

CITY OF EAST GULL LAKE

COMPREHENSIVE PLAN

IV. Recreational Commerce Action Plan

Built in 1910, the dam on Gull Lake set the stage for creating the recreational opportunities that make East Gull Lake a statewide and nationwide destination. While tourism is the largest industry in the world, the resort industry is at the heart of employment and commercial development in East Gull Lake with 93 percent of the jobs in the city attributed to the resort industry and more than 600 lodging units (ES-202 data). While there is little room for expansion within the city, the recreational industry is responding to changes in consumer demand, competition from other parts of the state and nation, and environmental constraints.

The resort industry started in East Gull Lake in the early 1930s and has evolved from a seasonal selection of cabins to a sophisticated organization of year-round services centered on golf courses, luxury cabins, hotels, restaurants, complete family activities, winter activities, conference facilities, and spas. As the resort industry in Minnesota has changed, the resorts in East Gull Lake have been forced to adapt in order to accommodate new recreational demands and increasing land values, edging out the smaller resorts in favor of larger resorts capable of offering a wider variety of services.

There are four primary resorts in East Gull Lake: Madden's, Cragun's, Kavanaugh's, and Gull Lake Resort. In total, these resorts offer more than 600 lodging units and 100 holes of golf. When they are at capacity, these resorts can more than double the year round population of East Gull Lake. The conference centers have also helped the resorts expand from primarily family-oriented resorts to corporate destinations for conventions and retreats.

Location and Amenities

Located near Highways 371 and 210 and approximately two hours from the Twin Cities, East Gull Lake is easily accessible to the large population centers of Minnesota, which, when combined with the natural amenities of East Gull Lake, the City becomes a prime tourism destination. The commercial strip along Highway 371 in Baxter is, for all intents and purposes, the downtown for East Gull Lake, and the Brainerd Lakes Region as a whole, since the City does not have its own centralized commercial area.



Competition from the nearby commercial complex in Baxter and Brainerd make it unlikely that large commercial developments will locate in East Gull Lake. East Gull Lake will continue to be a specialized resort and residential community.

While there are significant resort facilities in East Gull Lake, the Brainerd Lakes Region is home to hundreds more lodging units, holes of golf, and lakes. The Paul Bunyan Trail provides a hiking and biking corridor between communities and is a destination itself.

East Gull Lake is part of a larger resort community that attracts tourists, commercial services, and new residents.



The resorts in East Gull Lake are also affected, at least in part, by other developments in the Brainerd Region. While recreational service expansion in other

CITY OF EAST GULL LAKE

COMPREHENSIVE PLAN

communities may increase competition for resorts in East Gull Lake, the increase in resort services in other communities can be helpful because it increases the number of people using recreational services in East Gull Lake. The expansion of off-lake hotels in Baxter and Brainerd are adding a significant number of additional tourists to the region that consume recreational services provided in East Gull Lake and other communities.

In addition to the resort and commercial amenities, the Brainerd Lakes Region is home to an abundance of lakes, forests, wetlands, and trails. The shoreline and large areas of open water are particularly attractive for surface water recreation. While the lakes are often the primary draw to visitors and residents, the expanding trail systems both inside and outside of the City are drawing hikers, bikers, and off-road vehicle enthusiasts. These amenities attract a wider array of tourists that do not focus entirely on lake-oriented activities.

Changing Nature of Recreational Commerce Maintaining and Sustaining Tourism

The tourism industry and residential growth in East Gull Lake and the entire Brainerd Lakes Region is built on the natural amenities the area has to offer. However, as more people move to and visit the region, maintaining the character of the City and the surrounding area will become increasingly difficult. Potential impacts include an increase in traffic congestion, a duplication of commercial services found in most other area cities—in effect, the very reason that people visit and move to the region could be changed. Successful tourism destinations are built upon preserving the characteristics that cannot be found elsewhere and providing an atmosphere that is different than that found in a person's hometown.

There has been increased interest in sustaining the tourism and recreation industry. Sustaining tourism involves protecting the natural amenities from overuse and overdevelopment, protecting and promoting unique architecture in the area, and focusing on what the Brainerd Lakes Region can offer that other areas cannot.

A significant barrier to resort expansion is the high value of land within the City. Many resorts are forced to look at more creative methods for financing renovations and expansions and providing alternatives such as lease-back or rent-back options.

Lease-back/Rent-back

A lease-back or rent-back resort is a type of resort where the cabins, townhomes, or condominiums are constructed or remodeled and sold to individual investors. Both the cabin and the land immediately under the cabin are sold. The remaining common space and resort amenities – such as pools, tennis courts, and trails – are managed by a resort association. As part of the rent-back contract, however, the investor is required to rent the cabin or condominium a certain number of weeks each year, with a concentration of those weeks during the summer. For all intents and purposes, the individual cabins are managed as a resort with all resort features and amenities including an on-site resort manager. This arrangement continues in perpetuity with all future investors.

The lease-back type of development has become increasingly popular with resorts because it provides an infusion of capital to significantly upgrade a resort without requiring the resort owner to finance the entire renovation. Due to escalating land values on lakes, it has become increasingly difficult to maintain traditional small resorts and expand larger resorts.



CITY OF EAST GULL LAKE

COMPREHENSIVE PLAN

Lease-back development is considered to be a commercial land use because it entails the use of land as a resort. The Minnesota Department of Natural Resources does not sanction this type of development and many critique the mixed residential-commercial nature of the development. For these reasons, the City must give careful consideration to performance standards and mitigation of potential impacts of this use the adjacent community prior to permitting this use.

Impact of Resorts

Environment

While there is a discernible economic impact to the community from the recreation industry, there is also an environmental impact in terms of land use, waste generation, and surface water use. Expanding resort amenities, particularly golf courses, can cover hundreds of acres of land and disrupt natural vegetation and wildlife corridors. Although the resorts in East Gull Lake are already connected to the municipal sewer system, expansion of those resorts and the addition of more homes may strain the system in the future.

Golf courses and other developments can be designed to be compatible with the natural environment. Audubon International is a company that works with golf course developers to design courses that have less of an impact on the environment and take advantage of the natural topography and vegetation. The Legacy Courses at Cragun's are certified by Audubon International in their Signature Program.

Surface water use is also a significant concern of lake residents and those concerned about overuse and pollution of the lakes. While resorts do contribute to surface water use, surface water use continues to expand regardless of resort expansion or contraction. Lakes are publicly owned and it is difficult to manage surface water use on lakes with public accesses. While land use does affect surface water use, it is not the only factor.

Employment

Following the national trend of increased unemployment, East Gull Lake realized a decrease in employment from 2000 to 2002 and an increase thereafter. However, this comes after a significant expansion of overall employment from 1985 to 2000. Employees in the leisure and hospitality industry have constituted between 93 and 96 percent of the people working in East Gull Lake between 2000 and 2004.

Employees in the resort industry tend to be younger and lower paid than other professional services. The high cost of living in East Gull Lake makes it difficult for employees to both work and live within the City, which is common in cities similar to East Gull Lake in land value and commercial composition. Nevertheless, there was an 18 percent increase in average weekly wages from 2000 to 2004 from \$309 to \$363 in the resort industry.

The travel time to work for residents living in the City has remained relatively constant from 1990 to 2000 with more than half of the residents taking 15 to 24 minutes to travel to work. That is sufficient time to reach the commercial and office developments in Baxter and Brainerd. This data does not reflect the travel time of part-time residents that may work in the Twin Cities or other metropolitan areas.



One notable change is the 50 percent increase in home occupations from 1990 to 2000. While the number of home occupations is comparatively small, improved telecommunications has made it easier for residents to work part-time or full-time from almost anywhere. National trends suggest that the number of

CITY OF EAST GULL LAKE

COMPREHENSIVE PLAN

people working from home will continue to increase as communication becomes easier and cheaper.

Economy

The recreation industry encompasses about 23 percent of the land area in East Gull Lake and is a key component for property tax revenue in the City. While the proportion of property tax revenue from residential uses is increasing, the recreation industry is almost the only non-residential property tax contributor in the City.

The resorts are an integral part of East Gull Lake. At the heart of their industry is providing amenities to which their guests do not normally have access. While the guests benefit from these amenities, residents of East Gull Lake also benefit from these opportunities in ways that are not as easy to quantify as the tax rolls. The resorts maintain open spaces, natural environments, and some trails. These scenic characteristics attract residential development, are positive influences on land values, and also draw visitors. Additionally, the resorts offer some convenience services to residents and visitors, provide access to the lakes for off-lake residents, and offer an array of recreational opportunities. The resorts are also involved in charitable giving activities and provide money toward infrastructure improvements.

Although the relationship between the resorts and the residents is tenuous at times, the resorts play an integral role in the City and contribute to the overall character of the City. Amenities aside, the resorts have a vested interest in the future of the City of East Gull Lake, which translates into a strong economic and political partner for the City. The resorts provide key funding for City infrastructure improvements and charitable giving that has benefited the City and its residents. The resorts also provide jobs for residents and an excellent tax base for the City.

Other Commercial Development

While the resorts are the focus of commercial development in the City, there are a handful of other commercial services within East Gull Lake, mostly in the form of home occupations. As noted above, home occupations have grown significantly over the last 15 years and may be a source of economic growth within the City as more residents move to East Gull Lake and continue their work from their homes rather than central offices. Cheaper telecommunications have made it possible for people to work from home.

Currently, most of the commercially zoned land in East Gull Lake is on the shoreline and, for the most part, is being used to capacity. There is very little room for expansion unless land was either rezoned or additional land annexed into the City. The high price of land, competition for land from residential uses, and commercial competition from Baxter make it difficult for non-recreationally oriented services to locate in the City.

Policies

The following policies should guide all future growth, development, and local government actions in the City of East Gull Lake:

To facilitate the coexistence of residential properties and recreational businesses, work to educate property owners on the value of recreational commerce to the community.



Recreational commerce is important to the City, not only because those industries pay taxes, fund local improvements, maintain large tracts of green space, and provide employment, but also because they enhance the recreational opportunities that provide quality of life for residents. Many residents were first

CITY OF EAST GULL LAKE COMPREHENSIVE PLAN

SURFACE WATER REGULATIONS

There are surface water regulations already in place that regulate boater and surface water user safety including appropriate registration of watercraft, the requirement of safety gear, and many other rules that many users take for granted.

With an increasing number of lake users in the area and an expected population growth in the coming years, many residents are concerned about noise and overuse the lakes. Local units of government have the ability to initiate surface use zoning, with the approval of the Department of Natural Resources. There are a number of factors that need to be considered including the following:

- Accommodating all compatible uses where feasible
- Minimizing negative impacts on natural resources
- Minimizing conflicts between users to provide for maximum use, safety, and enjoyment
- Conforming to the standards set in law and rule.
- The characteristics of the water body such as depth, shape, current and future shoreland development, accident and safety data, and recreational use patterns

There are several methods available for surface water zoning including:

- Time zoning – used to define times, days of the week, or periods of the year when restrictions are effective
- Direction of travel – used to control conflict from high speed activities on a lake, and where speed zones may also be established
- Speed limits – used to control watercraft speed for safety or resource concerns. Part of Gull Lake already have no wake zones
- Area zoning – used to identify specific restrictions on a lake or river for certain areas, such as a narrow channel or shallow bay
- Other restrictions – includes restrictions on type and size of watercraft and other surface uses like swimming, motorized use, etc.

introduced to the community through the resorts. The City should support these industries and for ways to communicate their value to residents.

There is sometimes a sense among residential property owners that the resorts or resort-related businesses get preferential treatment from the City when it comes to matters like taxes and land use permitting. The City should seek more ways to raise awareness and increase support among residents for recreational commercial businesses.

Maintain the municipal infrastructure and provide capacity for future growth of recreational businesses. A large portion of the costs of municipal infrastructure in East Gull Lake are paid for by the major resorts directly through user fees, connection charges and assessments, and indirectly through property taxes. For recreational commerce industries to remain competitive, it is essential that these infrastructure systems are properly managed over the long-term. Flexibility for future growth and development must be provided to ensure that businesses have the ability to adapt to market pressures.

Preserve and enhance the East Gull Lake vacation experience by protecting the character and quality of the lakes. It has been noted that there are no resorts on Lake Minnetonka, one of the Twin Cities' most popular, and most developed, lakes. At one time there were a number of resorts on Lake Minnetonka, but the escalating property values combined with the intensity of the shoreline development changed the vacation experience and made resorts there unviable.

This same process is occurring on Gull Lake, where intense shoreline development is changing the resort vacation experience. While the “up-north” experience once meant getting close to nature and freeing the vacationer from the intrusion of the big city, the big city is now moving to the Gull Lake shoreline. Resorts are adapting, but simple steps to preserve the historic character of the shoreline are needed to ensure the resorts of Gull Lake do not go the way of the resorts of Lake Minnetonka.

Guide the improvement of undeveloped and redeveloped lands so that the final character of the development does not detract from the vacation experience.



As with shoreline development, the character of the vacation experience is changing with the character of the community. Vacationers leaving their urban and suburban landscapes for a relaxing weekend “up north” are increasingly finding that “up north” looks a lot like where they came from. The character of

CITY OF EAST GULL LAKE

COMPREHENSIVE PLAN

the entire community needs to be preserved for the City to maintain its recreational commerce industries.

Support the improvement and expansion of recreational opportunities provided for by the resorts. In addition to visitors, residents enjoy many of the recreational opportunities that resorts have to offer. Many of these cost money, such as golfing or dining, but other activities like cross-country skiing, bird-watching, or the general enjoyment of the open space do not. The community should recognize the value that these opportunities provide to the quality of life and attractiveness of the area.

There are opportunities for the City to partner with recreational commerce businesses to expand recreational offerings in the City, especially in the area of trails. The area resorts should be looked at as partners for expanding these and other recreational opportunities.

Actions

To enact these policies, the City of East Gull Lake will seek to implement the following strategies:

Short-term Strategies:

Develop a multi-use trail system.

With public input, develop a plan for where trail alignments should go.

Examine the public right-of-way as a first option for where trails should be located.

Work with Cass County and other area communities for assistance with the funding of the trail systems.

Research ways to abate the noise from personal watercraft and large boats on the lakes in the City. Work with the DNR and neighboring communities to enact surface water regulations, where needed and where they would be effective.

Develop a new resident guide or welcome packet to familiarize new residents of City services, policies, etc., as well as introduce area businesses.

Enhance the City's newsletter to include a section concerning the resorts.

Inform the residents about the facilities open to the public that are available at the resorts.

Examine opportunities to rezone some properties within the City to a commercial classification in order to provide future services convenient to residents and visitors.

Cooperate with the DNR to maintain the quality of fishing on lakes within the City.

Work with the DNR to increase awareness of exotic lake plants and to prevent their entrance into the City's lakes.

To preserve shoreline and green-spaces, look at establishing a standard for storm water and green space in lieu of a standard on impervious coverage.

FISHING LIMITS

Research has shown that Minnesota has distinct fish populations, being home to a wide array of fish including the threatened pug-nose shiner. Because East Gull Lake, and the Brainerd Lakes Area in general, are popular vacation destinations, the City's lakes face high pressures as anglers from around the state visit and fish for a day or throughout the summer.

Most Minnesota game fish limits have not changed over the last 40 to 70 years, yet the number of anglers and the fishing technologies have increased dramatically over that time. Over-fishing of different fish species, particularly the popular walleye and bass, has led to a diminished capacity for the fish populations to recover and continue reproduce to accommodate the number of anglers on the lakes.

Decreasing the number and size of fish allowed to be taken would reduce the overall fish harvest by roughly 3 to 4 percent, with a greater reduction on lakes with larger fisheries. Leaving more, and larger, fish in the lakes will improve the fish population's ability to reproduce and will improve opportunities for fishing without having to stock the lakes.

