

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT POWERS BOARD OF COMMISSIONERS MEETING
MINUTES
January 26, 2012
EDC Office, Willmar, MN**

Present: Denis Anderson, Ron Christianson, Harlan Madsen and Dean Shuck

Staff: Steven Renquist, Executive Director

Excused: Jim Butterfield and Frank Yanish

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

Media: Anne Polta, West Central Tribune

Chairperson Harlan Madsen called the meeting to order at approximately 11:30 a.m. Renquist informed the board that Jean Spaulding is attending the Minnesota Angel Network board meeting today.

MINUTES—

IT WAS MOVED BY Dean Shuck, SECONDED BY Ron Christianson, to approve the minutes of the October 27, 2011 meeting of the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board of Commissioners as e-mailed. All present voted in favor by roll call.

TREASURER'S REPORT— Steve Renquist presented the financial reports for periods ending October 31, November 30 and December 31, 2011 and reviewed with the board the most recent Balance Sheet and Statement of Activities. Renquist noted the December 2011 Balance Sheet shows the EDC has \$490,031.30 in undesignated funds. Renquist stated staff will be looking at the line items that were over budget in 2011 and will suggest adjustments to those line items for the 2012 budget. Board members commented on committee expenses in 2011 being much less than what was budgeted. Renquist stated the committees were frugal and did not spend money unnecessarily. Discussion was held on the funding request by GREAT. The board recommended keeping communications open.

IT WAS MOVED BY Denis Anderson, SECONDED BY Ron Christianson, to accept the Kandiyohi County and City of Willmar Economic Development Commission financial reports for periods ending October 31, November 30 and December 31, 2011, subject to audit. All present voted in favor by roll call.

UNFINISHED BUSINESS

Status of 5-Year Goals (2011-2015). Renquist reviewed with the board an update on the status of the 5-Year Goals (see copy attached to original minutes) and highlighted the status of the boards' goals 1-6 noting that as to goal 1e Kandiyohi County's unemployment rate is 4.3%, which is the second lowest in the state. Renquist stated 2011 was a good year for the EDC. The board asked Renquist to identify the following and provide his results to the city of Willmar and Kandiyohi County: (1) what makes a good business climate to attract businesses, (2) inhibitors for area growth, (3) rules that may need to be addressed; and (4) time frame at which local or state permits are granted and with which they must be complied. Renquist invited the board to attend next Wednesday's Business Retention and

Expansion/Recruitment (BRE/R) Committee meeting at which Cameron Macht, Regional Analyst with the Minnesota Department of Employment and Economic Development (DEED) will attend to answer questions on the area's economic development statistics. The BRE/R Committee is planning to do a business survey that will bring out some of the identifiers and inhibitors. Board members complimented EDC staff on the work that has been done.

Workers' Compensation coverage. Renquist informed the board that since they are not employees of the EDC, they are not covered by workers' compensation insurance so the resolution the board adopted at its last meeting was sent to Minnesota Counties Intergovernmental Trust.

There was no other unfinished business.

NEW BUSINESS—There was no new business.

Economic development activities. Renquist distributed a list of projects for 2012 (see attached), which he reviewed with the board and highlighted the following: he approached the Community Vitality Department of the University of Minnesota Extension Service relative to marketing the Mid-Central Research and Outreach Center; the EDC was requested by Senator Joe Gimse to initiate meetings with communities from Benson to Cokato regarding Highway 12 improvements; is working with the West Central Research and Outreach Center on a Renewable Resources Regional Coalition; participated in a loan package to Peaceful Thymes to expand and reestablish a hardware store in Atwater; is awaiting a response on its NextGEN grant application; will meet with Kandiyohi County communities to provide information on the EDC, what is being done and ask what more can be done for their community. The board asked to be notified well in advance of the community meetings so they can attend, if available.

ANNUAL MEETING

Joint Operations Board members.

IT WAS MOVED BY Dean Shuck, SECONDED BY Denis Anderson, to reappoint Bev Dougherty to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board. All present voted in favor by roll call.

IT WAS MOVED BY Dean Shuck, SECONDED BY Ron Christianson, to accept the resignation of Betty Bollig from the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board. All present voted in favor by roll call.

There was no recommendation for an appointment to replace Betty Bollig. Anderson will contact Mayor Yanish on a possible recommendation by the city of Willmar; board members should direct all recommendations to Renquist. Renquist reminded the board that although recommendations for Joint Operations Board members have been received from the city of Willmar and Kandiyohi County, it is this board that makes the decisions and appointments.

Ratification of 2012 standing committees and reappointment of committee/subcommittee members.

IT WAS MOVED BY Dean Shuck, SECONDED BY Harlan Madsen, to ratify the following 2012 standing committees and subcommittees for the Kandiyohi County and City of Willmar Economic Development Commission:

Agriculture and Renewable Energy Development (Ag)

- (i) Fuel Cell Subcommittee
 - (ii) GreenStep Cities Subcommittee
 - (iii) Regulatory Environment Subcommittee
- Business Retention and Expansion/Recruitment (BRE/R)
- (i) Technology Advisory Subcommittee
- Finance
Marketing and Public Relations

and ratify the reappointment of committee members who presently serve on committees and subcommittees as named on the attached list. All present voted in favor by roll call.

Regular meeting time, date and location.

IT WAS MOVED BY Ron Christianson, SECONDED BY Denis Anderson, that the Kandiyohi County and City of Willmar Economic Development Commission (EDC) Joint Powers Board meet quarterly at 11:30 a.m. on the fourth Thursdays of January, April, July and October at the EDC office. All present voted in favor by roll call.

Official legal counsel. Chairperson Madsen informed the board that attorney Dean Anderson has served as the EDC's legal counsel. Renquist informed the board that attorney Dean Anderson's hourly rate is \$200 and less than \$100 was expended in 2011.

IT WAS MOVED BY Dean Shuck, SECONDED BY Denis Anderson, to appoint Dean H. Anderson of Anderson & Burgett, Willmar, Minnesota, as the official legal counsel for the Kandiyohi County and City of Willmar Economic Development Commission. All present voted in favor by roll call.

Official legal newspaper.

IT WAS MOVED BY Denis Anderson, SECONDED BY Dean Shuck, to select the *West Central Tribune* as the official legal newspaper for the Kandiyohi County and City of Willmar Economic Development Commission. All present voted in favor by roll call.

Approval of contracts. Chairperson Madsen reported the Employment Agreements as presented (see attached) are included in the 2012 budget. Renquist informed the board that Kandiyohi County's salary increase is 2% and the city of Willmar has not yet finalized its salary negotiations. Renquist stated he and Spaulding are willing to wait until the city of Willmar has made its decision as generally any salary increase is retroactive to January. Renquist had informed the board at its last meeting that he recommended a salary increase that is an average between any increases by Kandiyohi County and the city of Willmar.

IT WAS MOVED BY Denis Anderson, SECONDED BY Dean Shuck, to approve the 2012 Employment Agreement between the Kandiyohi County and City of Willmar Economic Development Commission and Executive Director Steven Renquist at a salary increase that is an average salary increase between the city of Willmar and Kandiyohi County not to exceed 2%. All present voted in favor by roll call.

IT WAS MOVED BY Denis Anderson, SECONDED BY Harlan Madsen, to approve the 2012 Employment Agreement between the Kandiyohi County and City of Willmar Economic Development Commission and Assistant Director Jean Spaulding at a salary increase that is an average salary increase between the city of Willmar and Kandiyohi County not to exceed 2%. All present voted in favor by roll call.

Renquist informed the board it has been several years since there was a rate increase by Legal & Administrative Assistants, Inc. and the proposed contract for 2012 includes an increase.

IT WAS MOVED BY Ron Christianson, SECONDED BY Denis Anderson, to approve the contract between the Kandiyohi County and City of Willmar Economic Development Commission and Legal & Administrative Assistants, Inc. for 2012. All present voted in favor by roll call.

Appointment of EDC Joint Operations Board liaison.

IT WAS MOVED BY Dean Shuck, SECONDED BY Ron Christianson, to appoint Jim Butterfield as liaison to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board. All present voted in favor by roll call.

Election of 2012 officers.

IT WAS MOVED BY Denis Anderson, SECONDED BY Dean Shuck, to re-elect the current slate of officers for the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board as follows: Harlan Madsen as chairperson, Frank Yanish as vice chair, Denis Anderson as secretary and Dean Shuck as treasurer. All present voted in favor by roll call.

Renquist informed the board of the following: the Ag Specialist's report is in their packets; Kandiyohi County is sponsoring an exposition in the Great Hall of the state capitol featuring area renewable resources, including the west central region; the EDC will make a presentation to Kandiyohi Township's annual meeting on March 15; the next BioBusiness Forum is March 21 and will be formal kickoff of the anhydrous ammonia project; and the EDC will have a booth at the Willmar Ag Show March 14-15. Renquist distributed a copy of Micropolitan Statistical Areas Economic Strength Ranking for 2011 by the Policom Corporation (see attached). Willmar is ranked 70th in the United States and is the top rated micropolitan community in Minnesota. Renquist distributed a copy of an article, Trade-Center Hierarchy in Greater Minnesota (see copy attached) printed in the fall/winter 2011 issue of the CURA Reporter, which shows Willmar with a percentage change of 31% from 1990 to 2009 for taxable retail and service sales. The board noted the marked difference between Alexandria (\$25,958) and Willmar (\$14,382) as to the 2009 sales per person with Alexandria having a 2010 population of 11,070 and Willmar having a population of 19,610.

ADJOURNMENT—There being no further business, Chairperson Madsen adjourned the meeting at approximately 12:55 p.m.

NEXT MEETING—The next regular board meeting is **11:30 a.m., Thursday, April 26, 2012**, at the EDC office.



Denis Anderson, Secretary

APPROVED 4/26/2012:



Harlan Madsen, Chairperson

5-Year Goals (2011-2015)

EDC's 2011 GOALS			
Goal	Responsible Party	Timeline	Status or Completed
1. Continue efforts to maintain and expand businesses in Kandiyohi County	BRE/R Committee		
<p>a. Survey local business industry sectors mapping and modeling successes in trends and growth indicators (success stories)</p> <ul style="list-style-type: none"> * There are two types of surveys—the first is an ongoing business visitation program that allows continuous and current information regarding the condition of the Kandiyohi County business environment and community. We continue to work with the GROW Minnesota program—they average three to four physical calls with written surveys per month and we continue our own call program (without written surveys) of five to six calls per month. The second type of survey involves an actual written survey—this type of instrument is effective because we can cover a large number of businesses and ask specific questions and quantify and analyze the results. We are working with the University of Minnesota Extension group to plan a survey. There have been changes within the Extension program that cause them to be unable to complete the survey at this time. The \$1,500 grant remains available. * Wrote a technology grant for \$1,500 with University of Minnesota Extension Service to do outreach to Kandiyohi County businesses 	BRE/R Committee Marketing Committee		
<p>b. Enhance opportunities for business growth</p> <ul style="list-style-type: none"> * The following are some of the more interesting results of EDC programs: <ul style="list-style-type: none"> * Worked with the BNSF RR on a federal stimulus grant that would fund a western Willmar rail bypass, rail service to new industrial park and potential service to airport. * Worked to create the U of M Mid Central Research and Outreach Center 	BRE/R Committee BRE/R Technology Advisory Committee Finance Committee		

EDC's 2011 GOALS

Goal	Responsible Party	Timeline	Status or Completed
<p>(open spring/summer 2012)</p> <ul style="list-style-type: none"> * Worked to create the Minnesota Dairy Research and Training Center * Worked to re-institute the Minnesota Turkey Research and Development Center * Introduced numerous business opportunities to the MWTC—you are familiar with Tenex but, sometimes, the ones that do not achieve fruition can be interesting as well—one opportunity was a company that made a mastitis detection system that possibly had application to EpiTopix vaccine capabilities and Nova Tech's robotic manufacturing capabilities * Conducted numerous Bio-Business Seminars to introduce local entrepreneurs to business potential innovation with area application. * Hosted 8 business internet workshops in conjunction with MIRC and University of Minnesota Extension Service with 107 participants from throughout the region * Provided Revolving Loan Fund loans to Cronen Custom Cabinets & Flooring, Peaceful Thymes Gifts & Garden Center, Inc. and LuLu Beans, Inc. * Provided Entrepreneurs' Loan Guarantee Program loan to Kandi Quick Stop and Cronen Custom Cabinets & Flooring * Meet with businesses on an ongoing basis to provide business plan review, coaching and mentoring 			
<p>c. Continue to promote and enhance Kandiyohi County's and Willmar's business-friendly environment</p> <ul style="list-style-type: none"> * Regulatory Review Committee researches opportunities to streamline business continuation and growth * Represent area business interests at local and state entities * Provided website grants to 9 businesses * Hosted 8 business internet workshops in conjunction with MIRC and University of Minnesota Extension Service with 107 participants from throughout the region * Launched EDC's new website and social media marketing campaign 	<p align="center">Ag Committee BRE/R Committee Marketing Committee</p>		

EDC's 2011 GOALS															
Goal	Responsible Party	Timeline	Status or Completed												
* Hosted first Discover Manufacturing Innovation Showcase and tours															
d. Increase the number of businesses Business Employment Dynamics 1/12/2012 2 nd Quarter 2011 Total, All Industries/Private 1,227 9/28/2011 4 th Quarter 2010 Total, All Industries/Private 1,249 * The county has 1,227 businesses that qualify for DEED reporting statistics - past quarter of 2011 has witnessed a drop of 22 businesses. Overall, our number of businesses has increased and the number of jobs has increased.	BRE/R Committee														
e. Increase employment Local Area Unemployment Statistics <table border="1"> <thead> <tr> <th>Date</th> <th>Labor Force</th> <th>Employment</th> <th>Unemployment Rate</th> </tr> </thead> <tbody> <tr> <td>1/12/2012</td> <td>24,532</td> <td>23,477</td> <td>4.3% (as of 11/2011)</td> </tr> <tr> <td>12/2010</td> <td>23,999</td> <td>22,542</td> <td>6.1%</td> </tr> </tbody> </table>	Date	Labor Force	Employment	Unemployment Rate	1/12/2012	24,532	23,477	4.3% (as of 11/2011)	12/2010	23,999	22,542	6.1%	BRE/R Committee		
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1/12/2012	24,532	23,477	4.3% (as of 11/2011)												
12/2010	23,999	22,542	6.1%												
f. 100% broadband and cell phone coverage within Kandiyohi County by 2015 (See County broadband map attached as of 1/12/2012 by GIS Midwest) (See 6 broadband maps attached as of 4/1 and 10/1/2011 by MN Connect) * Our work is contained in Jean's remarks. I will ask, if necessary, are we prepared to use government bonding capacity (and interest rates) to construct a cellular tower and lease space to potential users IF the potential revenue stream will exceed the bond/maintenance costs? * 2011 cell phone provider changes required delay of evaluation of survey coverage areas	BRE/R Committee BRE/R Technology Advisory Committee Jean Spaulding														

EDC's 2011 GOALS

Goal	Responsible Party	Timeline	Status or Completed
<p>g. Obtain railroad access to Willmar's new industrial park</p> <ul style="list-style-type: none"> * We worked with the BNSF Railway on a federal stimulus grant – reaching the point of the EDC pledging match money – the project ultimately was terminated by the RR * Passenger rail – a corresponding bid was placed with MN DOT regarding local interest in re-connection of passenger rail service. Our bid was recognized but we received a three level priority which partially caused our interest in the west Willmar bypass. 	<p>BRE/R Committee Bruce Peterson</p>		
<p>2. Assist Rice Memorial Hospital in strengthening its position as a regional hospital</p>	<p>Marketing Committee</p>		
<p>a. Determine the hospital board's strategies to strengthen their position</p>	<p>Steve Renquist Jean Spaulding</p>		
<p>b. Identify three ways to assist the hospital in the process</p> <ul style="list-style-type: none"> * The EDC personnel assist Rice with Doctor recruitment. We assist Rice with the production of local information used to market the community. 	<p>Steve Renquist Jean Spaulding</p>		
<p>c. Assess and improve the perception county residents have about the hospital</p> <ul style="list-style-type: none"> * Met with Dale Husted re: niche marketing; provided examples from Woodbury 	<p>Steve Renquist Jean Spaulding</p>		
<p>d. Investigate extended-stay lodging at the hospital</p> <ul style="list-style-type: none"> * We have worked with the Willmar Design Center on this task 	<p>BRE/R Committee Steve Renquist Bruce Peterson</p>		
<p>e. Support a parking ramp for the hospital</p> <ul style="list-style-type: none"> * The EDC has proposed a parking ramp – to be lawfully funded (construction and maintenance) by sales tax revenue. 	<p>Steve Renquist Bruce Peterson Gary Geiger, BRE/R Committee</p>		<p>Presentation made to city of Willmar and Rice contacted</p>
<p>f. Identify ways to foster cooperation between Willmar's medical facilities and the hospital</p> <ul style="list-style-type: none"> * Our BRE call program has visited all of the area's medical facilities – we have assisted in creating the environment in which duplicative services have been combined to increase local profitability. We have hosted a local medical CEO 	<p>Steve Renquist Jean Spaulding</p>		

EDC's 2011 GOALS																
Goal	Responsible Party	Timeline	Status or Completed													
joint meeting with Senator Franken to discuss federal issues with local impact																
<p>3. Fill additional 50% of MinnWest Technology Campus (MWTC) capacity by 2015</p> <table border="1"> <thead> <tr> <th>Date</th> <th>No. of Business Tenants</th> <th>No. of Full-Time Employees</th> <th>% Filled</th> </tr> </thead> <tbody> <tr> <td>12/15/2011</td> <td>28</td> <td>327</td> <td>55%</td> </tr> <tr> <td>1/13/2011</td> <td>19</td> <td>275</td> <td>40%</td> </tr> </tbody> </table> <p>* This is well on its way to being completed. The fill capacity of the campus has gone from 40 to 55% in the past year with gain already since the 2011 measurement.</p>	Date	No. of Business Tenants	No. of Full-Time Employees	% Filled	12/15/2011	28	327	55%	1/13/2011	19	275	40%	<p>BRE/R Committee indirectly assist by working on Goal 1</p> <p>Finance Committee</p> <p>Marketing Committee</p> <p>Jean Spaulding</p>			
Date	No. of Business Tenants	No. of Full-Time Employees	% Filled													
12/15/2011	28	327	55%													
1/13/2011	19	275	40%													
<p>a. Development and success of the Mid-Central Research and Outreach Center</p> <p>* The EDC has continually worked to enhance the opportunity for success of the MC ROC facility. We are working with U of M officials regarding the marketing of the facility. We are working with U of M officials regarding the makeup of the personnel and services offered at the facility i.e. the Office of Commercialization, IREE and IRETI (Mankato State). The EDC personally recruited the U of M Regional Extension Office to locate on campus.</p> <p>* Invited Tim Miller to attend January 2012 Marketing Committee meeting to discuss MCROC goals, objectives and open house timelines</p>	<p>Marketing Committee</p> <p>Steve Renquist</p> <p>Jean Spaulding</p>															
<p>b. Annually identify with MWTC at least three ways the EDC can assist MWTC</p> <p>* Identify and recruit businesses to MWTC</p> <p>* Assist in financing business opportunities at MWTC</p> <p>* Participate in recruitment of key employees to MWTC business</p> <p>* Identify and recruit supporting elements and agencies that participate in the success of campus private ventures</p> <p>* The EDC has open a Renewable Resources and Ag BioBusiness office at the MWTC</p> <p>* Worked actively on a very successful Animal Science Venture Forum</p> <p>* Attended Life Science Alley annual conference and expo</p>	<p>Marketing Committee</p> <p>Jean Spaulding</p>															

EDC's 2011 GOALS

Goal	Responsible Party	Timeline	Status or Completed
<p>4. Develop new opportunities for cooperation with similar agencies</p>			
<p>a. Create regional biosciences corridor by 2015</p> <ul style="list-style-type: none"> * We have met with local legislative element to initiate legislation creating West Central Regional Renewable Resource Corridor. We have conducted a preliminary meeting with regional agencies to discuss the potential and plan of execution. We have initiated a Highway 12 Corridor Coalition – conducted one meeting and have the second meeting planned for January 13. * Attended bioconference on behalf of MWTC to research existing corridors and concepts for Minnesota 	<p>Steve Renquist Jean Spaulding</p>		
<p>b. Assess knowledge base and relationships</p> <ul style="list-style-type: none"> * The EDC continually work with local providers to assess and affect the capacity of local workers whether it is in K-12 or adult-education situations. We work to ensure all ethnic elements realize opportunity for personal or business success. The EDC works very hard to maintain personal relationships with the personnel invested with the capacity to make decisions for MC ROC, IREE and IRETI – all elements that can affect the local capacity to recruit and retain advanced talent. * Member of MAPCED and its legislative committee * Member of EDAM and its legislative committee * Attend regular meetings with DEED * Completed the National Development Council Economic Development Finance Training Program and received certification in June 2011 as an Economic Development Finance Professional * Attended Blandin Broadband Conference * Board member of Willmar Area Multicultural Business Center (WAM-BC) * Hosted Federal Reserve of Minnesota informational meetings with WAM-BC 	<p>Steve Renquist Jean Spaulding</p>		
<p>c. Identify and investigate two options annually</p> <ul style="list-style-type: none"> * U of M Extension (Community Vitality) playing a role in MCROC marketing * U of M Office of Commercialization * IRETI presence 	<p>Steve Renquist Jean Spaulding</p>		

EDC's 2011 GOALS			
Goal	Responsible Party	Timeline	Status or Completed
* Continued Swedish opportunities			
5. Successful commercialization of two renewable energy projects and expansion of three value-added ag businesses	Ag Committee BRE/R Committee will assist, if requested by the Ag Committee		
a. Renewable energy projects to be worked on in 2011 * Renewable energy projects to be developed in 2012 – Ag Biomass to Anhydrous Ammonia project – grant announcement due end of January 2012	Steve Renquist Cathy Keuseman		
b. Value-added ag projects to be worked on in 2011 * Fuel cell project, Dairy Research and Training facility – promote Turkey Research and Development facility, WC Renewable Resource Coalition, turkey litter combustion	Steve Renquist Cathy Keuseman		
6. Achieve 50% increase in local airport utilization by 2015 (1/13/2011, the airport does not keep track of takeoffs and landings, but does track fuel sales and hangar rentals; <u>see</u> attached Willmar Municipal Airport Fuel Sales furnished by Bruce Peterson 4/6/2011)	BRE/R Committee will create and make a presentation		
a. Pursue cargo * Approached Metropolitan Airport Commission regarding entering Satellite Air Facility program for cargo. Additional conversation is waiting on economy and personnel adjustments.	Steve Renquist Bruce Peterson Ron Erpelding		

EDC's 2011 GOALS				
Goal	Responsible Party	Timeline	Status or Completed	
b. Pursue on-field aviation businesses * Offered to organize and head Airport Commission Marketing Committee, contacted national avionics business regarding local installation * Assisted city of Willmar with marketing plan to submit to FAA on airport release * Added former airport terminal building to DEED property listing and EDC website	Marketing Committee Steve Renquist Jean Spaulding			
c. Increase on-field hangar facilities to attract on-base aircraft <u>Date</u> <u>Public Hangar Spaces</u> <u>Private Hangars</u> <u>No. of Based Aircraft</u> 1/13/2011 20 22 51 12/2011 20 22 51	Steve Renquist Bruce Peterson			
d. Enhance air taxi service and charter flight options * We have talked to an air-taxi company that feels they service the Kandiyohi County area by having their service available and see no present need to locate here. Charter flights are available.	Steve Renquist Bruce Peterson			

EDC's 2011 GOALS

Goal	Responsible Party	Timeline	Status or Completed
AGRICULTURE AND RENEWABLE ENERGY DEVELOPMENT COMMITTEE Adopted 3/17/2011			
2. Position Kandiyohi County to commercialize renewable resources and intellectual property <ul style="list-style-type: none"> a. West Central NH₃ Cooperative <ul style="list-style-type: none"> i. Form cooperative and flip project to private entity ii. Assist in the conversion to private entity * This project is moving forward – the initial private entity has been formed, we expect favorable news on the grant by the end of January and we have identified the cash match for the grant (\$125,000) b. Fuel Cell Subcommittee <ul style="list-style-type: none"> i. Identify markets ii. Options for research iii. Grant for feasibility study based on research * The Fuel Cell Subcommittee continues to meet, although somewhat overshadowed by the NH₃ project. They have had preliminary conversations with potential markets. They seek the same ‘big next step forward’ that was found with the NH₃ project c. Solar <ul style="list-style-type: none"> i. Determine best conditions for solar energy ii. Farms iii. Businesses iv. Municipal buildings * Local interest but put on ‘back burner’ at this time. We have active conversations with a solar cell manufacturer – waiting to complete due diligence d. Wind <ul style="list-style-type: none"> i. Whirlwind Energy, LLC—moves forward cautiously ii. Lake Country Wind, LLC—is ready (we think) for PPA iii. Potential Horizon Wind, LLC e. Jet fuel from ethanol (Relates to 5-Year Goal 5) <ul style="list-style-type: none"> * we are waiting for more information from federal government 	<ul style="list-style-type: none"> Steve Renquist Cathy Keuseman Steve Renquist Cathy Keuseman Cathy Keuseman Ag Renewable Energy Subcommittee Steve Renquist Cathy Keuseman Ag Renewable Energy Subcommittee 		

EDC's 2011 GOALS			
Goal	Responsible Party	Timeline	Status or Completed
<ul style="list-style-type: none"> vi. DOE (U.S. Department of Energy) * We list CERTS, AURI, DEED, SWIF, area Cooperatives and DOE coordination. I have personally participated in meetings with all of the above but DOE and I understand Cathy has had conversations with them. c. Website: http://www.kandi-ag-energy.com/ <ul style="list-style-type: none"> i. Google ads ii. Podcasting of Biobusiness Forums iii. Article submissions by committee members * Our Ag and Renewable Energy office has been very active in developing its own website (with over 1,000 hits per month) we podcast on numerous topics. 			
<ul style="list-style-type: none"> 4. Create a positive regulatory environment for local agriculture and renewable energy development <ul style="list-style-type: none"> a. Assist Bushmills Ethanol with (Minnesota Pollution Control Agency (MPCA) issues <ul style="list-style-type: none"> i. Involve local, state and federal political support ii. Create good public relations b. GreenStep Cities Subcommittee <ul style="list-style-type: none"> i. CERTS/MPCA ii. Create working groups <ul style="list-style-type: none"> (1) economic development (2) buildings and lighting (3) environmental management (4) land use (5) transportation c. Kandiyo County Landfill Task Force <ul style="list-style-type: none"> i. Working together with MPCA for best solution ii. Keep economic development as main criteria for moving forward * We assisted with the origination and administration of this group. The project was put on hold waiting for the results of a Willmar MUC grant request. The project will re-initiate. It appears, at this juncture, to be very difficult to develop a satisfactory ROI from local garbage conversion to energy. 	<p>Ag Regulatory Subcommittee</p> <p>Ag Regulatory Subcommittee</p> <p>Cathy Keuseman</p> <p>Steve Renquist Cathy Keuseman</p>		

EDC's 2011 GOALS

Goal	Responsible Party	Timeline	Status or Completed
5. Develop agribusiness and renewable energy commercialization opportunities <ul style="list-style-type: none"> a. Renewable Energy Institute/MCROC partnership commercialization of business and workforce development (Relates to 5-Year Goals 1c, 3a, 3b, 4a, 4c, 6b) <ul style="list-style-type: none"> i. Wind turbine technicians ii. Geothermal installers iii. Solar installers iv. LEED certification v. Energy auditor certification vi. Biomass collectors 	Steve Renquist Cathy Keuseman		
6. Funding <ul style="list-style-type: none"> a. Detailed agriculture financing programs b. Detailed renewable energy financing programs 	Steve Renquist Cathy Keuseman		

EDC's 2011 GOALS

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<ul style="list-style-type: none"> * Always, constant (to the aggravation of some of our neighbors), we are aggressive. * Provided website grants to 9 businesses * Hosted 8 business internet workshops in conjunction with MIRC and University of Minnesota Extension Service with 107 participants from throughout the region * Launched EDC's new website and social media marketing campaign * Hosted first Discover Manufacturing Innovation Showcase and tours <p>d. Increase the number of businesses Business Employment Dynamics 1/12/2012 2nd Quarter 2011 Total, All Industries/Private 1,227 9/28/2011 4th Quarter 2010 Total, All Industries/Private 1,249</p> <p>e. Increase employment Local Area Unemployment Statistics</p> <table border="1" data-bbox="201 834 1016 938"> <thead> <tr> <th>Date</th> <th>Labor Force</th> <th>Employment</th> <th>Unemployment Rate</th> </tr> </thead> <tbody> <tr> <td>1/12/2012</td> <td>24,532</td> <td>23,477</td> <td>4.3% (as of 11/2011)</td> </tr> <tr> <td>12/2010</td> <td>23,999</td> <td>22,542</td> <td>6.1%</td> </tr> </tbody> </table> <p>f. 100% broadband and cell phone coverage within Kandiyohi County by 2015 * 2011 cell phone provider changes required delay of evaluation of survey coverage areas</p> <p>g. Obtain railroad access to Willmar's new industrial park</p>	Date	Labor Force	Employment	Unemployment Rate	1/12/2012	24,532	23,477	4.3% (as of 11/2011)	12/2010	23,999	22,542	6.1%	<p>Technology Advisory Committee Jean Spaulding</p> <p>Steve Renquist</p>		
Date	Labor Force	Employment	Unemployment Rate												
1/12/2012	24,532	23,477	4.3% (as of 11/2011)												
12/2010	23,999	22,542	6.1%												
<p>2. Assist Rice Memorial Hospital in strengthening its position as a regional hospital by investigating extended-stay lodging at the hospital. (Relates to 5-Year Goal 2)</p> <p>a. Support a parking ramp for the hospital</p>	<p>Steve Renquist Jean Spaulding Steve Renquist Bruce Peterson Gary Geiger, BRE/R Committee</p>	<p>Presentation made to city of Willmar and Rice contacted</p>													
<p>3. Indirectly assist with filling additional 50% of MWTC capacity by 2015 by working on goal 1. (Relates to 5-Year Goal 3)</p> <p align="center">No. of No. of</p>	<p>Steve Renquist Jean Spaulding</p>														

EDC's 2011 GOALS						
Goal				Responsible Party	Timeline	Status or Completed
<u>Date</u>	<u>Business Tenants</u>	<u>Full-Time Employees</u>	<u>% Filled</u>			
12/15/2011	28	327	49%			
1/13/2011	19	275	40%			
4. If requested, will assist the EDC's Agriculture and Renewable Energy Development Committee, in commercialization of two renewable energy projects and expansion of three value-added ag businesses. (Relates to 5-Year Goal 5)				Steve Renquist Cathy Keuseman		
5. Create a presentation on the need to hire a full-time airport manager to promote the Willmar airport that can be presented to community organizations, such as chambers, and create a coalition to make a presentation to the Willmar City Council. Set a meeting with the Willmar mayor and recommend obtaining proactive marketing people to serve on the Willmar Airport Commission. (Relates to 5-Year Goal 6)				Steve Renquist Bruce Peterson Ron Erpelding		

EDC's 2011 GOALS			
Goal	Responsible Party	Timeline	Status or Completed
BRE/R TECHNOLOGY ADVISORY COMMITTEE Adopted 12/3/2010			
1. Become an advisory group to the BRE/R Committee with the following purposes: <ul style="list-style-type: none"> a. Monitor the technology atmosphere of the business community (Relates to 5-Year Goal 1b) b. Make sure the business community is aware of emerging issues or needs relating to technology * Hold regular MIRC Advisory Committee meetings c. Monitor past, current and future requirements for technology and advocate for businesses with vendors (Relates to 5-Year Goal 1b) d. Assist with obtaining 100% broadband and cell phone coverage within Kandiyohi County by 2015 (Relates to 5-Year Goal 1f) * 2011 cell phone provider changes required delay of evaluation of survey coverage areas 	Technology Advisory Committee Jean Spaulding Steve Renquist Jean Spaulding Technology Advisory Committee Technology Advisory Committee Jean Spaulding		ongoing
2. Fund 10 web grants for new or upgraded websites	Technology Advisory Committee	businesses notified 3/7/2011; one declined	all 9 grants paid as of 12/23/2011

EDC's 2011 GOALS			
Goal	Responsible Party	Timeline	Status or Completed
FINANCE COMMITTEE Adopted 1/11/2011			
1. Provide financial assistance and coordinate financial packaging to enhance opportunities for business growth (Relates to 5-Year Goal 1b) <ul style="list-style-type: none"> a. in collaboration with Kandiyohi County banks and other partners b. to companies locating in Kandiyohi County c. to other entrepreneurs <ul style="list-style-type: none"> * Provided Revolving Loan Fund loans to Cronen Custom Cabinets & Flooring, Peaceful Thymes Gifts & Garden Center, Inc. and LuLu Beans, Inc. * Provided Entrepreneurs' Loan Guarantee Program loans to Kandi Quick Stop and Cronen Custom Cabinets & Flooring * Completed the National Development Council Economic Development Finance Training Program and received certification in June 2011 as an Economic Development Finance Professional 	Finance Committee Jean Spaulding		
2. Pursue and promote alternative sources of funding <ul style="list-style-type: none"> a. Search for financing options from other economic groups b. Collaborate with MinnWest Technology Campus (MWTC) on unique needs of bioscience startup companies interested in MWTC (Relates to 5-Year Goal 3) <ul style="list-style-type: none"> * Assisted with equity financing meetings for Tenex Health * Working actively on board of directors of MN Angel Network * Serving on advisory committees for companies looking for financing * Continuing organization of a Kandiyohi County Angel Fund 	Finance Committee Jean Spaulding Steve Renquist		
3. Market loan programs through: <ul style="list-style-type: none"> a. publicity opportunities <ul style="list-style-type: none"> * Will be working with new loans for open house marketing opportunities (Peaceful Thymes, Cronen Cabinets and LuLu Beans) b. one-on-one meetings with entrepreneurs c. meeting with Kandiyohi County banks <ul style="list-style-type: none"> * Presentation at Kandiyohi County Bankers' Association monthly meeting 	Jean Spaulding Steve Renquist	ongoing	ongoing

EDC's 2011 GOALS			
Goal	Responsible Party	Timeline	Status or Completed
(Relates to 5-Year Goal 1b)			
4. Refer entrepreneurs and problem loans to SCORE and the Small Business Development Center * Initiating meetings with SBDC in Marshall for local office in Kandiyohi County	Finance Committee Jean Spaulding Steve Renquist	ongoing	ongoing
5. Evaluate loan loss reserves (annually) * Obtain quarterly reports from lenders and all loans are current * Two loans under the Entrepreneurs' Loan Guarantee Program were paid off in 2011 with one being two years early	Finance Committee Jean Spaulding Steve Renquist		7/12/2011
6. Review marketing information (annually)	Finance Committee Jean Spaulding Steve Renquist		250 copies of new flyer printed 7/2011

EDC's 2011 GOALS			
Goal	Responsible Party	Timeline	Status or Completed
MARKETING AND PUBLIC RELATIONS COMMITTEE Adopted 2/28/2011			
1. Continue to support the marketing efforts of the EDC <ul style="list-style-type: none"> a. Produce an annual publication to promote EDC programs and successes <ul style="list-style-type: none"> * Committee recommended completing after the website launch b. Host a stakeholder session to identify/quantify business-friendly environment indicators (Relates to 5-Year Goal 1a and 1c) <ul style="list-style-type: none"> i. Meet with stakeholders to develop content stories, focusing on positive, business-friendly practices to build/strengthen a business friendly-environment (Relates to 5-Year Goal 1a and 1c) c. Meet with Rice Memorial Hospital to develop an EDC brand sheet—along with section in annual publication—that focuses on positive outcomes and successes of the regional hospital (Relates to 5-Year Goal 2) d. Meet with MinnWest Technology Campus to develop cooperative programs and press to maximize successes of the campus (Relates to 5-Year Goal 3) <ul style="list-style-type: none"> * Meet regularly with MWTC staff for planning and business development e. Meet with University of Minnesota for a launch/marketing plan for the Mid-Central Research and Outreach Center (Relates to 5-Year Goal 3a) <ul style="list-style-type: none"> * Invited Tim Miller to attend January 2012 Marketing Committee meeting to discuss MCROC goals, objectives and open house timelines 	Marketing Committee Jean Spaulding Steve Renquist Marketing Committee BRE/R Committee Jean Spaulding Steve Renquist Jean Spaulding Steve Renquist Marketing Committee Jean Spaulding Steve Renquist		
2. Launch the EDC's new website <ul style="list-style-type: none"> a. Make the new website a focus in the annual publication b. Utilize search tools to maximize demographic information c. Develop a newsletter with the website 	Marketing Committee Jean Spaulding		9/2011 completed
3. Market the EDC using social media <ul style="list-style-type: none"> a. Further develop the LinkedIn and Facebook pages <ul style="list-style-type: none"> * Finalized development of Facebook and LinkedIn accounts and post on a regular basis with good results * Opened a Twitter account and post on a regular basis with good results 	Marketing Committee Jean Spaulding		11/30/11/ongoing

EDC's 2011 GOALS

Goal	Responsible Party	Timeline	Status or Completed
<ul style="list-style-type: none"> * Started Constant Contact account for email marketing with successful results b. Continue to develop ways to use Ning in committee efforts * After evaluation, the committee determined inhouse meetings work best 			

Projects for 2012

Minnesota Intelligent Rural Communities (Blandin)

Mid Central Research and Outreach Center

Minnesota Dairy Research and Training Center (Ag &RR)

Minnesota Turkey Research and Outreach Center (Ag&RR)

Highway 23 Improvement

Highway 12 Improvement – January meeting with MN DOT Commissioner

Renewable Resources Regional Coalition (Ag&RR)

Discover Manufacturing Week

Lake Lillian – vacant bank owned property and utilization of school/winery

Atwater – new business attraction, clinic

New London – grocery – participate with Citizens in Action Committee

Anhydrous Ammonia from Bio-Mass (Ag&RR)

Fuel Cell Project (Ag&RR)

Solar (photo-electric) manufacturer (Ag&RR)

Minnesota Extension led business survey

Continued business call program

Community meetings – greater understanding of community expectations

Expand/implement Kandiyohi community marketing (Raymond, New London, Atwater)

COG/ Food distribution hub/New London COG

Recruit new businesses for DT Willmar; create DT Improvement district

s:word/bre&r120711

Agriculture and Renewable Energy Development (Ag)

Glenn Arfstrom	Larry Konsterlie	Tim Miller	Brad Saeger
John Duevel	Kim Larson	Steve Nelson	Milan Schmiesing*
Jon Folkedahl	Dan Lippert	Keith Poier	Stan Simon (Vice Chair)
Ian Graue	Robert Meyerson	Bruce Reuss (Chair)	Jeff Vetsch
Kevin Halvorson			

Ag Fuel Cell Subcommittee

John Duevel	Kevin Halvorson	Stephen C. Nelson	Stan Simon (Interim Chair)
Jon Folkedahl	Tim Miller	Keith Poier	Jeff Vetsch

Ag GreenStep Cities Subcommittee

Andrew Bjur (Co-Chair)	Ian Graue	Roxanne Lorenz	Joel Schmidt
Bob Bonawitz	Matt Hatzinger	Rhonda Otteson	Ann Stehn
Paul Carlson	Sara Jacobson	Nathan Pederson	Jeff Vetsch (Co-chair)
Bev Dougherty*	Jay Kieft	Forrest Peterson	Becky West
Andy Engan	Earl Knutson	Rick Reimer	Donn Winckler

Ag Regulatory Environment Subcommittee

Larry Konsterlie	Harlan Madsen	Bruce Reuss
Kim Larson	Tim Miller (Chair)	Milan Schmiesing*

Business Retention and Expansion/Recruitment (BRE/R)

Bob Carlson*	Duane Hultgren*	Les Nelson
Beverly Dougherty (Chair)*	Roger Imdieke	Arthur Norby
Jim Ellingson	Tom Lindemann	Bruce Peterson*
Gary Geiger	Cecil Meyer	

BRE/R Technology Advisory

Dean Bouta	Kathy Dillon	Jeff Tengwall
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Finance

Brian Borgerding	Rick Nordin*	Russ Weeks
Nick Dalton (Chair)	Bruce Peterson*	Randy Zinda
Les Nelson	Kevin Reuckert	

Marketing and Public Relations

Heather Anderson	Ann Winge Johnson	Heather Thompson
Shari Courtney	Julie Redepenning	Liz VanDerBill
Jean Geselius	Joanna Schrupp	

*indicates EDC Joint Operations Board member

Kandiyohi County
& City of Willmar
Economic Development Commission

**EMPLOYMENT AGREEMENT
EXECUTIVE DIRECTOR**

The Kandiyohi County and City of Willmar Economic Development Commission (EDC) hereby enters into this employment agreement with Steven C. Renquist, who agrees to serve in a full-time capacity as Executive Director. The EDC offers to furnish the following:

1. An annual salary of \$79,822 payable biweekly or in accordance with the Kandiyohi County payroll system.
2. Single coverage under the Kandiyohi County's health insurance program. If the employee desires dependent coverage it shall be offered under the program with the employee paying the additional cost.
3. Contribution and enrollment in the State of Minnesota Public Employee Retirement Association (PERA).
4. An annual vacation of 3 weeks. The employee may accumulate up to 2 years worth of vacation (240 hours) prior to the extra being lost at calendar year end. After 10 years of service, the annual vacation shall be increased to 20 days. After 15 years of service, the annual vacation shall be increased to 25 days. If the Employee retires, resigns or terminates without receiving the vacation due him that year, he shall be paid for such vacation, not to exceed twice his annual allotment of accumulated vacation.
5. Paid holidays shall be according to those listed in the EDC's Policies and Procedures Manual.
6. Flexible Work Schedule Guideline. It is acknowledged that the Executive Director will occasionally be called upon to work more hours than the normal work day. It is therefore acknowledged and expected that he may reduce the hours worked on subsequent days at his discretion. This will not affect vacation or sick time. This will allow transferring a paid holiday with a different work day.
7. Sick pay is earned at a rate of 8 hours of sick leave, with pay, for each month of service and shall be cumulative to a maximum of 820 hours. In the event of retirement or resignation, accumulated sick leave will be compensated at a rate of 50% of hours accumulated to a maximum of 240 hours. The Executive Director will be allowed up to 3 days of leave in the event of death to a member of his immediate family--the leave will be deducted from the sick-leave account.
8. Either party may terminate this agreement by giving the other party not less than 30 days written notice of their intention to so terminate, however if the EDC elects to terminate and that termination is not for cause, then the Executive Director shall be entitled to:
 - a. One half year's salary payable in a lump sum of 13 biweekly installments at the EDC's discretion.

- b. Continuation of medical insurance until new insurance is obtained, but no longer than 6 months.
- 9. A monthly stipend of Five Hundred Twenty-five Dollars (\$525) for mileage expenses shall be paid. This is intended to reimburse the Executive Director for the cost of owning, maintaining and insuring a vehicle and to compensate for mileage. The Executive Director will be responsible for all of his vehicle cost and must fully insure his vehicle. The Executive Director shall keep track of his own mileage for tax reporting purposes.
- 10. The Executive Director shall provide receipts for all reimbursement expenses on a monthly basis.

This contract shall be in full force and effect commencing January 1, 2012 through December 31, 2012 and shall automatically be renewed from year to year thereafter unless modified by agreement of the parties hereto.

Approved and accepted: January _____, 2012

Steven C. Renquist

KANDIYOHI COUNTY & CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION

Approved and accepted: January 26, 2012

By:

Harlan Madsen, Chairperson
Joint Powers Board of Commissioners

Kandiyohi County
& City of Willmar
Economic Development Commission

**EMPLOYMENT AGREEMENT
ASSISTANT DIRECTOR**

The Kandiyohi County and City of Willmar Economic Development Commission (EDC) hereby enters into this employment agreement with Jean Spaulding (Employee), who agrees to serve in a full-time capacity as Assistant Director. The EDC hereby offers to furnish the following:

1. An annual salary of \$61,285 payable twice monthly, or in accordance with the Kandiyohi County payroll system.
2. Single coverage will be provided under the Kandiyohi County's health insurance program. If the employee desires dependent coverage it shall be offered under the program with the employee paying the additional cost.
3. Contribution and enrollment in State of Minnesota Public Employee Retirement Association (PERA).
4. The Employee will accumulate vacation at a rate of 120 hours per year. The Employee may accumulate up to 2 years worth of vacation (240 hours) prior to the extra being lost at calendar year end. If the Employee retires, resigns or terminates without receiving the vacation due to her that year, she shall be paid for such vacation, not to exceed twice her annual allotment of accumulated vacation.
5. Paid holidays shall be according to those listed in the EDC's Policies and Procedures Manual.
6. Flexible Work Schedule Guideline. It is acknowledged that the Employee will occasionally be called upon to work more hours than the normal work day. It is therefore acknowledged and expected that she may reduce the hours worked on subsequent days at her discretion. This will not affect vacation or sick time. This will allow transferring a paid holiday with a different work day.
7. Sick pay is earned at a rate of 8 hours of sick leave, with pay, for each month of service and shall be cumulative to a maximum of 820 hours. In the event of retirement or resignation, accumulated sick leave will be compensated at a rate of 50% of hours accumulated to a maximum of 240 hours. The Employee will be allowed up to 3 days of leave in the event of death to a member of the Employee's immediate family—the leave will be deducted from the sick-leave account.
8. Either party may terminate this Agreement by giving the other party not less than 30 days written notice of their intention to so terminate
9. The Employee shall be reimbursed for any expenses incurred while conducting EDC business. Mileage shall be reimbursed at the rate allowed by the IRS. Employee shall provide receipts for all reimbursed expenses on a monthly basis.

This contract shall be in full force and effect commencing January 1, 2012 through December 31, 2012 and shall automatically be renewed from year to year thereafter unless modified by agreement of the parties hereto.

Approved and accepted: January _____, 2012

Jean Spaulding

KANDIYOHI COUNTY & CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION

Approved and accepted: January 26, 2012

By:

Harlan Madsen, Chairperson
Joint Powers Board of Commissioners

CONTRACT FOR SERVICES

This contract is effective January 1, 2012, and is made by and between KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (hereinafter "EDC") and LEGAL & ADMINISTRATIVE ASSISTANTS, INC. (hereinafter referred to as "LAA").

RECITALS:

1. EDC is engaged in economic development in Kandiyohi County, Minnesota, and at times desires to have administrative support services performed for it.

2. LAA agrees to perform these administrative support services for EDC under the terms and conditions set forth herein.

In consideration of the mutual promises set forth herein, it is agreed by and between the EDC and LAA as follows:

Section 1 Description of Work

The work to be performed by LAA includes all services generally performed by LAA in its usual line of business including, but not limited to, transcription, word processing, meeting preparation including mailing notices, registration and arranging for meetings, record and type minutes for requested meetings, filing and any and all administrative duties as needed and requested.

Section 2 Payment

EDC will pay LAA for services to be performed under this contract at the rate of \$29.50 per hour for administrative support services and \$52.50 per hour for services requested before 8:30 a.m., after 5 p.m. and weekends.

LAA reserves the right to increase these rates by giving one month's written notice to the EDC's Executive Director.

Section 3 Relationship of Parties

The parties intend that this contract will create an independent contractor/client relationship. The EDC is interested only in the results achieved, and the conduct and control of the work will lie solely with LAA. LAA is not to be considered an agent or employee of the EDC for any purpose, and shall not serve in a volunteer capacity on any committee under the governance of the EDC. As an independent contractor, it is understood that LAA's employees are not entitled to any of the benefits the EDC may provide its employees. In addition, LAA shall be responsible for its own expenses. It is further understood that the EDC does not agree to use LAA exclusively, and LAA is free to contract for similar services to be performed for other parties while under contract with EDC.

Section 4 Confidentiality

LAA agrees all information between EDC and LAA provided directly or indirectly in reports of work done, file information, interoffice memoranda and correspondence, and any other information acquired or gained by LAA as a direct result of LAA's assignment to provide

services under and pursuant to any ongoing contractual relationship shall, for all times and purposes, be regarded by LAA as strictly confidential and held by LAA in complete confidence and solely for EDC's benefit and use and shall not be used by LAA for any purpose outside of work requested by EDC and shall not directly or indirectly disclose contents to any person whatsoever without the express written permission of EDC.

**Section 5
Liability**

LAA covenants to hold EDC harmless from any and all liability for state or federal income tax withholding, state or federal workers' compensation payments, unemployment, social security or other tax liabilities or obligations that may be imposed. LAA agrees to provide indemnification to EDC and be responsible therefor as said obligations may apply to an independent contractor.

LAA shall hold EDC harmless from, provide indemnification for, and waive all claims against EDC that LAA may now have or may subsequently acquire for workers' compensation or personal injury, unemployment insurance and/or compensation, or otherwise under the laws of the state of Minnesota or the United States. LAA understands it is not covered by EDC's workers' compensation insurance, and as such, LAA may be required to obtain its own insurance coverage.

**Section 6
Duration**

Either party may cancel this contract upon 45 days written notice; otherwise, the contract shall continue from the date hereof.

IN WITNESS WHEREOF, the parties have executed this agreement at Willmar, Minnesota, on the day and year first above written.

KANDIYOHI COUNTY AND CITY OF WILLMAR
ECONOMIC DEVELOPMENT COMMISSION

By: _____
Its Chairperson
Joint Powers Board of Commissioners

LEGAL & ADMINISTRATIVE ASSISTANTS, INC.

By: _____
Nancy Birkeland
Chief Executive Officer

By: _____
Jodie K. Heuring
Chief Financial Officer

MICRO Economic Strength

Micropolitan Statistical Areas Economic Strength Ranking 2011

[Metropolitan Definitions](#)
[Metropolitan Area
Economic Strength
Ranking](#)

[Micropolitan Definitions](#)
[Micropolitan Area
Economic Strength
Ranking](#)

[Combined Definitions](#)

[Economic Strength](#)

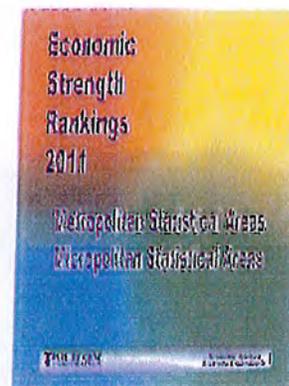
For an explanation of the methodology used to create these rankings, please go to [Economic Strength](#). For the 2011 rankings, data from 1990 to 2009 was utilized. Previous year's rankings are provided to identify trends.

To download a PDF version of all rankings and the methodology, [click here](#).

There are 576 Micropolitan Statistical Areas.

The column on the left is in order of rank.

The column on the right is in alphabetical order.



Micropolitan Areas	2011	2010	2009	2008	2007	2006	2005	2004	Micropolitan Areas	2011	2010	2009	2008	2007	2006	2005
Danango, CO (McSA)	1	3	4	6	13	16	7	15	Abbeville, LA (McSA)	330	401	503	553	563	531	512
Helena, MT (McSA)	2	6	9	13	23	7	14	37	Aberdeen, SD (McSA)	30	34	38	38	56	91	135
Gifflete, WY (McSA)	3	2	8	10	47	69	107	150	Aberdeen, WA (McSA)	237	190	116	201	258	312	402
Concord, NH (McSA)	4	8	5	3	1	1	1	1	Ada, OK (McSA)	341	362	414	454	498	505	532
Lexington Park, MD (McSA)	5	13	11	16	22	66	58	33	Adrian, MI (McSA)	468	403	261	198	199	173	104
Hilton Head Island-Beaufort, SC (McSA)	6	4	1	1	2	3	2	2	Alamogordo, NM (McSA)	342	383	469	422	401	354	271
Bozeman, MT (McSA)	7	7	6	8	8	10	9	9	Albany-Lebanon, OR (McSA)	82	66	55	66	78	102	194
Lebanon, NH-VT (McSA)	8	16	7	4	3	2	3	6	Albemarle, NC (McSA)	390	343	308	281	243	216	222
Edwards, CO (McSA)	9	1	2	2	5	4	4	3	Albert Lea, MN (McSA)	343	263	277	325	369	365	359
Kahului-Wailuku, HI (McSA)	10	9	3	5	4	30	24	61	Albertville, AL (McSA)	380	325	250	255	290	326	403
Sheridan, WY (McSA)	11	12	25	52	101	117	122	112	Alexander City, AL (McSA)	553	537	518	503	502	440	386
Rock Springs, WY (McSA)	12	5	28	71	180	300	371	421	Alexandria, MN (McSA)	238	186	113	117	131	111	70
Watertown-Fort Drum, NY (McSA)	13	23	33	30	64	85	160	212	Alice, TX (McSA)	218	163	267	349	435	482	536
Carlsbad-Artesia, NM (McSA)	14	19	90	137	186	219	300	385	Allegan, MI (McSA)	280	223	132	192	222	190	142
Evanston, WY (McSA)	15	11	95	153	218	256	355	352	Alma, MI (McSA)	548	556	534	531	521	547	539
Grand Island, NE (McSA)	16	36	54	80	73	93	123	90	Alpena, MI (McSA)	314	320	227	156	153	197	253
Butte-Silver Bow, MT (McSA)	17	27	51	67	123	191	286	376	Altus, OK (McSA)	292	361	442	441	351	398	363
New Iberia, LA (McSA)	18	28	34	72	166	212	284	343	Americus, GA (McSA)	500	505	504	508	465	425	397
Torrington, CT (McSA)	19	18	17	15	29	20	13	51	Amsterdam, NY (McSA)	270	244	317	311	306	280	354
Jackson, WY-ID (McSA)	20	10	14	50	82	63	63	99	Andrews, TX (McSA)	209	162	276	369	459	495	542
Minot, ND (McSA)	21	53	93	107	140	157	213	220	Angola, IN (McSA)	512	453	378	374	399	405	332
Truckee-Grass Valley, CA (McSA)	22	17	12	7	10	17	15	20	Arcadia, FL (McSA)	479	516	530	526	529	540	474
Statesville-Mooresville, NC (McSA)	23	15	23	23	18	15	21	22	Ardmore, OK (McSA)	172	192	197	280	339	373	417
East Stroudsburg, PA (McSA)	24	30	13	9	14	19	10	28	Arkadelphia, AR (McSA)	321	404	404	487	398	337	254
Chambersburg, PA (McSA)	25	31	15	18	40	62	121	174	Ashland, OH (McSA)	363	318	333	288	261	282	283

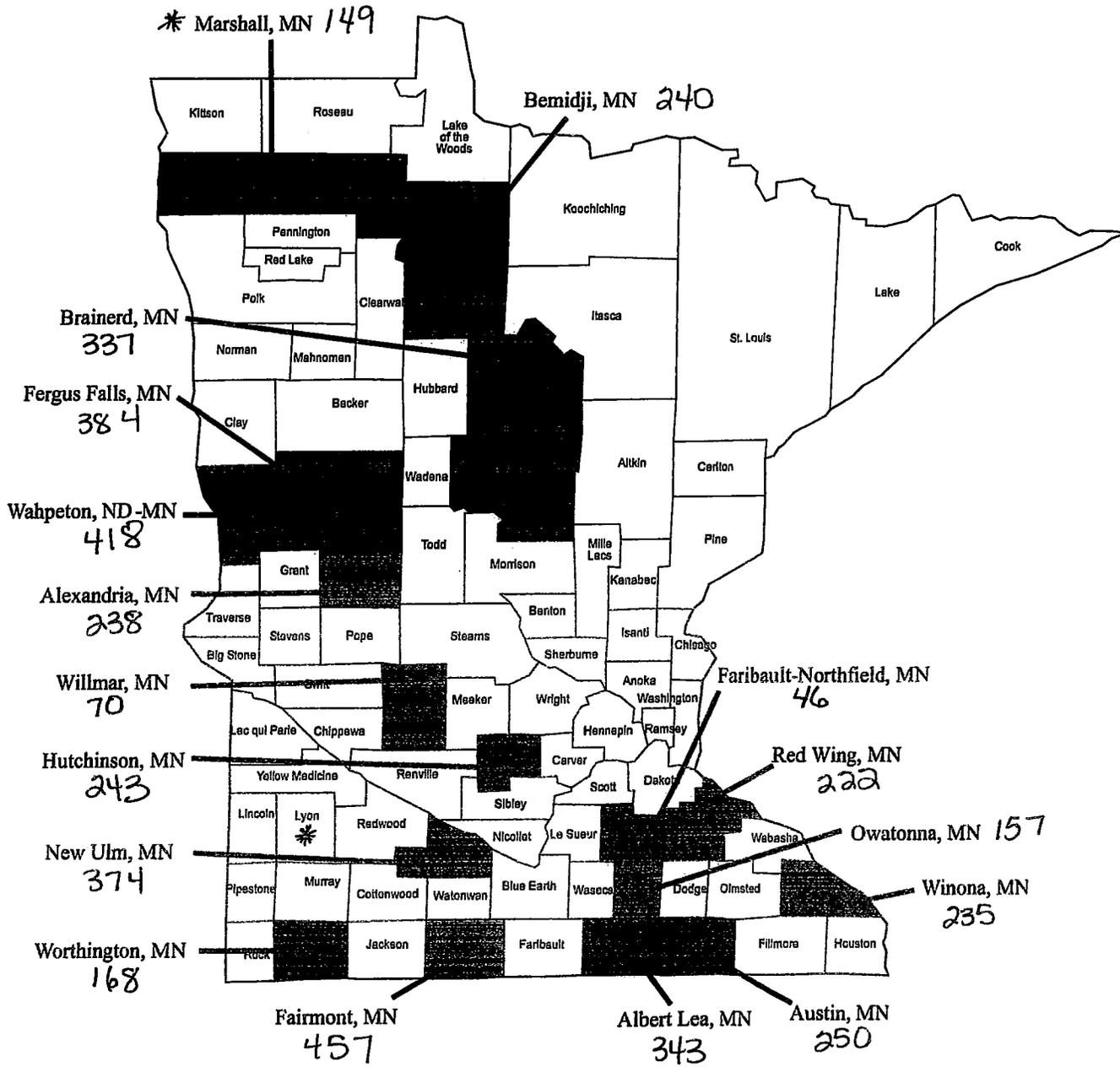
Bucyrus, OH (MerSA)	552	518	516	501	482	471	458	418	Washington, IN (MerSA)	408	335	309	380	473	451	407
Alexander City, AL (MerSA)	551	537	518	503	502	440	386	342	Washington, NC (MerSA)	340	386	433	423	448	438	453
Raymondville, TX (MerSA)	551	558	557	565	569	561	562	562	Washington Court House, OH (MerSA)	448	446	494	491	386	423	400
Levelland, TX (MerSA)	555	529	518	571	570	560	557	568	Watertown, SD (MerSA)	170	197	152	169	251	295	250
Scottsburg, IN (MerSA)	556	560	552	550	468	421	347	293	Watertown-Fort Atkinson, WI (MerSA)	74	22	36	35	33	34	16
Tuskegee, AL (MerSA)	557	568	563	560	564	567	563	566	Watertown-Fort Drum, NY (MerSA)	13	23	33	30	64	85	160
Hope, AR (MerSA)	558	567	567	561	555	553	565	510	Wauchula, FL (MerSA)	542	551	555	551	560	573	552
Mayfield, KY (MerSA)	559	561	524	534	534	493	469	483	Waycross, GA (MerSA)	311	375	364	381	378	348	335
La Follette, TN (MerSA)	560	518	451	386	285	265	274	261	Weatherford, OK (MerSA)	319	262	NR	NR	NR	NR	NR
Greenville, MS (MerSA)	561	559	511	512	517	468	508	465	West Plains, MO (MerSA)	465	443	429	396	297	262	191
Eufaula, AL-GA (MerSA)	562	562	541	538	518	517	440	372	West Point, MS (MerSA)	406	355	481	467	466	426	345
Peru, IN (MerSA)	563	534	499	500	520	511	421	358	Whitewater, WI (MerSA)	89	37	56	55	84	79	32
Pittsburg, KS (MerSA)	564	571	568	568	527	528	507	520	Willimantic, CT (MerSA)	36	54	64	54	30	68	120
Sumnerville, GA (MerSA)	565	545	540	521	481	424	341	318	Williston, ND (MerSA)	110	195	319	417	516	571	571
Bastrop, LA (MerSA)	566	566	560	563	557	535	509	555	Willmar, MN (MerSA)	70	48	86	116	149	136	204
Clarksdale, MS (MerSA)	567	569	561	557	551	539	497	442	Wilmington, OH (MerSA)	193	130	158	76	112	108	86
Indianola, MS (MerSA)	568	573	573	575	574	565	554	526	Wilson, NC (MerSA)	69	52	42	41	38	13	62
Fitzgerald, GA (MerSA)	569	572	566	562	519	491	450	382	Winfield, KS (MerSA)	445	463	439	504	456	433	447
Tallulah, LA (MerSA)	570	576	574	577	576	576	573	559	Winona, MN (MerSA)	235	140	206	200	253	231	174
Helena-West Helena, AR (MerSA)	571	575	565	570	567	572	564	539	Woodward, OK (MerSA)	275	240	377	465	524	552	567
Silver City, NM (MerSA)	572	563	571	573	562	575	574	567	Wooster, OH (MerSA)	163	135	59	43	39	47	82
Kennett, MO (MerSA)	573	570	559	556	550	509	544	495	Worthington, MN (MerSA)	168	96	228	258	334	367	426
Lamesa, TX (MerSA)	574	574	551	576	573	562	555	563	Yankton, SD (MerSA)	248	328	256	328	379	400	328
Valley, AL (MerSA)	575	564	533	529	526	506	438	348	Yazoo City, MS (MerSA)	536	531	528	520	533	537	525
Decatur, IN (MerSA)	576	543	519	519	536	498	431	364	Zanesville, OH (MerSA)	316	322	252	196	119	72	89

2011
2010
2009
2008
2007
2006
2005

Minnesota

Micropolitan Statistical Areas

Balance of area will appear on adjoining state map(s).



Economic Strength Rankings 2011

Metropolitan Statistical Areas
Micropolitan Statistical Areas

POLICOM
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*Economic Analysis
Everyone Understands*

Economic Strength Rankings - 2011

By William H. Fruth

"Economic strength is the long term tendency for an area to consistently grow in both size and quality."

POLICOM specializes in studying the dynamics of local economies. From its research, it determines if an area is growing or declining, what is causing this to happen, and offers ideas and solutions to communities to improve the situation.

POLICOM addresses the condition of an economy from the viewpoint of its impact upon the "standard of living" of the people who live and work in an area.

The economic strength rankings are created so POLICOM can study the characteristics of strong and weak economies. The highest ranked areas have had rapid, consistent growth in both size and quality for an extended period of time. The lowest ranked areas have been in volatile decline for an extended period of time.

POLICOM has created economic strength rankings for all Metropolitan Statistical Areas since 1996 and all Micropolitan Statistical Areas since they were created in 2002. The Office of Management and Budget, as a result of the 2000 census, created new definitions for the Metropolitan Statistical Areas and established the Micropolitan Areas. (For the county composition of each along with state maps, go to Metropolitan Areas on POLICOM's web site: www.policom.com.)

Metropolitan Statistical Areas have at least one urbanized area with a population of at least 50,000, plus adjacent territory (counties) which have a high degree of social and economic integration with the core as measured by commuting ties. They must have at minimum one county but most often include several counties.

There are now 366 Metropolitan Statistical Areas (hereafter called METROS) in the United States

Micropolitan Statistical Areas did not exist prior to 2002.

Once looked upon as quasi rural areas, a Micropolitan Statistical Area must have an urbanized area (city) with a population of at least 10,000 but fewer than 50,000. They must be at least one county and most are. The OMB has identified 576 MICROS in the United States for 2010.

The formulas used to determine economic strength measure how the economy has behaved, not what has caused it to perform.

The following are the data sectors used to create the rankings.

Group 1 – These sectors reflect the overall growth in size and quality. The "quality" of the economy is based upon what people earn, as this influences their "standard of living" more than anything.

- All Workers - Earnings
- All Workers - Jobs
- All Workers – Wages
- Per Capita Total Worker Earnings
- Per Capita Personal Income
- Earnings by Place of Residence
- Per Capita Earnings by Residences
- Wage & Salaried Workers - Earnings
- Wage & Salaried Workers - Jobs
- Wage & Salaried Workers - Wages

Group 2 – These sectors reflect how the economy is behaving. Small businesses and the construction and retail industries are extremely reactive to the “flow of money” coming into an area. They typically grow or decline in direct proportion to the condition of the economy. There are, of course, exceptions. Areas which have become destinations for retirement age individuals will have high growth numbers in both construction and retail, while they might not have a strong economy. (No system is perfect.)

Non Farm Proprietors - Earnings
 Non Farm Proprietors - Jobs
 Non Farm Proprietors - Wages
 Construction - Worker Earnings
 Construction - Jobs
 Construction - Wages
 Retail - Worker Earnings
 Retail - Jobs
 Retail - Wages

Group 3 – These sectors are negative sectors. Growth in these reflects a poor economy.

Per Capita Income Maintenance (Welfare)
 Actual Per Capita Income Maintenance (Welfare)
 Per Capita Medical Assistance for the Poor - (Medicaid)
 Actual Per Capita Medical Assistance for the Poor – (Medicaid)

“Redundancy” and “counter balances” are built into the criteria which compensate for anomalies which might occur in one or two of the items.

As an example, an area might have a very high percentage growth rate in Per Capita Income Maintenance. This might mean the economy is on decline. However, percentages are funny things and can sometimes be misleading. It is much easier for an area with a low basis to have high percentage increases than an area with a high basis.

The Ames, IA MSA had the 4th highest percentage growth rate (12.1%) in Per Capita Income Maintenance from 2000 – 2009 among the 366 areas. However, its Per Capita Income Maintenance in 2009 was \$368, ranking 358th. While the rate of growth is high, “twice nothing is still nothing.”

The reverse is also sometimes true. The McAllen-Edinburg-Mission, TX MSA has the highest Per Capita Income Maintenance (\$1,525) among the metropolitan areas, but its growth rate of 6.5% ranked 307th.

There are, of course, the extremes. The Springfield, MA MSA had the 19th fastest growth rate (10.8%) and also has the 14th highest actual Per Capita Income Maintenance of \$1,182.

If only these criteria were used, the example MSA’s would be ranked in the following order: Ames, McAllen, and Springfield.

POLICOM is also aware of anomalies in labor data. It has found economies which are on decline sometimes have a very high growth rate in the number of people employed in Retail Trade. Retail is a reactive industry, which grows and declines in direct proportion to the condition of the economy.

So how can retail jobs grow in a declining economy? It is because labor data counts full and part-time jobs all as “jobs.” This means two part-time jobs are counted as two jobs in the data.

When an area is in decline, retailers switch from full-time workers to part-time workers. A small retailer might have four full time workers. If the retailer lays off three full-time people but hires five part-timers to replace them, there is a statistical gain in the labor data of two jobs. The retailer now has six workers, in the data, which is a 50% increase from when he had four full-timers.

To counter balance or compensate, the total earnings and wages are included. Under the above scenario, both earnings and wages will decline; bringing down the area in the rankings.

The average annual increase is calculated for each of the items for three time periods. 2007 data was released by the Bureau of Economic Analysis in April of 2010.

- Last five years: 2009-2005 – Weighted once.
- Last ten years: 2009-2000 – Weighted twice.
- Previous Ten Years: 1999-1990 – Weighted once.

The percentage increases are then adjusted mathematically for consistency. Data sectors which reflect wages are counted twice, giving equal emphasis to quality as to the growth in size.

The growth rates are then ranked. The rankings are totaled. The areas are then ranked for economic strength based on their total overall rankings.

Consistency of Growth

Simply identifying the areas that have the fastest or slowest growth rates is insufficient when trying to determine the character of a local economy. The rate, consistency, or stability of the growth is equally important.

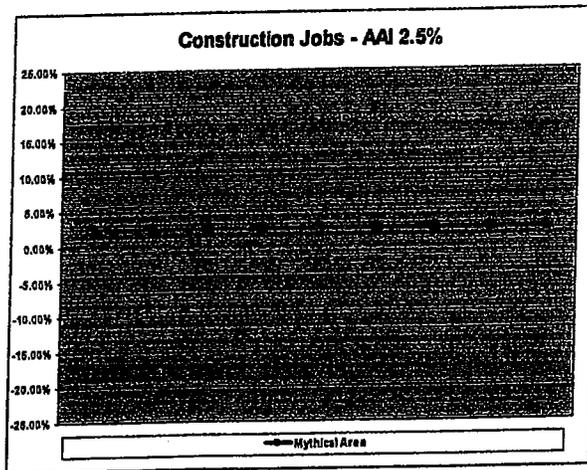
Areas with unstable, boom and bust economies are difficult places to conduct business. Residents of these areas are subject to economic uncertainty and stress.

A merchant may lease extra floor space following three or four great years, only to go bankrupt after a subsequent economic decline. Residents might make long term financial commitments based upon rapid increases in earnings and employment, only to loose everything due to a sudden downturn causing massive layoffs.

To better understand the nature of economic stability, we will examine the consistency of the construction industry for three areas which had the same average annual percentage increase.

The first graph depicts a Mythical Area, which had an Average Annual Percentage Increase (AAI) in Construction Jobs of 2.5% from 2001 through 2009 (2001 is the first year NAICS based data was published).

Mythical Area had a 2.5% increase from 2002 to 2003. From 2003 to 2004 it again had a 2.5% increase. Each and every year, the area increased exactly 2.5%. This means construction employers, each and every year, increased the number of people they employed by 2.5%.



As a result, by averaging the nine-year history, the Mythical Area, obviously, had a 2.5% average annual percentage increase (AAI).

Most importantly, the area had perfect consistency as depicted by the straight horizontal line on the graph. The flow of money into the area, which supports this industry, grew in an absolutely consistent manner. This is a perfect situation. However, this is myth, not reality.

Let us examine the economic stability of the Great Falls, MT MSA for the same element. Great Falls, during the same nine years had an AAI in Construction Jobs of 2.5%. This rate of growth ranked 35th highest among the 366 metropolitan areas for the nine-year period.

Trade-Center Hierarchy in Greater Minnesota

by William J. Craig and Bruce W. Schwartau

Cities across Minnesota that are located outside the Twin Cities provide the jobs, education, goods and services, homes, meeting places, and identity for nearly half of the state's population. They range in size from tiny Tenney (population 5) to mighty Rochester with a population of more than 100,000. The smallest places owe their existence to an earlier time before highways and the automobile; their main street businesses are suffering in today's mobile society. The larger ones are vital places that are critical to the prosperity of both the state and the people of Greater Minnesota.¹

In this article, we describe our work to understand the economic vitality of Minnesota cities outside the seven-county Twin Cities metropolitan area. A major focus of our efforts is to classify cities into a hierarchy from largest to smallest. We do this because that hierarchy is related to the number of goods and services available to consumers. Most things can be purchased close to home, but some require longer trips to larger cities that have the necessary goods and services. This trade-center hierarchy has implications for the state-highway network, as well as other public and private policy decisions.

Earlier Trade-Center Hierarchy Studies

Our current work is not the first look at the economy of cities across Minnesota. In the early 1960s, John R. Borchert, CURA's founding director, and Russell B. Adams produced *Trade Centers and Trade Areas of the Upper Midwest*. It was part of the Upper Midwest Economic Study (based at the Minneapolis Federal Reserve Bank) that relied on a complex system of counting the number and types of retail and wholesale businesses. The purpose of that initial study was to describe the

¹ *Greater Minnesota* is a term created by Governor Rudy Perpich in the late 1970s when the rural economy was faltering. *Outstate Minnesota* was the preferred term before then, but was abandoned for the more positive, politically correct term. At least one of the authors still believes that *Outstate Minnesota* is the better term, a name closer to that of Garrison Keillor's fictional Lake Wobegon, where "the women are strong, the men are good looking, and the children are above average." We use both terms in this article.



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The City of Luverne in far southwestern Minnesota owns the Palace Theater, which offers live performances and movies that draw people downtown. Although Luverne's 2009 taxable retail sales were \$29 million—putting it in the middle of Level 4 cities—its sales grew 3% from 2003 to 2009, suggesting the city is alive and well.

functions and hierarchies of cities to better inform decisions by local citizens, businesses, planners, and policy makers.

CURA updated that report in 1990 and again in 1999.² As with the earlier

² T.L. Anding, J.S. Adams, W. Casey, S. de Montille, and M. Goldfein, *Trade Centers of the Upper Midwest: Changes from 1960 to 1989* (Minneapolis: Center for Urban and Regional Affairs, 1990); and W. Casey, *Update on the Upper Midwest's Trade Centers* (Minneapolis: Center for Urban and Regional Affairs, 1999).

study, these were based on counts of businesses, but they expanded beyond wholesale and retail trade to include construction, manufacturing, services, and other industrial categories; names for the trade-center hierarchy were adjusted accordingly (Table 1). These updates are important, because our society is always changing. Better highways mean better access to places down the road. Population changes mean growing or declining purchases. The

Table 1. Trade-Center Hierarchy in 1960 and 1989

Level	1960 Borchert–Adams Trade-Center Level Name	1989/1999 Trade-Center Level Name	Mean Number of Businesses in Minnesota in this Level (1989)	Number of Centers in Minnesota in this Level (1989)	Mean Population in Minnesota in this Level (1989)
0	Metro Area	Metro Area	52,861	1	2,153,781
1	Primary Retail-Wholesale	Primary Regional	3,228	1	126,676
2	Secondary Retail-Wholesale	Secondary Regional	993	9*	39,456
3	Complete Shopping	Complete Shopping	397	27	14,705
4	Partial Shopping	Partial Shopping	147	55	5,536
5	Full Convenience	Full Convenience	89	62	3,499
6	Minimum Convenience	Minimum Convenience	45	172	2,080
7	Hamlet	Hamlet	13	423	779

Source: Based on T.L. Anding, J.S. Adams, W. Casey, S. de Montille, and M. Goldfein, *Trade Centers of the Upper Midwest: Changes from 1960 to 1989* (Minneapolis: Center for Urban and Regional Affairs, 1990).

* Includes Fargo-Moorhead plus eight other cities located entirely within Minnesota.

arrival of new big-box stores means competitive prices on a wider range of goods, expanding the trade area of some cities. Attractive recreation areas bring people to spend money in cities far distant from home. All of these changes have happened in the past 50 years.

In 1989, Duluth was the only city at Level 1 (primary regional) of the trade-center hierarchy. Nine cities were at the next level (secondary regional): Albert Lea, Bemidji, Brainerd, Mankato, Moorhead, Rochester, St. Cloud, Willmar, and Winona (Table 1). The 1999 study limited itself to Level 5 and above. By that time, Rochester and St. Cloud had moved up to Level 1.

Data from Dun & Bradstreet were used in both the 1989 and 1999 studies to count businesses. Population counts were added to sharpen the classification system. Businesses were located by zip code. This analysis was time consuming and costly, and the details were complex and sometimes confused readers. The authors suggested moving to a simpler approach based on sales-tax data. In the work described here, we followed that suggestion, first testing the comparability of sales-tax results with those of the earlier studies as a method for determining trade-center level, then applying the most recent sales-tax data to determine what changes have taken place in the trade-center hierarchy.

Minnesota State Sales Tax

The Minnesota state sales tax began in 1967³ as a way of broadening the state's tax base. The tax covers most purchases, but exempts clothing, prescription drugs, most personal services, and most food products (exceptions are restaurant and take-out food, which are taxed). The initial state sales-tax rate was 3%, but gradually increased over the years to 6.5% in 1994; in 2008, a constitutional amendment increased the rate by an additional 0.375% with proceeds dedicated to four legacy funds: clean water, habitat (for outdoor enthusiasts), arts and culture, and parks and trails. In fiscal year 2010, the state sales tax supplied nearly 27% of the state's revenue. Only the personal income tax supplied more (40.3%).

Our interest in this study was on the dollar-value of retail and service sales to consumers, not the revenues accruing to the state, as our measure of the activity of trade centers. Fortunately, the Minnesota Department of Revenue publishes such data on taxable sales. Total retail and service sales in 2009 in Minnesota were roughly \$40 billion, with \$25 billion being sold in the seven-county

³ Minnesota Department of Revenue, *Minnesota Tax Handbook*, 2010 edition. Technically, the "sales tax" includes a *use tax*, collected when sales taxes are not collected as when goods are purchased from out of state via the Internet. The use-tax collections are quite small, usually only a fraction of total sales-tax collections, and generally ignored in this study.

Twin Cities metro area and \$15 billion in Greater Minnesota (Figure 1, p. 22). The metro area has roughly 63% of the state's sales, despite having only 54% of the state's population, because the metro area population is slightly wealthier and the shopping opportunities are greater (including the Mall of America, which attracts 40 million shoppers each year). The Greater Minnesota share of the state's retail and service sales has remained fairly constant over time, growing slightly from 35% in 1990 to 37% in 2009. Across this timeframe, individual cities would be expected to vary from this pattern as they added or lost market share and businesses.

Testing the Relationship Between Sales and Earlier Trade-Center Levels

When we assessed these data, we were interested in examining to what extent taxable retail and service sales were related to the 1990 and 1999 trade-center study findings. If the relationship was strong, such sales data could be used to classify cities without the extraordinary effort put forward in those earlier studies. To explore this relationship, we used sales, trade-center level, and population for 48 Greater Minnesota cities where sales data were available from the Department of Revenue; we eliminated cities on the fringe of the Twin Cities. We used taxable-sales data from 1990 and 1998 because data are available for those years (see Figure 1).

Table 2. Taxable Retail and Service Sales of Trade Centers in Greater Minnesota, 1990–2009

City	Trade-Center Level		Taxable Retail and Service Sales				2009 Retail/Service Sales Level	2010 Population		2003 Data	
	1989	1999	1990 (millions)	1998 (millions)	2009 (millions)	Pct. Change 1990–2009		Person Count	2009 Sales per Person	2003 Sales (millions)	Pct. Change 2003–2009
Rochester	2	1	\$844	\$1,140	\$1,172	39%	1	106,769	\$10,976	\$1,118	5%
Duluth	1	1	\$829	\$1,024	\$1,051	27%	1	95,679	\$10,986	\$1,268	-17%
St. Cloud	2	1	\$714	\$1,181	\$1,016	42%	1	101,206	\$10,041	\$1,098	-7%
Mankato	2	2	\$406	\$623	\$904	123%	1	52,703	\$17,153	\$738	22%
Brainerd	2	2	\$219	\$328	\$421	92%	2	21,200	\$19,842	\$379	11%
Alexandria	3	2	\$171	\$254	\$287	68%	2	11,070	\$25,958	na	—
Willmar	2	2	\$216	\$231	\$282	31%	2	19,610	\$14,382	\$222	27%
Bemidji	2	2	\$189	\$266	\$249	32%	2	13,431	\$18,564	\$219	14%
Winona	2	2	\$204	\$235	\$240	18%	2	27,592	\$8,697	\$206	16%
Owatonna	3	2	\$145	\$240	\$239	65%	2	25,599	\$9,354	\$198	21%
Marshall	3	2	\$118	\$170	\$200	69%	2	13,680	\$14,593	\$149	34%
Grand Rapids	3	2	\$162	\$211	\$189	17%	2	10,869	\$17,398	\$195	-3%
Moorhead	2	2	\$191	\$168	\$188	-1%	2	38,065	\$4,949	\$192	-2%
Fergus Falls	3	2	\$136	\$169	\$179	32%	2	13,138	\$13,656	\$189	-5%
Hutchinson	3	2	\$103	\$147	\$169	64%	2	14,178	\$11,927	\$176	-4%
Red Wing	3	2	\$130	\$130	\$166	28%	2	16,459	\$10,081	\$129	29%
Detroit Lakes	3	2	\$115	\$150	\$165	43%	2	8,569	\$19,202	\$104	58%
Albert Lea	2	2	\$144	\$165	\$156	8%	2	18,016	\$8,656	\$142	10%
Faribault	3	2	\$142	\$182	\$146	3%	2	23,352	\$6,267	\$142	3%
Austin	3	2	\$135	\$160	\$136	1%	2	24,718	\$5,511	\$125	9%
Hibbing	3	2	\$113	\$124	\$131	16%	2	16,361	\$7,985	\$99	32%
New Ulm	3	2	\$92	\$124	\$130	41%	2	13,522	\$9,629	\$107	22%
Worthington	3	2	\$126	\$101	\$108	-15%	3	12,764	\$8,432	\$99	8%
Cloquet	3	3	\$63	\$95	\$103	64%	3	12,124	\$8,482	\$90	15%
Virginia	3	3	\$139	\$150	\$97	-30%	3	8,712	\$11,183	\$104	-6%
Thief River Falls	3	3	\$82	\$95	\$90	10%	3	8,573	\$10,540	\$77	17%
Little Falls	3	3	\$69	\$96	\$81	17%	3	8,343	\$9,728	\$81	0%
Wadena	4	3	na	na	\$80	—	3	4,088	\$19,569	na	—
International Falls	3	3	\$99	\$81	\$67	-33%	3	6,424	\$10,364	\$62	7%
Fairmont	3	2	\$105	\$92	\$62	-41%	3	10,666	\$5,780	\$76	-19%
Crookston	3	3	\$45	\$56	\$52	14%	3	7,891	\$6,561	\$36	42%
Montevideo	3	3	\$50	\$70	\$51	3%	3	5,383	\$9,499	\$45	14%
Redwood Falls	4	3	\$35	\$61	\$47	33%	3	5,254	\$8,895	\$50	-7%
Waseca	3	3	\$59	\$58	\$47	-21%	3	9,410	\$4,952	\$43	9%
East Grand Forks	3	3	\$39	\$42	\$46	19%	3	8,601	\$5,324	\$45	2%
Morris	4	4	\$42	\$47	\$38	-10%	4	5,286	\$7,260	\$36	7%
Ely	4	3	\$35	\$48	\$37	8%	4	3,460	\$10,739	\$32	17%
St. Peter	4	3	\$36	\$48	\$36	-1%	4	11,196	\$3,179	\$40	-11%
Pipestone	4	4	\$34	\$35	\$32	-6%	4	4,317	\$7,349	\$28	15%
Litchfield	4	3	\$46	\$44	\$30	-35%	4	6,726	\$4,448	\$30	1%
Luverne	4	4	na	\$34	\$29	—	4	4,745	\$6,110	\$28	3%
Grand Marais	5	4	\$25	\$41	\$24	-3%	4	1,351	\$17,854	\$13	85%
Glencoe	4	3	na	na	\$23	—	4	5,631	\$4,041	\$25	-7%
Two Harbors	4	4	na	\$39	\$21	—	4	3,745	\$5,513	\$24	-15%
Stewartville	5	4	na	na	\$14	—	5	5,916	\$2,410	\$16	-11%
St. Joseph	5	4	na	\$13	\$11	—	5	6,534	\$1,750	\$6	89%
Eveleth	5	4	\$19	\$26	\$10	-47%	5	3,718	\$2,740	\$12	-12%
Chisholm	6	4	\$17	\$13	\$8	-50%	5	4,976	\$1,685	\$11	-24%

Note: Cities in bold are combinations of cities in Department of Revenue reports: **Brainerd** (includes Baxter), **Duluth** (includes Hermantown), **Mankato** (includes North Mankato), and **St. Cloud** (includes Sartell, Sauk Rapids, and Waite Park).

Cities are ordered by 2009 taxable retail and service sales. The shaded rows indicate the breaks between 2009 retail and service sales levels.

We found a strong connection between sales and trade-center levels for both 1989 and 1999 (Table 2). For example, many of the cities classified as trade-center Level 2 in 1989 had sales exceeding \$200 million in 1990; only Albert Lea, Bemidji, and Moorhead had sales under \$200 million. The 1999 classification added many cities, which had the effect of lowering the sales threshold to \$100 million, but the relationship between trade-center and sales level remained strong. To test the statistical significance of this relationship, we conducted an analysis of variance to determine whether the mean sales of the various trade-center level groups were statistically different from each other. We limited the analysis to Levels 2 through 4 because of the small number of cities in the other levels. The analysis produced an F-score that indicated that the differences between the mean sales values were very statistically significant, with a less than 1 in 1000 probability ($p < 0.001$) that this difference could be due to chance (Table 3).

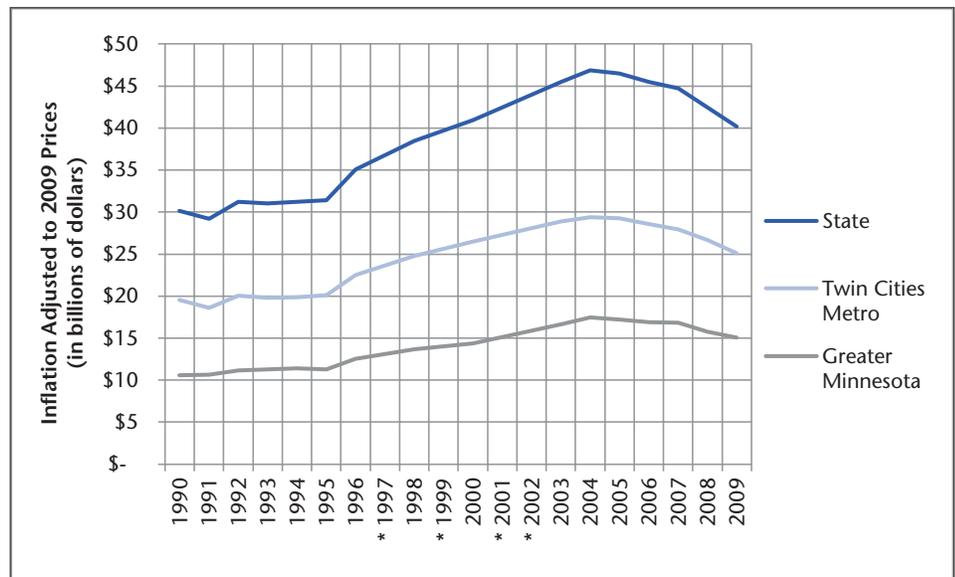
Clearly, then, taxable retail and service sales were good measures of trade-center level. Perhaps the biggest problem with using sales data to determine trade-center level is the lack of any published data from the Department of Revenue for many cities in Greater Minnesota that had scored at Level 3 in the 1999 study: Aitkin, Mora, Park Rapids, Princeton, and Wadena.⁴ Other fairly large cities are missing too; 21 cities with populations of more than 3,500 in the 2000 Census (and 4 with populations of more than 5,000) have no published taxable-sales data. A second issue is that the sales records since 2003 were based on geocoding rather than a mailing address; therefore, business districts just outside of the city limits will not be included in the city's taxable-sales report, skewing a trade center's size to appear smaller than it actually is.

2009 Trade-Center Level

Our analysis justifies the use of taxable retail and service sales as a good indicator of the trade-center level of cities in Greater Minnesota. We then applied this approach to determine the 2009 trade-center level for the 48 cities whose 1990 and 1998 sales data we had previously examined (Table 2). We called this new classification scheme retail/service sales level and kept the same numbering

⁴ The Minnesota Department of Revenue created a special Wadena report for us.

Figure 1. Taxable Retail/Service Sales, 1990–2009



Note: Taxable sales are reported by North American Industry Classification System code. We used data for the following industries: Retail (codes 44/45); Information (51); Finance & Insurance (52); Real Estate, Rental & Leasing (53); Professional, Scientific, & Technical Services (54); Administrative & Support (56); Educational Services & Health/Social Assistance (61-62); Arts, Entertainment & Recreation (71); Accommodation & Food Services (72); and Other Services Except Public Administration (81).

* No data were available for the years 1997, 1999, 2001, and 2002.

Table 3. Statistical Comparison of Taxable Retail and Service Sales to Trade-Center Level

Trade-Center Level		1990	1998
Level 2	Mean sales (millions)	\$348	\$203
	Number of cities	9	21
Level 3	Mean sales (millions)	\$106	\$73
	Number of cities	23	13*
Level 4	Mean sales (millions)	\$38	\$31
	Number of cities	6*	8*
F-Score		14.7	17.0
Significance (p-value)		< 0.001	< 0.001

* Although more cities are in this level, the number here represents the number for which sales data were available and that were used for calculating the mean sales values shown here.

system as the trade-center level system. The most controversial aspect of our classification was where we drew the horizontal lines to indicate the level break (see Table 2). The easiest break was between Levels 1 and 2, primary regional and secondary regional. All four primary regional cities—Rochester, Duluth, St. Cloud, and Mankato—had 2009 sales of nearly \$1 billion or more. The next largest city, Brainerd, had less than half that amount. Mankato was the new entry to Level 1.

Other break points were harder to justify, because we did not observe as clean a break elsewhere in the sales

continuum. We used the following criteria in determining those breaks:

- ▶ **Significant breaks in the data.** For example, the difference in 2009 taxable retail and service sales between the two cities where we chose to make the split between Levels 2 and 3 (secondary regional and complete shopping) was approximately \$22 million. That break put New Ulm above the line and Worthington below it.
- ▶ **Alignment with the previous trade-center studies.** For example,

the break between Levels 3 and 4 (complete shopping and partial shopping) kept East Grand Forks at its 1989 and 1999 Level 3 and Morris at its Level 4.

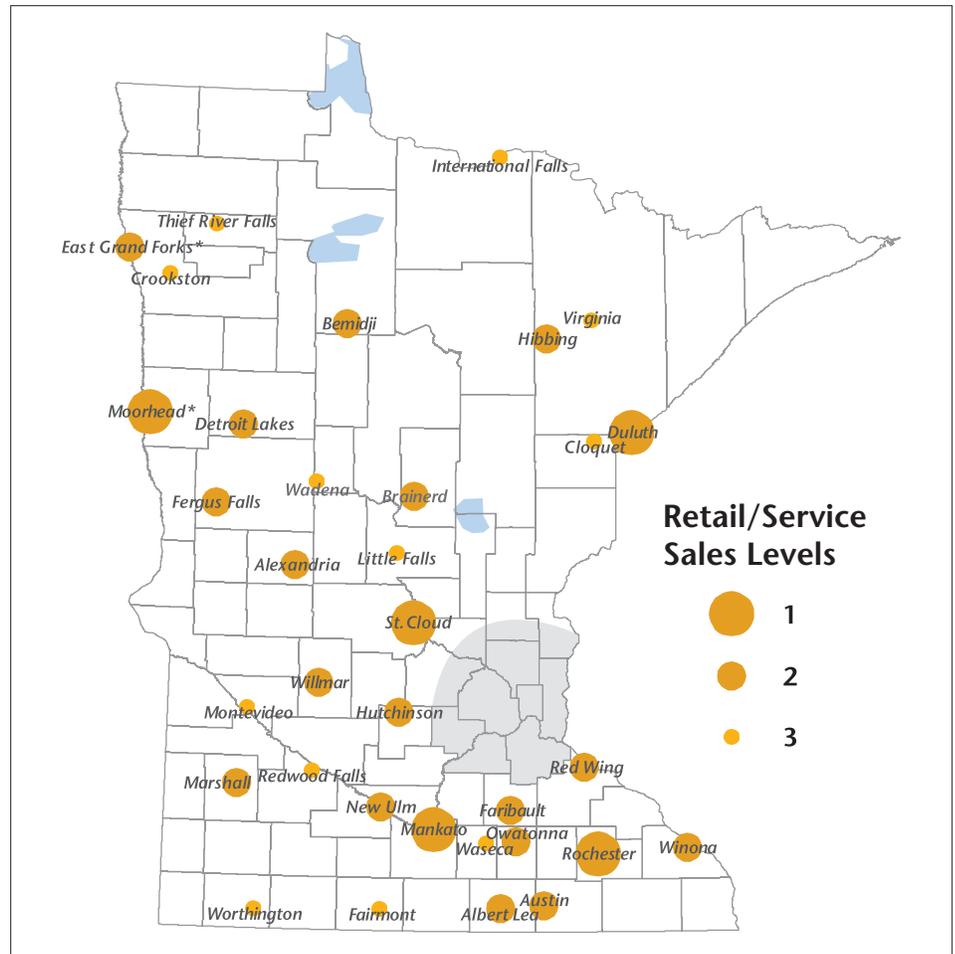
► **Trends.** If we had a question about where to draw the break, we placed it between a growing city and declining one. The break between Levels 3 and 4 illustrates this trend approach. Our split placed Morris in Level 4 because it was losing sales based on the 1990 and 2009 data, while East Grand Forks (Level 3) was gaining sales.

Using this new system demonstrated a few specific changes since the 1999 study. Mankato grew to be a Level 1 center with a 45% growth in sales during a 10-year period (from \$623 million in 1990 to \$904 million in 2009). Worthington dropped a level, from 2 to 3, mostly because of the large \$22 million gap between it and New Ulm. Four Level 3 cities (Ely, St. Peter, Litchfield, and Glencoe) dropped to Level 4.

Using our new sales level classification system, the distribution of trade-center Levels 1–3 across the state reflected a pattern of widespread access to retail and services for people across Minnesota, but did not show access by border communities to high-level centers across the state line (e.g., Sioux Falls, South Dakota, for people in southwest Minnesota) (Figure 2). We have adjusted Moorhead and East Grand Forks upward to show their inclusion in the urban area of their larger North Dakota sister cities. We could not show the Level 3 cities (complete shopping centers) for which Department of Revenue data were not available (Aitkin, Mora, Park Rapids, and Princeton).

We offer our classification tentatively. We have based the classification on a single measure and that measure can be volatile—for example, it can change quickly when a big-box store moves in (or out). Some of our levels could be seen as arbitrary break points in a continuum. We have also based the whole system on data about Minnesota, ignoring cities beyond our borders and the peculiar mix of cities we have within our borders. Lastly, we have used Department of Revenue data that both ignores sales of nontaxable items and has been subject to variations in reporting procedures. Still, we believe that it is an easy system to understand, and is easy to adjust to make it suitable for many uses.

Figure 2. Retail/Service Sales Levels 1–3 (Based on Taxable Retail and Service Sales), 2009



Note: This figure is missing four potential Level 3 cities for which Minnesota Department of Revenue data were not available: Aitkin, Mora, Park Rapids, and Princeton. Moorhead and East Grand Forks were each increased one sales level because they are both parts of much larger urban areas that include their North Dakota sister cities, Fargo and Grand Forks.

Findings

This section summarizes findings from our analysis.

The Minnesota trade-center level system is top heavy. The top four cities each have taxable sales that are twice the size of Brainerd and triple that of other Level 2 cities such as Alexandria, Willmar, Bemidji, Winona, and Owatonna. Indeed, the four Level 1 cities account for more than one-quarter (28%) of all sales in Greater Minnesota. When these 4 trade centers are combined with the 18 Level 2 cities, the top 22 cities account for 52% of all sales in the 80 counties of Greater Minnesota.

The rest of this section focuses on patterns of change in sales over the 1990–2009 time period. General truths emerged that may be challenged by individual cities. A more recent time period is covered in a later section.

Size is a major determinant of growth rate. The bigger cities have

momentum and are growing faster than other cities (Table 4, p. 25). They offer goods and services not available in smaller places—justifying a longer trip for residents—and can also provide lower prices and wider shopping experiences.

The system is dynamic. Being in a given trade-center level does not guarantee mean growth for that level. Mankato provides a dramatic example, with a 123% growth rate over the past 20 years, which was enough to move it into our Level 1 group. Other cities in Level 2 in 1990, such as Fairmont and Worthington, lost ground and dropped one level (Table 2).

A recreation base helps. Alexandria and Brainerd benefit from being in the state’s lakeshore area. Ely benefits from being on the edge of the Boundary Waters Canoe Area Wilderness. These places are experiencing high growth in sales in their trade-center level.

Proximity to larger centers hurts smaller centers. People in Fairmont, St. Peter, and Waseca may be likely to drive to Mankato because it offers more retail choices. Worthington and Luverne are hurt by easy interstate access to Sioux Falls, South Dakota. Moorhead residents shop across the North Dakota border in Fargo. Litchfield shoppers have more choices in nearby Willmar.

Population dynamics affect city sales. Western and southern Minnesota are losing population, which affects sales in Fairmont, Montevideo, and Pipestone. Population losses on the Iron Range have affected Virginia, Eveleth, and Chisholm.

Destiny is not preordained. Cities of similar size and location often experience different outcomes. Albert Lea in southern Minnesota appears to be outperforming nearby Austin. Owatonna has outperformed Faribault. Cities can change their own vitality by making conscious decisions and investments. For example, Owatonna was successful in attracting Cabela's, Target, Lowe's, Walmart, and an outlet shopping center, thus becoming a retail destination.

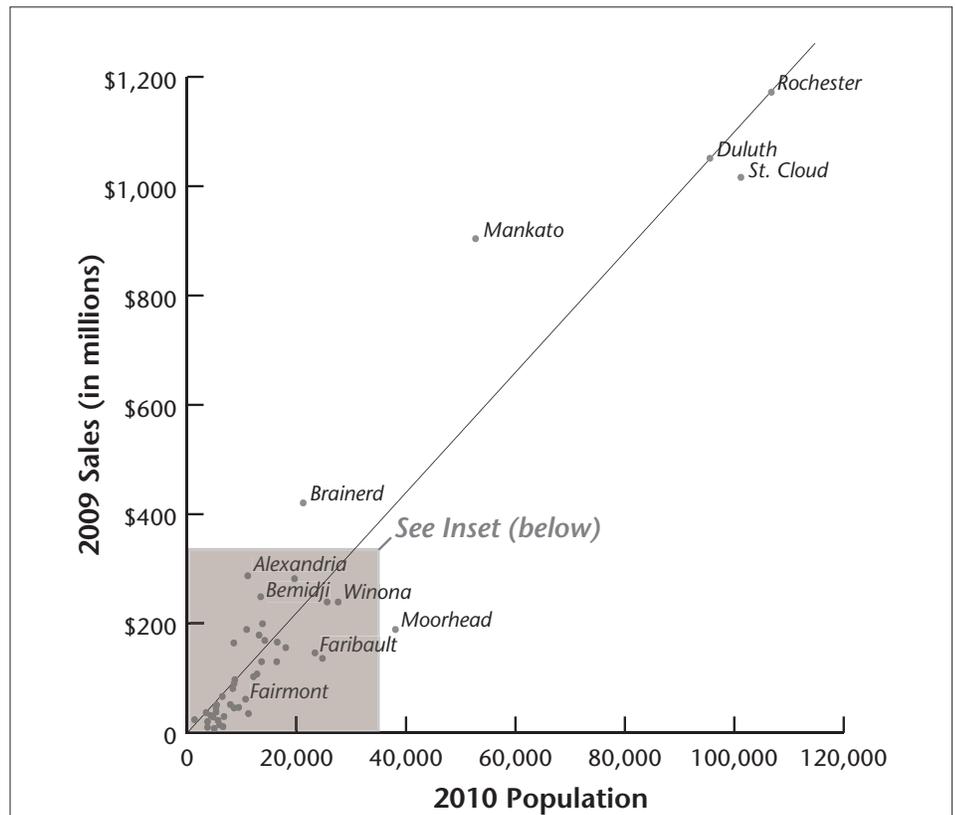
Sales and Populations for 2009

Most of the sales for a city will be local, but not all. Cities can lose sales to other places, or gain them from other locations. On average, the Greater Minnesota cities we studied had \$9,800 in sales per person, but individual cities had more or less (Table 2). When we examined the relationship between sales and population for our 48 cities, the most obvious extreme outlier on our chart is Mankato, with \$17,153 per resident (based on sales of more than \$900 million and a population under 53,000, including students at Minnesota State University) (Figure 3). It is hard to say why this city is performing so well, except that it is the largest city in south-central Minnesota and attracts buyers from throughout that region. Other cities in that region are underperforming based on population (e.g., Fairmont, and Waseca).

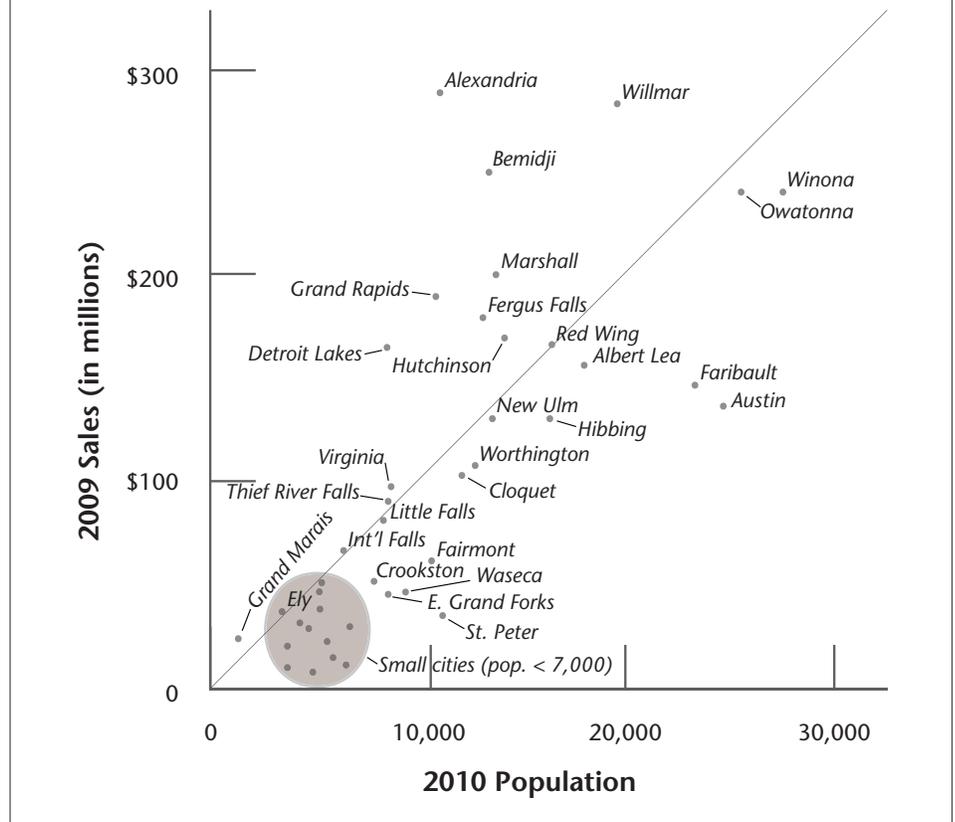
The more common type of overperforming city is one that serves a large population of tourists and summer residents (e.g., Brainerd, Alexandria, Bemidji, Grand Rapids, Detroit Lakes, and Grand Marais). The local population is swelled by people from other parts of the state who come to spend time and money while enjoying Minnesota's lakes.

At the other end of the spectrum are the underperforming cities. Only a few

Figure 3. 2009 Taxable Retail and Service Sales Versus 2010 Population



Note: The diagonal line represents where the cities would have been located if the correlation had been perfect. Points above the line are cities that are outperforming on taxable retail and service sales compared with their population, whereas those below the line are underperforming.



are extreme outliers, but many are well below the \$9,800 mean. The underperformers tend to fall into two categories. First are small cities that simply do not provide a wide-enough array of taxable goods and services to make the mean (Figure 3). Even in the 1999 study a decline in Level 4 cities (partial shopping centers) was observed. Second are those cities that are in the shadow of a larger city that provides a better array of goods and services; an example is St. Peter within the Mankato service area. People in Moorhead and East Grand Forks tend to shop in the larger retail centers of their sister cities on the North Dakota side of the Red River, and so appear weak in Figure 3, but they actually are part of vibrant trade centers.

Not as Straightforward as It Seems

Earlier parts of this article covered changes from 1990 to 2009. Those patterns are easy to describe and understand. However, two problems exist with such analyses: the Department of Revenue changed its methodology in 2003; and the long-term trends mask recent significant changes.

In 2003, the Department of Revenue began tracking the exact locations of

businesses and counting only those that operated inside the city limits. A growing number of cities have instituted a local sales tax, and this approach is necessary to administer that tax. Earlier Department of Revenue data included any business using that city as a mailing address. Many cities appear to lose sales as a result of this change, even though nothing has changed except the counting method.

A 2003–2009 analysis examined city sales using a consistent approach for both the 2003 and 2009 data that reflected the change in methodology at the Department of Revenue (Table 2 and summarized in Table 5). In the shorter-term, the strength of the Level 1 cities faltered and the lower trade-center levels appeared stronger. Even though sales were down overall from 2003 to 2009 (Figure 1), the smaller city sales held up. We speculate that, during this weaker economy, people cut back on the more unique goods and services available at the Level 1 cities, and continued to shop close to home for the more essential things that they needed. In this analysis, the largest cities have no lock on growth. Second-tier cities outperform them on average. Recreation-based places

continue to do well. Smaller cities near larger ones continue to be hurt. Population dynamics continue to play a role in city sales. Except for Hibbing in the western Iron Range, cities in that part of the state are losing people and sales.

Many cities have taken extra steps to overcome their lack of natural advantage. Cities in southern and western Minnesota have added new industry, like meat-packing plants, that brings in workers and stabilizes or grows the local population. Worthington has an aggressive development agency that is creating a bio-business center, and added a Walmart Superstore in 2000 that has helped to stabilize its economy. Luverne has all of the county's furniture stores, seven of the eight recreation spots, and a state park on the northern edge of town. It also has 87% of the county's sales and draws in extra sales from I-90.

Conclusions and Recommendations

The Minnesota trade-center hierarchy is dynamic. Things change over time, as Mankato's rise to Level 1 proves. Individual cities will have some idea about how they are changing, but a study like this one provides a statewide perspective. We recommend that studies like

Table 4. Change in Taxable Retail and Service Sales, 1990–2009

2009 Taxable Retail and Service Sales Level	Number of Cities Analyzed	Mean Pct. Change in Sales, 1990–2009	Pct. Change in Sales for Entire Sales Level, 1990–2009	Pct. of Cities in Sales Level with Increased Sales, 1990–2009	Mean Population of Sales Level City, 2010
1	4	58%	48%	100%	89,089
2	18	35%	35%	94%	45,282
3	12	2%	-7%	58%	8,679
4	6	-8%	-9%	17%	5,389
5	2	-49%	-48%	0%	4,347

Note: Many cities are missing from levels 3 to 5 because of a lack of data. From Table 1 we know many more cities are in these levels.

Table 5. Change in Taxable Retail and Service Sales, 2003–2009

2009 Taxable Retail and Service Sales Level	Number of Cities Analyzed	Mean Pct. Change in Sales, 2003–2009	Pct. Change in Sales for Entire Sales Level, 2003–2009	Pct. of Cities in Sales Level with Increased Sales, 2003–2009
1	4	1%	-2%	50%
2	17	16%	14%	76%
3	12	7%	5%	58%
4	9	9%	5%	67%
5	4	5%	0%	25%

this one be conducted at least once every 10 years.

We found that sales-tax data are a good substitute for traditional ways of measuring economic activity in cities across Greater Minnesota. Level boundaries and membership need to be viewed with caution, because they can be arbitrary, but taxable sales are a useful and simplified way to gauge the level of economic activity at any one time.

To support such analyses, the Department of Revenue needs to stabilize its methodology for collecting sales data. For our purposes, including businesses on the edge of town makes sense, because we care about economic strength and vitality of the city as an urban center. We can understand the Department of Revenue's need to focus on the official municipal boundaries, because they are in the tax business. Either way, a sales-tax data collection system needs to be in place for an extended period of time.

Department of Revenue data on taxable sales are available for most of the larger cities in Minnesota. It would be helpful if these data were available for all cities with populations of more than 3,500.⁵ The smaller cities are

⁵ Data are available for sales-tax receipts for all cities of 2,000 residents or more. See "Sales Tax, Minnesota, 2003–2008," www.mngeo.state.mn.us/chouse/metadata/sales_tax.html. That data set covers all receipts, including any local levies. It is not clear how useful it will be for determining economic activity.

among those most in trouble and such data, especially when broken down to detailed industry, could help them mobilize themselves.

Missing comparable data for surrounding states is a problem. If such data were available, it would allow us to reconstitute trade centers that cross state lines, such as Fargo-Moorhead. Furthermore, it would give us a greater mix of city sizes and allow us to create more robust levels. Minnesota, for example, has only one city in the \$300 million to \$900 million taxable-sales group. We recommend that the states work together to achieve this goal.

Individual cities can use the data and analyses presented here to take charge of their own futures. Just because a city is positioned at Level 4 where the trend is downward, it is not doomed to oblivion. Cities will need to take the lead themselves, but help is available from a number of sources, including the regional analysis unit at the Minnesota Department of Employment and Economic Development, the Minnesota Design Team, and Minnesota Mainstreet. The Minnesota Initiative Foundations cover Greater Minnesota and are an excellent source of assistance to cities. Several midwestern states collaborated to produce a web-based resource called Downtown Economic Development Tools.⁶ Finally, we especially

⁶ See www.uwex.edu/ces/cced/downtowns/index.cfm

recommend the various community economics programs available through University of Minnesota Extension, including Retail Analysis and Development, Business Retention and Expansion, Customer Service, and a new Minnesota Intelligent Rural Communities initiative.⁷

William J. Craig is associate director of CURA. His research is focused on the technology, policies, and uses of geographic information systems. **Bruce W. Schwartau** is an associate Extension professor with the University of Minnesota Extension Center for Community Vitality. He engages with local economic entities on retail analysis, economic impact studies, and business retention strategies. His recent research includes the effects of general merchandise superstores on retail sales distribution in Greater Minnesota.

⁷ See www.extension.umn.edu/community/. MIRC is supported by the Blandin Foundation.

2010 State and Twin Cities Metro Population Maps Available

CURA has partnered with the Minnesota State Demographic Center and the Cartography Lab in the University of Minnesota's Department of Geography to produce four-color, poster-sized (17.5 x 20 inches) wall maps showing population distribution in Minnesota and the seven-county Twin Cities metropolitan area, as well as population changes in the state, using data from the 2010 U.S. Census. The statewide and metro-area distribution maps and the statewide population change dot map are plotted at the block level. The statewide population change choropleth map is plotted at the minor civil division level, which includes cities,

townships, and unorganized territory. The maps include major water features and selected major roads and highways.

Smaller versions of the maps (with some detail removed for legibility) can be found on the next four pages. Poster-sized versions of the maps with full detail are available for download as PDFs at the following URLs:

- ▶ **Twin Cities Metropolitan Area Population Distribution, 2010:** www.cura.umn.edu/node/7250
- ▶ **Minnesota Population Distribution, 2010:** www.cura.umn.edu/node/7251

- ▶ **Minnesota Population Change, 2000–2010 [choropleth map]:** www.cura.umn.edu/node/7328

- ▶ **Minnesota Population Change, 2000–2010 [dot map]:** www.cura.umn.edu/node/7329

For those who want to print the maps, both FedEx Office and the University of Minnesota's John R. Borchert Map Library (map.lib.umn.edu) offer reasonable prices for printing from these files at full size.