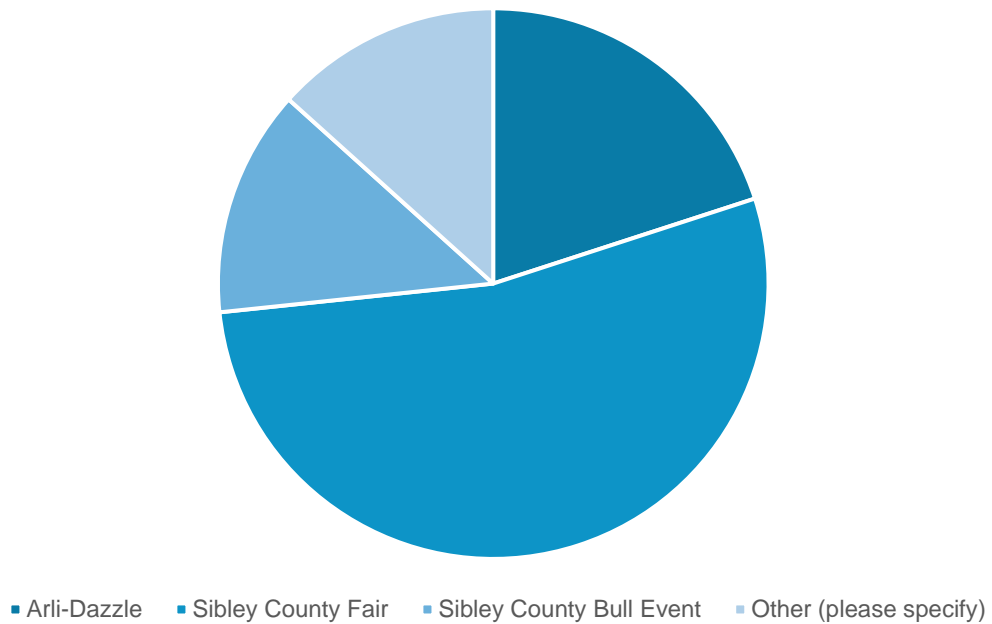Legend: ■ Weekly ■ Monthly ■ Every few months ■ Annually ■ Never

Figure 9:Resident Survey

How would you rate your overall satisfaction with the Arlington Event Center?

- Excellent 18.38%
- Good 43.75%
- Average 23.90%
- Poor 6.99%
- Never been to the Arlington Event Center 6.99%
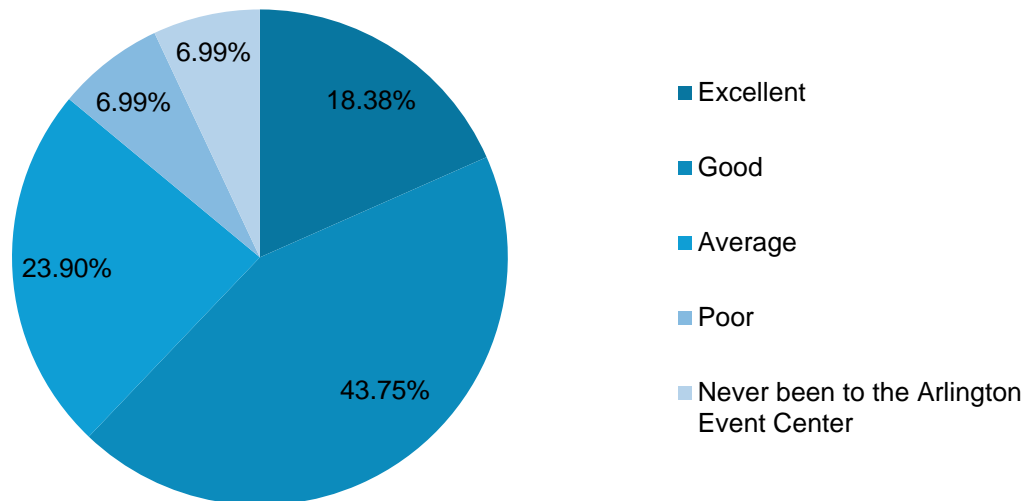
Figure 10: Resident Survey

Would you be more likely to consider hosting or attending an event at the Arlington Event Center if there were more nearby lodging options (e.g., a hotel)?

25%

19%

56%

■ Yes, I would be more likely to host or attend events if there were more lodging options.
■ No, the availability of lodging doesn't affect my decision.

■ I am not sure, but more lodging options might influence my decision.
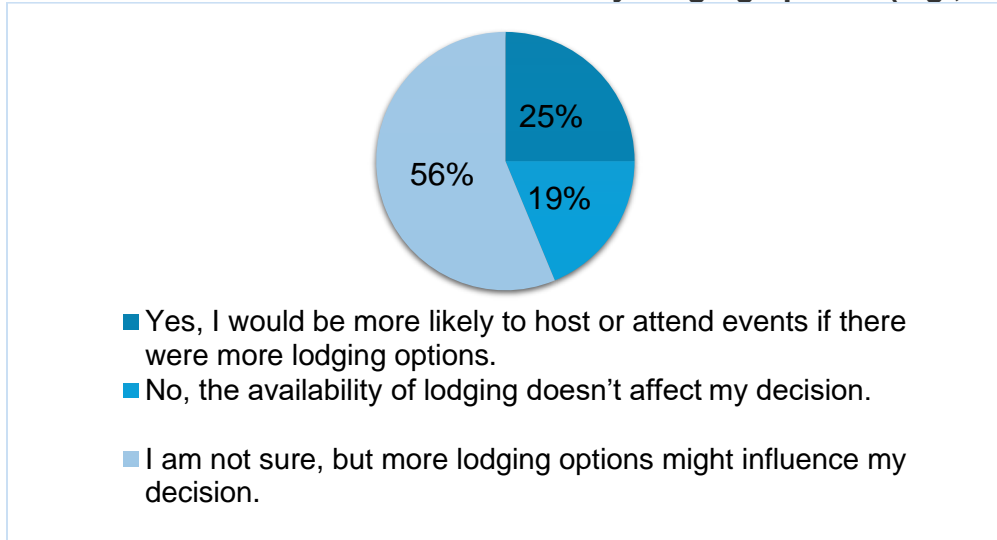
Figure 11: Non-Resident Survey

Do you currently need lodging when visiting Arlington for events or other activities, and would additional lodging options increase the likelihood of you returning for future events?
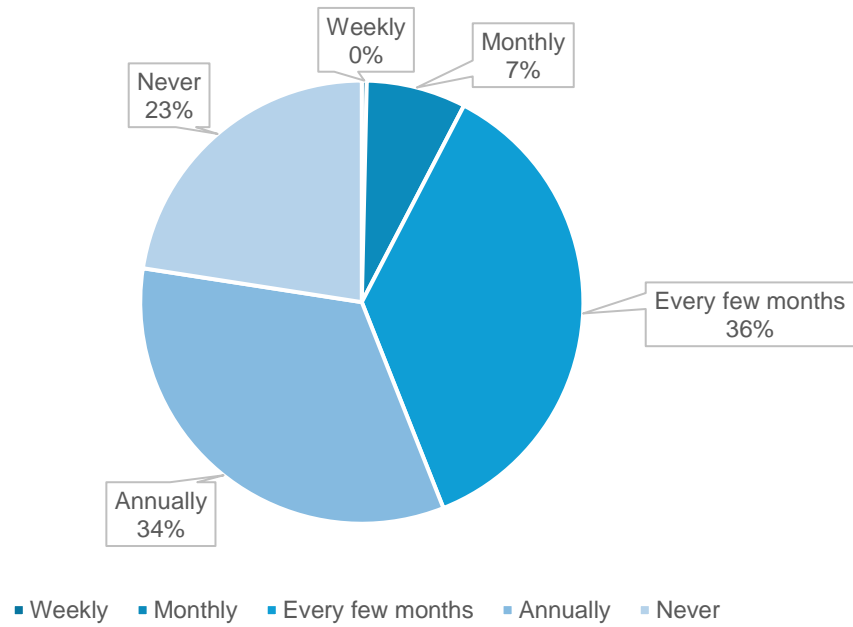

■ Yes, I need lodging, and more options would increase my likelihood of returning.
■ Yes, I need lodging, but more options wouldn't affect my likelihood of returning.
■ No, I don't need lodging, but more options might increase my likelihood of returning.
■ No, I don't need lodging, and more options wouldn't affect my likelihood of returning.
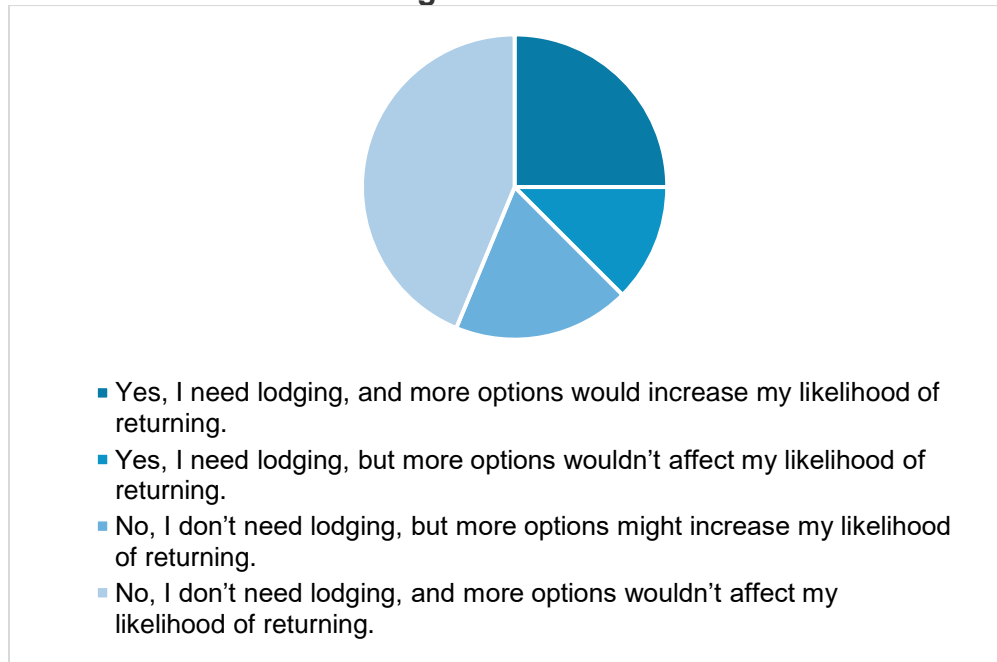
Figure 12: Non-Resident Survey

How far did you travel to attend the racing event in Arlington, MN?

Figure 13: Raceway Event Survey

If arlington had more lodging options would that increase the likelihood of you returning to the city for future events?

■ Yes ■ No ■ Lodging does not influence my decision to attend events in Arlington

Figure 14: Raceway Event Survey

Accessibility and Proximity

Many respondents suggested locating the hotel near the Event Center and downtown, ensuring easy access to event venues and local businesses.
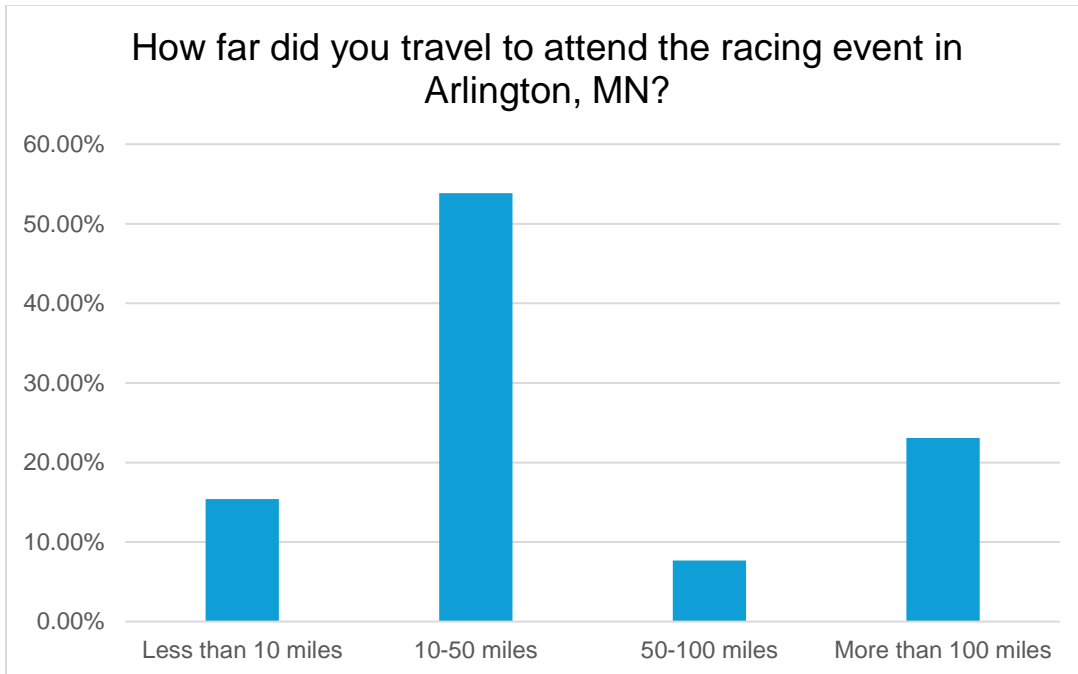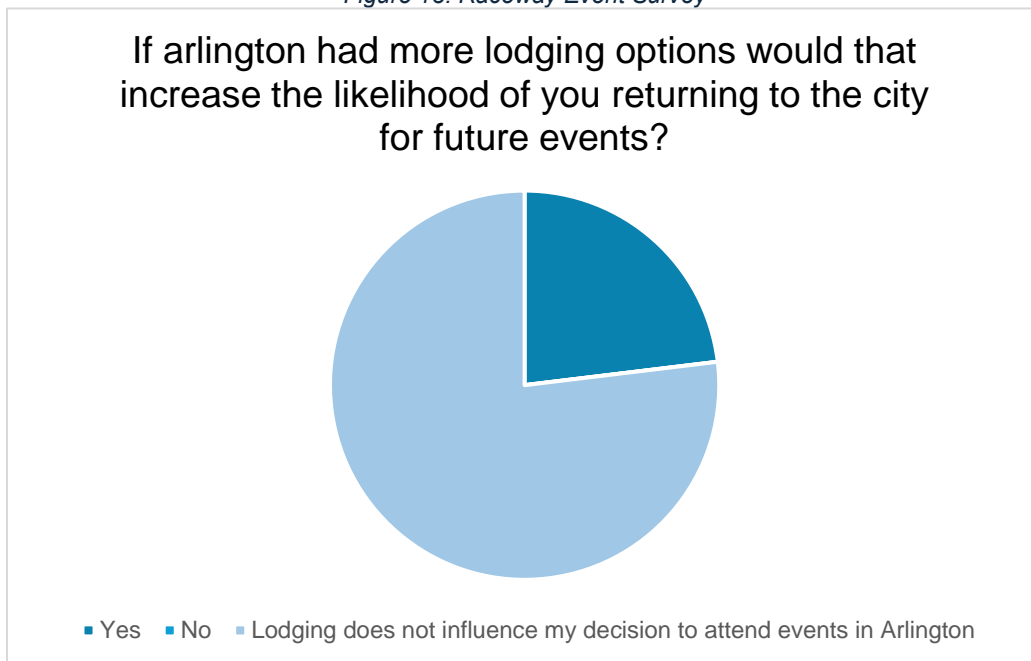
Adequate parking, including spaces for semi-trucks and trailers, was highlighted as essential.

Comments on Community Impact

A hotel was seen as an opportunity to boost local businesses and draw more visitors to town.

Suggestions included event packages that tie the hotel services to local attractions and events.

Concerns

Some respondents raised concerns about the sustainability of a hotel without consistent demand, suggesting the importance of partnering with community and event organizers.

A small portion of respondents believed a hotel might not be necessary, referencing the availability of nearby accommodation in Gaylord.

Findings from the Analysis

Community Support

Strong support exists for a small, affordable hotel to accommodate visitors for events and business travel.
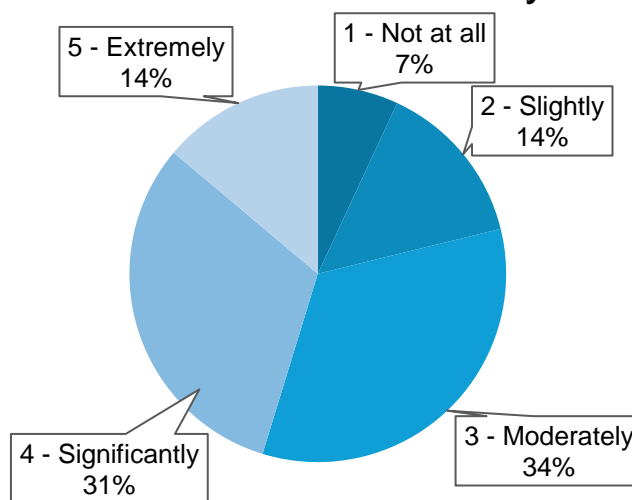

Figure 15: Resident Survey

The current motel's condition is inadequate for visitors, making a new lodging option essential.

Amenities and Services

The inclusion of Wi-Fi, a pool, and breakfast would meet the majority of visitor expectations and enhance appeal.

Offering day passes for the pool or special packages could help engage the local community.

Location

Proximity to the Event Center and other local attractions would maximize convenience for guests and encourage event organizers to choose Arlington.

Economic Benefits

A hotel could stimulate the local economy by increasing foot traffic to nearby businesses and enhancing Arlington's overall appeal for events and tourism.

Recommendations

Develop a Small Hotel

Build a 20–30 room facility that aligns with community demand and is financially feasible.

Strategic Location

Situate the hotel near the Event Center and other high-traffic areas for maximum convenience and visibility.

Include Essential Amenities

Ensure the hotel offers free Wi-Fi, a pool, and breakfast options to cater to visitor preferences.

Focus on Marketing

Partner with local event organizers to create bundled services and packages, enhancing the value of the hotel for both visitors and residents.

Community Integration

Explore options like day passes for the pool or meeting spaces to engage locals and broaden the hotel's usage.

Economic Considerations

Leverage Tax Increment Financing (TIF) to make the project attractive to investors while stimulating local economic growth.

Ensure affordable nightly rates to maintain accessibility for a broad audience.

Site Analysis

This section of the report will discuss the criteria for site selection and the proposed sites identified for a potential lodging facility.

Criteria

1. Visibility and Accessibility:

- Highly Visible Signage: Large, well-lit signs on the highway are essential to make the hotel easy to spot, especially at night. Clear signage advertising competitive rates, vacancies, and amenities (e.g., free Wi-Fi, breakfast, etc.) can capture the attention of those driving by.

- Easy Access from the Highway: A hotel located close to the highway with easy on/off access reduces the inconvenience for travelers who want a quick stop. Clear directions from the highway and ample parking for various vehicles (including trucks or RVs) is also important.

2. Convenience and Essential Amenities:

- Comfortable, Affordable Rooms: For travelers, especially those passing through, affordability combined with a clean and comfortable room is a top priority. Offering budget-friendly rates without compromising on cleanliness is critical.

- Free Breakfast and Coffee: Drive tourists appreciate quick and easy meals, so offering a complimentary continental breakfast or 24-hour coffee/tea service can be a key draw.

- Fuel, Food, and Convenience Nearby: The hotel should either have an in-house convenience store or be located near gas stations, restaurants, and fast-food options. Having these amenities nearby will make the hotel more appealing to tired travelers who need fuel or a quick meal.

3. Special Services for Specific Travelers:

- Pet-Friendly Rooms: Travelers with pets may prefer hotels that allow pets, as finding pet-friendly lodging can be challenging. Offering this service can be a significant advantage for road-trippers with animals.

- Truck/Trailer Parking: Providing parking for larger vehicles like trucks, trailers, or RVs can attract long-haul drivers or travelers with recreational vehicles. Having secure, spacious parking would make this a preferred stopover for these travelers.

4. Safety and Security Features:

- Safe Environment: Travelers often look for hotels that provide a sense of security, especially if they are unfamiliar with the area. Offering well-lit parking areas, 24-hour front desk service, security cameras, and visible on-site security can help alleviate concerns and encourage stays.

- Contactless Check-In: With increased interest in hygiene and safety post-pandemic, offering contactless check-in/check-out and cleaning protocols advertised as part of the hotel's service can appeal to health-conscious travelers.

5. Relaxation and Entertainment:

- Comfortable, Modern Rooms: Features like comfortable beds, upgraded linens, flat-screen TVs, and high-speed internet can make travelers feel more relaxed and encourage them to choose the hotel over others.

- Pool/Hot Tub: For families or leisure travelers, a pool or hot tub could provide an appealing opportunity to relax after a long day of driving. These amenities, though not always necessary for budget-conscious travelers, can make a big difference in a traveler's decision.

- Fitness Center: Some travelers may want to maintain their fitness routine while on the road, so having a small gym or access to local fitness facilities can make the hotel more attractive to health-conscious guests.

6. Marketing and Technology:

- Mobile-Friendly Booking: Many drive tourists make last-minute decisions about where to stay, often booking through apps or mobile websites. Ensuring your hotel has a mobile-friendly website or is listed on popular travel apps (such as Booking.com, Expedia, etc.) can help capture this traffic.

- Loyalty Programs: Partnering with a national hotel chain or offering loyalty rewards can encourage frequent travelers to choose the hotel when passing through.

Zoning and Land Use Regulations

The zoning ordinance of the city of Arlington under subdivision 2P, accepts motels, hotels or apartment hotels as permitted uses in the B-1 Service Business District.

According to the zoning ordinance of the city of Arlington the B-1 district is intended for commercial purposes which might conflict with uses in the Central Business District due to traffic considerations, marketing characteristics and area requirements.

Height, Yard and Area Regulations

Structure shall not exceed two and one-half (21/2) stories or thirty-five (35) feet in height, whichever is lower, except that church spires, belfries, domes which do not contain usable space, water towers, chimneys or smokestacks and cooling towers, may be erected with no height limitations except airport requirements.

Front Yard Regulations:

There shall be a front yard having a depth of thirty (30) feet.

Side Yard Regulations:

There shall be a side yard having a depth of ten (10) feet, except that: A buffer yard shall be required for the portion of a lot having a common lot line with a lot located in any residential district, each such buffer yard shall be approved by the Planning Commission and have a width of at least fifteen (15) feet and featuring screening such as a privacy fence or vegetative cover sufficient to lessen the view of the business from the adjoining lot.

Rear Yard Regulations:

There shall be a rear yard having depth of not less than twenty (20) feet, except that: A buffer yard shall be required for the portion of a lot having a common lot line with a lot located in any residential district, each such buffer yard shall be approved by the Planning Commission and have a width of at least fifteen (15) feet and featuring screening such as a privacy fence or vegetative cover sufficient to lessen the view of the business from the adjoining lot.

Lot Coverage Regulations:

Not more than fifty (50) percent of a lot shall be occupied by buildings.

SUBDIVISION 5. PARKING REGULATIONS.

A. The required parking and loading spaces shall be provided on the premises of each use.

B. No parking shall be allowed in any required yard except as provided in Section 10, Subdivision 3 (C).

C. Each parking space shall contain a minimum area of not less than three hundred (300) square feet including access drives, and a width of not less than nine (9) feet, and a depth of not less than twenty (20) feet.

D. The minimum number of required off-street parking spaces for various uses shall be a minimum of one (1) parking space for each employee, based on the number of employees present at the same time on a typical work shift, plus sufficient off-street parking to accommodate visitors and customers during normal business traffic hours, as determined by the City Council on a case-by-case basis.

Site 1

Site 1 is one block off Highway 5 and 0.67 acres. This site is closest to the event center, but the second furthest away from Sibley County Fairgrounds and the racetrack. This site has fair visibility from Highway 5 and will benefit greatly from signage to improve visibility. In terms of proximity to attractions, Site 1 is 338 ft from the event center. According to Google Maps, it would only take one minute to walk to the event center from site 1. In terms of zoning, Site 1 is currently zoned as R3 Multiple Family Residential District. The Arlington Economic Development Authority (EDA) has expressed interest in rezoning parts of the city for a potential hotel.
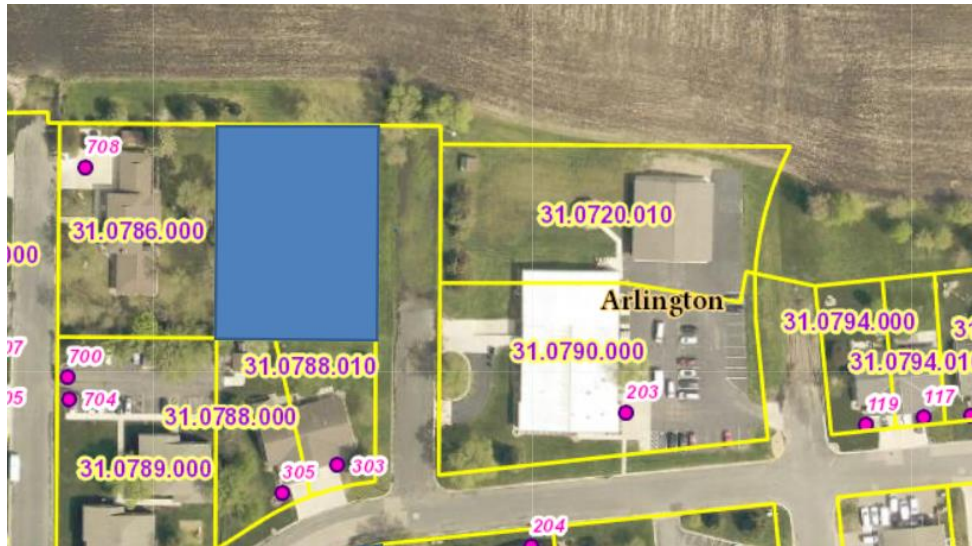
Site 2

Site 2 parcel ID:31.0791.000 is the closest of our potential sites to the event center. This site is currently a parking lot for the event center and some portions of it can be used for the construction of a potential hotel. Site 2 is right along Highway 5 and hence has excellent visibility from Highway 5. Site 2 is currently zoned B-1 Service Business District. Area 1.1 acres.
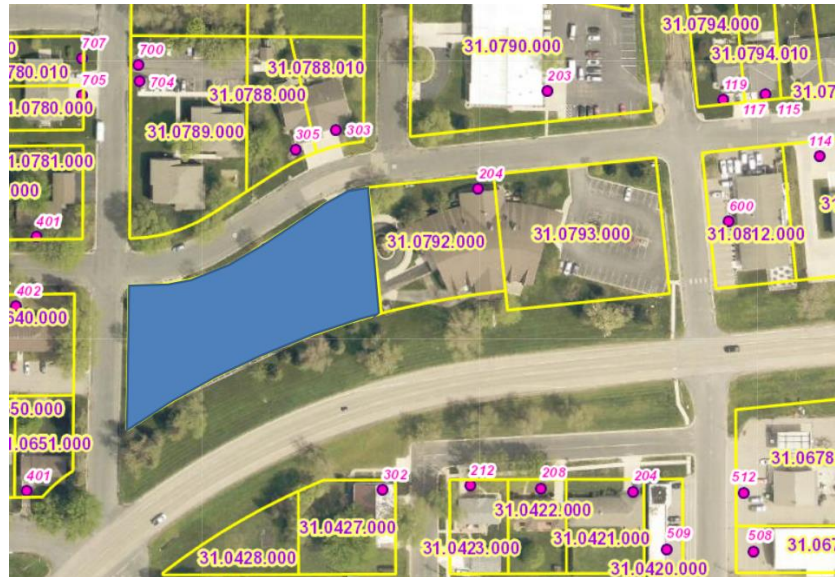
Site 3

Site 3 parcel ID:31.0816.000 and 31.0815.000 is the furthest away from most of the main attractions in Arlington. Notably, the Sibley County Fairgrounds and the racetrack are farther away than the other sites. Site 3 though has excellent visibility due to its

closeness to Highway 5. Site 3 is zoned as B-1 Service Business District. Area 0.84 acres.

Site 4

Site 4, the Arlington Event Center is next to the 1.3-acre property known as parcel ID 31.0720.000, making it a practical choice for future development. Because of its proximity to the Event Center, it is a great place to welcome guests for weddings, community events, and other gatherings. The site's poor visibility from Highway 5 and the nearby county road, however, is one of its drawbacks and could reduce its appeal for commercial usage, especially accommodation. Since the land is now zoned as R/A Residence/Agriculture, any proposed commercial construction will probably require rezoning. Furthermore, the 1979 installation of the current 6-inch water main may present problems for fire safety and water capacity, possibly necessitating renovations to meet contemporary standards.

Analysis Chart

The site and proximity analysis chart below provides a summary of the strengths and weakness of each of the sites considered in terms of visibility, proximity to attractions and issues about zoning. Scales ranging from 1 to 3 were used in testing the parameters. The Scale is explained in the table below:

Table: Scale for Proximity, Visibility, and Zoning Analysis and Meaning

Definition	Score	Visibility	Proximity	Zoning
Excellent	3	Easily visible from highway or interstate	Very Close attractions	Zoned Correctly
Good	2	Can be seen from highway/interstate	Close to attraction	Zoned Correctly
Fair	1	Not visible from highway/interstate	Away from attractions	Rezoning required

Table: Evaluation of the Sites

Parameters	Site 1	Site 2	Site 3	Site 4
Visibility	1	3	3	1
Proximity	1	1	1	1
Zoning	1	3	3	1
Overall Ranking	**3**	**7**	**7**	**3**

Economic Overview

This section of the report provides an overview of the local economy in which a proposed hotel will operate and the factors which might affect the demand for it. This section of the report assumes that people from Sibley County will be drawn in to the city of Arlington due to events (Sibley County fair, Arli-dazzle et cetera) and might want to lodge at the proposed hotel. As such, the economic trend does not focus on Arlington alone but on Sibley County as well. Some factors considered include the median income, top 6 employment sectors, unemployment rate et cetera.

General Economic Trends

The population of Arlington is 2,247 at the 2020 US Census. From 2010 to 2021, Sibley County experienced a 2.0% decline in population. Sibley County is the 68th fastest growing county in Minnesota out of 87 counties.

Workforce Characteristics

The employment rate in Arlington is 64.5% which is just below the employment rate for the state of Minnesota which is 66.2%.

The community has a wide variety of industries. The leading industries are manufacturing (25.7%), educational services, and health care and social assistance at 25.5%, retail trade at 11.9%, and construction at 9.9%. These four industries make up 73% of employment in Arlington.

Table 1. Top 6 Industries in Arlington by Number of Employees (2022).

Industries	Number of Employees
Manufacturing	25.7%
Educational services, and health care and social assistance	25.5%
Retail Trade	11.9%
Construction	9.9%
Professional, scientific, and management, and administrative and waste management services	5.8%
Finance and insurance, and real estate and rental and leasing	4.8%
Public administration	3.9%

Unemployment Rates

The unemployment rates for Sibley County for the past five years have been up and down, ranging from a low of 2.7% in 2019 to a high of 3.4% in 2021. The city of Arlington at the same time frame in 2019 had an unemployment rate of 3.6%, higher than the Sibley County and same as that of Minnesota in 2019. In 2020 and 2021 the city of Arlington recorded the lowest unemployment rate in comparison to Sibley County and Minnesota, which had relatively higher unemployment rates.

Area	2018	2019	2020	2021	2022
Arlington	2.9%	3.6%	2.2%	2.2%	2.7%
Sibley County	2.8%	2.7%	2.9%	3.4%	3.2%
Minnesota	3.9%	3.6%	3.8%	4.0%	4.0%

Source: U.S. Census Bureau. "SELECTED ECONOMIC CHARACTERISTICS." *American Community Survey, ACS 5-Year Estimates Data Profiles*

Lodging Demand

This section of the report will identify lodging demand sources for the proposed hotel. Arlington's events attracted thousands of spectators to the community. The list below highlights some of the community's premier events.

Outdoor recreation in the area is very big during the summer months and particularly on weekends with weekly races at the Arlington Raceway. There are an estimated 1,800 fans with 23% traveling from over 100 miles away.

One of the areas that holds the greatest potential for growth is the Arlington Event Center. Below the table will highlight some of the weaknesses and risks of the Arlington Event Center.

Weaknesses and risks

Room/Service	Capacity	Charge Per Event
Room 1 (West)	144	180
Room 2 (Center)	240	240
Room 3 (East)	160	180
All Rooms	544	850
Council Chambers	40	40

Full Kitchen	N/A	$100.00 (if no caterer is used)
Limited Kitchen	N/A	$50.00 (for catered events)
Damage Deposit	N/A	$500 (with credit card, cash, check)
Damage Deposit (One or Two Sections)	N/A	$200 or $300
Commercial Kitchen Use	N/A	$100.00 (8:00 am – 12 midnight)
Caterer Fees	1-100 guests	$1/person
Caterer Fees	101-200 guests	150
Caterer Fees	201-400 guests	250
Caterer Fees	401+ guests	350
Bar Fees	1-200 guests	100
Bar Fees	201-300 guests	200
Bar Fees	301-400 guests	300
Bar Fees	401-500 guests	400
Bar Fees	501+ guests	500
Non-Profit Fees (Friday & Saturday)	N/A	425
Non-Profit Fees (Sunday to Thursday)	N/A	320
School Use (Testing/Retreats)	N/A	$50 per event
Special School Events (Prom)	N/A	$300 (Fri & Sat) / $220 (Sun-Thurs)
Miscellaneous Fees	N/A	$120 weekly user rate
Hourly Rental Rate	N/A	$40 (for 2 hours or less, no set-up)
Set-Up Fee	N/A	$100/room or $200/full setup
Attendant/Officer Fee	N/A	$35/hour (5-hour minimum)
Dish Rental (9 pc setting)	N/A	$1.00/person
Wine Glass Rental	N/A	$0.15/glass
LCD Projector	N/A	50
Additional Cleaning Fee	N/A	$20.00/hour

Extra Day Rental	N/A	300

Table:3 Event Center Prices

Given that several people from our surveys feel the Arlington Event Center prices are high for birthday parties, the issue seems to stem from two main concerns:

1. **Unclear or perceived high pricing due to add-ons**:
   - Add-ons such as the kitchen fee, bar fee, and dish rentals make it difficult to understand the total cost upfront.
   - The event center doesn't offer an all-inclusive package, which leads to guests feeling like they are being charged extra for every small service.
2. **Lack of package deals**:
   - A standard, fixed-price package for common events like birthday parties would simplify the booking process and make it easier for potential customers to understand what they are paying for. This could include a room, basic amenities, and some limited services for a set price.

Potential Solutions

- **Introduce all-inclusive packages**: Offering pre-set packages for different events, especially smaller ones like birthday parties, could alleviate the sense of nickel-and-diming customers. For example, a "birthday party package" could include:
  - Room rental (for a set number of hours)
  - Basic kitchen use (or catering option)
  - Setup/cleaning fee included
  - Dish and linen rentals included
- **Offer flexible, tiered pricing**: Provide tiered pricing where guests can choose what level of services, they need without having to pay for each element separately. This could make the total cost more transparent.

Lodging Supply

This section of the report describes the current supply of lodging within a 30-mile radius of Arlington.

Within the 30-mile radius, there are 18 lodging options. The only form of lodging immediately within Arlington is the 10 room Arlington E-Z Rest Motel which is rented out on a monthly basis.

Local Competitors

A sample date of November 2nd and 3rd of 2024 was selected to compare rates of competitor's hotels. It should be noted that rates fluctuate throughout the year. Several of the lodging options above did not have rates available.

Competing Property Distance	Location	Type of Lodging	Distance from Arlington	Number of Rooms	Average Daily Rate
Arlington E-Z Rest Motel	Arlington	Motel	N/A	10	Rate unavailable
Travelers Lodge & Suites	Gaylord	Hotel	8 miles	30	$100
Gaylord Motel	Gaylord	Motel	9 miles	5	Rate unavailable
Brechet Inn Bed & Breakfast	Glencoe	Bed & Breakfast	15 miles	4	$140
Bevens Creek Inn Stay Suites	Norwood Young America	Hotel	17 miles	10	$99
AmeriVu Inn and Suites	Waconia	Hotel	24 miles	60	$89
Best Western Plus	St. Peter	Hotel	27 miles	60	$124-129
HomeTown Inn and Suites	Belle Plaine	Hotel	22 miles	50	$77-89
AmericInn by Wyndham	St. Pater	Hotel	27 miles	50	$86-93
Konsbruck Hotel	St. Peter	Bed & Breakfast	27 miles	5	Rate unavailable
Vikings Jr. Motel	St. Peter	Motel	29 miles	20	$60
Valu Stay Inn	Le Sueur	Hotel	18 miles	35	$55-70
AmericInn by Wyndham	Hutchinson	Hotel	29 miles	86	$113-143
Cobblestone Hotel & Suites	Hutchinson	Hotel	30 miles	54	$143-145
Custom Stay Residence &	Hutchinson	Hotel	29 miles	23	$64-71

Suites – Hutchinson					
Shamrock Inn	Hutchinson	Hotel	29 miles	28	Rate unavailable
Silver Lake Motel	Silver Lake	Motel	27 miles	6	Rate unavailable
Queen's Inn	Hutchinson	Motel	30 miles	25	Rate unavailable
Totals	**N/A**	**N/A**	**N/A**	**561 total rooms**	**$99 average rate**

There were five motels, two bed and breakfasts, five small hotels, and six large hotels. Amongst the 18 properties there was only one repeating brand, AmericInn by Wyndam. The average number of rooms is 31. Based on demand, a hotel in Arlington would likely need to be either around average or below average for the number of rooms.

Financial Analysis

Cost analysis

Price Room per Square Feet=	$154.6		**Price Parking per Square Feet=**	$9
		Room Size	300	Square feet
1.5	Parking space per room		300	Square feet per stall
Category	**Percentage**		**10 Room Motel**	**20 Room Hotel**
Rooms	-		10	20
Rooms Area	-		3000	6000
Lobby and Support Area	-		750	1500
Conference Room	-			500
Foundation	10%		$57,975	$123,680
Framing and Roofing	25%		$144,938	$309,200
Plumbing and HVAC	15%		$86,963	$185,520
Electrical Systems	10%		$57,975	$123,680
Interior Finishes	20%		$115,950	$247,360

Exterior Finishes	10%	$57,975	$123,680
Miscellaneous (Permits)	5%	$28,988	$61,840
Construction Total =		$579,750	$1,236,800
Parking			
Number of Employees		4	8
Number of Parking Stall		19	38
Total parking area		5700	11400
Access Lane		2052	4104
Total Area		7752	15504
Price per Square foot		$69,768	$139,536
Total Price		**$649,518**	**$1,376,336**

Projected Revenue

The projected revenue was computed considering occupancy rate, average daily rate and number of rooms the proposed hotel is expected to have. Data for the occupancy rate for the Sibley County area was hard to come by so the occupancy rate for the state of Minnesota was used, which according to Explore Minnesota (n.d.) was 62.2% in September 2024. Due to limited resources while doing the research, Minnesota's average occupancy rate had to be used as an assumption as we could not find the occupancy rate for Arlington.

The average daily rate for the present year (2024) was computed based on the rates of the competing lodging options within a 30-mile radius of Arlington. The average daily rate for 2024 is $99. We took into consideration inflation and real growth rate in the computation of the projected average daily rates where we assumed an inflation rate of 2% and a real growth factor of 1%, making a total of 3% increase annually. The projected average daily rate in 2026 is assumed to be the proposed hotel's first full year of operation, with a projected ADR of $101.97.

Table: Projected Revenue for a 10-room Hotel

	Present Market (2024)	2026	2027	2028	2029	2030
Occupancy	62.2%	62.2%	62.2%	62.2%	62.2%	62.2%

Rooms	10	10	10	10	10	10
Average Daily Rate	$99	$101.97	$105.03	$108.18	$111.43	$114.77
Total Revenue	**224,759**	**231,502**	**238,449**	**245,601**	**252,979**	**260,562**

Source: Data retrieved from Explore Minnesota (*Past Editions of Industry News*), n.d., from https://mn.gov/tourism-industry/resources/industry-news/industry-news-past-editions.jsp

Tripadvisor

Table: Projected Revenue for a 20-room Hotel

Lodging Variables	Present Market (2024)	2026	2027	2028	2029	2030
Occupancy	62.2%	62.2%	62.2%	62.2%	62.2%	62.2%
Rooms	20	20	20	20	20	20
Average Daily Rate	$99	$101.97	$105.03	$108.18	$111.43	$114.77
Total Revenue	**$449,519**	**$463,004**	**$476,899**	**$491,202**	**$505,959**	**$521,124**

Source: Data retrieved from Explore Minnesota (*Past Editions of Industry News*), n.d., from https://mn.gov/tourism-industry/resources/industry-news/industry-news-past-editions.jsp

Tripadvisor

Table: Projected Revenue for a 30 Room Hotel

|	Present Market (2024)	2026	2027	2028	2029	2030
Occupancy	62.2%	62.2%	62.2%	62.2%	62.2%	62.2%
Rooms	30	30	30	30	30	30
Average Daily Rate	$99	$101.97	$105.03	$108.18	$111.43	$114.77
Total Revenue	**$674,279**	**$694,507**	**$715,348**	**$736,803**	**$758,938**	**$781,686**

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Proposed Properties

At this time, there are no currently proposed hotel properties in the Arlington market.

Recommendations

After carefully studying each site, it has been determined that a 10-room hotel at site 2 would be the best property for a lodging facility.
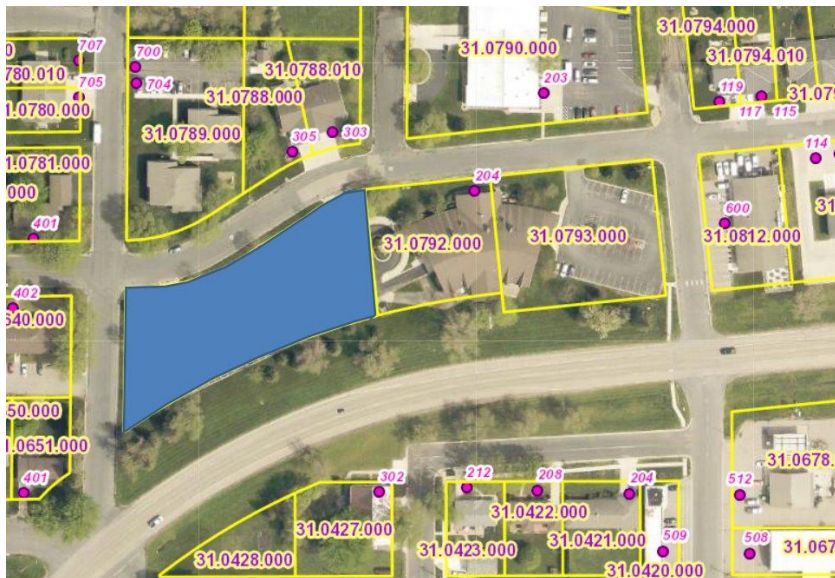
Site 2 has a prime location along Minnesota Highway 5 which would provide the potential lodging facility with great visibility from the roadway. As discussed earlier in the report, we feel visibility is a crucial factor to the success of a lodging facility.

Site 2 is also located right next to the Arlington Event Center. From our discussions with our focus group, we determined the importance of a lodging facility being close to the event center as well as being close to other events in the community. The site is also close to the Sibley County Fairgrounds which hosts many events in the community.

Site 2 is also already properly zoned for a lodging facility. The property is currently zoned B-1 service business district.

We feel that a 10-room inn would be a good starting point, but we also determined that a potential second floor expansion should be planned for if demand increases. This would require the foundation of the building to be built to sustain a two-story building.

We would also recommend the city replace the current 6-inch water main which was installed in 1979, with a new 8-inch or larger water main to support the increase in water demand and to meet fire protection requirements for sprinklers and hydrants.

A pool was one amenity that was frequently brought up during our public engagements. Site 2 would have room for a pool. For an indoor pool we would recommend a 12-foot by 25-foot pool (375 square feet). The deck would be 575 square feet. The chart below highlights the construction costs of a pool.

Component	Estimated Costs ($)
Pool Construction	$27,188
Filtration and Pump System	$4,000
Solar Heating System	$8,500
Decking	$5,750
Structural Enclosure	$40,000
HVAC System	$15,000
Lighting an Electrical	$6,000
Safety Features	$5,000
Total Construction Costs	**$111,438**

An estimated $900/ year will go towards maintenance.

After meeting with the Arlington EDA, they did not express any comments or concerns.

Conclusions

Market Demand and Community Support

The study demonstrates strong local support for a new lodging facility. Surveys indicate that respondents are dissatisfied with the existing lodging accommodations. Additionally, major events such as the Sibley County Fair, Arli-Dazzle, and Arlington Raceway draw

thousands of visitors annually, creating a steady demand for lodging. Drive tourism data suggests approximately 37 to 74 overnight guests daily based on traffic patterns on Highway 5.

Economic Potential

Revenue projections for a 10-room hotel, based on a 62.2% occupancy rate and an average daily rate of $99, estimate an annual income of $224,759. Expanding the facility to a 20-room hotel increases revenue potential to $419,519. This highlights the financial viability of the project, especially the consistent event schedule and peak seasonal tourism.

Site Feasibility and Selection

Four potential sites were assessed using criteria such as zoning, visibility, and proximity to attractions. Site 2 has been selected as the most suitable due to its visibility along Highway 5. Its proximity to the Arlington Event Center and other attractions like the fairgrounds. Site 2 is also already properly zoned as B-1 Service Business District, minimizing regulatory barriers.

Infrastructure and Amenities

Surveys revealed a preference for amenities such as free Wi-Fi, a pool, and breakfast. These features align with traveler expectations for a mid-sized rural hotel. Upgrades to local infrastructure, such as replacing the 1979 6-inch water main with a larger capacity system, will ensure the project meets modern standards and safety requirements.

Community and Economic Impact

The hotel is projected to enhance Arlington's economy by increasing foot traffic to local businesses and bolstering event attendance. Partnerships with local businesses and organizations could enhance these benefits.

Areas That Should be Researched in the Future

An area that could use further research is the number of people that attend events in Arlington. We were unable to get any evidence that solidified the analysis.

Another area is the occupancy rates of cities around Arlington. Due to limited resources, we could not get the occupancy rates to determine the occupancy rate of Arlington for the revenue estimates.

We also would have liked to have found a way to contact more potential patrons of a hotel in Arlington.

To Conclude

These findings substantiate the recommendation to develop a 10-room hotel at Site 2, with the flexibility to expand as demand grows. The project aligns with community needs, economic goals, and market opportunities, positioning Arlington for sustainable growth.

Appendix

Arlington Residents Hotel Study Survey

1. Have you ever decided not to host an event in Arlington because of the lack of nearby lodging (e.g., hotel)?
    o   Yes
    o   No

2. How often do you host visitors from out of town (friends, family, business)?
    o   Weekly
    o   Monthly
    o   Every few months
    o   Annually
    o   Never

3. What amenities would you expect or prefer in a local hotel? (Select all that apply)
    ☐   Pool
    ☐   Gym
    ☐   Free Wi-Fi
    ☐   Spa
    ☐   Breakfast
    ☐   Other (please specify)

4. How much do you think a hotel would benefit the community?
    o   1 - Not at all
    o   2 - Slightly
    o   3 - Moderately
    o   4 - Significantly
    o   5 – Extremely

5. Add any additional comments about a potential hotel in Arlington?

_____

6. How would you rate your overall satisfaction with the Arlington Event Center?
   ○ Excellent
   ○ Good
   ○ Average
   ○ Poor
   ○ Never been to the Arlington Event Center

7. If you rated the event center poorly, what do you feel could be better about it?
_____

8. What size and type of lodging do you think Arlington could best support?
   ○ Small Hotel (20-30 rooms)
   ○ Mid-Sized Hotel (40-60 rooms)
   ○ Bed & Breakfast
   ○ Motel

Hotel Study Non- Residents Survey

1. Do you live in Arlington?
   ○ Yes
   ○ No (please specify where you live)

2. Have you ever been to Arlington?
   ○ Yes
   ○ No

3. What events have you attended? (Select all that apply)
   ○ Arli-Dazzle
   ○ Sibley County Fair
   ○ Sibley County Bull Event
   ○ Arlington Raceway
   ○ Other (please specify)

4. Do you currently need lodging when visiting Arlington for events or other activities, and would additional lodging options increase the likelihood of you returning for future events?
   - ○ Yes, I need lodging, and more options would increase my likelihood of returning.
   - ○ Yes, I need lodging, but more options wouldn't affect my likelihood of returning.
   - ○ No, I don't need lodging, but more options might increase my likelihood of returning.
   - ○ No, I don't need lodging, and more options wouldn't affect my likelihood of returning.

5. Would you be more likely to consider hosting or attending an event at the Arlington Event Center if there were more nearby lodging options (e.g., a hotel)?
   - ○ Yes, I would be more likely to host or attend events if there were more lodging options.
   - ○ No, the availability of lodging doesn't affect my decision.
   - ○ I am not sure, but more lodging options might influence my decision.

6. What amenities would you expect or prefer in a local hotel? (Select all that apply)
   - ☐ Pool
   - ☐ Gym
   - ☐ Free Wi-Fi
   - ☐ Breakfast
   - ☐ Other (please specify)

Arlington Racing Event Lodging Survey

1. How far did you travel to attend the racing event in Arlington, MN?
   - ○ Less than 10 miles
   - ○ 10-50 miles
   - ○ 50-100 miles
   - ○ More than 100 miles

2. Did you require lodging for the event?
   - ○ Yes
   - ○ No

3. If Arlington had more lodging options would that increase the likelihood of you returning to the city for future events?
    ○ Yes
    ○ No
    ○ Lodging does not influence my decision to attend events in Arlington.

4. Which amenities or services would you expect or appreciate in a potential hotel? (Select all that apply)
    ☐ Free Wi-Fi
    ☐ Complimentary breakfast
    ☐ Swimming pool
    ☐ Fitness center
    ☐ Pet-friendly rooms
    ☐ Other (please specify)

5. Do you have any additional comments or suggestions regarding the lodging options in Arlington?

    _____
    _____

6. Have you attended other events in Arlington?
    ○ Yes
    ○ No

7. If yes, what other events have you attended in Arlington? (Check all that apply)
    ☐ Arli-Dazzle
    ☐ Sibley County Fair
    ☐ Sibley County Bull Event
    ☐ Other (please specify)

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