



The EDA CENTER

at the University of Minnesota Crookston

The EDA Chronicle-February 2017

www.edacenter.org

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Events of Interest:

March 8

- Europe in the Era of Trump seminar is being hosted by the Minnesota Consular Corps at the Minneapolis Club from 11:30AM to 1PM. The cost is \$30 for the event and \$7 for parking.

March 14

- Introduction to Imports seminar will be hosted by the Midwest Global Trade Association at the Ewald Conference Center in St. Paul from 8AM-4PM. Please go to <http://z.umn.edu/1d2y> for more information.

March 28

- Starting a Business in MN workshop is being hosted by the University of Minnesota Duluth Center for Economic Development at the Workforce Development Center in Duluth from 2-4 PM. There is no charge, but you may register at <http://z.umn.edu/1d2x>.

June 28-30

- Economic Development Association of Minnesota is hosting the 2017 Summer Conference at the Grand View Lodge in Nisswa. Please go to <http://z.umn.edu/1d2w> for more information.

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Letter From New EDA Center Director, Kent Olson

Dear Colleagues,

With our new EDA funding for expanding into the MSP metro area, we have been talking with several groups and agencies. One group is the Northside Job Creation Team (NJCT), a group of community and business leaders working to improve the economic conditions and job opportunities in North Minneapolis. As we have visited with them, we have realized that there are many parallels between urban and rural development issues and opportunities. One strong parallel is the need for both rural and urban areas to control their own narrative. Both rural and urban often suffer from a negative narrative written by others. The message we hear is for each area to write their own narrative, their own story describing their desired future using assets right there in the community. Central to each is the desire for jobs, workforce, quality of life, opportunities for children.

In other news, we all hear and read of the concern about the current and future workforce in Minnesota. This concern abounds in businesses, local conversations, and the media. It is a major concern for businesses as well as communities that may lose businesses and jobs if businesses close due to lack of workforce quantity and quality.

A recent University of Minnesota report shows the future strength of Minnesota's economy depends on attracting and integrating international immigrants into its workforce. The study found that the Minnesota's population will:

- Grow at a much slower pace in the future—perhaps one-fourth the rate in the 1990s.
- Grow older—from about 17% over 65 in 2015 to about 20% in 2045.
- Grow more racially diverse—from almost 20% that are from a racial or ethnic minority in 2015 to 25% in 2035.

- Be generally older and less diverse in Northern Minnesota than in Southern Minnesota.
- Be dependent upon immigrants for future population growth
- Be increasingly foreign born who tend to be in one of two groups: low skilled (lacking a high school degree) or highly skilled (possessing a graduate or professional degree)
- Will have more immigrants but a lower proportion of immigrants compared to the U.S. population in the future.

The reports finds that without a substantial increase in migration to Minnesota, the state's future labor force will grow much slower than it has in recent years. This will make filling job vacancies more challenging in the future and concern over whether companies will expand or even stay. The full report is available at z.umn.edu/immigrantworkforce.

If the goal is to maintain and grow a local economy, a slower growth in the workforce means improvements need to be made in the quality of the workforce, capital investment, and innovation. Community leaders can help this improvement by evaluating policies and infrastructure to what needs to be improved and hindrances removed. Resources available through the Center for Community Vitality can assist community leaders and members evaluate their local conditions and choose the best path forward for their own community.

In the rest of this newsletter, recent reports that were supported by the EDA Center are summarized. These include the economic contribution of the Sprout Food Hub in Little Falls, a summary of the Economic Futures Workshop for

Renville County, the economic impact of a fire on main street in Melrose, and the economic impact of a potential shrimp harbor facility

in Southwest Minnesota. Other projects are underway since the new grant started in October, we'll summarize those as they finish.

Kent Olson
EDA Center Director

Tell us About News in Your Area

The EDA Center would like to collect information from the different regions in Greater Minnesota in an effort to

highlight notable projects and events across the state. If you have any projects or events you would like high-

lighted in future newsletters, please submit them to walke810@umn.edu prior to the 15th of March.

Economic Emergency Report: Economic Impact of a fire on Main Street in Melrose, MN

By: Brigid Tuck, Senior Economic Impact Analyst and Neil Linscheid, Extension Educator from the U of M Extension Center of Community Vitality

On Thursday, September 8, 2016, fire started in downtown Melrose, Minnesota. Eleven businesses and ten apartment units were affected by the blaze. Businesses impacted include insurance agencies, restaurants, and a realtor. In the wake of the fire, business owners, families, and city leaders face decisions. Business owners have choices regarding rebuilding and reopening. Families have to find temporary, and

potentially new long-term, housing. City leaders must determine the best ways to support them. University of Minnesota Extension has prepared this economic impact analysis report to assist those making these challenging decisions. This report is presented in partnership with the EDA Center at the University of Minnesota Crookston. The affected businesses employ 32 people. If the businesses were to close permanently as a result of the fire, an estimated 52 jobs across all businesses in the region would be affected by the fire. The job losses would translate into a decrease of \$5.7 million in eco-

nomics activity, including \$1.8 million in lost labor income. This is an annual impact. With time, the impact will dissipate as the economy readjusts. This represents the “worst-case” scenario of all businesses closing due to the fire. Ten apartment units were also affected. If each apartment were to equate to a loss of \$10,000 of household income in the region, the region would experience a total estimated loss of \$1.9 million in economic activity.

Please find the full report at z.umn.edu/eiamelrosefire.

Economic Futures Workshop: Renville County, Minnesota

By: Brigid Tuck, Economic Impact Analyst, Presenter; Neil Linscheid, Extension Educator, Presenter; Ilyas Wehelie, Community Vitality Intern; Adeel Ahmed, Extension Educator.

To learn more about Renville County's current economic situation and to explore opportunities for economic development, community leaders from Renville County participated in the University of Minnesota's Economic Futures Workshop on Tuesday, August 30, 2016 in Olivia, Minnesota. This report, summarizing the workshop, is presented in partnership with the federally-funded EDA Center at the University of Minnesota Crookston.

WHAT IS AN ECONOMIC FUTURES WORKSHOP?

The Economic Futures Workshop is designed to help community leaders

look objectively at the state of their local economy. The workshop examines the interactions within an economy—among businesses and between businesses and consumers. Using information about how these linkages function, leaders can begin to understand the full implications of change on the local economy. The Futures Workshop can also help communities understand how efforts by different organizations can affect the economy. The three-hour Futures Workshop provided a profile of the Renville County economy, an analysis of how 10 selected industries interact, and a facilitated exploration and discussion of the industries.

PROFILE OF THE CURRENT ECONOMY

In 2015, there were 5,797 jobs in Renville County. The number of jobs in Renville County declined slowly be-

tween 2001 and 2006. Between 2006 and 2008, Renville County businesses and enterprises added jobs, raising the total number of jobs in the county to 6,102 in 2008. Consistent with the impacts of the Great Recession, Renville County lost 669 jobs (11% decline) between 2008 and 2012. Minnesota, as a whole, has begun adding jobs post-recession, and Renville County has also added jobs. However, job growth in Renville County has not kept pace with national and industry trends. The largest industry is agriculture and forestry, employing 20% of the workforce in Renville County. In 2015, Renville County was the largest corn and soybean producing county in Minnesota. It was also the second largest sugar beet producing county in the state. Manufacturing, trade (including both wholesale and retail trade), and government each employ 13% of all workers in the county.

Industries adding the most jobs between 2001 and 2015 include crop production (289 new jobs), truck transportation (110 jobs), and wholesale trade of non-durable goods (89 jobs). Industries shedding the most jobs during the same period include telephone apparatus manufacturing (-195 jobs), educational services (-134 jobs), and beet sugar processing (-102 jobs).

Renville County has a higher percentage of employment in the agriculture and forestry, manufacturing, and transportation and warehousing industries. Renville County trails the average Greater Minnesota county in percentage of employment in the professional and business services and health and social services industries.

Wages in Renville County are lower than the Minnesota average. Renville County's average weekly wage across all industries was \$735 in 2015. Minnesota's average weekly wage across all industries was \$1,092.

KEY CONCLUSIONS

Participants in the Renville County Futures Workshop put forth ideas to support each of the industries under discussion. Following are the ideas generated. These ideas were simply

brought forth and discussed. They reflect the breadth and depth of the conversation. They were not vetted or voted on for implementation.

- Promote Renville County as a place for value-added agriculture (like cooperative boom of 1990's)
- Coordinate logistics with the railroad to be more efficient, bring supplies in when taking finished products out
- Build awareness of locally-manufactured products
- Increase broadband access
- Address housing needs
- Address daycare availability
- Promote and advertise the positive lifestyle qualities of the county—hunting, fishing, river, ATV park, Tatanka Bluffs
- Encourage students to explore the trades
- Look at incentives to keep employees

- Encourage residents to buy local (insurance, groceries, etc.)
- Examine ease of access to local businesses for big rigs (can you get on and off property with a semi-truck?)
- Investments in aging services, keep people in county, transition into housing to fit their needs
- Look at options for combining health plans to offer to businesses
- Recruit new jobs
- Educate residents on the “rural rush hour,” safety
- Continue to support infrastructure investments—roads and bridges
- Businesses collaborate to offer an incentive to shop local, ex. bingo card
- Succession planning
- Cater to the population that is here

Please find the full report at z.umn.edu/renvillefutures.

Economic Impact of a Potential Shrimp Harbor Facility in Southwest Minnesota

By: *Brigid Tuck, Senior Economic Impact Analyst and Neil Linscheid, Extension Educator from U of M Extension Center of Community Vitality*

Communities in Southwest Minnesota are interested in understanding the potential economic impact of large-scale shrimp aquaculture. This is prompted by a Minnesota company proposing the development of shrimp aquaculture in the region. Using a hub and spoke configuration, this company plans to build a series of facilities that include a hatchery and a connected set of harbors. Multiple hatchery and harbor facilities are then linked to a cen-

tralized processing and distribution center. This summary explores the economic impact of a single harbor facility. Under the proposed business model, several harbors could be operational. The region under consideration includes Cottonwood, Lyon, Murray, Nobles, and Redwood counties.

Economic Impact of Harbor Construction

Harbor construction will generate short-term impacts during the construction phase.

Direct Effect: The construction of a shrimp harbor is projected to cost

\$45.9 million. An estimated \$37.7 million would be spent directly in the region. The construction companies would directly employ an estimated 250 people and pay \$11.3 million in wages, salaries, and benefits.

Total Effect: During the construction phase, a new shrimp harbor would generate an estimated total of \$48.3 million in economic activity in the five-county region. The \$48.3 million includes the \$37.7 million of direct spending and the ripple effects generated by businesses supplying the construction companies and workers. Construction would generate \$14.5

million in labor income and support an estimated 330 jobs across all industries.

Top Industries Impacted: Of the other industries affected, harbor construction would support an estimated \$2 million in wholesale trade activity and \$1 million in the housing industry.

Economic Impact of Harbor Operations

As long as the harbor is operational, its operations will generate long-term impacts.

Direct Effect: The shrimp harbor is projected to cost \$14.2 million to op-

erate annually with an estimated \$12.3 million spent in the region. The facility plans to employ an estimated 74 full-time equivalent workers and pay \$2.8 million in labor income.

Total Effect: In total, the operation of a shrimp harbor in the five-county region would generate an estimated \$23.7 million in economic activity across all industries. This includes \$5.6 million in income to residents of the region and employment for 124 people.

Top Industries Impacted: One of the biggest direct beneficiaries of the new facility will be the feed industry with

\$6.5 million in purchases. The industries expected to experience the largest secondary impacts from operations include housing, electric power, wholesale trade, and banking.

This research was prepared in partnership with The EDA Center at the University of Minnesota Crookston and the Southwest Initiative Foundation.

Please find the full report at z.umn.edu/eiashrimpharbor.

The Economic Contribution of the Sprout Food Hub

By: Brigid Tuck, Senior Economic Impact Analyst with contributions from Merritt Bussiere, Extension Educator from the U of M Extension Center of Community Vitality

Sprout is a regional food hub based in Little Falls, Minnesota. Its mission is “to promote the health, economy, and self-reliance of Central Minnesota by facilitating the availability of fresh, locally produced food in the region.” In spring 2016, Sprout hosted the grand opening of the Sprout Growers and Makers Marketplace. The Sprout facility now features space for market vendors, a demonstration kitchen, a processing kitchen, commercial coolers and freezers, storage spaces, and the food hub’s office. Sprout is interested in understanding its contributions to the local economy, specifically Cass, Crow Wing, Morrison, Todd, and Wadena counties. Extension, in partnership with the federally-funded EDA Center at the University of Minnesota Crookston, analyzed the economic contribution of Sprout in 2015 and its potential contribution for 2017.

Economic Contribution 2015:

Direct impact: The 2015 direct impact of the Sprout food hub is the expendi-

tures made by Sprout to operate. In 2015, Sprout spent \$106,689. Of this, \$40,928 was spent on local foods for resale and \$34,375 constituted employee compensation. Sprout employed three people and made purchases from 61 growers.

Indirect and induced impacts: When Sprout makes purchases from local growers and businesses, it creates ripple effects in the economy. These ripple effects are generated by the businesses and enterprises that supply Sprout and its employees.

Total contribution: In 2015, Sprout contributed an estimated \$220,989 to the regional economy. This included \$70,252 of labor income generated. Sprout generated employment for four people across all industries in the region.

Top industries impacted: Sprout supported an estimated \$114,300 of sales at other businesses in the five counties. Sprout’s local expenditures influence real estate (both owner-occupied and rental) and health care.

Comparison to wholesale purchases: In 2015, Sprout earned \$61,700 from local food sales. If local institutions

and other buyers spent \$61,700 on purchases from wholesalers instead of Sprout, the total economic contribution would be an estimated \$67,100. This includes 0.2 jobs and \$17,025 in labor income. This compares to the \$221,000 generated by Sprout.

Potential Economic Contribution 2017:

Direct impact: Sprout estimates it will spend \$209,608 in 2017 to operate the food hub and marketplace. It intends to employ three people and pay \$103,943 in employee compensation. Sprout also plans to make purchases from more than 75 growers in 2017.

Total contribution: If Sprout’s 2017 projections are achieved, Sprout will contribute an estimated \$593,500 to the regional economy. Included in the \$593,500 of economic contribution is \$206,600 in labor income. Sprout would also generate five jobs across all industries in the economy.

Please find the full report at z.umn.edu/eiasproutfoodhub.

Economic Futures Workshop: Kanabec County, Minnesota

By: *Brigid Tuck, Economic Impact Analyst, Presenter; Liz Templin, Extension Educator, Presenter; Maryam Moeinian, Community Vitality Intern*

To learn more about Kanabec County's current economic situation and to explore opportunities for economic development, thirteen community leaders from Kanabec County participated in the University of Minnesota's Economic Futures Workshop on Tuesday, January 31, 2017 in Mora, Minnesota. This report, summarizing the workshop, is presented in partnership with the federally funded EDA Center at the University of Minnesota Crookston.

WHAT IS AN ECONOMIC FUTURES WORKSHOP?

The Economic Futures Workshop is designed to help community leaders look objectively at the state of their local economy. The workshop examines the interactions within an economy – among businesses and between businesses and consumers. Using information about how these linkages function, leaders can begin to understand the full implications of change on the local economy. The Futures Workshop can also help communities understand how efforts by different organizations can affect the economy. The three and a half hour Futures Workshop provided a profile of the Kanabec County economy, an analysis of how nine selected industries interact, and a facilitated exploration and discussion of the industries.

PROFILE OF THE CURRENT ECONOMY

In 2015, there were a total of 4,370 full-time, part-time, and seasonal jobs in Kanabec County.² The number of jobs in Kanabec County grew steadily between 2001 and 2007 with total number of jobs in the county rising to 4,600 in 2007. Consistent with the impacts of the Great Recession, Kanabec

County lost jobs between 2008 and 2010. Minnesota as a whole has begun adding jobs post-recession, and Kanabec County has also added jobs. This pattern of job change (growth prior to Great Recession, decline during the recession, and growth post Great Recession) is similar to the changes in counties neighboring Kanabec County. Chart 1 illustrates 2015 employment by industry in Kanabec County. The largest industry was government employing 17 percent of the workforce in Kanabec County. However, the definition of government is important here. The data source for the chart classifies employees at publicly owned facilities as government. Kanabec County's hospital, for example, is publicly owned, so those employees are in the government category. Employees of all public schools (K-12 and public higher education) are also in the government category. Of the approximately 1,200 government employees, about 300 were in public administration, or directly employed by the federal, state, or local (county, city, township) government. Professional and business services businesses employed 15 percent of all Kanabec County workers. Trade businesses (including both retail and wholesale) employed 12 percent.

Industries adding the most jobs between 2001 and 2016 include government (280 new jobs, driven by growth at hospitals), health and social services (196 jobs), and arts, entertainment, and recreation (33 jobs). Industries shedding the most jobs in the same period include retail trade (-140 jobs), manufacturing (-137 jobs), and construction (-122 jobs). Employment by industry as compared to the average Minnesota county is shown in chart 2. Kanabec County has a higher percentage of its employment in the agriculture and forestry, construction, and other services industries. Kanabec County trails the average Minnesota county in percentage of employment in the professional and business services and health and social services industries. Wages in Kanabec County

are lower than the Minnesota average. Kanabec County's average weekly wage across all industries was \$685 in 2015.³ Minnesota's average weekly wage across all industries was \$1,030.4 The Kanabec County wage difference could be attributed to lower overall wages or could be attributed to a higher number of part-time or seasonal jobs in the county which would lower the overall average wage.

KEY CONCLUSIONS

Participants in the Kanabec County Futures Workshop put forth ideas to support each of the industries under discussion. The group then identified common themes across the ideas. These ideas were simply brought forth and discussed. They reflect the breadth and depth of the conversation. They were not vetted or voted on for implementation.

Common strengths:

- Quality of life is an asset to promote
- Diverse economy, not reliant on one industry
- Labor availability
 - May have lower wages, but offset by quality of life, people seem willing to make the trade-off
- Small, independently owned businesses, the entrepreneurial spirit is alive in Kanabec County
- Land availability

Common challenges:

- Broadband availability
- Exporting out goods/importing in supplies

- Transportation
- Wage disparity
- Unskilled/low skilled industries as employers
 - Can be a positive for businesses
 - Can be limiting career-wise
- Lack of locally available inputs
- Caution: construction is a cyclical industry (based on the overall economy)
- Can make connection to affordable housing needs
- Explore potential to assist the Housing and Redevelopment Authority (HRA) in areas that align with EDA mission
- Employee Training

Please find the full report at z.umn.edu/kanabecfutures.

Potential Opportunities

- An additional grocery store
- New residential construction
 - Big benefits for residents / big economic impacts due to local purchases of supplies
- Expand Broadband
- Expand on current efforts/successes by stimulating conversations
 - Ex. Diversity in business, grow in new ways
- Entrepreneurial spirit, encourage businesses



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The EDA Center at the University of Minnesota Crookston is one of more than 40 university centers nationwide, supported by the Economic Development Administration, U.S. Department of Commerce.

We conduct applied research, provide direct technical assistance and deliver educational programs development agencies that support the economy of economically-distressed rural communities throughout Minnesota.

EDA Center Staff:

Kent Olson, Ph.D.-EDA Center Director

Eddie Walker-Research Analyst/Editor



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