

# Spirit Valley Core Investment Area Plan

Building Blocks II – May 5, 2025, 5:00 p.m., Fellowship Hall,  
Our Savior's Lutheran Church, 4831 Grand Ave.

## Presentation Summary



The City Planning and Economic Development Department is leading a planning effort to encourage the revitalization of the Spirit Valley commercial district and surrounding residential areas called the Spirit Valley Core Investment Area Plan.

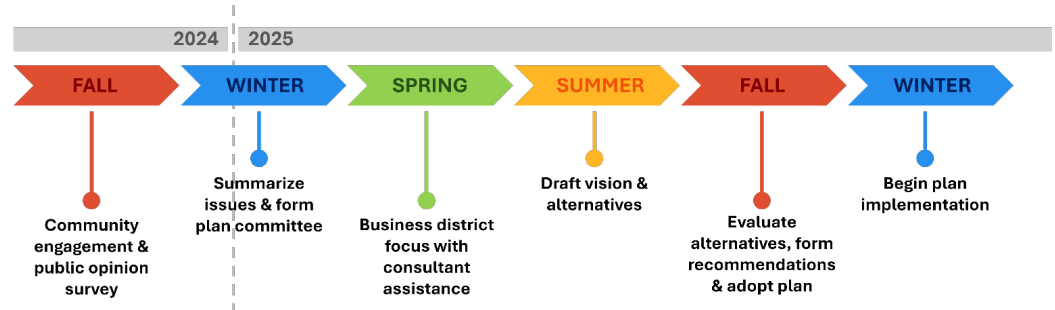
The planning effort (see timeline) is a partnership between the City and the public.

Participants in planning activities

thus far, including a public opinion survey and two public meetings, have largely been residents.

The City determined it needed the assistance of a business district revitalization consultant to guide the outreach to business and property owners.

The City hired Michele Reeves, Principal of Civilis Consultants, who is nationally known for assisting in the revitalization of business districts, including work done in Lincoln Park and Downtown Duluth. Reeves conducted extensive fieldwork and hosted a well-attended workshop with business and property owners on April 16, 2025, called “Building Blocks for a Successful Spirit Valley.”



*Building Blocks II meeting May 5, 2025, where 45 people were encouraged by consultant Michele Reeves to craft tools to aid in the revitalization of the Spirit Valley Core Investment Area.*

A second meeting, called “Building Blocks II,” was held by Michele Reeves to summarize the findings and identify tools that the partners (the City, business owners, and property owners) can utilize in their efforts to revitalize the business district. Approximately 45 people attended this meeting, primarily business and property owners, and were energized by the presentation. This document summarizes the Building Blocks II meeting.

## Review of April 16, 2025 Building Blocks workshop:

The forum started out recapping elements of the April 16, 2025, Building Blocks workshop. Reeves asked, “**What kind of commercial district is Spirit Valley?**” The three options include:

### Option 1 - Neighborhood Commercial:



### Option 2 - Mid-Century Arterial:



### Option 3 - Freeway Stop:



**Spirit Valley cannot successfully be all 3.**

## Big Box Retail Not a Good Fit for Spirit Valley:

The Spirit Valley Core Commercial Area (the area within the blue triangle on the map below, left) compared on the image below, right, with the Hermantown Wal-mart site superimposed on the triangle.



**Conclusion:** There isn't enough space to accommodate big box retail in the Spirit Valley Core Commercial Area.

**Spirit Valley has a lot going for it.** Consider the list, below, of commercial offerings all found within the study area.

### List of Spirit Valley amenities:

- |                               |                    |                         |
|-------------------------------|--------------------|-------------------------|
| - Therapy                     | - Banks            | - Salon                 |
| - Massage                     | - Restaurants/Bars | - Accountant            |
| - Gym                         | - Photography      | - Postal Service        |
| - Caterer                     | - Design Services  | - Dollar Tree           |
| - Resale Clothing             | - Independent      | - Library               |
| - Porkchop Night (Am. Legion) | - Bookstore        | - Lawyer                |
| - Beauty Supply               | - Grocery Store    | - Theater               |
| - Architect                   | - Liquor Store     | - Nails                 |
| - Paint/Stain                 | - Veterinarian     | - Multiple Music Venues |
| - Art Gallery & Production    | - Chiropractor     |                         |
|                               | - Vision           |                         |
|                               | - Dentist          |                         |

**Question:** Is Spirit Valley the last walkable neighborhood in Duluth?



## 8 Characteristics of successful neighborhood commercial districts:

Michele Reeves presented 8 characteristics typically found in neighborhood commercial districts that enjoy commercial success.

1. Critical Mass of Existing Buildings
2. Buildings Built Right Next to Each Other
3. Buildings Built Up to the Sidewalk
4. Great District Experience
5. 18 Hours of Activity
6. Intensity of Activity
7. Continuity
8. Great Lighting

### Great District Experience:

Characteristic #4 highlights that, in successful districts, the district itself is the primary experience. People seek out the district because of the overall sense of place provided by the collection of businesses and the sidewalk experience.



THE DISTRICT IS A  
PRIMARY EXPERIENCE!

In typical suburban big box/strip mall retail the district IS NOT the experience.



SUBURBAN BOX/ARTERIAL RETAIL  
THE DISTRICT IS **NOT** THE PRIMARY EXPERIENCE!

**OBJECTIVELY NOT  
PLEASANT**

## Responses to April 16 Building Blocks Workshop Questions:

At the April 16, 2025 “Building Blocks for a Successful Spirit Valley” workshop, attendees were asked to answer three questions.

**I like . . .**

**I wish . . .**

**What if . . .**

Through small group discussions, top priorities emerged.

**I LIKE . . . :**

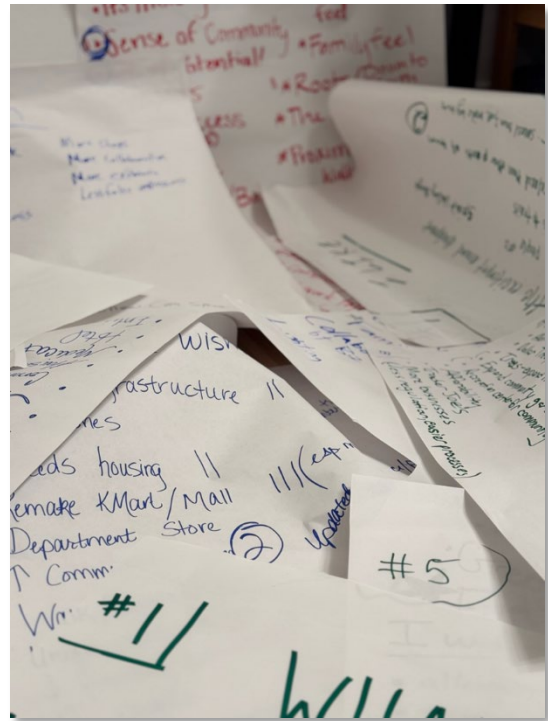
Common themes for things people like about Spirit Valley:

**Experience** – the feel of Spirit Valley:

- Walkable neighborhood/district with variety of businesses
- Feels like community neighborhood
- Sense of community
- Community feel
- Small town feel
- Unique buildings with established storefronts
- Small town feel, real neighborhood, relaxed
- History/tradition

**Circulation** – getting around the district:

- Walkable
- Ease of access (walk drive bus bike)
- Walkability



**Framework** – reasons for optimism:

- Realizing potential
- Ready for growth



## I WISH . . . :

Common themes for things people wished would change in Spirit Valley:

**Real Estate** – investment and activation of properties

- Updated with good storefronts
- More activation and investment
- Easier to purchase/build
- Fill storefronts
- Local businesses with fewer chains
- Rejuvenation (clean, maintained, occupied)
- Activate Kmart site
- More retail stores
- More eating options



**Community** – spaces for interaction

- Community space
- Kmart becomes community space

**Green** – sustainable and active

- Safe and green (walking, active and natural)

## WHAT IF . . . :

Common themes for things that could happen in Spirit Valley if typical constraints of time, money, and will were not limited:

**Real Estate** – investment and activation of properties

- Updated with good storefronts
- Storefront facelifts
- Kmart becomes mixed income mixed use residential
- Tear down/redevelop Kmart
- More new active businesses
- Lower barriers to entry for improvement as neighborhood commercial node
- Teardown Kmart and redevelop into mixed-use district

**Circulation** – a more comfortable experience for all users

- Create ped only streets
- Street furniture/loop walking path
- Connectivity/walkability

- Large public plaza on Kmart site, food trucks, concerts, etc.

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- Skate Park
- Good Visual From Freeway
- Remove Freeway
- Trail Connections
- Free Community Gardens
- Cody St Development

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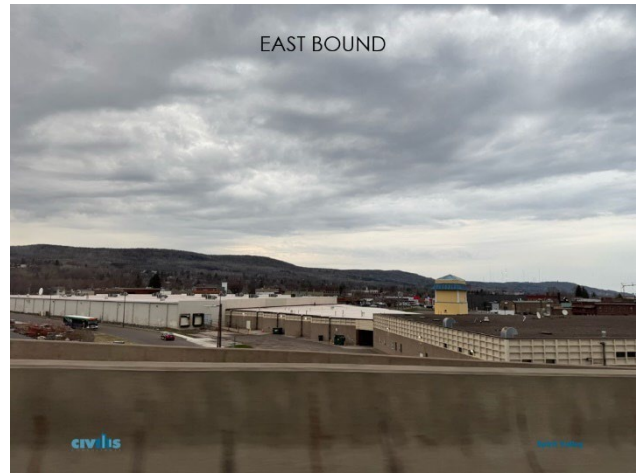


- Indoor Farmers Market
- Solarium
- Arboretum

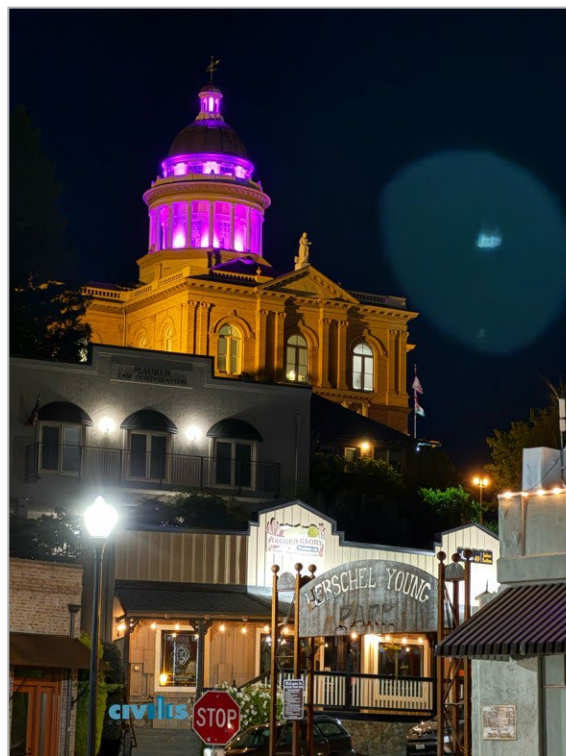
- Botanical Garden
- Splash Pad
- Loop Walking Path

### What If . . . Idea Highlights:

**Good Visual From Freeway** – Improve the visual appeal of Spirit Valley as viewed from I-35 to attract visitors.



As an alternative, the courthouse in Auburn, CA business district is visible from I-80 providing a reference point and encouraging visitors to explore the community.



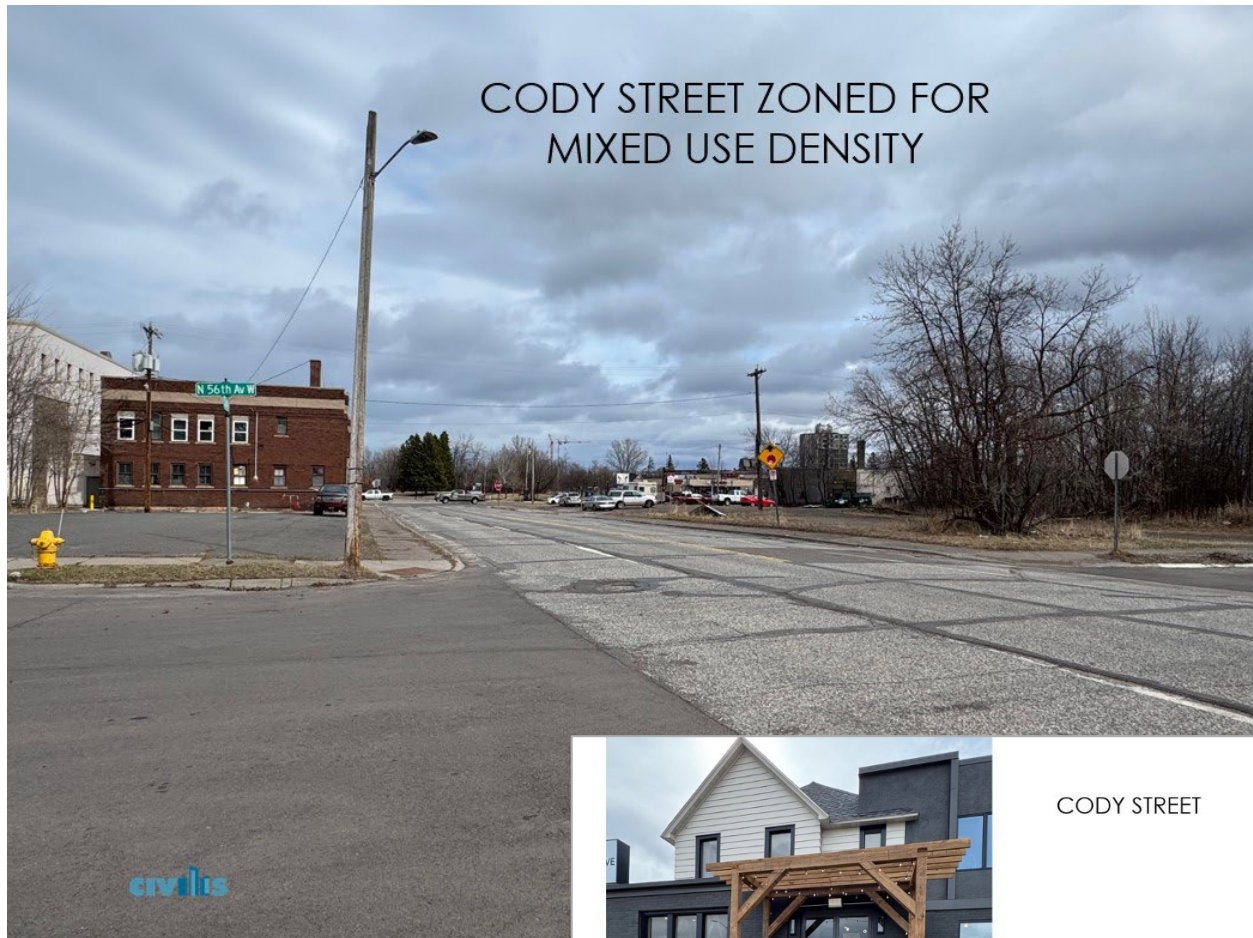
GOOD VISUAL FROM  
FREEWAY

AUBURN  
EXAMPLE

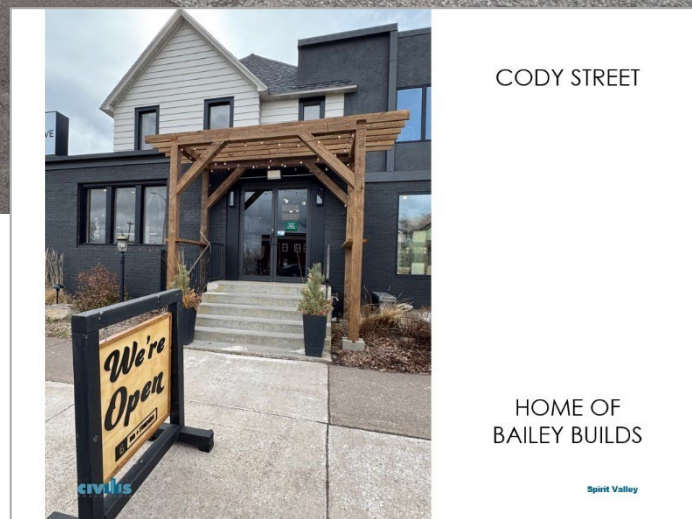
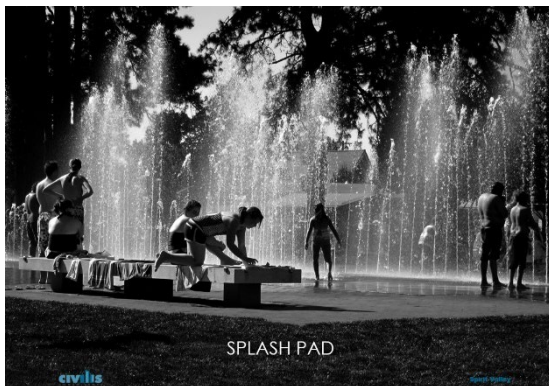
Spirit Valley



**Cody Street Development** – Link the eastern end of Cody Street to Spirit Valley development.



**Splash Pad** – Consider an outdoor gathering place for Spirit Valley.



**Trail Connections** – Improve connections to Cross City Trail and Keene Creek Trails to encourage bikers and walkers to visit Spirit Valley.

## **Role of Spirit Valley:**

Many people view Spirit Valley as the “Downtown of the West.” The district hosts many shops, restaurants, and services for the western half of Duluth, Proctor, as well as the rural areas along I-35 to Cloquet.

## **Interconnect Points of Interest:**

There could be benefits if Spirit Valley coordinated on marketing the area with surrounding destinations such as Spirit Mountain, Lake Superior Zoo, Spirit Lake Marina, and the River Railroad (LS&M).

## **Circulation:**

**There’s a Giant Freeway Right Next-Door** - Spirit Valley has very easy vehicle transportation infrastructure with multiple arterial roadways and a giant freeway right next door. Work should be done to optimize streets for local circulation, not moving large volumes of vehicles.

**Facilitate Roll & Stroll** - People should be able to move throughout Spirit Valley comfortably and easily on two feet or two wheels to enjoy the good things the district has to offer.

**Crossing Grand Avenue** – Kids should be able to cross safely to the library.

**Interconnect Amenities** – Businesses and property owners benefit from “cross-pollination” of people visiting multiple places because they are easy to move between.

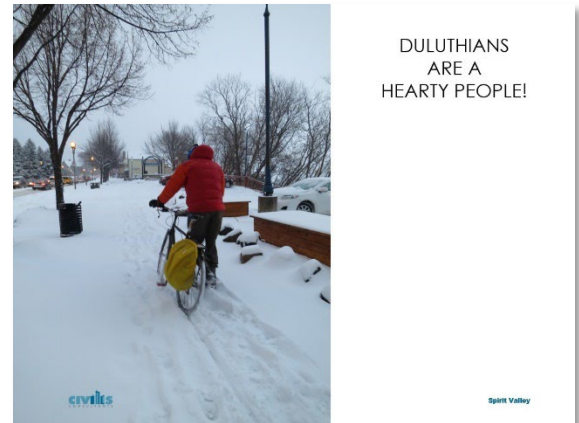


**Future I-35** – Changes to the freeway as a result of reconstruction should not disrupt local street circulation or the function of the business district. The way that freeway interacts with a neighborhood district can be really dangerous.



## Circulation Observations – 4 things to consider for Spirit Valley circulation.

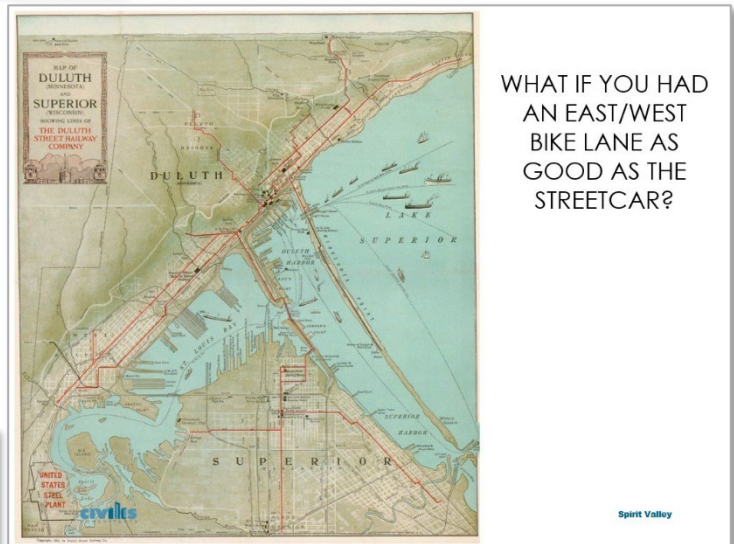
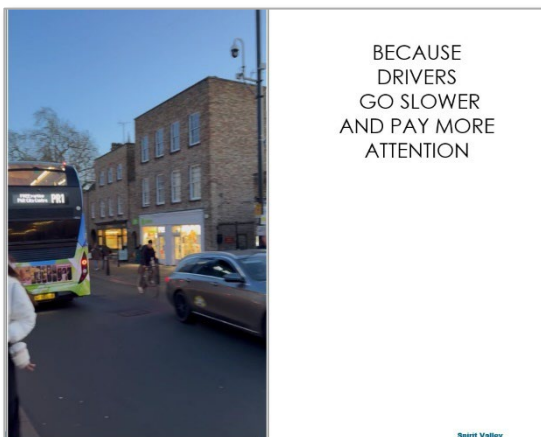
1. Duluthians are a hearty people. If people don't bike/walk in winter it's because it's not safe or maintained.



What if we had an east/west bike lane as good as the streetcar? This would be a dedicated space for biking efficiently east-west. No dark underpasses or trails winding through out-of-the-way spaces. A

bike superhighway like Oulu, Finland where bike mode share is 12% in winter.

2. UMD plows their sidewalks. This is one of the only places in the city you can walk after a snow. People drive to UMD to walk.



3. Lane widths don't have to be freeway-esque. Narrow lanes are safer!! Drivers go slower and pay more attention.



4. The walk to grocery store should be great! It is a problem that the walk to the grocery store isn't good. There would be many benefits to the community if there was a safe, attractive walkway connecting the public sidewalk, surrounding businesses, and the residential neighborhood to the grocery store entrance.

Surrounding businesses would likely see benefits from cross-



pollination as grocery shoppers accessed their shops during grocery shopping.

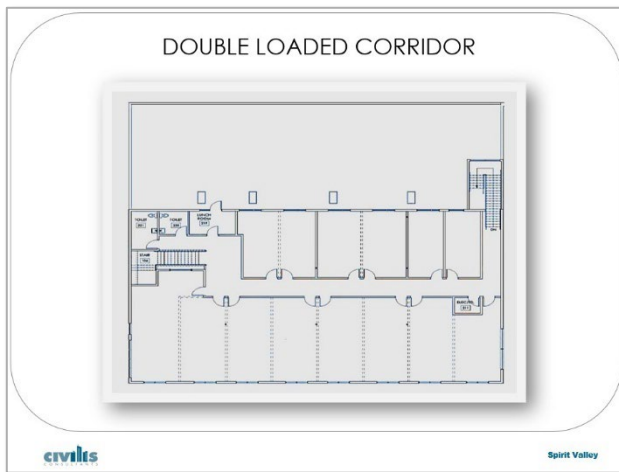
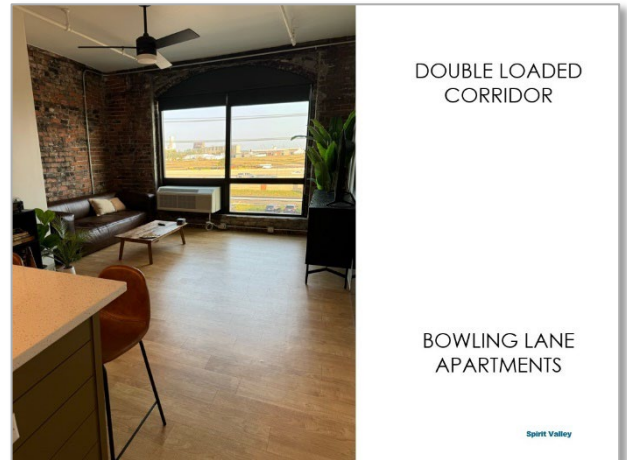
### Single Stair/Point Access Buildings:

Potential redevelopment sites in the study area, are small (K-Mart site excluded) and resources to finance projects are limited. Other cities are seeing the benefits of multi-story buildings that have only one stairway or access point to the street while still utilizing modern means to ensure occupants can exit safely in an emergency. Minnesota allows single-stair buildings up to 3-stories and Montana legalized single-stair buildings up to 6 stories. Consider joining a lobbying effort at the MN Legislature to expand the allowance.



**Benefits** - The benefits of Single Stair/Point Access Buildings include:

- A. Single stair buildings result in 95% building utilization efficiency (current code can only get 85% efficiency) due to less space dedicated to a central hallway and additional stairway,
- B. Allows more quality development on a smaller lot,
- C. Rooms with more natural light and cross ventilation (no bowling alley apartments),



- D. More affordable to lay out bigger units (3-bedroom) because there isn't the added expense of the hallway passing by the unit,
- E. Easier to layout a mix of units within one building,
- F. More affordable way to provide "Missing Middle" housing on small, infill lots that utilize existing transportation and utility infrastructure.

**Sources of Money for Projects:**

Once we know what needs to be catalyzed, here are some sources of money to incentivize or assist in projects:

- Tax Increment Financing (TIF)
- 1200 Fund
- Tourism Tax

**Tax Increment Financing (TIF)**

Tax Increment financing (TIF) is a financing tool meant to support local economic development, redevelopment, and housing development that would not otherwise occur without assistance. As its name suggests, TIF uses the incremental property taxes, or "tax increments," generated by the increased taxable value of a new development to help

finance qualifying costs. TIF is not a tax reduction; taxes are paid on the full taxable value. The original taxable value continues to be part of the tax base that supports the tax levies of the city, county, school district, and other taxing jurisdictions. The new, additional value from development activity is “captured” from the tax base for the duration of the TIF district. After the TIF district is terminated, or “decertified,” the captured value becomes part of the tax base. (Source: MN Office of the State Auditor)



**TIF can be a good tool for large adaptive reuse projects or housing projects.**

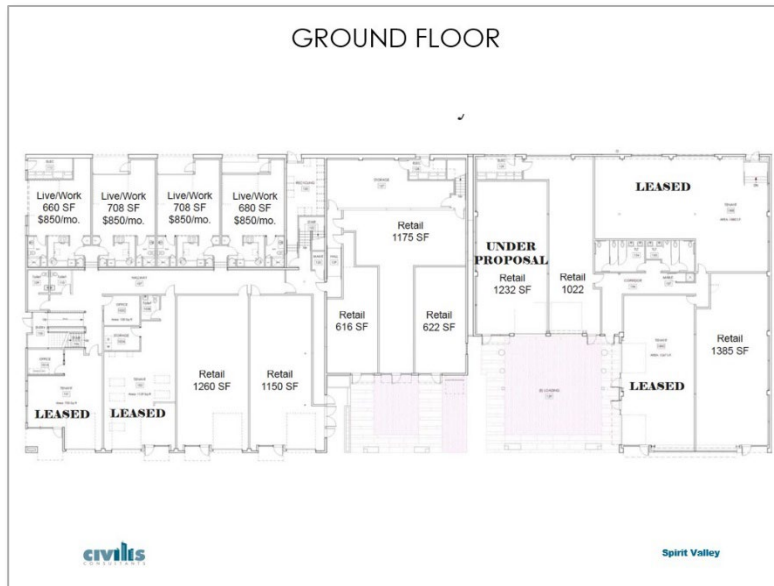
**Housing Projects** – Spirit Valley may be Duluth’s last walkable neighborhood.

- Make Spirit Valley a “missing middle” housing demonstration project and attract State funding – K-Mart, a few other sites large enough to make TIF feasible.





- Tap into local/regional foundation money to incentivize key projects.
- Use shared parking to make more efficient use of small lots.
- Consider mixed use buildings in appropriate locations.



### Adaptive Reuse Projects –

Use of TIF to make reuse of existing structures financially feasible.

- Determine the minimum project size needed to make TIF feasible for adaptive reuse projects. Once this is determined, apply it to appropriate projects.
- Spirit Valley will lose even more historic buildings without funding to make adaptive reuse possible because vacant buildings degrade quickly in our climate.

**There are buildings in Spirit Valley that are good candidates for adaptive reuse, including:**

**Vacant historic commercial storefront** – A typical Grand Ave. or Central Ave. storefront. It may be necessary to combine multiple storefronts or include adjacent uses to make a project feasible for TIF.

**Concrete box** – Often newer structures with concrete block (CMU) exterior walls.

- It is sometimes easy to cut window and door openings in a CMU wall to create storefronts, restaurants, or live/work units.

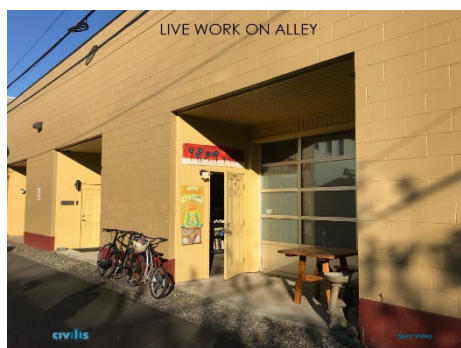
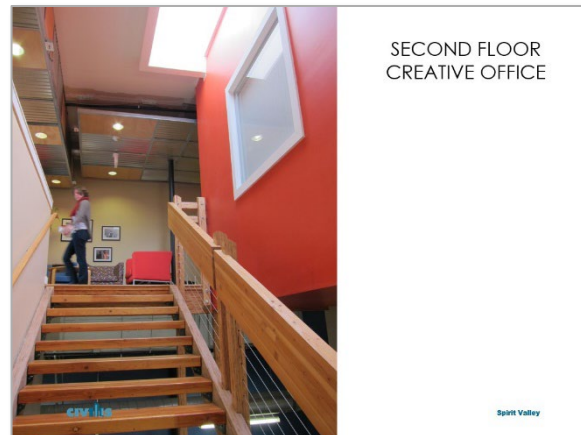


**In all adaptive reuse projects** – Spaces should be uniquely designed for maximum flexibility. Spaces should generally be small:

- Retail spaces – approximately 1,000-1,500 sq. ft.,
- Creative office spaces – approximately 250 sq. ft.



- **Be intentional about tenants** for adaptive reuse to create cross pollination and maximize benefits to the entire district.
- **Be creative in designing** all spaces to attract tenants seeking unique experiences.
- **Be sensitive** to using natural light, alternative materials and extol architectural features.





## 1200 Fund – A source of money for improvements in Spirit Valley

A storefront improvements program from the 1200 Fund may be deployed to Spirit Valley near the end of 2025.

### What makes a storefront loan successful?

*If you can't tell by looking at it,  
it's not improved.*

- Concentrate loans:
  - Over a short period of time
  - In a small location
- Support active uses first to create cross-pollination
- Fill vacancies with active uses
- Create visual interest
- Require three-color paint schemes
- Incorporate building architectural lighting.

Façade improvement should not be a building maintenance program.

### Façade improvements should be transformational.

Food service businesses should put outdoor dining/seating space in prominent location to advertise that food can be purchased inside even if no one ever eats outside – show, don't tell!





Other cities use tourism tax to do the following:

- Spirit Valley should work with the City to determine what else tourism tax can support and begin the process of applying to receive funding.

## GREAT TOURIST MAP DOWNTOWN MCMINNVILLE



## The Power to Convene:

Most important thing you can do is regularly talk about the business of being a business district.

- Already have the West Duluth Business Club – utilize it to organize and motivate businesses and property owners to make improvements
- Other groups can work on projects to improve the district
  - Property owners,
  - Business owners,
  - Public sector,
  - Non-profits



## Off-Street Parking:

What makes for a more vibrant district, providing more space for people or cars?

Need more space developed for active uses like shops, restaurants, and services and less space for vehicle parking.

(Black areas on the maps below are surface parking lots)

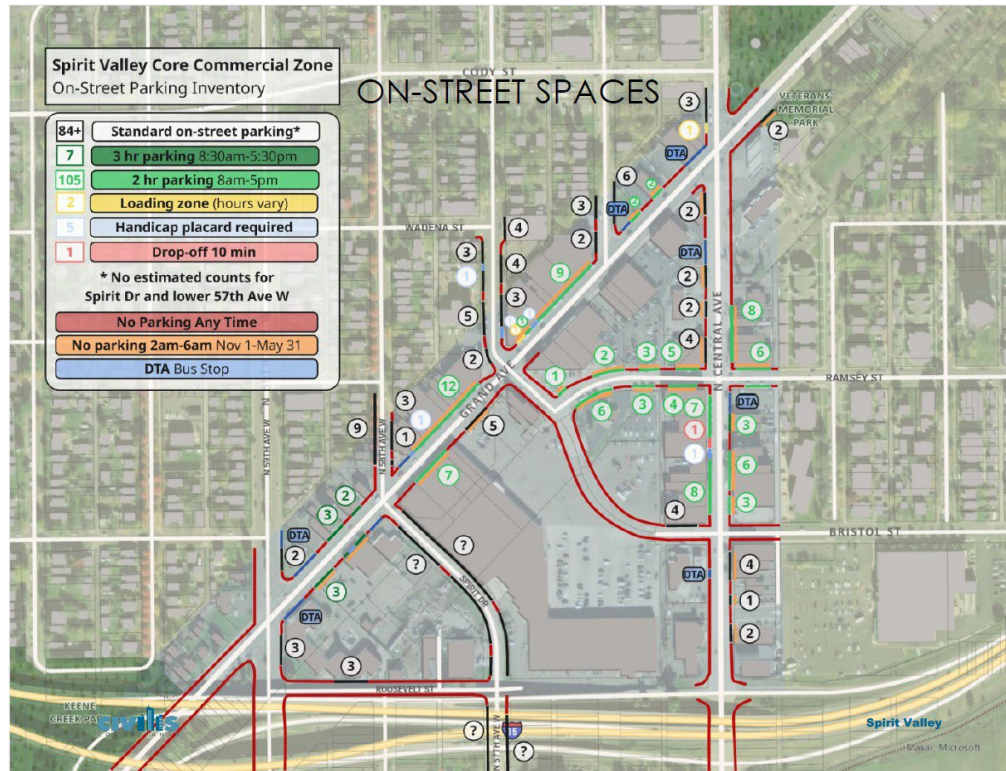


- The best contiguous blocks are on the upper side of Grand Ave. from 56<sup>th</sup> Ave. W. - 58<sup>th</sup> Ave. W. and Central Ave. from Ramsey St. to Bristol St.
- In these areas businesses can better benefit from being in the district as people move from shop to shop having a pleasant experience. They stay longer in the district and spend more money.
- Focus effort on these blocks to maximize results.



## On-Street Parking:

- There are about 204 parking spaces
- 55% of the spaces are for 2 or 3 hours
- Manage parking for adequate parking space turnover to benefit customer stays of varying lengths.
- If biking to and within the Spirit Valley district was easier, vehicle parking demand may decrease.



## Lighting:

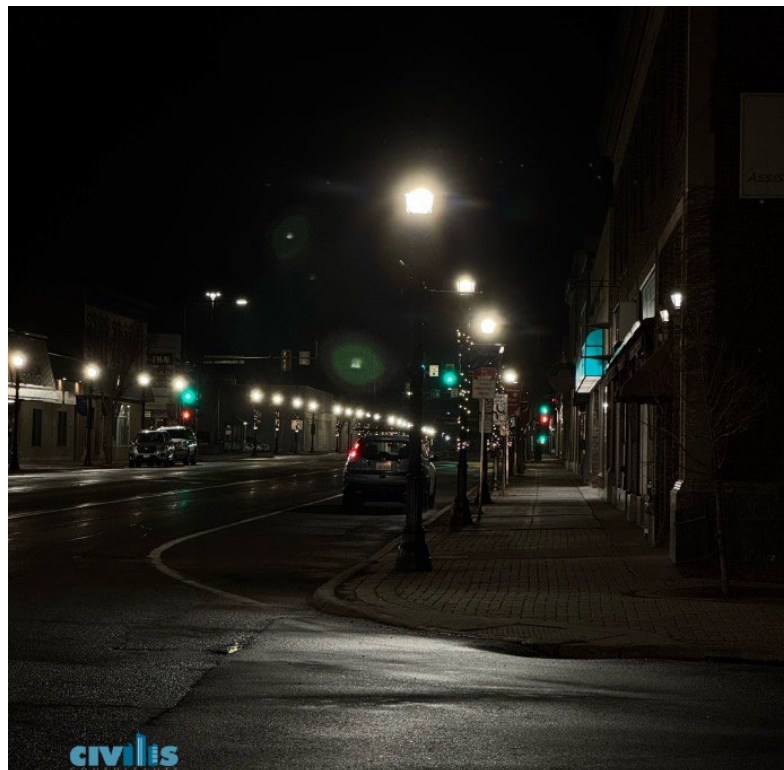
Common feeling - “there is not enough lighting.”

But we have so much light.

Is Grand Ave. lined with streetlights or airport runway landing lights?

### Lighting Concepts:

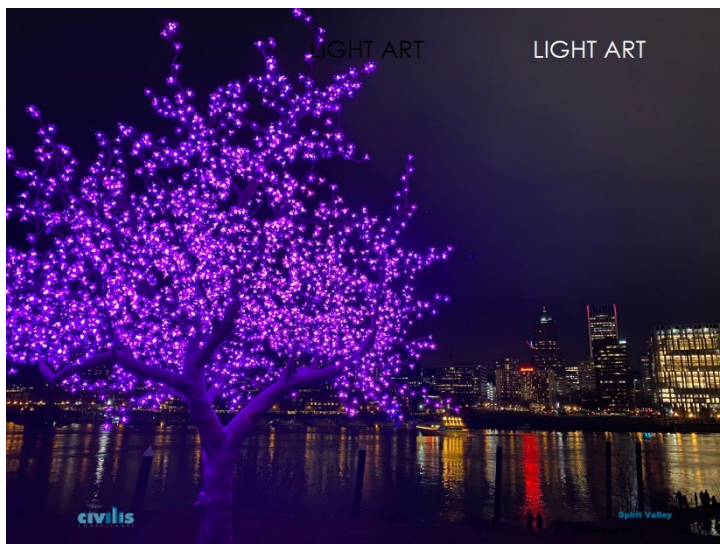
- Direct lights to illuminate important things
- Lower lumens may be possible if lighting is more consistent. Also allows businesses to highlight storefront features.
- Use warmer color temperature bulbs





## More Lighting Concepts:

### EXTERIOR/PRODUCT LIGHTING





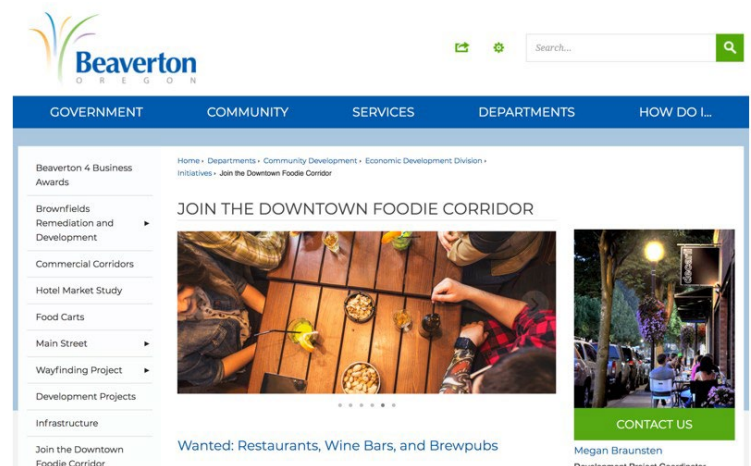
## More Lighting Concepts:



## Cost Containment:

Adaptive reuse in low-rent markets must minimize “unpassthroughable” expenses

- Utility improvement charges
- Storm water management
- Street improvement assessments
- Zoning conformance
- Energy efficiency requirements
- Accessibility improvements
- Example of Beaverton, OR that put together a package of programs for property owners with vacant spaces – the City recruited people and paid for energy incentives, building improvements, etc.





## Tenant for Activity:

### Downtown Gresham – example

- Require clear glass on ground floor
- Don't clutter with posters, show, don't tell
- Create outdoor dining or marketing of products
- Cross pollinate between businesses

### Cultivate Maker Spaces - Example of Twisp Works in Twisp, northcentral Washington State.

- 38,000 SF of maker spaces
- 35 organizations and businesses with 60 jobs
- All in a town under 1,000 people



### PLANNING CONSIDERATIONS

- Can absorb 5-6 stories, especially if small lot
- No parking minimums
- Consider parking maximums
- Not allow new auto uses
- Not allow new drive throughs
- Density bonus if built without parking
- Allow maker space
- Require clear glass specs on ground floor street facing frontage

civitas

Spirit Valley



## Conclusions:

1. Spirit Valley has a lot going for it!
2. Need to decide what kind of district it wants to be.
3. The district is already very walkable.
4. Utilize the organized business community.
5. Opportunities abound!