Kandiyohi County & City of Willmar

ECONOMIC DEVELOPMENT COMMISSION
2017 Strategic Plan

Kandiyohi County & City of Willmar
ECONOMIC DEVELOPMENT COMMISSION

Adopted April 27, 2017

BACKGROUND

Population & Demographics: Kandiyohi County grew 1,036 or 2.5% from 41,203 to 42,239 from 2000 vs. 2010 census. The city of Willmar grew by 1,244 people or 6.8% from 18,366 to 19,610 people. The median age is 39.9 and is slightly older than the state. Almost 17% of the population is 65 years of age or older, expecting to increase by one-third by 2025. Over the past 15 years, the county has seen a decrease in school-aged children and young adults, but an increase in children less than 5 years of age. During the past decade, Willmar's Latino population increased by 41%. Fully, 87% of the county's Latino population lives in Willmar. Similarly, the Somali/East African population increased to 933 in 2010 from 165 in the year 2000 with 95% of the county's East African population residing in Willmar.

Construction: Approximately $60 million in construction occurred in Willmar in 2016 with the largest projects being the $27 million Lakeland Elementary and $7 million senior high gymnasium addition along with Hobby Lobby's $5 million, 55,000-square foot retail store. In 2016, the City of Willmar saw the construction of 36 housing units, the most since the recession in 2009.

Housing: The 2015 Housing Study reflects a need for more housing options for all income levels and type, such as homestead or rental, single family, senior and multi-family. Single family home sales in June, July and August in both 2015 and 2016 saw record highs including pre-recession levels. The number of days on market averages 122 days. Monthly supply of single family homes is down to 5.4 months in comparison to 16 months from 2008 to 2011.

Industry: Kandiyohi County is the fifth largest turkey producing county in the U.S. The county is home to the world's largest turkey breeding and hatching company, Willmar Poultry Company/Ag Forte, which merged with Valley of the Moon Commercial Poults to establish Select Genetics in March 2017. Jennie-O Turkey Store, owned by Hormel Foods, is the world's largest turkey processor (and the City's largest employer) with 1,650 employees in Willmar.

The EDC applied and received approval for a new shovel-ready certified site in the Willmar Industrial Park—the third or fourth largest such site currently in the state of Minnesota. The largest dairy in Minnesota, Meadow Star Dairy, opened in 2015 with an 8,500 dairy farm producing 500,000 pounds of milk daily. Life Science Innovations is a founding partner for MinnWest Technology Campus, which is home to 35 companies, employing close to 600 people, and represents one of the country's largest privately-held technology parks. Nova-Tech Engineering, now in 49 countries, is a world-leader in manufacturing equipment for the turkey industry.

Procore, a world-leader in construction management software using the Cloud with over 800 employees in the U.S., recently opened a location in Willmar that now employs 50 people. RELCO, the world's fourth largest dairy equipment manufacturer, recently moved to being the third largest. Rice Memorial Hospital, a Level 3 Trauma Center, is the largest community-owned hospital in Minnesota. Ridgewater College boasts one of Minnesota State System's highest percentages of student completion rates, graduates with related employment and licensure exam pass rates as well as customized training revenues and return on investment in its foundation and is among the top ten percent (rated 41) of community colleges in the country.

Refer to Appendix A for additional Background.

THE PROCESS

Desiring a new strategic plan, Kandiyohi County and City of Willmar Economic Development Commission (EDC) consulted with LDMarketing to help its joint powers and operation board members develop an organizational strategy built around short- and long-term goals to support organic business growth, increase the tax base, improve its operations and use economic data intentionally.

EDC invited Agriculture, Business Retention & Expansion and Marketing committee members and staff to be part of the fact-finding. In preparation, committees submitted possible goals and a retail study of taxable sales was conducted. The strategic planning retreat was held on March 23, 2017 where the information was prioritized for the creation of four goals with strategic objectives.

The work session was well received by participants. The information gathered is summarized in this document for the review of EDC boards, staff and stakeholders.

PARTICIPANTS

Joint Powers Board:	Fernando Alvarado, Roger Imdieke, Harlan Madsen, Rollie Nissen, Andrew Plowman and Kathy Schwantes
Joint Operations Board:	Rollie Boll, Donna Boonstra, Gary Gilman and Les Heitke
Ex Officio:	Bruce Peterson
Excused:	Art Benson, Bob Carlson and Kelly TerWisscha
Committee Chairs:	Sam Bowen, Business Retention and Expansion/Retention Committee and Dan Tepfer, Agriculture and Renewable Energy Development Committee
Staff:	Aaron Backman, Executive Director and Connie Schmoll, Business Development Specialist
Facilitator:	Linda Mathiasen, LDMarketing
Media:	Carolyn Lange, West Central Tribune
Secretarial:	Nancy Birkeland, Legal & Administrative Assistants, Inc. (*LAA*)

VISION STATEMENT

To provide visionary economic development leadership creating growth, prosperity, innovation, international competitiveness, and enhanced quality of life. ***Adopted by Joint Powers Board 7.28.2016***

MISSION STATEMENT

To be a catalyst for economic growth of the greater Kandiyohi County area. ***Adopted 1.15.2004***

IDENTIFICATION OF STAKEHOLDERS

Identifying organization stakeholders is integral to the foundational work for developing a strategic plan and team performance. Work session participants defined stakeholders, as those whom the EDC affects directly or indirectly with its services. Stakeholder participation and support ensures a successful effort.

For future development of goal tactics, the list of stakeholders will assist committees with identifying who should be involved. More importantly, the list will lend itself to intentional discussion for determining communication flow between goal teams and community stakeholders.

EDC Stakeholders *(No specific order)*		
Ag-Related	Employees in West Central Minnesota	Chamber/Convention Visitors Bureau
Business Community	Families	City of Willmar
Construction/Trades	New Americans	City/County Partnerships
Developers	Property Tax Base	Legislators
Farmers	Residents - Current	Vision2040
Financial Institutions	Residents - Future	
Manufacturers	Students	MinnWest Technology Campus (International/Entrepreneurs)
Medical Community	Workforce	
Newspapers/Media		
Producers	Communication Systems	School Systems
Realtors	Utilities	Ridgewater College
Tourism	Transportation	

ENVIRONMENTAL SCAN

Kandiyohi County and City of Willmar is an area that has benefited tremendously from its regional center status with a strong agricultural and agriculture-related economy. As EDC moves forward as a catalyst for economic growth, the joint powers and operations board needs to be equally forward thinking in a strategic approach to its current and future economic development challenges.

Aaron Backman presented 2014 Retail Trade Analysis data compiled by Ryan Pesch, University of Minnesota Extension Educator. Taxable sales is one measure of economic health of the local retail economy, as economists expect cities of larger populations to have more sales since their potential customer base is larger. A key indicator that accounts for changes in population and state-wide industry trends is pull factor. A pull factor of greater than 1.0 indicates businesses are pulling in customers from outside their community. A pull factor less than one is an indication residents are leaving the community to make purchases. Pull factors for 17 Merchandise Categories reflecting 2014 taxable sales data are below:

High Pull Factor (above 1.5):	Building Materials (3.9), Lodging (3.5), General Merchandise Stores (3.0), Non-Store Retail (2.5): Furniture (2.2), Electronics (2.5), Repair Services (2.2), Health/Pharmacy (1.6)
On Par Pull Factor (1.0 to 1.5):	Groceries & Beverage Stores (1.5), Vehicles & Parts (1.5), Gas & Convenience (1.3), Eating & Drinking (1.2)
Low Pull Factor (below 1.0):	Clothing (.9), Leisure Goods (.7), Sporting Goods/Hobbies (.7), Personal Services (.6), Amusement (.4)

Backman shared the top occupations in the United States in 1978 (truck driver, farmer and secretary) and in 2014 (truck driver). Locally, the three largest industries in 2014 were Healthcare/Social Assistance 5,584; Manufacturing 3,359 and Retail/Trade 2,969.

Refer to Appendix B for Retail Trade Analysis.

To attain understanding of common knowledge, participants worked in small groups to complete an environmental scan covering the below characteristics and organizing as strengths, weaknesses, opportunities and threats:

- Social
- Technology
- Economic
- Environmental
- Political
- Demographic

	STRENGTHS ***(No specific order within category)***	**WEAKNESSES** ***(No specific order within category)***
SOCIAL	Recreational opportunities Active social/community clubs Foxhole Brewery Social activities Faith-based organizations	Average age Housing Inter-cultural contact Organizations lacking young people Technology limits and youth participation Young people–so many activities taking their time
TECHNOLOGY	MinnWest Technology Campus Desire to be more high-tech/embrace technology	Lack of rural broadband Lagging in high-tech infrastructure
ECONOMIC	Businesses doing global business Strong schools/Ridgewater College Diverse economy Regional center Low unemployment	Lack of available workforce Not enough workforce housing Low untraditional lending options
ENVIRONMENTAL	Restoration and improvements Environmental access to outdoors Leachate system Lakes, trails, parks, facilities	Aquatic Invasive Species (AIS) Tourism Impaired waters/invasive species Winter/climate Cost of complying with Minnesota Pollution Control Agency (MPCA) Landfill fees
POLITICAL	County Board People willing to participate City and County work together Collaboration	Polarized populace/rural vs. metro Non-metro not heard/rural Lack of involvement/apathy
DEMOGRAPHIC	Diversity Steady growth Cultural quilt	Low average median income Retiring workforce Transportation limitations Aging population Keeping young people Impact of government and social services

	OPPORTUNITIES ***(No specific order within category)***	**THREATS** ***(No specific order within category)***
SOCIAL	Increase amenities Pursue entertainment venues Invest in children Have a positive can do attitude Focus on higher income and education levels, such as medical expansion and technology careers Become a place people want to be to attract demographics to support EDC goals Support entrepreneurs and emerging markets, such as 1 Million Cups Increase arts and events Access to outdoors is high ranking trend for destination/ choosing where to live	Leadership succession Negative perception of area Trends to choose where to live puts job among lowest criteria Lack of messaging, marketing amenities
TECHNOLOGY	Focus on higher income and education levels, such as medical expansion and technology careers	Broadband Internet shopping
ECONOMIC	Increase real estate tax base Use environmental scan data for planning Pursue balanced industries Spend equal time on small and large businesses Separate initiatives for existing and new businesses Become a conduit of fund services, such as West Central Angel Fund	Global economy Ownership succession Where people choose to spend their money
ENVIRONMENTAL	Broadening tourism Events to attract people to area, beyond resorts	Aquatic Invasive Species (AIS) Distance from metro
POLITICAL	Enhance exports Increase education-industry partnerships	Polarized national scene Negative perception of area Ridgewater College/U of MN Extension under-utilized resources
DEMOGRAPHIC	Attract higher education, wage earners	Traditional thinkers/approach to business Amenities and quality of life preferences

ECONOMIC DEVELOPMENT GOALS for 2017

Work session participants identified four overarching goals for EDC to focus its organizational efforts. Staff met separately with Linda Mathiasen of LDMarketing to craft goals and establish strategies.

GOAL 1.	ASSUMPTIONS	STRATEGIES:
EDC will strengthen partnerships and connections with existing businesses to be a catalyst and build capacity for organic growth **OBJECTIVE:** Increase the credibility of existing partnerships for continued success and expansion	We recognize: A. Actions to cultivate relationships and build on strengths need to be intentional and tangible B. Business owners and seasoned leadership are aging C. Entrepreneurs with diverse backgrounds are growing and reaching business milestones D. Committees are established and may not align with future goals	A. **Education Partners**: Mid-Central Research and Outreach Center: University of Minnesota (MCROC), Ridgewater College and School Districts are meeting the learning needs of future workforce by partnering in joint programs and events B. **Midtown Plaza in Downtown:** Project meets goals and financial objectives in year one C. **MinnWest Technology Campus:** Assist with identifying one to two prospects they may otherwise not encounter D. **Public and Private Broadband Investors:** Assist with recruiting 50% of target area to sign up E. **Angel Fund:** Identify one to two suitable prospects and bring potential funding proposals

GOAL 2.	ASSUMPTIONS	STRATEGIES:
EDC will explore and increase operations to support efforts to improve the tax base by attracting new residents with higher income and educational levels **OBJECTIVE:** Kandiyohi County will have retail, amenities and activities attracting middle and upper income families	We recognize: A. Trends support that people choose where to live based on quality of lifestyle over job B. Kandiyohi County has low taxable sales in leisure services, amusement and personal services C. Access to outdoor activities is a high ranking factor in deciding where to live	A. **Create a pilot program** among new businesses with emerging fields such as communication, medical and technology to increase candidate pool to support their growth goals B. **Retail, Tourism & Activities:** Explore initiatives to attract quality retail, enhance and expand tourism, and promote diversity of leisure and outdoor activities

GOAL 3.

EDC will position and market itself as the expert in business development and be a conduit of information, resources and making connections

OBJECTIVE:

Prospective and current developers and business owners will seek counsel from EDC

ASSUMPTIONS

We recognize:

A. Kandiyohi County needs to expand its industry diversity and attract higher paying jobs

B. Succession planning is important to ensure business sustainability after changes in life whether due to health, death or retirement

C. State and federal resources and regulations can restrict business development

STRATEGIES:

A. **Finance:** Promote, package and educate funding programs available from traditional and gap financing, local lender partnerships, TIF, abatement, angel fund, crowd sourcing, venture capital, etc.

B. **Governmental Relationships:** Continue work on Hwy. 23 state funding, Willmar Wye, broadband projects, Willmar's airport master plan, and industrial park development

C. **Marketing:** Develop a positive message to current residents and tourists and create materials to support the goals and activities of the 2017 Strategic Plan

GOAL 4.

EDC staff and board members will work intentionally with data to drive decision-making and investments

OBJECTIVE:

EDC will align the organization to respond to data trends by allocating staff, resources and investments

ASSUMPTIONS

We recognize:

A. EDC gathers data and needs to identify processes for implementation and evaluation

B. Staff, board and committee members need to participate in professional development

C. Becoming data-driven may change committees and organization structure

STRATEGIES:

A. **Agribusiness:** Create plan(s) to address at least two hurdles identified in recent Ag Producers Business Retention & Expansion (BRE) Survey

B. **Agribusiness:** Using agricultural BRE data, conduct a feasibility study on an emerging ag-related industry and identify justification process for future feasibility studies for any industry

C. **Taxable Sales Data:** Conduct board and committee development on the use of state and local metrics to set benchmarks

D. **Business Retention & Expansion:** Provide committee development to study, analyze and implement recommendations to diversify retail and balance industries

APPENDIX A

Background for 2017 Strategic Planning Session

At the 2016 Planning Session the EDC used, with assistance from Bruce Miles of Big River Group, a SWOT analysis to understand internal contexts (Strengths & Weaknesses) and external contexts (Opportunities & Threats) to develop a vision and a strategy for the future. We identified our top five priorities—Broadband, Transportation Infrastructure, Industrial Park Development, Expanding Funding Options for Businesses, and Marketing/Public Relations, and short-term and long-term action items related to those priorities.

For the 2017 Planning Session the EDC is presenting information, with assistance from Linda Mathiasen of LDMarketing that has been gathered regarding the "organizational environment" that points to factors that can significantly influence organizational operations. It is a process of gathering, analyzing and dispensing information for effective purposes and for setting priorities.

Environmental Scan

In looking at the economic, social, demographic, political and technological changes that are impacting economic development in Kandiyohi County and the City of Willmar, I'm going to consider national, state and local trends that I see impacting our communities and the EDC's work.

In terms of **national economic indicators**, I believe there are a number of trends in terms of GDP, stock markets, price-to-earnings, consumer confidence, consumer credit, credit ratings, factory sales, exports, trade deficits, job creation, unemployment, etc. that are informative—both positive and negative.

On the **positive** side:

*The **S&P 500 stock index** has gone from 677 points in March 2009 to yesterday's 2348 points or an increase of nearly 250% (And the DOW is up about 300% during the same time).

*The Dow Jones Industrial Average took 42 days to go up 1,000 points to pass 20,000 and 24 days to pass 21,000 points (the latter the fastest since the dot.com boom in 1999).

*The price of gold, a hedge against inflation, has fallen from over $1,800 an ounce in 2011 to $1,249 this week.

***Consumer Confidence has risen** since the November election. The index rose to 114.8 in February, **the highest reading since July 2001**.

***U.S. Factory sales rose at the fastest rate in three years** in February. The Institute for Supply Management Manufacturing Index rose to 57.7. (A reading above 50 indicates expansion.)

***Total US exports** were $192 billion in January 2017, the **highest value since December 2014.** Sales of industrial supplies and materials hit their strongest level since 2 1/2 years ago.

*Commercial **banks** and savings institutions' aggregate **net income increased** 7.7% in the 4th Q of 2016 over the same quarter a year earlier. Revenue and

net income were higher, loan balances grew, asset quality improved, the number of problem banks continued to fall.

*The company ADP reports that **private sector jobs increased** 298,000 in February, the highest monthly gain since April 2014.

*The Bureau of Labor Statistics reported the employment increased by a strong 235,000 jobs and the **unemployment rate fell to 4.7%** in Feb. '17.

***New US Jobless Claims** were 223,000 for the week ended February 25th, the **lowest level in 44 years**. Jobless claims have remained below 300,000 for 104 consecutive weeks (8 2/3 years), the longest stretch since 1970.

On the **negative** side:

*The **S&P 500 PE Ratio is over 26**, **the highest it has been since the Great Recession in 2009** (the mean ratio is 16).

***Schiller's cyclically-adjusted price-to-earnings ratio or CAPE hit 30 two weeks ago**, a level that has been reached only twice over the past century—in 1929 (right before a certain crash) and before the tech and internet stock meltdown in 2000.

*While the financials have become the S&P 500's best performing sector since last October, **high-ranking insiders** at banks, brokerages, and financial-services companies are **selling their stock faster than at any time going back to 2003.**

*The price of oil is hovering around $50 a barrel vs. over $100 a barrel in mid-2014 (that, of course, is both positive and negative).

*The WSJ Dollar Index has increased from 73 in mid-2014 to 90 at the present time. A stronger dollar is great for traveling abroad, but it makes our exports more expensive.

*The **US trade deficit hit $48.5 billion** in January 2017, the highest deficit since March 2012.

*The **NYSE Margin Debt is close to the highest level ever recorded**. The last two times margin debt was this high was right before the bursting of the dotcom bubble in 2000 and just before the financial crisis of 2008.

*In January Consumer credit rose by an annualized growth rate of 2.8%, the slowest rate of consumer credit growth in over 5 years; and 2016 as a whole was the **smallest increase in household credit since 2013**.

*Over the past six years, the **number of US retailers on the lowest & distressed tier of Moody's rating spectrum has tripled**; major retailers like Sears, JC Penney, Macy's, etc., have announced plans to close hundreds of stores.

*The percentage of people intending to spend this year's tax refunds hit an all-time survey low.

*The Federal Reserve Bank of Atlanta just revised down its 2017 1stQ GDP forecast from 2.5% to .9%.

Perhaps you could say it is the best of times and the most uncertain of times.

Local Economics Scan:

2016 was a decent year for development in Willmar—approximately **$60 million in construction** was ongoing. Among the most notable construction projects were **school projects**—the new $27 million Lakeland Elementary complex and the $7 million High School Gym addition. In terms of commercial projects, the community welcomed the new $5 million, **55,000 sq. ft. Hobby Lobby** along 1st Street or Bus. Hwy 71—becoming the 12th location for the chain in MN (and its 5th in Greater MN).

In the **Willmar Industrial Park**, the biggest construction project last year was **Dooley's Petroleum**. The project involves a roughly **10,000 sq. ft. corporate office building and a 12,000 sq. ft. maintenance facility with a permit value $2.2 million**. In terms of housing, **34 housing units were built**, primarily on the east side of town. The EDC is working closely with Planning & Development Services staff in Willmar regarding several prospects that are considering locating in the Willmar Industrial Park.

Speaking of housing, in terms of **single family homes in the West Central Region.** Year over year, pending sales in February were down by 25%, though I should add that during peak closing months of June, July, and August in both 2015 and 2016 home **sales were the highest they have ever been** (inc. pre-Great Recession). The number of homes for sale in February is down 5% from last year (and down significantly from 2014 and 2015), and the number of days on the market averages 122 days (down from a peak of 195 days in early 2011). **Monthly supply for single family homes is also down to 5.4 months** (also notably lower than 16 months of supply from 2008 to 2011.

Demographic Scan:

In terms of demographic trends for the City of Willmar and for Kandiyohi County. Comparing the **2010 census vs. the 2000 census**, the City of **Willmar grew by 1,244 people or 6.8%** from 18,366 to 19,610 people. The city represents about 46% of the population of the County. **Kandiyohi County during the same time grew by 1,036 or 2.5%** from 41,203 to 42,239.

In terms of ethnicity, the **Latino population grew in the City of Willmar by 41%** or 1,186 people or **from 2,913 to 4,099 during the decade**. (For the County, the Latino population increased from 3,295 to 4,710; and DEED now estimates the Latino population at 4,909.) **About 87% of the Latino population in Kandiyohi resides in Willmar, and in 2010 represented 21% of the overall population of the City.** Interestingly the Latino population in Kandiyohi County outside of Willmar grew faster than inside the City (60% vs. 41%), though from a much smaller population base. The **Somali/East African population grew in the City of Willmar by 768 people** or from 165 in the year 2000 **to 933 in the year 2010. About 95% of the East African population in Kandiyohi resides in Willmar,** and in 2010 **represented 5% of the overall population** of the City.

The **State of MN has a total population of about 5.5 million. It currently has a Latino population of about 276,000** which is about 5% of the state's population. **Willmar's Latino population is the 9th largest for cities in MN (3rd largest in Greater MN** after Rochester and Worthington). A 2013 Pew Research Center indicated that Minnesota had one of the youngest Latino populations in the country, with a median age of 22. **The State of MN**

currently has a Black/African population of about 274,000, of which about 40,000 are from Somalia. The Twin Cities is home to the largest population of Somalis in North America. Willmar's current Somali population is harder to quantify, but my estimate is that there is about 1,700 Somalis in the community (DEED's estimate is 1,238). I would further estimate that the Somali population in Willmar would represent about the 4th largest concentration in a Minnesota community.

Not only is the community becoming more diverse, the Willmar School District is as well. For the first time this school year, more than 50% of the students on non-Caucasian. Out of the 4,162 students, 47% or 1,965 are Caucasian, 33% or 1,370 are Latino, 17% or 702 are East African/Black, 2% or 82 are Asian, and 1% or 42 are Native American. Without the diverse students, the demographics for the Willmar School District would be quite different and I am not sure the school district would be constructing Lakeland Elementary. And Willmar School District is not alone in becoming more diverse. I have gathered **demographic information for all 553 school districts in the State of MN, including male and female students by race. Fully 92 of the school districts have 20% or more of minority students**, and 33 of those districts have 30% or more diverse students.

Distribute the new EDC Brochure.

In terms of **Willmar as a regional hub, the city is the largest city in the region**, and is nearly three times larger than the next largest city in the region, Litchfield. The **EDC considers Willmar's region to include six counties—Kandiyohi, Meeker, Renville, Chippewa, Swift, and Pope**—with a combined **population of 103,500 and a workforce of over 62,000**. Much like

the age demographics of Southwest MN, Kandiyohi County's population (median age of 39.9) is slightly older than the state. Almost 17% of the population is 65 years of age or older (and that number is expected to increase by one-third by 2025. Over the past 15 years the county has seen a decrease in school-aged children and young adults, but an increase in children less than 5 years of age.

Social/Labor Force Scan:

Workforce in City of Willmar and Kandiyohi County:

1) **City Population**

Based on a July 2015 population of 19,927, the **City of Willmar would be the 58th largest city in the State of Minnesota (inc. communities in the Twin Cities) and the 13th largest city in Greater Minnesota.**

In 2015, 15,944 people were employed in the City of Willmar. Of those folks, **10,644 lived outside the City and commuted into Willmar (or 67%)**, and 5,070 (or 34%) lived inside of the City and leave to work elsewhere. The **City is strongly a "net importer" of people during the average workday.** From the workforce totals, college students, shoppers, medical clients, and people using other services, **my estimate is a weekday population of over 28,000** for the City of Willmar.

2) **County Population**

Kandiyohi County is the 23rd largest county in the State in terms of population, and the 11th largest county that is not located in a metropolitan statistical area.

According to DEED, in 2015 22,890 People were employed in Kandiyohi County. Of those folks, 7,800 live outside the County and commute into Kandiyohi and 7,200 live inside the County and leave to work elsewhere. **So, it's fairly balanced for commuting in and out of the county, while Willmar is much more likely to have commuters come in** to work. In 2016 the available workforce is estimated to be 23,982 in the County (the second highest ever reported).

Jobs in the City of Willmar and Kandiyohi County:

15,786 jobs in Willmar. Of those, 2,422 are retail-related and 1,487 are manufacturing.

In 2016 there were 23,119 jobs in Kandiyohi County. Of those, 5,584 are health care/social services, 3,359 are manufacturing and 2,969 are retail trade. Thus in the county, 14.5% are manufacturing jobs, that compares with 11.5% statewide.

Nationwide, the **labor force will be impacted by the Millennials**, which **by 2025** (7 years from now) will comprise 26% of the population and **44% of the workforce**. Due to the recession in part, Millennials were twice as likely as older groups to be unemployed, with 1 in 5 living with their parents. Their

later job starts and mounting student loan debt does have implications for lifetime earnings (Forbes estimates their lower purchasing power will result in a 5% decrease in household income over the next 10 years nationally. In response, some retailers are trying to adapt—Whole Foods, for instance, launched a lower-priced grocery chain to target shoppers with less disposable income.

Maps of the U.S. showing the most common job in each state:

(See 1978 map.)

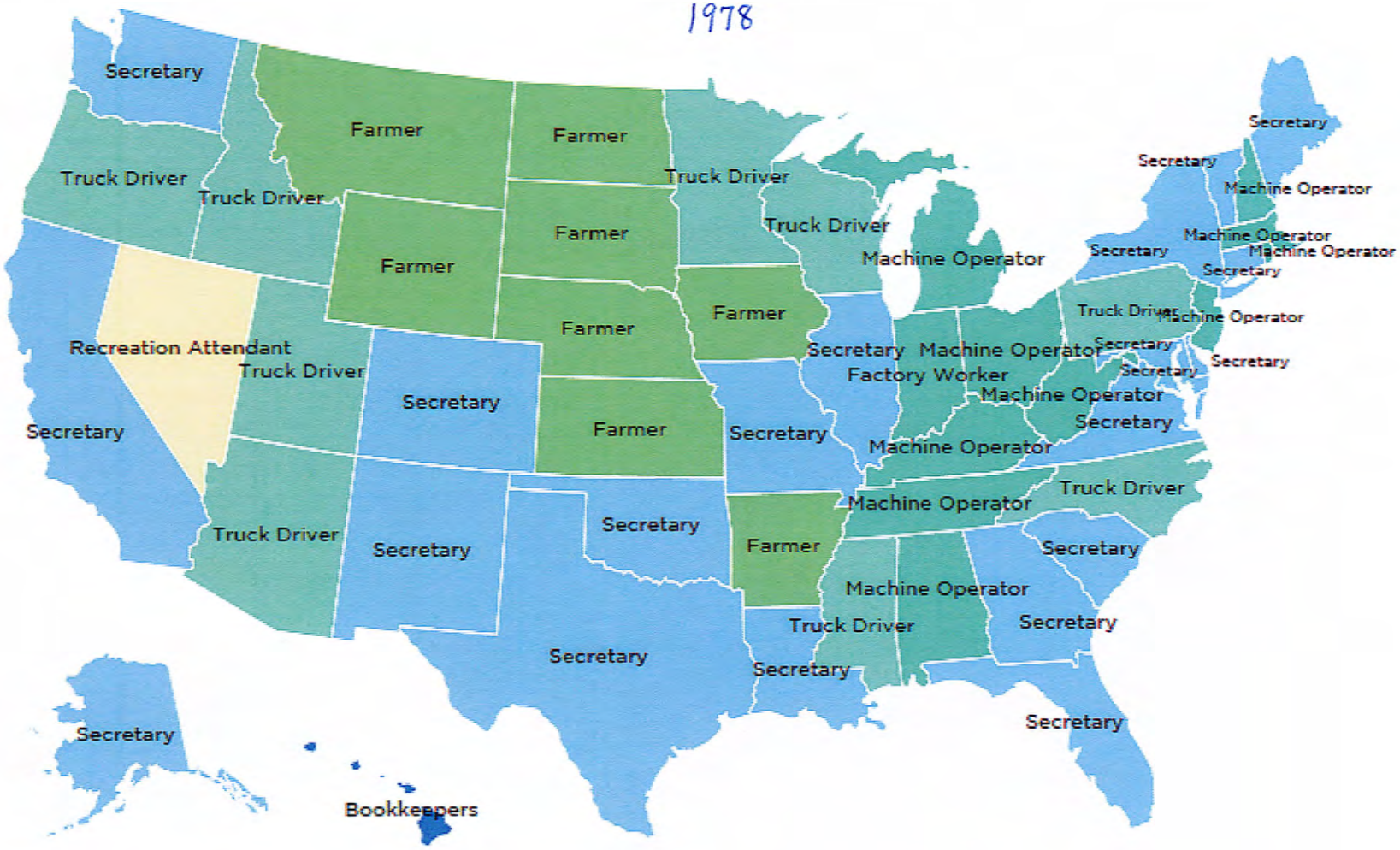
What year do you think this map of the most common jobs by state is showing? What do you notice about the map?

The **most common job in 21 states was Secretary**. You see that in the West Coast, Southern Plains, portions of the Southeast and New England. Machine Operators were the number one job in 10 states, primarily in Michigan, Ohio and Tennessee Valleys, and around Boston. Truck drivers were most prevalent in 9 states, primarily in Mountain states, upper Midwest. Farmers were the most prevalent job in 8 states, principally in the Upper Plains.

(Second distribute 2014 map.)

What year do you think this map is showing? What do you notice about the map?

1978


Secretary
Truck Driver
Truck Driver
Farmer
Farmer
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Farmer
Truck Driver
Truck Driver
Machine Operator
Secretary
Secretary
Machine Operator
Machine Operator
Machine Operator
Secretary
Secretary
Recreation Attendant
Truck Driver
Secretary
Farmer
Farmer
Secretary
Secretary
Machine Operator
Factory Worker
Machine Operator
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Machine Operator
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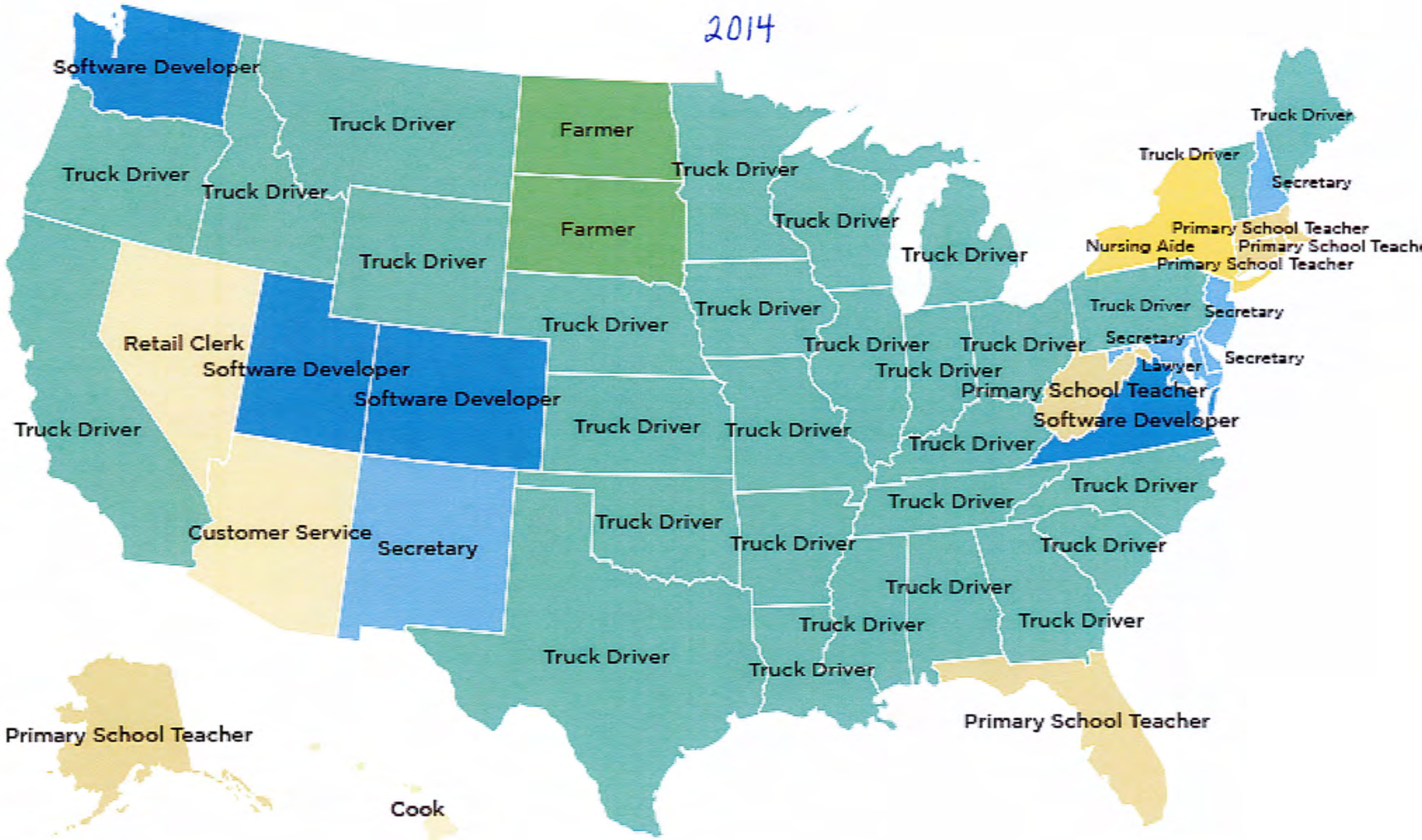
Farmer
Machine Operator
Secretary
Truck Driver
Secretary
Secretary
Secretary
Bookkeepers

2014


Software Developer
Truck Driver
Farmer
Truck Driver
Truck Driver
Truck Driver
Truck Driver
Secretary
Truck Driver
Farmer
Truck Driver
Truck Driver
Primary School Teacher
Nursing Aide
Primary School Teache
Primary School Teacher
Truck Driver
Truck Driver
Truck Driver
Truck Driver
Secretary
Retail Clerk
Software Developer
Truck Driver
Secretary
Truck Driver
Truck Driver
Software Developer
Lawyer
Secretary
Primary School Teacher
Truck Driver
Truck Driver
Truck Driver
Software Developer
Truck Driver
Truck Driver
Truck Driver
Customer Service
Secretary
Truck Driver
Truck Driver
Truck Driver
Truck Driver
Truck Driver
Truck Driver
Truck Driver
Truck Driver
Primary School Teacher
Primary School Teacher
Cook

The most common job in 29 states was Truck Driver. And they are throughout the Midwest and South and the West Coast. The next most common job was Primary School Teachers in 6 states (principally in the Northeast and in Florida), Secretary in 5 states (basically in the Mid-Atlantic states), Software Developer in 4 states (Virginia, Colorado, Utah, and Washington State), Farmers in 2 states (the Dakotas).

The **NPR Study took a snapshot of the country every two years over 38 years.** You do not see this with only two maps, but most states changed their most common job multiple times. Only three states have never changed their most common job—North Dakota, South Dakota and Mississippi. In Minnesota's case, the most common job changed several times--1978-Truck Driver, 1982-Secretary, 1984-Farmer, 1992-Secretary, 1994-Farmer, 1998-Truck Driver (so five different jobs during the first 2 decades, and no change for the last 20 years).

Minnesota is often compared with the states of Colorado and Washington. When did their most common job changes occur? In the case of Colorado: 1978-Secretary, 1990-Truck Driver, 2002-Computer Analyst, 2004-Truck Driver, 2012-Software Developer. For the State of Washington: 1978-Secretary, 1982-Truck Driver, 1986-Secretary, 1988-Truck Driver, 1992-Carpenters, 1994-Truck Driver, 2008-Software Developer, 2012-Truck Driver, 2014-Software Developer.

Technological Scan:

Given there is about an annual 2% growth in the hauling of freight, that about **3.5 million truck drivers are employed nationally** and there is an increasing shortfall in drivers with about 100,000 jobs open today (about 2,800 being in MN), **how many of you think that Truck Driver will be the most common job in Minnesota in 10 years?** I think the big shock over the next 5 to 7 years for the freight industry and many communities is going to be self-driving trucks (and I think that is going to happen faster than autonomous cars or taxis). Driverless trucks are likely to roll out at scale much sooner than Uber and Tesla vehicles.

Here are some autonomous vehicle developments: Mining giant Rio Tinto uses forty-five 240-ton driverless trucks to move iron ore in several of its Australian mines. In May 2015, the first self-driving Daimler truck hit the road in Nevada. In September 2016 the Obama administration approved federal guidelines for these systems. (**The feds have placed a bet that driverless cars and trucks will save lives. My hunch is that the trucking companies are looking at reducing labor costs, the 34% of operational costs per mile.)** About a dozen states already have created laws that allow for testing of self-driving vehicles. California, Florida, Utah and recently Michigan have approved **commercial truck "platooning" operations**, allowing 2 or more big rigs to drive autonomously, synchronizing their moments, literally driving 30 feet from one another. The leading vehicle dictates speed and direction, while the rest automatically steer, speed up and slow-down in close convoy. Peloton, the California-company that developed the software linking the trucks, projects saving 7% of fuel costs

(due to reduced drag) and, of course, labor costs. Its major investors are UPS and Volvo.

Otto, a self-driving truck company started by former Google engineers and execs, has developed kits to retrofit existing trucks to navigate freeways. In the first quarter of 2017 Otto has Volvo trucks that are test driving Interstate 280 and the 101 Freeway in California.

I believe we are going to see a wave and acceleration in automation and it will affect job markets nationally and locally. What are the **hottest tech sectors for venture capitalists?** During 2016 significant dollars and funding rounds were put into online retail, transport tech, foodtech, agri-tech, finance & accounting software, banking tech, e-commerce. But those were not ranked the highest areas. The **top three were Enterprise Security, Healthcare IT, and Artificial Intelligence (AI)**. Smarter robots are increasingly being used in manufacturing settings. But robots can be used for many other things, such as home building and trash collection.

And lest we think that only blue-collar jobs will be affected, scientists and software engineers are actively working on multiple **AI applications in other professional fields**, including projects that could supplement or replace accountants, airplane pilots, architects, commodity salespeople, doctors, insurance brokers, lawyers & paralegals, realtors, financial analysts and wealth managers.

Let us just focus on **medical developments** in the last three years. IBM's Watson computer proved it can diagnose lung cancer from analyzing MRI scans much more reliably than real people (90% vs. 50%). In January of this year the Imperial College London developed an AI that could diagnose pulmonary hypertension better than cardiologists do. The Cardiologists have about 60% accuracy, the AI system does 80% accuracy. University of California-San Francisco recently launched an automated, robotics-controlled pharmacy at two hospitals that dispenses prescriptions based on barcodes scanned by nurses. Johnson & Johnson now has an FDA-approved device that can deliver low levels of anesthesia automatically, no anesthesiologist required.

As we march into the brave new world of advanced AI and robotics, I am concerned that there will be **significant job dislocation** that some occupations may be eliminated and that people's skills and livelihoods will evaporate in the not too distant future. How will this impact our communities? How will it impact education, both K-12 and Higher Ed? Will there be adequate re-training programs? Those questions have yet to be answered.

Let's end the environmental scan on a more optimistic note. **U.S. News and World Report last month ranked Minnesota the 3rd best state in the nation (and number one in the region).** The publication looked at various categories, including: opportunity, infrastructure, health care, education, economy, crime, and government administration. The State ranked the best in Labor Force Participation (#1), Opportunity (#2), Health Care (#3), Educational Attainment (#4), Medicare (#5), and Infrastructure (#5). We ranked less well in Crime (#17) and Government Administration (#24).

Overall, **Minnesota does have a more diversified economy** than other states and boasts 17 Fortune 500 companies. The State now has budget reserves of $2 billion, unemployment has been below 4% for 30 straight months and H.S. graduation rates have increased from 77% to 82% over the past 8 years. On the other hand, **Minnesota is a higher-taxed state** and there has been a lack of an agreement on infrastructure funding at the State level in the last several years that has delayed needed road projects.

Overall, I think **Kandiyohi County fits in well with each of those categories** that the State was ranked on recently. In terms of opportunity, we are pursuing significant projects for the Willmar Industrial Park. The City of Willmar and Kandiyohi County have supported projects to revamp the Kandi Mall and augment the Little Crow Country Club (GrandStay Hospitality). The EDC has helped a new business, ERC, expand to our area. Infrastructure is a major priority for the City, County, and the EDC, as evidenced by the Wye project, 5/55 bridge over Hwy 23, and the broadband project. Healthcare and social services is our largest employment sector with over 5,600 employees countywide. And there are plans for more medical facility upgrades (e.g. new Surgery Center). And in education—New London-Spicer and the Willmar School Districts are investing over $70 million to upgrade and expand their educational facilities.

Local Industry Scan

We all know some of the local stats—Kandiyohi County is the 5th largest turkey producing county in the U.S. We are home to the world's largest

turkey breeding and hatching company, Willmar Poultry Company (which merged with another company last month and is now called Select Genetics). Jennie-O Turkey Store, owned by Hormel Foods, is the world's largest turkey processor (and the City's largest employer) with 1,650 employees in Willmar. A new shovel-ready certified site in the Willmar Industrial Park—the 3rd or 4th largest such site currently in the State of MN. Meadow Star Dairy opened in 2015 with an 8,500 dairy farm producing 500,000 pounds of milk every day (they are currently the largest dairy in MN). Life Science Innovations is a founding partner for MinnWest Technology Campus, with 35 companies, employing close to 600 people, and representing one of the country's largest privately-held technology parks. Nova-Tech Engineering, now in 49 countries, and a world-leader in manufacturing equipment for the turkey industry. Procore, a world-leader in construction management software using the Cloud, and now with over 800 employees in U.S. RELCO, the world's 4th largest dairy equipment manufacturer, recently became the 3rd largest. Rice Memorial Hospital, a Level 3 Trauma Center, is the largest community-owned hospital in Minnesota. Ridgewater College, known for is Ag programs, and I believe, has the largest ag programs in Greater MN.

For the industry scan I wanted to take a deeper dive into a specific sector, in this case retail. How has that sector been performing in Willmar and Kandiyohi County? So, I authorized moving ahead with a retail trade analysis.

APPENDIX B

2014 Retail Trade Analysis of the City of Willmar & Kandiyohi County:

One tool that is used to measure the economic health of the local retail economy is to look at **taxable sales**. Economists expect cities of larger populations to have more sales since their potential customer base is larger. A way to compensate for that in a retail trade analysis is to **measure the pull factor, which compares the local taxable sales per capita to that of the State.** A pull factor index higher than 1.0 indicates that businesses are pulling in customers from outside their community. A pull factor less than 1.0 usually indicates residents are leaving the community to make purchases.

To get retail trade data, to get these answers I worked with the **University of MN Extension** (I had a similar analysis done when I was in Windom). Ryan Pesch, Extension Educator in Moorhead, authored this report, and Neil Linscheid with Extension in Marshall, edited it. They finished this report last Friday specifically for this meeting. Willmar is a regional retail center. **Willmar's pull factor was 1.84 in 2014** (the most recent information that is available), which indicates that Willmar is pulling people in from the surrounding area. Willmar has a similar pull factor to other regional centers in rural Minnesota (though some merchandise categories in Willmar are higher than average, some are lower). *Distribute the 2014 Retail Trade Analysis to attendees and review key pages 2, 5, 6-12, 15, 16, 22-26, and 31.*

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2014 Retail Trade Analysis
City of Willmar and Kandiyohi County

A TOOL USED TO MEASURE THE ECONOMIC HEALTH OF THE LOCAL RETAIL ECONOMY

Authored by Ryan Pesch, University of Minnesota Extension Educator

PROGRAM SPONSORS: KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION

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City of Willmar and Kandiyohi County

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March 17, 2017

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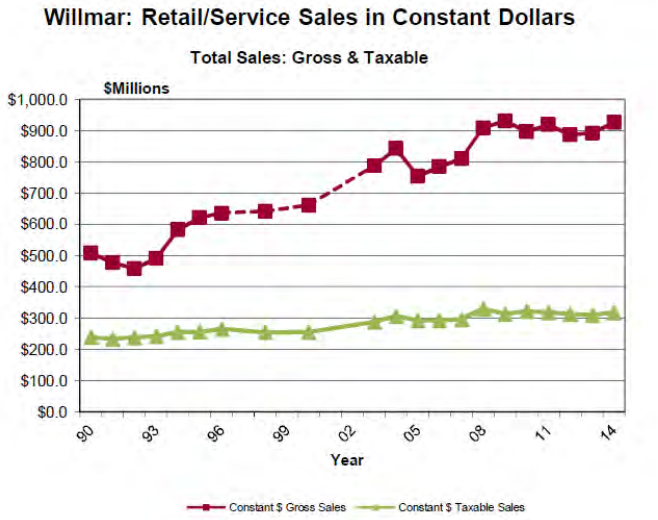
Kandiyohi County and City of Willmar Economic Development Commission

EDC
Kandiyohi County & City of Willmar
ECONOMIC DEVELOPMENT COMMISSION

EXECUTIVE SUMMARY

Retail Trade Analysis for Willmar, MN

VERY STRONG IN RETAIL CATEGORIES



The Minnesota Department of Revenue releases sales tax information each spring for the year that ended about 14 months earlier. The latest information indicates that Willmar's taxable retail and service sales increased 7.4% between 2007 and 2014, reaching an estimated total of $318 million. The graph on the right shows the trend in constant gross and taxable sales since 2003.

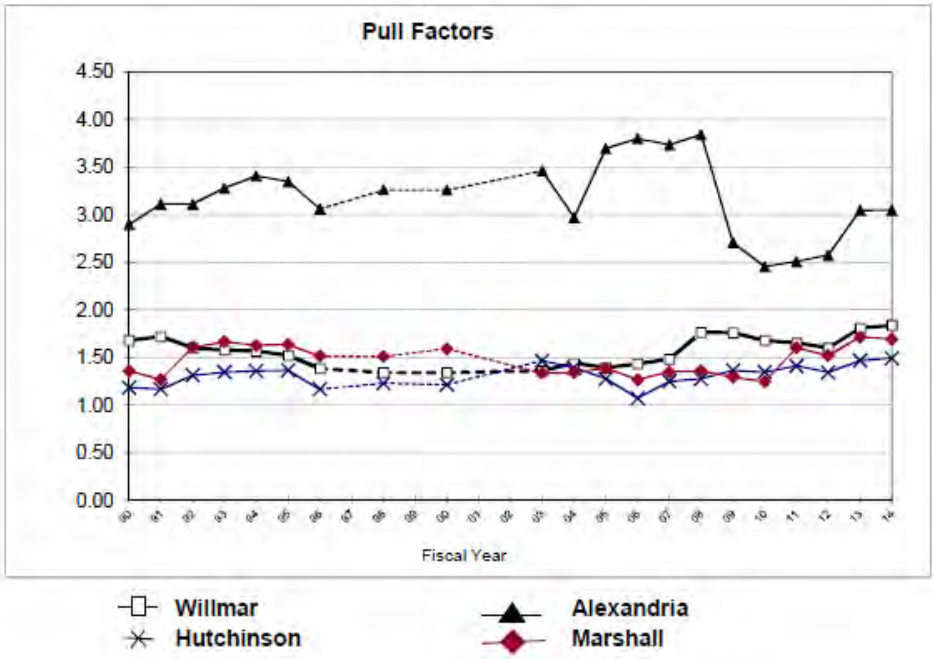
The building materials stores have had remarkable growth since 2011. These stores sold $74 million in taxable sales in 2014, 23% of all of the taxable sales in the available retail report categories. That is over $11 million greater than 2011.

Two business categories realized a large percentage growth. Health and personal stores reported a 28.14% increase in taxable sales and accommodations reported over a 19% increase in sales between 2011 and 2014.

Comparisons with Other Area Cities

There are several ways to measure performance other than dollars of sales. Economists expect cities of larger populations to have more sales since their potential customer base is larger. A way to compensate for that in a retail trade analysis is to measure the *pull factor*, which compares the local taxable sales per capita to that of the state. A pull factor index higher than 1.0 indicates that businesses are pulling in customers from outside their community. A lower pull factor usually indicates residents are leaving the community to make purchases.

Willmar is a regional retail center. Willmar's pull factor was 1.84 in 2014, which indicates that Willmar is pulling people in from the surrounding area. Willmar has a similar pull factor to other regional centers in rural Minnesota.



THE BOTTOM LINE

Willmar and Kandiyohi County have businesses that pull people in from the surrounding area. The sales and pull factor have continued to increase each year. Building materials, accommodations, and eating-places reported large sales increases in 2014.

The full retail trade analysis report will show how various retail categories have changed since 2003, so individual businesses can see how they performed compared to the whole community. The report includes an analysis for the City of Willmar and then for Kandiyohi County. The report is also useful for exploring expansion opportunities.

Willmar Retail Trade Overview

Total Taxable and Gross Retail Sales

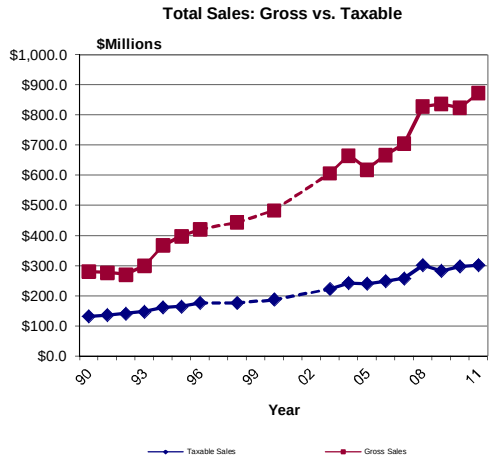
The table below presents gross and taxable retail and services sales for Willmar from 1990 through 2011. Without inflation adjustments, taxable sales in Willmar increased 24.4 percent from 2004 to 2011, while the number of firms fell 0 percent. Statewide, taxable sales increased 5.4 percent over the same time period and the number of firms rose 0.3 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

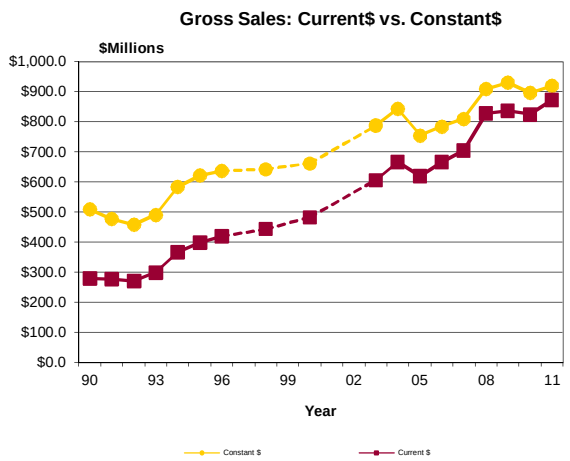
The table also presents sales data in constant 2011 dollars. These figures have been adjusted for inflation to reflect their value in 2011. For example, in 1990, taxable sales in Willmar totaled $131.62 million, an amount worth $239.31 million in 2011 dollars. In constant dollars, gross sales grew 9.1 percent between 2004 and 2011. Constant dollar taxable sales increased 3.4 percent over the same time period.

		Current Dollars		Constant 2011 Dollars				
Year	Estimated Population	Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Sales	Pull Factor
1990	17,842	$279.91	$131.62	$508.92	$239.31	583	$7,377	1.68
1991	17,974	$276.99	$135.38	$477.56	$233.42	588	$7,532	1.72
1992	18,209	$270.69	$140.74	$458.79	$238.54	583	$7,729	1.60
1993	18,522	$299.68	$147.10	$491.28	$241.14	581	$7,942	1.58
1994	18,756	$367.47	$160.73	$583.29	$255.12	593	$8,569	1.57
1995	18,905	$398.29	$164.07	$622.33	$256.35	569	$8,678	1.52
1996	18,971	$419.93	$175.68	$636.26	$266.18	564	$9,260	1.38
1997	18,910	NA	NA	NA	NA	NA	$0	NA
1998	18,870	$443.57	$175.70	$642.85	$254.64	540	$9,311	1.34
1999	18,794	NA	NA	NA	NA	NA	$0	NA
2000	18,351	$483.03	$186.84	$661.68	$255.95	517	$10,182	1.34
2001	18,419	NA	NA	NA	NA	NA	$0	NA
2002	18,227	NA	NA	NA	NA	NA	$0	NA
2003	18,303	$606.60	$222.03	$787.79	$288.35	470	$12,131	1.36
2004	18,205	$666.08	$242.62	$843.14	$307.11	491	$13,327	1.44
2005	18,163	$619.14	$240.33	$755.04	$293.08	485	$13,232	1.39
2006	18,067	$667.18	$248.42	$784.92	$292.26	478	$13,750	1.43
2007	17,877	$705.04	$257.72	$810.39	$296.23	499	$14,416	1.48
2008	17,874	$827.94	$301.06	$909.82	$330.84	503	$16,843	1.76
2009	17,907	$837.64	$282.03	$930.71	$313.37	508	$15,750	1.76
2010	19,610	$825.21	$296.77	$896.97	$322.58	503	$15,134	1.68
2011	19,600	$873.55	$301.75	$919.53	$317.63	491	$15,395	1.65
7 yr Change '04 to '11	7.7%	31.1%	24.4%	9.1%	3.4%	0.0%	15.5%	14.7%
3 yr Change '08 to '11	9.7%	5.5%	0.2%	1.1%	-4.0%	-2.4%	-8.6%	-6.3%

*Gross sales figures are self-reported by firms and not audited by the Dept. of Revenue for accuracy.

Willmar: Retail/Service Sales in Constant Dollars





Willmar Retail Trade Overview

Total Taxable and Gross Retail Sales

The table below presents gross and taxable retail and services sales for Willmar from 2003 through 2014. Without inflation adjustments, taxable sales in Willmar increased 23.5 percent from 2007 to 2014, while the number of firms rose 3.8 percent. Statewide, taxable sales decreased 5.2 percent over the same time period and the number of firms fell 8.8 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

The table also presents sales data in constant 2014 dollars. These figures have been adjusted for inflation to reflect their value in 2014. For example, in 2003, taxable sales in Willmar totaled $222.03 million, an amount worth $288.35 million in 2014 dollars. In constant dollars, gross sales grew 14.3 percent between 2007 and 2014. Constant dollar taxable sales increased 7.4 percent over the same time period.

		Current Dollars		Constant 2014 Dollars				
Year	Estimated Population	Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Sales	Pull Factor
2003	18,303	$606.60	$222.03	$787.79	$288.35	470	$12,131	1.36
2004	18,205	$666.08	$242.62	$843.14	$307.11	491	$13,327	1.44
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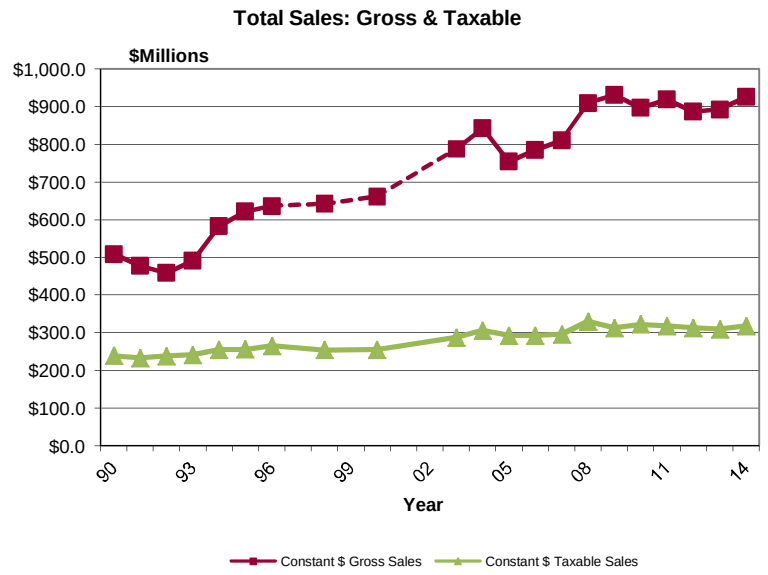
2010	19,610	$825.21	$296.77	$896.97	$322.58	503	$15,134	1.68
2011	19,600	$873.55	$301.75	$919.53	$317.63	491	$15,395	1.65
2012	19,694	$860.88	$304.16	$887.51	$313.57	476	$15,444	1.60
2013	19,717	$883.88	$306.95	$892.81	$310.05	482	$15,568	1.81
2014	19,731	$926.13	$318.30	$926.13	$318.30	480	$16,132	1.84
7 yr Change '07 to '14	10.4%	31.4%	23.5%	14.3%	7.4%	-3.8%	11.9%	23.9%
3 yr Change '11 to '14	0.7%	6.0%	5.5%	0.7%	0.2%	-2.2%	4.8%	11.3%

*Gross sales figures are self-reported by firms and not audited by the Dept. of Revenue for accuracy.

Willmar: Retail/Service Sales in Constant Dollars

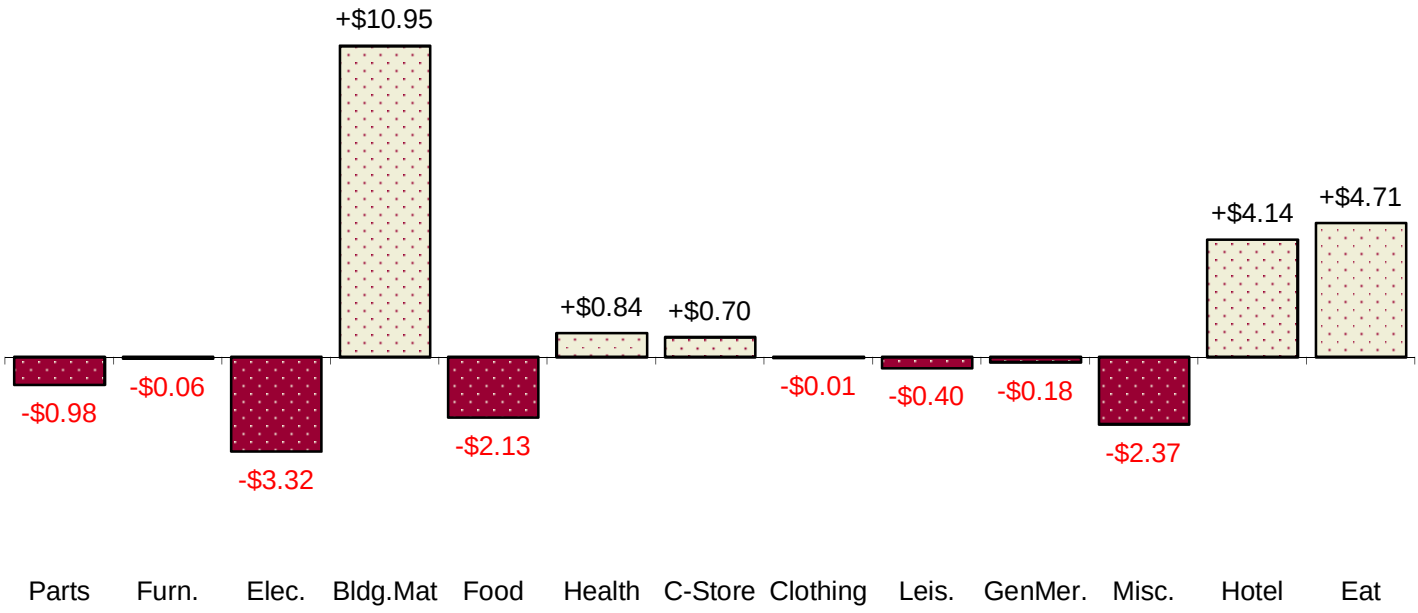


Willmar
Selected Components of Change*, 2011 to 2014

Selected Categories	Taxable Sales 2011	Taxable Sales 2014	Dollar Change	Percent Change
Vehicles & Parts	$15,341,803	$14,359,466	-$982,337	-6.40%
Furniture Stores	$10,780,950	$10,721,076	-$59,874	-0.56%
Electronics	$16,247,381	$12,931,899	-$3,315,482	-20.41%
Building Materials	$63,082,100	$74,034,532	+$10,952,432	+17.36%
Food, Groceries	$21,920,434	$19,786,186	-$2,134,248	-9.74%
Health, Personal Stores	$2,977,485	$3,815,362	+$837,877	+28.14%
Gas/Convenience Stores	$4,714,157	$5,412,828	+$698,671	+14.82%
Clothing	$3,246,989	$3,241,118	-$5,871	-0.18%
Leisure Goods	$3,615,481	$3,219,891	-$395,590	-10.94%
General Merchandise Stores	$60,972,889	$60,791,881	-$181,008	-0.30%
Miscellaneous Retail	$13,747,608	$11,382,034	-$2,365,574	-17.21%
Accommodations	$21,747,857	$25,887,690	+$4,139,833	+19.04%
Eating & Drinking	+$29,490,144	+$34,204,687	+$4,714,543	+15.99%
Total Retail and Services Sales	$301,747,319	$318,296,093	+$16,548,774	+5.48%

* Figures not adjusted for inflation.

Taxable Sales Changes by Category (in Millions)
2011 to 2014

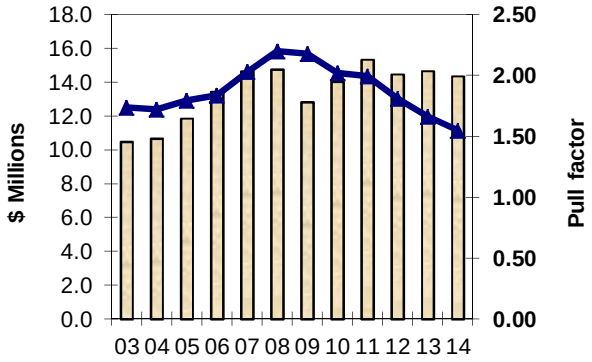


Recent Trends By Merchandise Category

Willmar

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Vehicles & Parts

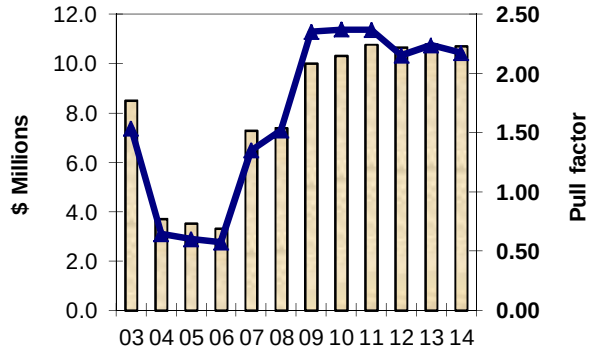


4.5% of Willmar's taxable sales in 2014

Sales per capita are $728

Stores in the Motor Vehicle and Parts Dealers subsector retail motor vehicles and parts from fixed point-of-sale locations. This can include automobiles, campers, RV's, boats, out-board motors, sailboats, snowmobiles, motorcycles, and all terrain vehicles. On-road vehicle sellers do not collect sales tax but rather Motor Vehicle Tax. Sales tax is collected on boats, snowmobiles, dirt bikes, ATVs, and parts.

Furniture

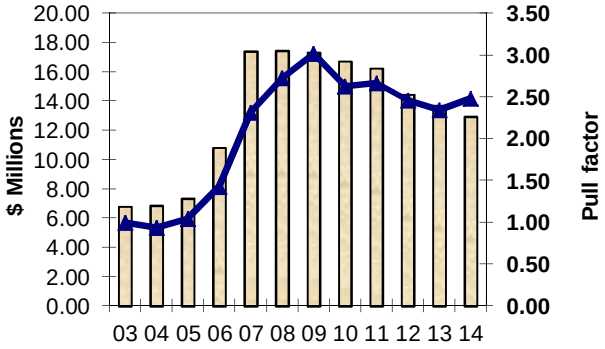


3.4% of Willmar's taxable sales in 2014

Sales per capita are $543

Stores in the Furniture and Home Furnishings subsector retail new furniture and home furnishings from fixed point-of-sale locations. This can include bed stores, office furniture, carpet stores, window treatments, lamps, framing shops, linens, and kitchenware.

Electronics



4.1% of Willmar's taxable sales in 2014

Sales per capita are $655

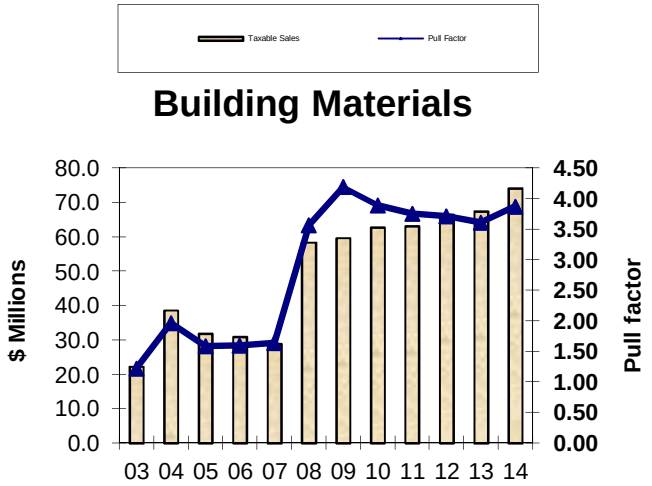
Stores in the Electronics and Appliance subsector retail new electronics and appliances from point-of-sale locations. This can include household appliances, sewing machines, vacuum cleaners, computers, cameras, telephones, cell phones, televisions, and radios.

Recent Trends By Merchandise Category

Willmar

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Building Materials

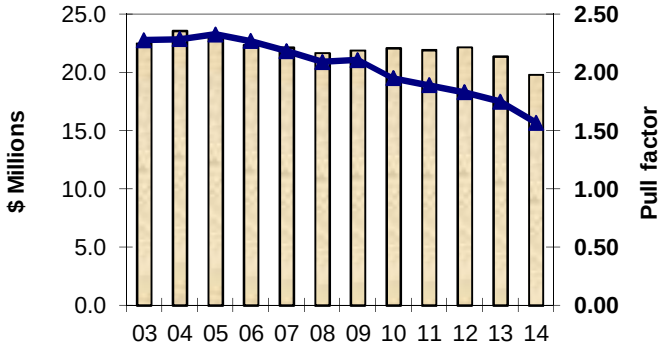


23.3% of Willmar's taxable sales in 2014

Sales per capita are $3752

Stores in the Building Material and Garden Equipment and Supplies Dealers subsector retail new building material and garden equipment and supplies. This includes home improvement centers and stores that sell paint, wallpaper, ceramic tile, fencing, windows, roofing, siding, hardware, and plumbing.

Groceries & Beverage Stores

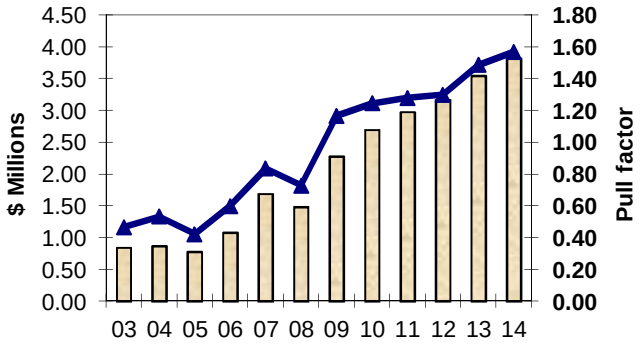


6.2% of Willmar's taxable sales in 2014

Sales per capita are $1003

Stores in the Food and Beverage Stores subsector usually retail food and beverages merchandise from fixed point-of-sale locations. This can include grocery stores, liquor stores, bakeries, candy shops, butcher stores, meat markets, and produce markets.

Health, Pharmacy, Optical



1.2% of Willmar's taxable sales in 2014

Sales per capita are $193

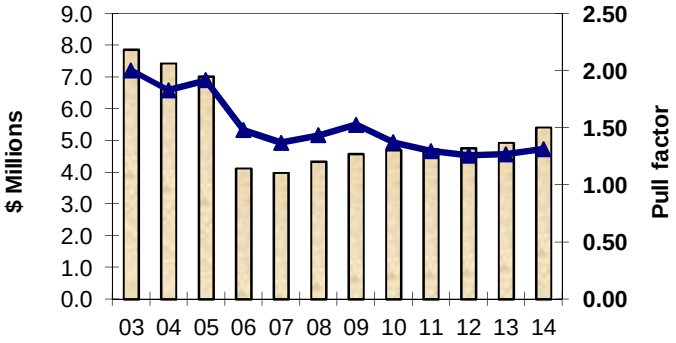
Stores in the Health and Personal Care Stores subsector retail health and personal care merchandise from fixed point-of-sale locations. This includes drug stores, health supplement stores, hearing aid stores, optical goods stores, cosmetic stores, medical supply stores,

Recent Trends By Merchandise Category

Willmar

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Gas/Convenience Stores

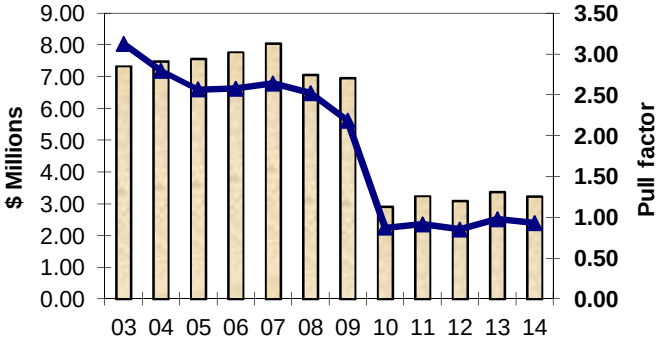


1.7% of Willmar's taxable sales in 2014

Sales per capita are $274

Stores in the Gasoline Stations subsector group establishments retailing automotive fuels (e.g., gasoline, diesel fuel, gasohol) and automotive oils and retailing these products in combination with convenience store items. This includes truck stops, C stores, marine service stations, and ordinary gas stations that sell automotive supplies.

Clothing & Accessories

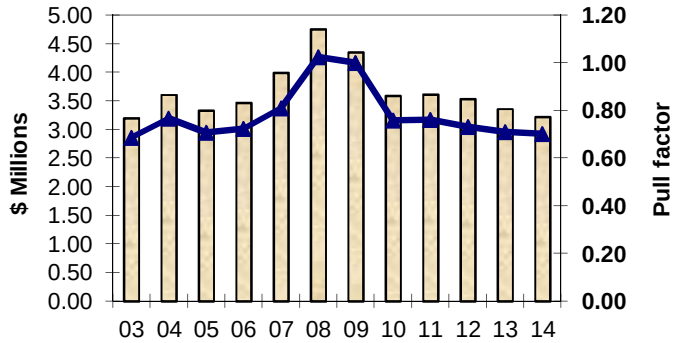


1.0% of Willmar's taxable sales in 2014

Sales per capita are $164

Stores in the Clothing and Clothing Accessories Stores subsector retailing new clothing and clothing accessories. Besides clothing stores it includes shops that sell jewelry, shoes, luggage, handbags, wigs, ties, bridal gowns, furs, uniforms, T-shirts, baby clothing, swimsuits, and lingerie.

Sporting Goods/Hobbies



1.0% of Willmar's taxable sales in 2014

Sales per capita are $163

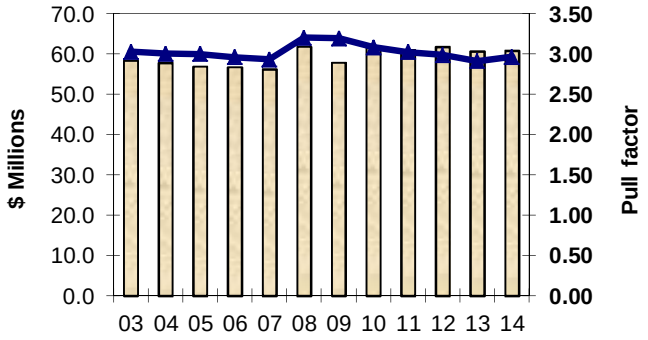
Stores in the Sporting Goods, Hobby, Book, and Music Stores subsector are engaged in retailing and providing expertise on use of sporting equipment or other specific leisure activities, such as needlework and musical instruments. Newstands also fit in this subsector.

Recent Trends By Merchandise Category

Willmar

This page looks at several merchandise categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

General Merchandise Stores

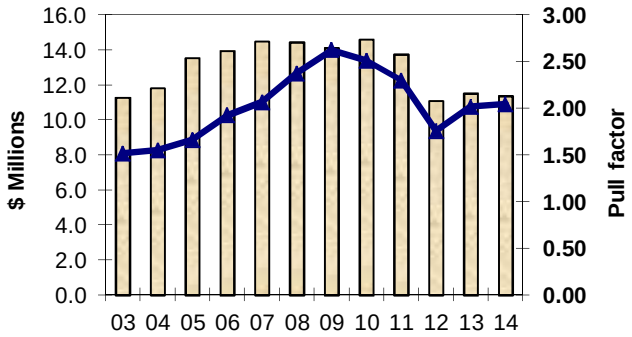


19.1% of Willmar's taxable sales in 2014

Sales per capita are $3081

Stores in the General Merchandise subsector retail new general merchandise and are unique in that they have the equipment and staff capable of retailing a large variety of goods from a single location. This includes department stores, superstores, dollar stores,and variety stores.

Miscellaneous & Previously Unreported

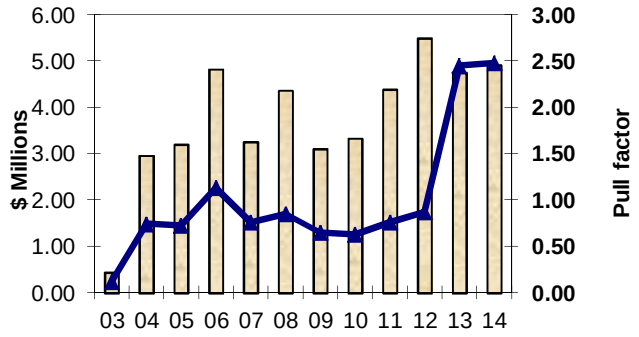


3.6% of Willmar's taxable sales in 2014

Sales per capita are $577

Establishments such as florists, used merchandise stores, and pet and pet supply stores as well as other store retailers. ***Also, if a community had fewer than 4 stores in a previous sector, it was included in this category. This may cause unrealistically high Pull Factors.***

Non-Store Retail



1.8% of Willmar's taxable sales in 2014

Sales per capita are $249

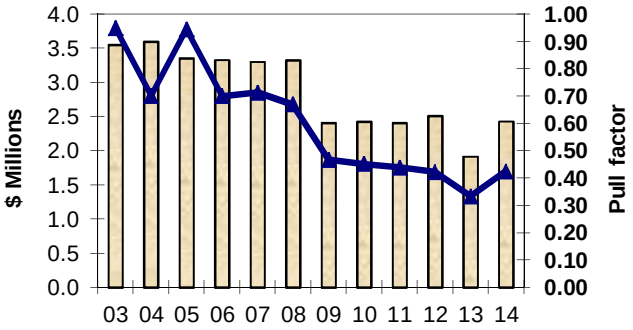
Mail-order houses, vending machine operators, home delivery sales, door-to-door sales, party plan sales, electronic shopping, and sales through portable stands (except food). Establishments engage in direct sale (nonstore) of products, such as home heating oil dealers and newspaper delivery are included in this subsector.

Recent Trends By Merchandise Category

Willmar

This page looks at several merchandise or service categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Amusement

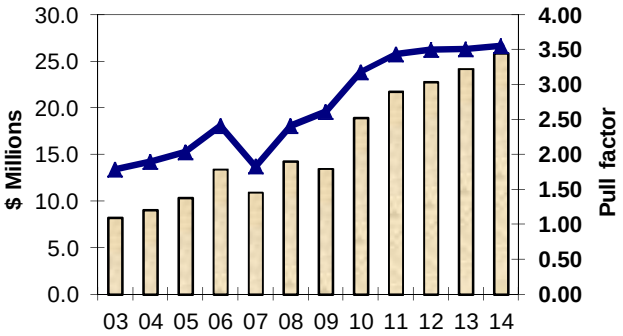


0.8% of Willmar's taxable sales in 2014

Sales per capita are $97

Establishments include casinos, bowling lanes, water parks, amusement parks, arcades, bingo halls, golf courses, ski slopes, marinas, dance or fitness centers, recreational clubs, ice rinks, swimming pools, roller rinks, and the like.

Accommodations

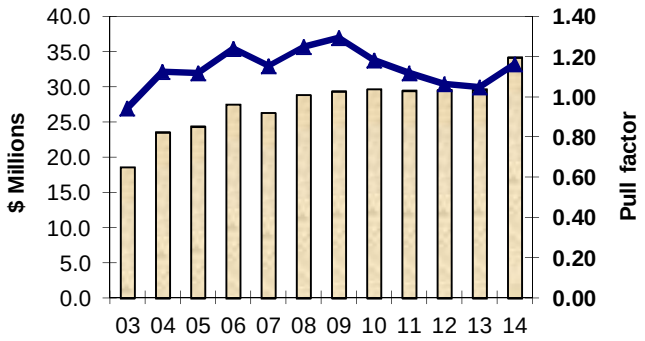


8.1% of Willmar's taxable sales in 2014

Sales per capita are $1228

These busineeses provide provide lodging or short-term accommodations for travelers, vacationers, and others. Included are hotels, motels, lodges, bed & breakfasts, campgrounds, fraternities, boarding houses, and dormitories.

Eating & Drinking



10.7% of Willmar's taxable sales in 2014

Sales per capita are $1504

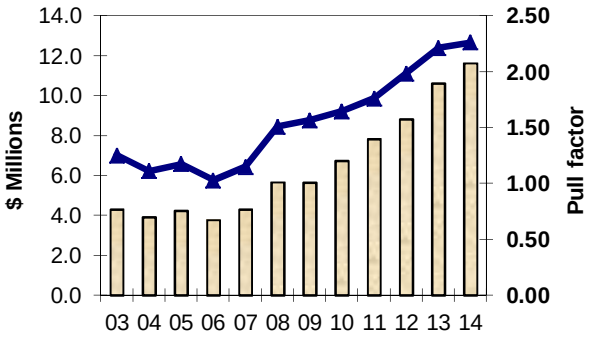
These businesses sell food at full-service or limited-service establishments. It includes cafeterias, bagel shops, ice cream parlors, snack bars, food service contractors, caterers, lunch wagons, and street vendors. It also includes bars, taverns, and nightclubs.

Recent Trends By Merchandise Category

Willmar

This page looks at several categories to chart the multi-year trend in taxable sales and pull factor. NA=Suppressed Data

Repair Businesses

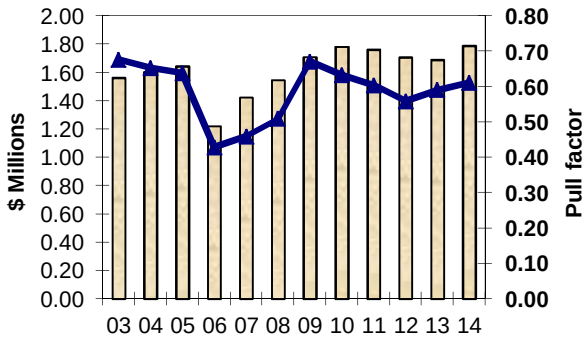


3.7% of Willmar's taxable sales in 2014

Sales per capita are $538

The Repair and Maintenance subsector restore machinery, equipment, and other products to working order. It does ***not*** *include plumbers & electricitians.It does include repairs to autos, cameras, radio, television, computers, copiers, appliances, lawn mowers, specialized equipment, small engines, furnitures, shoes, guns, etc.*

Personal Service Providers



0.6% of Willmar's taxable sales in 2014

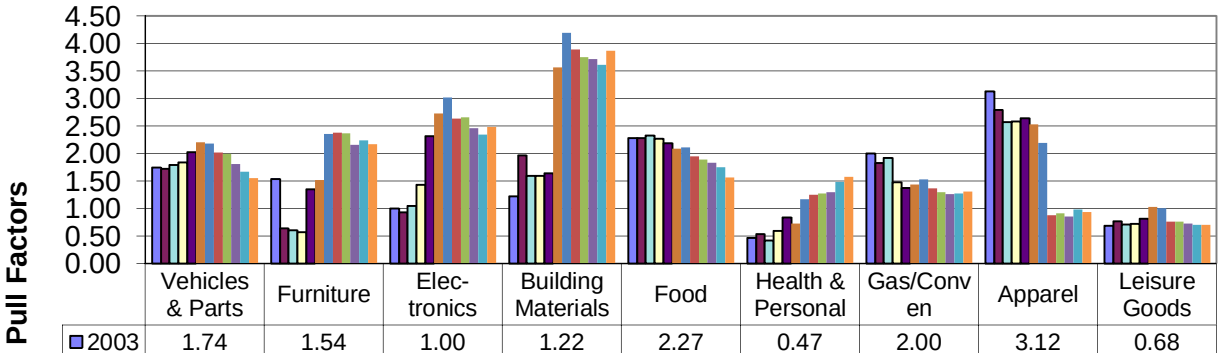
Sales per capita are $86

Services performed include: personal care services; barber shops & beauty parlors; death care services; laundry and drycleaning services; and a wide range of other personal services, such as pet care (except veterinary) services, photofinishing services, temporary parking services, and dating services.

Recent Trends By Merchandise Category
Willmar

The following tables and charts depict pull factors in Willmar from 2003 to 2014* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Pull Factor by NAICS Merchandise Category (1 of 2)



	Vehicles & Parts	Furniture	Elec-tronics	Building Materials	Food	Health & Personal	Gas/Conven	Apparel	Leisure Goods
2003	1.74	1.54	1.00	1.22	2.27	0.47	2.00	3.12	0.68
2004	1.72	0.64	0.93	1.96	2.28	0.53	1.83	2.79	0.77
2005	1.80	0.60	1.04	1.59	2.32	0.42	1.91	2.57	0.71
2006	1.84	0.57	1.43	1.59	2.27	0.60	1.48	2.58	0.72
2007	2.03	1.35	2.31	1.64	2.18	0.83	1.37	2.64	0.81
2008	2.20	1.52	2.73	3.56	2.09	0.73	1.43	2.52	1.02
2009	2.18	2.35	3.01	4.18	2.10	1.17	1.53	2.19	1.00
2010	2.02	2.37	2.63	3.89	1.95	1.24	1.37	0.87	0.76
2011	1.99	2.37	2.66	3.75	1.89	1.28	1.29	0.92	0.76
2012	1.81	2.15	2.46	3.71	1.83	1.30	1.26	0.85	0.73
2013	1.66	2.24	2.34	3.61	1.75	1.49	1.27	0.98	0.71
2014	1.55	2.17	2.48	3.86	1.56	1.57	1.31	0.93	0.70

NAICS Category Descriptions

Motor Vehicles & Parts: Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, snowmobiles, trailers, tires, and parts.

Furniture: Stores that sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, & woodburning stoves.

Electronics: Establishments primarily engaged in retailing household-type appliances, sewing machines, cameras, computers, and other electronic goods.

Building Materials: Establishments that sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, and garden centers.

Food: Grocery stores, deli's, bakery, & butcher shops that sell food to be prepared at home. Liquor stores.

Health & Personal: Pharmacies, food supplements, vision supplies, cosmetics, & hearing aid stores.

Gas Stations/Convenience Store: Retailers that sell fuel along with convenience store items.

Apparel: New clothing and accessories, jewelry, shoes, bridal shops, clock shops, and luggage stores.

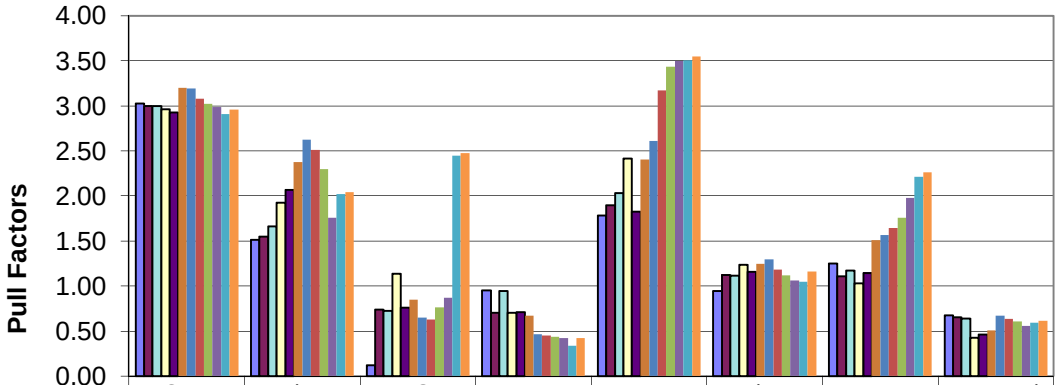
Leisure Goods: Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

*Caution should be used when comparing pull factors before 2003 to those in later years due to how businesses are classified.

Recent Trends By Merchandise Category
Willmar

The following tables and charts depict pull factors in Willmar from 2003 to 2014* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Pull Factor by NAICS Merchandise Category (2 of 2)



	Gen. Merch.	Misc. Store	Non-Store Retail	Amuse-ment	Lodging	Eating & Drinking	Repair	Personal Services
2003	3.03	1.51	0.12	0.95	1.78	0.94	1.25	0.68
2004	3.00	1.55	0.74	0.70	1.90	1.12	1.11	0.65
2005	3.00	1.66	0.72	0.94	2.04	1.12	1.17	0.64
2006	2.96	1.93	1.13	0.70	2.41	1.24	1.03	0.43
2007	2.93	2.07	0.76	0.71	1.83	1.15	1.15	0.46
2008	3.20	2.38	0.85	0.67	2.41	1.25	1.51	0.51
2009	3.19	2.62	0.65	0.47	2.61	1.29	1.57	0.67
2010	3.08	2.51	0.63	0.45	3.17	1.18	1.65	0.63
2011	3.02	2.30	0.76	0.44	3.43	1.12	1.76	0.60
2012	2.99	1.76	0.87	0.42	3.50	1.06	1.98	0.56
2013	2.91	2.02	2.45	0.33	3.51	1.05	2.21	0.59
2014	2.96	2.04	2.48	0.43	3.55	1.16	2.26	0.61

NAICS Category Descriptions

General Merchandise: Establishments that sell a mixed line of goods. Examples are department stores, supercenters, and dollar stores.

Miscellaneous Store Retailers: Stores not covered in other categories such as florists, office supplies, pets, antiques, tobacco, art, used merchandise, and trophies. (see Suppressed Data in Cautions section)

Non-Store Retail: Retailers that do not use stores. This includes mail order, internet selling, bazaars, vending machines, fuel oil dealers, firewood dealers, door-to-door sales, and produce stands.

Amusement: Establishments such as golf courses, bowling lanes, marinas, amusement parks, water parks, shooting ranges, pool halls, horseback riding, ballrooms, health club facilities, ski hills, and casinos.

Lodging: Seasonal resorts, hotels, boarding houses, bed & breakfast, campgrounds, and RV parks.

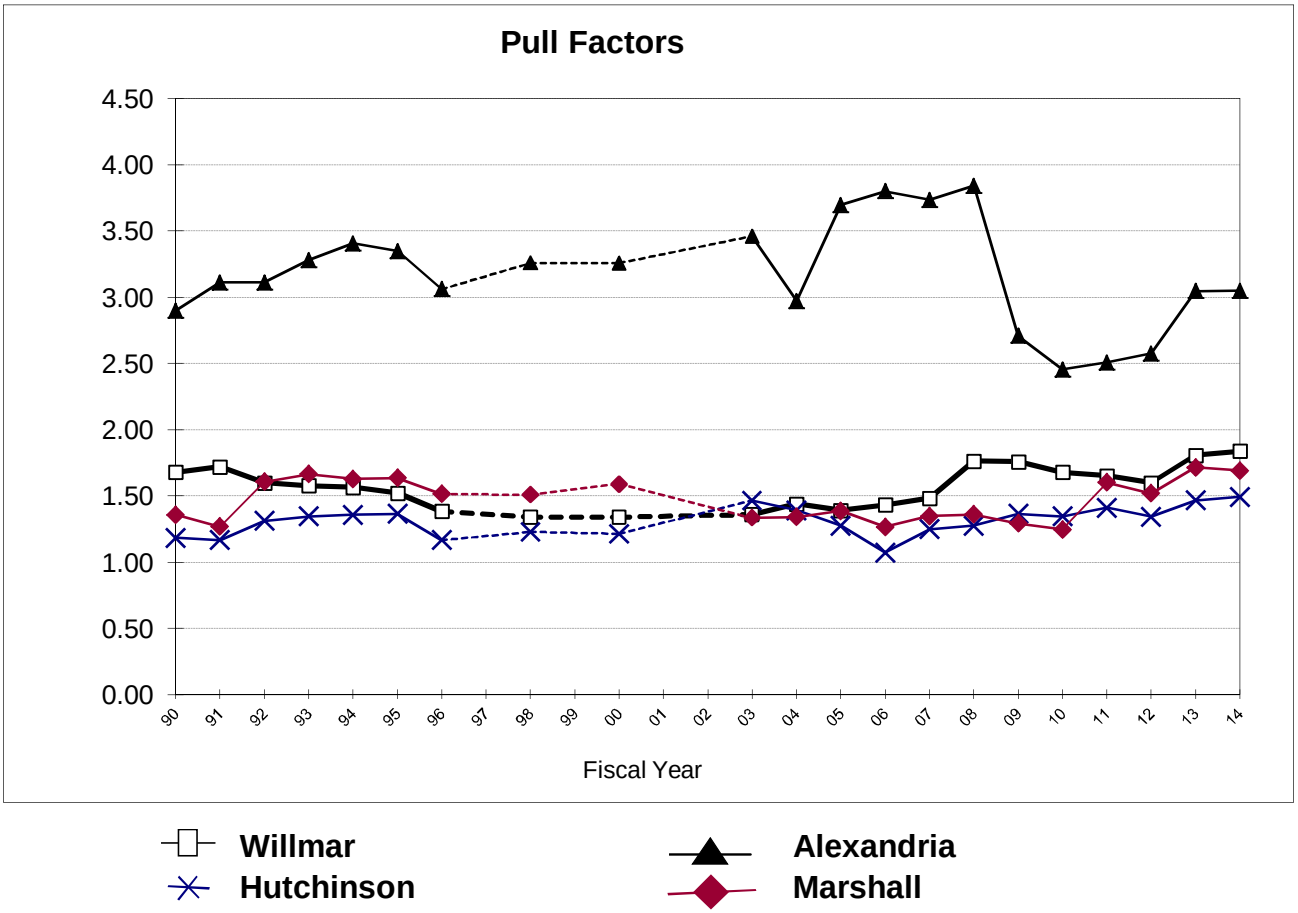
Eating & Drinking: Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

Repair: Businesses that return items to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

Personal Services: Barbers, beauty salons, tanning facilities, funeral homes, laundromats, dry cleaners, pet groomers, and kennels.

*Caution should be used when comparing pull factors before 2003 to those in later years due to how businesses are classified.

Comparison with Competing Centers
Willmar



Information about competing trade centers can provide a useful means of comparison when assessing a community's retail trade sector. Comparison towns were selected based on geographic proximity, relative size and availability of data. Some caution is warranted in the interpretation of these comparisons however, since retail sales data is provided for only a limited number of towns and cities.

Comparison with Competing Trade Centers, 2014

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Willmar	19,731	$926.13	$318.30	480	$16,132	1.84
Alexandria	13,182	$807.43	$352.74	570	$26,759	3.05
Hutchinson	14,124	$415.33	$185.08	332	$13,104	1.49
Marshall	13,719	$462.99	$203.66	366	$14,845	1.69

Trade Area Analysis of Retail Sales

Willmar

The following tables provide information on retail sales by selected merchandise categories. "Expected sales" is a standard to which actual performance is compared. In calculating expected sales, population, income, and typical "pulling power" characteristics are taken into account. Expected sales can be used as a guideline or "par value" in analyzing retail strength.

Deviations from these norms can be analyzed to first judge whether they should be considered relevant. If the differences appear to be significant (whether in dollar amounts or relatively with percentages), additional consideration is merited. Categories with undesirable performance may be further examined for potential corrective action. It is also important to determine whether or not the situation is relatively uncontrollable due to external or extenuating circumstances. In cases of favorable differences from expectations, the positive aspects could be identified and built upon.

Trade Area Analysis by Merchandise Category, 2014

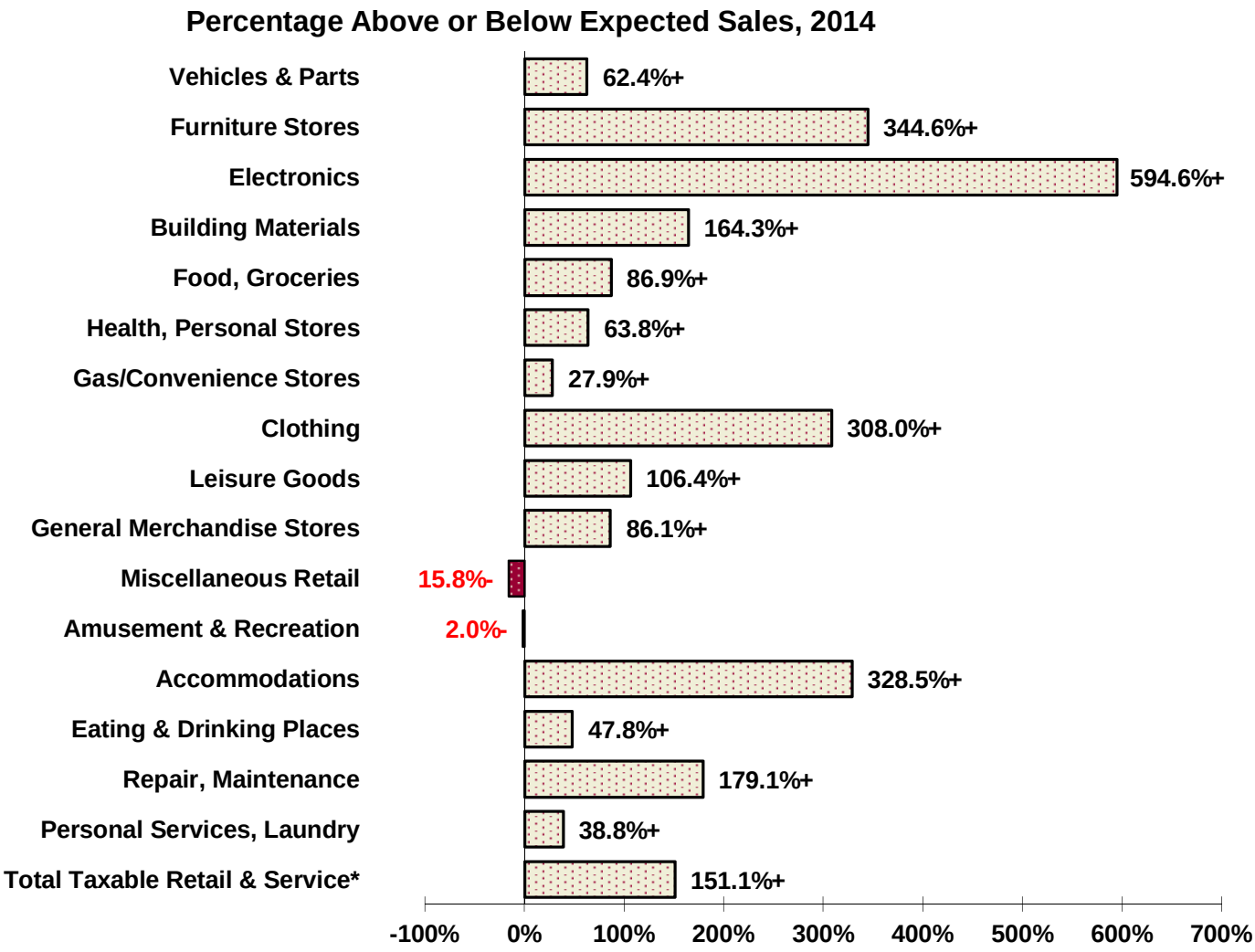
			Variance Between Actual & Expected				
Merchandise Group	Expected Sales ($millions)	Actual Sales ($millions)	In Dollars (millions)	As % of Expected	Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
Vehicles & Parts	$8.84	$14.36	+$5.52	+62.4%	12,320	15	4.5%
Furniture Stores	$2.41	$10.72	+$8.31	+344.6%	67,985	10	3.4%
Electronics	$1.86	$12.93	+$11.07	+594.6%	117,324	10	4.1%
Building Materials	$28.01	$74.03	+$46.03	+164.3%	32,424	13	23.3%
Food, Groceries	$10.59	$19.79	+$9.20	+86.9%	17,146	15	6.2%
Health, Personal Stores	$2.33	$3.82	+$1.49	+63.8%	12,579	14	1.2%
Gas/Convenience Stores	$4.23	$5.41	+$1.18	+27.9%	5,509	11	1.7%
Clothing	$0.79	$3.24	+$2.45	+308.0%	60,765	23	1.0%
Leisure Goods	$1.56	$3.22	+$1.66	+106.4%	20,984	13	1.0%
General Merchandise Stores	$32.67	$60.79	+$28.12	+86.1%	16,980	9	19.1%
Miscellaneous Retail	$13.51	$11.38	-$2.13	-15.8%	-3,109	36	3.6%
Amusement & Recreation	$2.48	$2.43	-$0.05	-2.0%	-386	14	0.8%
Accommodations	$6.04	$25.89	+$19.85	+328.5%	64,820	13	8.1%
Eating & Drinking Places	$23.14	$34.20	+$11.06	+47.8%	9,431	53	10.7%
Repair, Maintenance	$4.17	$11.63	+$7.46	+179.1%	35,338	37	3.7%
Personal Services, Laundry	$1.29	$1.79	+$0.50	+38.8%	7,663	38	0.6%
Total Taxable Retail & Service*	$126.77	$318.30	+$191.53	+151.1%	29,811	480	100.0%

*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Willmar Retail Trade Performance in Percentages

The chart below depicts the percentage amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 of the categories were above what would be expected based on the performance in similar-sized Minnesota cities. The strongest merchandise group by this standard is the Electronics category, which has a 594.6 percent surplus. Overall, Willmar had a retail sales surplus of 151.1 percent in 2014.

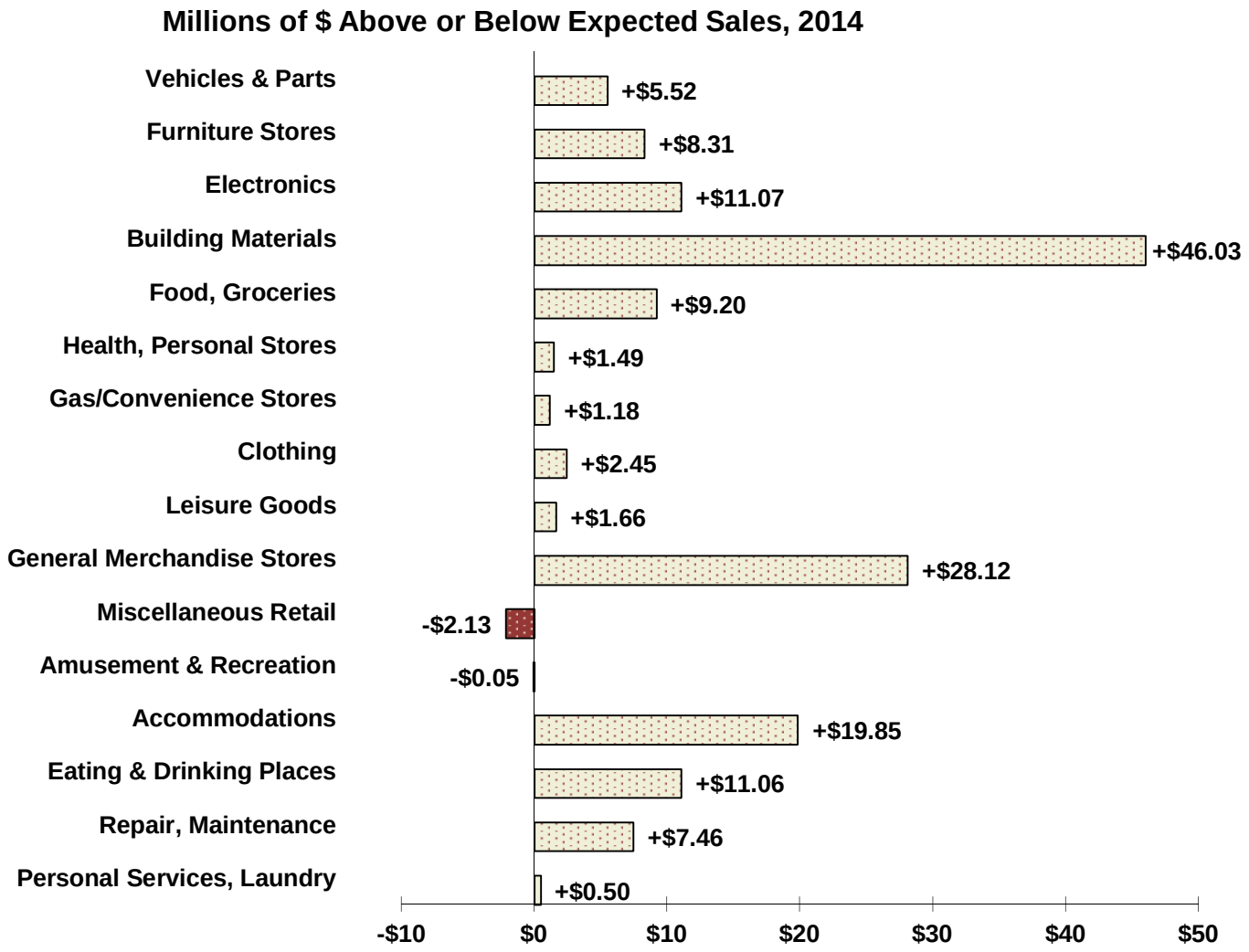
It is important to note that variations in a town's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular city to deviate substantially from expected sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.



Willmar Retail Trade Performance in Dollars

The chart below depicts the dollar amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 of the categories were above what would be expected based on the performance in similar-sized Minnesota cities. The strongest merchandise group by this standard is the Building Materials category, which has a $46 million surplus. Overall, Willmar had a retail sales surplus of $191.5 million in 2014.

It is important to note that variations in a city's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular city to deviate substantially from expected sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.



Rural Community Trade Area Analysis

Willmar

The following tables provide information on retail sales by merchandise category. "Expected sales" is a standard to which actual performance is compared. In calculating expected sales, population and income characteristics, as well as the typical "pulling power" of similar rural communities are taken into account. Expected sales can be used as a guideline or "par value" in analyzing retail strength.

Deviations from these norms can be analyzed to first judge whether they should be considered relevant. If the differences appear to be significant (whether in dollar amounts or relatively with percentages), additional consideration is merited. Categories with undesirable performance may be further examined for potential corrective action. It is also important to determine whether or not the situation is relatively uncontrollable due to external or extenuating circumstances. In cases of favorable differences from expectations, the positive aspects could be identified and built upon.

Trade Area Analysis by Merchandise Category, 2014

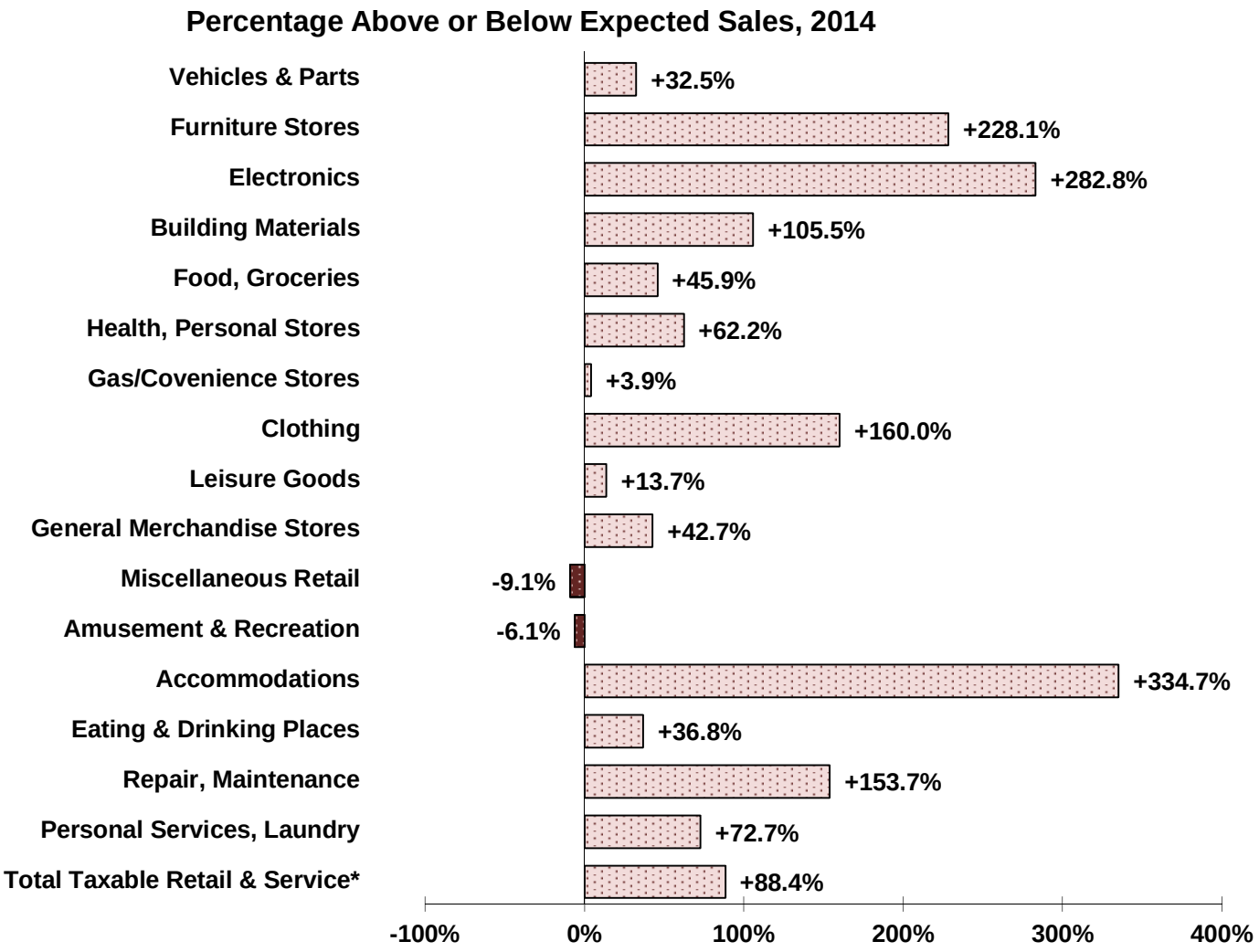
			Variance Between Actual & Expected				
Merchandise Group	Expected Sales ($millions)	Actual Sales ($millions)	In Dollars (millions)	As % of Expected	Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
Vehicles & Parts	$10.84	$14.36	+$3.52	+32.5%	6,399	16	4.5%
Furniture Stores	$3.27	$10.72	+$7.45	+228.1%	44,975	11	3.4%
Electronics	$3.38	$12.93	+$9.55	+282.8%	55,760	9	4.1%
Building Materials	$36.03	$74.03	+$38.00	+105.5%	20,796	12	23.3%
Food, Groceries	$13.56	$19.79	+$6.22	+45.9%	9,045	15	6.2%
Health, Personal Stores	$2.35	$3.82	+$1.46	+62.2%	12,260	14	1.2%
Gas/Covenience Stores	$5.21	$5.41	+$0.20	+3.9%	775	10	1.7%
Clothing	$1.25	$3.24	+$1.99	+160.0%	31,538	25	1.0%
Leisure Goods	$2.83	$3.22	+$0.39	+13.7%	2,703	13	1.0%
General Merchandise Stores	$42.60	$60.79	+$18.19	+42.7%	8,417	9	19.1%
Miscellaneous Retail	$12.52	$11.38	-$1.14	-9.1%	-1,796	33	3.6%
Amusement & Recreation	$2.59	$2.43	-$0.16	-6.1%	-1,207	13	0.8%
Accommodations	$5.95	$25.89	+$19.93	+334.7%	66,002	12	8.1%
Eating & Drinking Places	$25.01	$34.20	+$9.20	+36.8%	7,250	50	10.7%
Repair, Maintenance	$4.58	$11.63	+$7.04	+153.7%	30,307	35	3.7%
Personal Services, Laundry	$1.04	$1.79	+$0.75	+72.7%	14,328	41	0.6%
Total Taxable Retail & Service*	$168.93	$318.30	+$149.37	+88.4%	17,447	480	100.0%

*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Summary of Willmar Retail Trade (Rural)

The chart below depicts the percentage amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 of the categories were above what would be expected based on the performance in similar-sized cities in Greater Minnesota. The strongest merchandise group by this standard is the Accommodations category, which has a 334.7 percent surplus. Overall, Willmar had a retail sales surplus of 88.4 percent in 2014.

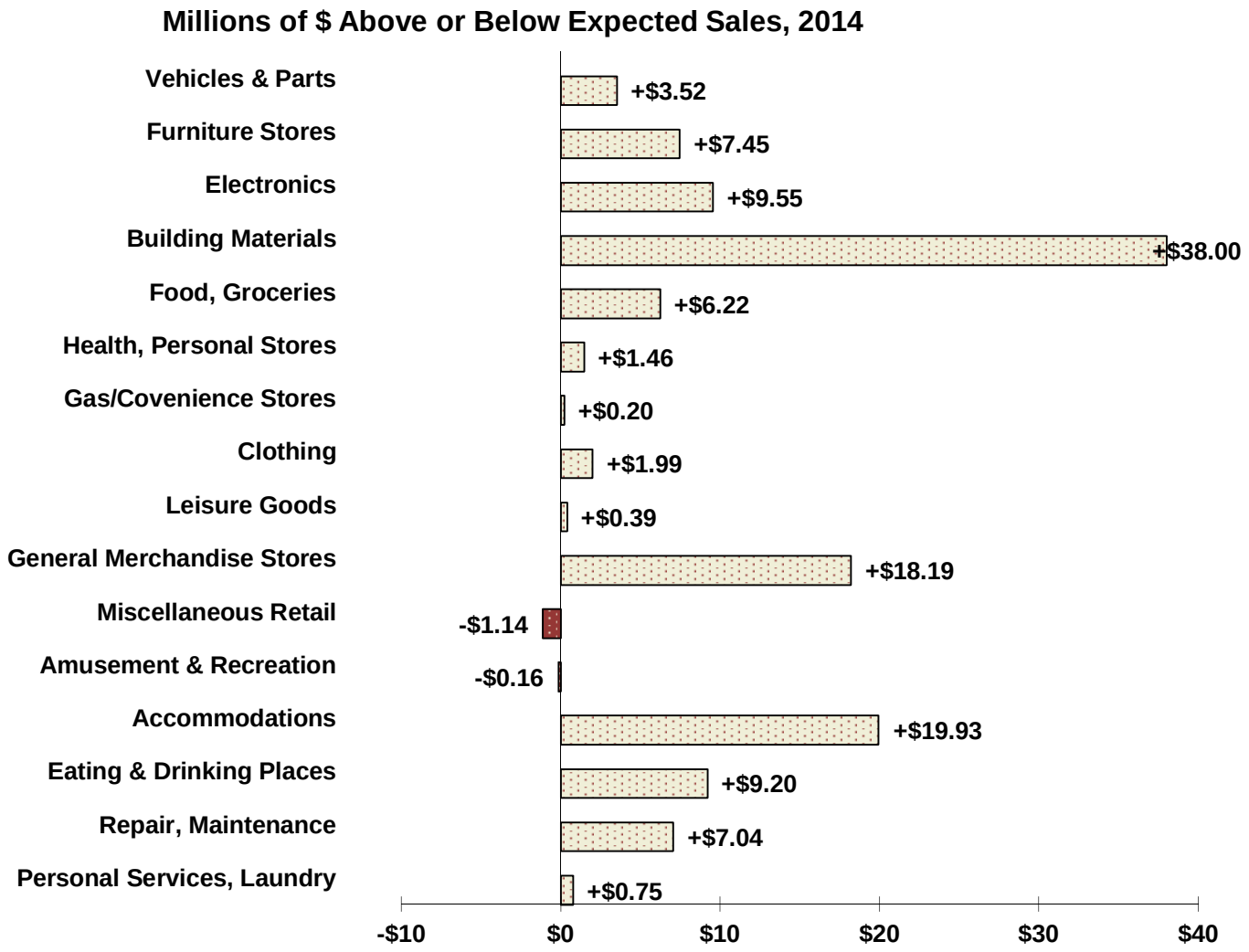
It is important to note that variations in a city's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular city to deviate substantially from expected sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.



Willmar Retail Trade Performance in Dollars (Rural)

The chart below depicts the dollar amount Willmar's actual sales were above or below expected sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 14 of the categories were above what would be expected based on the performance in similar-sized Minnesota cities. The strongest merchandise group by this standard is the Building Materials category, which has a $38 million surplus. Overall, Willmar had a retail sales surplus of $149.4 million in 2014.

It is important to note that variations in a city's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular city to deviate substantially from expected sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.



Comparison of Pull Factors by Merchandise Category

2014 Index of "Pulling Power"
All MN Cities with Populations between 15,700 & 23,700
(Range: Population of Willmar +/- ~ 20%.)
(25 Cities; Maximum of 20 Displayed)

Pull Factors

City	*Population*	*Vehicles, Parts*	*Furniture Stores*	*Elec-tronics*	*Building Materials*	*Food*	*Health, Personal*	*Gasoline Stations*	*Clothing*	*Leisure Goods*	*General Merch.*	*Misc.*	*Amuse-ment*	*Lodging*	*Eating & Drinking*	*Repair, Maint.*	*Personal Services*	*Taxable $ Pull Factor*
City Name																		
Faribault	23,631	0.90	0.44	0.30	0.47	1.27	0.96	0.66	0.61	0.26	1.46	0.32	0.36	0.31	0.89	0.40	0.34	0.85
Champlin	22,880	0.30		0.82		0.86	0.97	1.03	0.07	0.25	1.10	0.69	0.63		0.82	0.29	0.40	0.50
Hastings	22,492	0.72		0.26	0.50	0.97	1.23	1.12	0.32	0.02	1.78	0.44	0.27	0.18	0.95	0.93	0.25	0.69
Rosemount	22,490	0.54		0.08		0.96	0.72		0.01	0.16		1.23	0.22		0.62	0.51	0.18	0.33
Crystal	22,436	0.70	1.19	0.16		1.29	0.80	0.68	0.54	1.07		5.08	0.06		0.80	0.68	0.51	0.60
Farmington	22,386	0.13			1.78	0.43		1.00		0.00		0.40	0.22		0.39	0.40	0.39	0.39
New Brighton	22,084	0.40	0.03			0.59	0.07	1.08	0.13	0.25		1.20	0.53		0.63	1.15	0.33	0.34
Lino Lakes	21,129	2.56		0.08	0.62	0.36		0.33		0.20		4.29	0.25		0.48	0.57	0.13	0.61
New Hope	20,812	0.31		0.81	0.54	0.63	1.54	0.79	0.03	0.14	0.10	1.36			0.94	1.09	1.34	0.52
Golden Valley	20,790	5.26	3.03	1.84	2.90	1.15	1.47	1.28	0.63	0.92		0.89	1.96	0.58	2.07	3.60	1.93	1.97
Northfield	20,313	0.82	0.44			0.88	0.76	1.08	0.13	0.15		4.86		0.29	0.92	0.77	0.23	0.61
South St Paul	20,146	2.21	0.06			0.34		1.95	0.03	1.36		1.44	0.71		0.32	2.20	0.33	0.55
West St Paul	19,800	1.04	0.62	0.26	3.05	1.74	1.68	1.06	0.43	0.84	2.80	5.39	0.65		1.68	1.02	0.72	1.60
Willmar	19,731	1.55	2.17	2.48	3.86	1.56	1.57	1.31	0.93	0.70	2.96	2.04	0.43	3.55	1.16	2.26	0.61	1.84
Columbia Heights	19,709	0.74		0.10		0.81		3.26	0.47	0.06	0.11	3.89			0.67	1.11	0.11	0.49
Forest Lake	19,484	1.48	0.07	0.24	4.16	1.16	0.94	1.66	0.06	0.40		13.76	0.61	0.36	1.38	1.31	1.01	1.53
Hopkins	18,971	2.22	0.80	0.35	0.65	0.72	2.98		0.07	0.12	2.06	1.75	1.91		1.20	1.65	0.82	1.15
Stillwater	18,892	0.18	0.46	0.26	0.88	1.73	0.36	0.87	0.31	0.46	1.41	2.37	1.27	0.91	1.47	0.83	1.73	0.96
Albert Lea	17,945	2.27	0.78	0.13	1.49	1.23	1.19	3.22	0.55	0.82	1.96	0.60	0.23	1.15	1.09	0.78	0.33	1.13
Anoka	17,586	1.01	0.27			0.58	1.47	1.01	0.90	0.35		3.09	0.23		1.12	0.90	0.75	0.59
Unadjusted Average: *		**1.23**	**0.85**	**0.57**	**1.77**	**0.97**	**1.15**	**1.20**	**0.30**	**0.41**	**1.53**	**2.86**	**0.67**	**0.88**	**0.97**	**1.15**	**0.63**	**0.86**

* Raw averages; not adjusted for special circumstances. For example, in cities with a college student population that is large relative to overall population, these pull factors may understate the relative strength of the retail sector. While college students are counted as part of the city population, in general they spend less than other city residents in many retail categories. Most Pull Factor outliers were eliminated for calculating typical pull factors used in the expected sales formula.

Comparison of Pull Factors by Merchandise Category

2014 Index of "Pulling Power"
All MN Cities with Populations between 15,700 & 23,700
(Range: Population of Willmar +/- ~ 20%.)
(25 Cities)

Rankings

City	*Population*	*Vehicles, Parts*	*Furniture Stores*	*Elec-tronics*	*Building Materials*	*Food*	*Health, Personal*	*Gas & Conven.*	*Clothing*	*Leisure Goods*	*General Merch.*	*Misc.*	*Amuse-ment*	*Lodging*	*Eating & Drinking*	*Repair, Maint.*	*Personal Services*	*Taxable $ Pull Factor*
Faribault	# 1	# 10	# 9	# 6	# 12	# 5	# 10	# 17	# 4	# 10	# 6	# 20	# 10	# 6	# 12	# 18	# 12	# 8
Champlin	# 2	# 18		# 3		# 12	# 9	# 11	# 13	# 12	# 8	# 16	# 6		# 13	# 20	# 10	# 16
Hastings	# 3	# 13		# 7	# 11	# 9	# 7	# 7	# 9	# 19	# 5	# 18	# 11	# 8	# 9	# 10	# 16	# 9
Rosemount	# 4	# 15		# 14		# 10	# 14		# 18	# 14		# 13	# 16		# 17	# 17	# 18	# 20
Crystal	# 5	# 14	# 3	# 11		# 4	# 12	# 16	# 6	# 2		# 3	# 17		# 14	# 15	# 9	# 12
Farmington	# 6	# 20			# 5	# 18		# 13		# 20		# 19	# 15		# 19	# 19	# 11	# 18
New Brighton	# 7	# 16	# 13			# 16	# 16	# 9	# 11	# 11		# 14	# 8		# 16	# 6	# 13	# 19
Lino Lakes	# 8	# 2		# 15	# 9	# 19		# 18		# 13		# 5	# 12		# 18	# 16	# 19	# 11
New Hope	# 9	# 17		# 4	# 10	# 15	# 4	# 15	# 16	# 16	# 10	# 12			# 10	# 8	# 3	# 15
Golden Valley	# 10	# 1	# 1	# 2	# 4	# 8	# 5	# 6	# 3	# 3		# 15	# 1	# 4	# 1	# 1	# 1	# 1
Northfield	# 11	# 11	# 8			# 11	# 13	# 8	# 12	# 15		# 4		# 7	# 11	# 14	# 17	# 10
South St Paul	# 12	# 5	# 12			# 20		# 3	# 17	# 1		# 11	# 4		# 20	# 3	# 14	# 14
West St Paul	# 13	# 8	# 6	# 8	# 3	# 1	# 2	# 10	# 8	# 4	# 2	# 2	# 5		# 2	# 9	# 7	# 3
Willmar	# 14	# 6	# 2	# 1	# 2	# 3	# 3	# 5	# 1	# 6	# 1	# 9	# 9	# 1	# 6	# 2	# 8	# 2
Columbia Heights	# 15	# 12		# 13		# 13		# 1	# 7	# 18	# 9	# 6			# 15	# 7	# 20	# 17
Forest Lake	# 16	# 7	# 11	# 10	# 1	# 7	# 11	# 4	# 15	# 8		# 1	# 7	# 5	# 4	# 5	# 4	# 4
Hopkins	# 17	# 4	# 4	# 5	# 8	# 14	# 1		# 14	# 17	# 3	# 10	# 2		# 5	# 4	# 5	# 5
Stillwater	# 18	# 19	# 7	# 9	# 7	# 2	# 15	# 14	# 10	# 7	# 7	# 8	# 3	# 3	# 3	# 12	# 2	# 7
Albert Lea	# 19	# 3	# 5	# 12	# 6	# 6	# 8	# 2	# 5	# 5	# 4	# 17	# 13	# 2	# 8	# 13	# 15	# 6
Anoka	# 20	# 9	# 10			# 17	# 6	# 12	# 2	# 9		# 7	# 14		# 7	# 11	# 6	# 13

Above are all communities in the population range listed in the title with data available by merchandise category. Adjustments for special circumstances may be necessary for accurate comparisons.

Comparison of Pull Factors by Merchandise Category

2014 Index of "Pulling Power"
Cities Outside the 7 County Metro Area with Populations between 13,800 & 25,700
(Range: Population of Willmar +/- ~ 30%.)
(13 Cities)

Pull Factors

City	*Population*	*Vehicles, Parts*	*Furniture Stores*	*Elec-tronics*	*Building Materials*	*Food*	*Health, Personal*	*Gas & Conven.*	*Clothing*	*Leisure Goods*	*General Merch.*	*Misc.*	*Amuse-ment*	*Lodging*	*Eating & Drinking*	*Repair, Maint.*	*Personal Services*	*Taxable $ Pull Factor*
Owatonna	25,660	1.25	0.41	0.11	1.05	1.34	0.85	1.31	0.79	5.43	2.29	0.87	0.69	0.94	1.06	1.07	0.41	1.17
Austin	25,010	0.55	0.26	0.78	0.46	1.16	0.96	1.01	0.21	0.33	1.67	0.44	0.39	0.77	0.80	0.67	0.20	0.72
Elk River	23,730	1.63	0.92	0.20	3.13	1.19	1.12	1.19	0.25	0.76	1.71	1.75	0.49	0.13	1.00	1.54	0.51	1.20
Faribault	23,631	0.90	0.44	0.30	0.47	1.27	0.96	0.66	0.61	0.26	1.46	0.32	0.36	0.31	0.89	0.40	0.34	0.85
Northfield	20,313	0.82	0.44			0.88	0.76	1.08	0.13	0.15		4.86		0.29	0.92	0.77	0.23	0.61
Willmar	19,731	1.55	2.17	2.48	3.86	1.56	1.57	1.31	0.93	0.70	2.96	2.04	0.43	3.55	1.16	2.26	0.61	1.84
Albert Lea	17,945	2.27	0.78	0.13	1.49	1.23	1.19	3.22	0.55	0.82	1.96	0.60	0.23	1.15	1.09	0.78	0.33	1.13
Sartell	16,949		0.06			1.21						16.15	1.00		0.55	0.24	0.17	0.77
Red Wing	16,505	2.12	0.98	0.14	2.41	1.13	0.71	1.02	0.19	0.62	2.49	1.28	0.22	1.23	1.15	1.07	0.73	1.31
Hibbing	16,340	0.69	0.44		1.60	0.69	1.30	2.07	0.02	0.71	1.98	0.90	0.35		0.69	0.89	0.21	0.94
Buffalo	15,911	1.57	0.05			1.27	1.05	0.92	0.10	0.23	3.12	11.22	0.76		0.84	0.98	0.62	1.22
Bemidji	14,376	3.81	2.08	1.18	5.11	1.75	2.88	2.67	2.31	1.84	5.37	3.92	0.71	2.28	2.24	3.22	0.61	2.86
Hutchinson	14,124	0.63	1.56	4.50	3.27	1.29	1.36	1.92	0.34	0.82	3.27	0.56	0.79	0.53	1.14	0.85	0.40	1.49
Unadjusted Average: *		**1.48**	**0.82**	**1.09**	**2.28**	**1.23**	**1.22**	**1.53**	**0.54**	**1.06**	**2.57**	**3.45**	**0.54**	**1.12**	**1.04**	**1.13**	**0.41**	**1.24**

* Raw averages; not adjusted for special circumstances. For example, in cities with a college student population that is large relative to overall population, these pull factors may understate the relative strength of the retail sector. While college students are counted as part of the city population, in general they spend less than other city residents in many retail categories. Most Pull Factor outliers were eliminated for calculating typical pull factors used in the expected sales formula.

Comparison of Pull Factors by Merchandise Category

2014 Index of "Pulling Power"
Cities Outside the 7 County Metro Area with Populations between 13,800 & 25,700
(Range: Population of Willmar +/- ~ 30%.)
(13 Cities)

Rankings

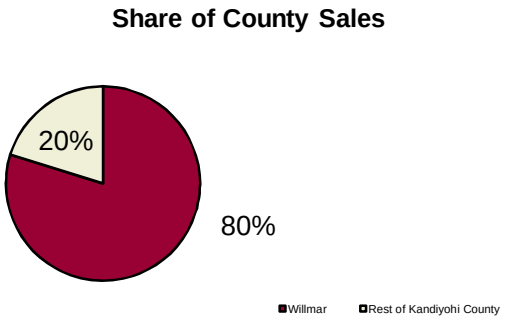
City	*Population*	*Vehicles, Parts*	*Furniture Stores*	*Elec-tronics*	*Building Materials*	*Food*	*Health, Personal*	*Gasoline Stations*	*Clothing*	*Leisure Goods*	*General Merch.*	*Misc.*	*Amuse-ment*	*Lodging*	*Eating & Drinking*	*Repair, Maint.*	*Personal Services*	*Taxable $ Pull Factor*
Owatonna	# 1	# 7	# 10	# 9	# 8	# 3	# 10	# 6	# 3	# 1	# 6	# 9	# 5	# 5	# 6	# 5	# 6	# 7
Austin	# 2	# 12	# 11	# 4	# 10	# 10	# 8	# 10	# 8	# 9	# 10	# 12	# 8	# 6	# 11	# 11	# 12	# 12
Elk River	# 3	# 4	# 5	# 6	# 4	# 9	# 6	# 7	# 7	# 5	# 9	# 6	# 6	# 10	# 7	# 3	# 5	# 6
Faribault	# 4	# 8	# 9	# 5	# 9	# 5	# 9	# 12	# 4	# 10	# 11	# 13	# 9	# 8	# 9	# 12	# 8	# 10
Northfield	# 5	# 9	# 7			# 12	# 11	# 8	# 10	# 12		# 3		# 9	# 8	# 10	# 10	# 13
Willmar	# 6	# 6	# 1	# 2	# 2	# 2	# 2	# 5	# 2	# 7	# 4	# 5	# 7	# 1	# 2	# 2	# 3	# 2
Albert Lea	# 7	# 2	# 6	# 8	# 7	# 7	# 5	# 1	# 5	# 3	# 8	# 10	# 11	# 4	# 5	# 9	# 9	# 8
Sartell	# 8		# 12			# 8						# 1	# 1		# 13	# 13	# 13	# 11
Red Wing	# 9	# 3	# 4	# 7	# 5	# 11	# 12	# 9	# 9	# 8	# 5	# 7	# 12	# 3	# 3	# 4	# 1	# 4
Hibbing	# 10	# 10	# 8		# 6	# 13	# 4	# 3	# 12	# 6	# 7	# 8	# 10		# 12	# 7	# 11	# 9
Buffalo	# 11	# 5	# 13			# 6	# 7	# 11	# 11	# 11	# 3	# 2	# 3		# 10	# 6	# 2	# 5
Bemidji	# 12	# 1	# 2	# 3	# 1	# 1	# 1	# 2	# 1	# 2	# 1	# 4	# 4	# 2	# 1	# 1	# 4	# 1
Hutchinson	# 13	# 11	# 3	# 1	# 3	# 4	# 3	# 4	# 6	# 4	# 2	# 11	# 2	# 7	# 4	# 8	# 7	# 3

Above are all communities in the population range listed in the title with data available by merchandise category. Adjustments for special circumstances may be necessary for accurate comparisons.

Willmar & Kandiyohi County Comparison, 2014

It is important to review the retail performance for the whole county and not just the city in isolation. For example, it is common for county seat towns to have above-average retail performance, while the county overall has a leakage of sales. This is usually because the county seat city doesn't have the critical mass of retail to attract the purchases of everyone in the county. By analyzing county data, city business people can develop strategies to recapture some of the sales being lost to other cities. For counties that have a local option sales tax, the analysis of county sales is extremely important, since lost sales are lost tax dollars. A thorough analysis of county sales can help county officials develop more meaningful economic development plans aimed at recapturing the lost sales.

The table below shows retail sales and number of firms by merchandise category for Willmar and Kandiyohi County in 2014. Willmar accounted for 47 percent of the county's firms and 80 percent of the county's sales.



Sales by Merchandise Category, Willmar & Kandiyohi County, 2014

	Willmar		Kandiyohi County		City's Share of County Total	
Merchandise Category	Taxable Sales ($millions)	Number of Firms	Taxable Sales ($millions)	Number of Firms	Sales	Firms
Vehicles & Parts	$14.36	15	$29.81	39	48.2%	38.5%
Furniture Stores	$10.72	10	$11.89	17	90.2%	58.8%
Electronics	$12.93	10	$13.17	14	98.2%	71.4%
Building Materials	$74.03	13	$79.09	26	93.6%	50.0%
Food, Groceries	$19.79	15	$24.15	31	81.9%	48.4%
Health, Personal Stores	$3.82	14	$3.83	17	99.7%	82.4%
Gas/Convenience Stores	$5.41	11	$11.95	23	45.3%	47.8%
Clothing	$3.24	23	$3.46	27	93.6%	85.2%
Leisure Goods	$3.22	13	$3.70	30	87.1%	43.3%
General Merchandise	$60.79	9	$60.83	11	99.9%	81.8%
Miscellaneous Retail	$11.38	36	$13.76	88	82.7%	40.9%
Non-Store Retailers	$4.91	14	$6.40	49	76.7%	28.6%
Amusement & Recreation	$2.43	14	$4.20	26	57.9%	53.8%
Accommodations	$25.89	13	$27.66	31	93.6%	41.9%
Eating & Drinking Places	$34.20	53	$44.95	84	76.1%	63.1%
Repair, Maintenance	$11.63	37	$22.66	110	51.3%	33.6%
Personal Service, Laundry	$1.79	38	$3.38	86	53.0%	44.2%
Total Sales	$318.30	480	$398.61	1,024	79.9%	46.9%

Kandiyohi County Retail Trade Overview

Total Taxable and Gross Retail Sales

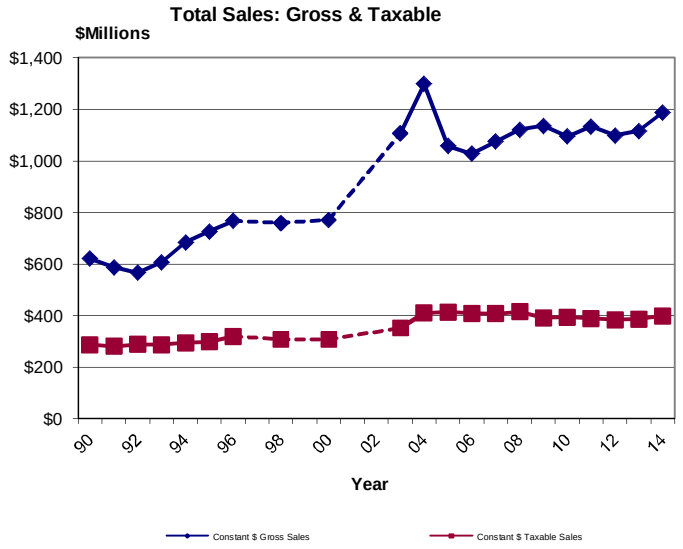
The table below presents gross and taxable retail and services sales for Kandiyohi County from 2003 through 2014. Taxable sales in Kandiyohi County increased 12.6 percent from 2007 to 2014, while the number of firms fell 0.9 percent. Statewide, taxable sales decreased 5.2 percent over the same time period and the number of firms fell 8.8 percent. The per capita sales and pull factor data in this table are based on taxable sales, the more verified sales measure.

The table also presents sales data in constant 2014 dollars. These figures have been adjusted for inflation to reflect their value in 2014. For example, in 2003, taxable sales in Kandiyohi County totaled $270.97 million, an amount worth $351.91 million in 2014 dollars. In constant dollars, gross sales grew 10.5 percent between 2007 and 2014. Constant dollar taxable sales decreased 2 percent over the same time period.

		Current Dollars		Constant 2014 Dollars				
Year	Estimated Population	Gross Sales* ($millions)	Taxable Sales ($millions)	Gross Sales* ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Sales	Pull Factor
2003	41,148	$852.42	$270.97	$1,107.04	$351.91	970	$6,585	0.74
2004	41,191	$1,025.89	$323.46	$1,298.60	$409.44	1,019	$7,853	0.85
2005	41,199	$867.93	$339.56	$1,058.45	$414.10	1,021	$8,242	0.87
2006	41,088	$874.13	$347.16	$1,028.38	$408.43	999	$8,449	0.88
2007	40,784	$935.85	$353.93	$1,075.69	$406.81	1,033	$8,678	0.89
2008	40,679	$1,019.89	$377.43	$1,120.76	$414.76	1,036	$9,278	0.97
2009	41,123	$1,022.57	$352.08	$1,136.19	$391.20	1,063	$8,562	0.96
2010	42,270	$1,007.54	$361.79	$1,095.15	$393.25	1,041	$8,559	0.95
2011	42,118	$1,077.51	$368.84	$1,134.22	$388.25	1,014	$8,757	0.94
2012	42,315	$1,066.44	$372.76	$1,099.42	$384.29	981	$8,809	0.91
2013	42,351	$1,104.60	$382.50	$1,115.76	$386.37	1,015	$9,032	1.05
2014	42,258	$1,188.15	$398.61	$1,188.15	$398.61	1,024	$9,433	1.07
7 yr Change '07 to '14	3.6%	27.0%	12.6%	10.5%	-2.0%	-0.9%	8.7%	20.4%
3 yr Change '11 to '14	0.3%	10.3%	8.1%	4.8%	2.7%	1.0%	7.7%	14.4%

*Gross sales figures are self-reported by firms and not audited by the Dept. of Revenue for accuracy.

Kandiyohi County: Retail/Service Sales in Constant Dollars

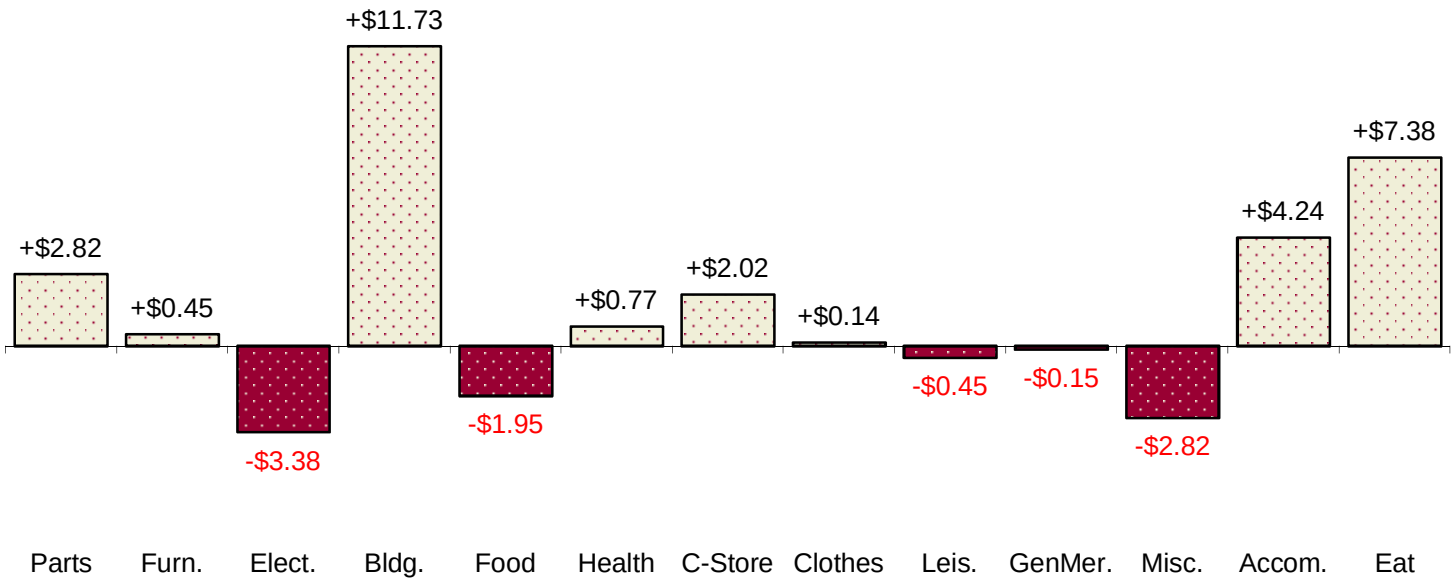


Kandiyohi County
Selected Components of Change*, 2011 to 2014

Category	Taxable Sales 2011	Taxable Sales 2014	Dollar Change	Percent Change
Vehicles & Parts	$26,987,910	$29,807,033	+$2,819,123	+10.45%
Furniture Stores	$11,437,748	$11,892,176	+$454,428	+3.97%
Electronics	$16,542,122	$13,165,523	-$3,376,599	-20.41%
Building Materials	$67,352,208	$79,085,784	+$11,733,576	+17.42%
Food, Groceries	$26,100,553	$24,148,503	-$1,952,050	-7.48%
Health, Personal Stores	$3,055,882	$3,827,821	+$771,939	+25.26%
Gas/Convenience Store	$9,933,922	$11,949,609	+$2,015,687	+20.29%
Clothing	$3,323,880	$3,461,597	+$137,717	+4.14%
Leisure Goods	$4,152,295	$3,697,681	-$454,614	-10.95%
General Merchandise Stores	$60,972,889	$60,826,649	-$146,240	-0.24%
Miscellaneous Retail	$16,577,940	$13,761,449	-$2,816,491	-16.99%
Accommodations	$23,424,615	$27,663,558	+$4,238,943	+18.10%
Eating & Drinking Places	$37,578,695	$44,953,697	+$7,375,002	+19.63%
Total Retail and Services Sales	$368,842,120	$398,608,727	+$29,766,607	+8.07%

* Figures not adjusted for inflation.

Dollar Changes by Category (in Millions)
2011 - 2014

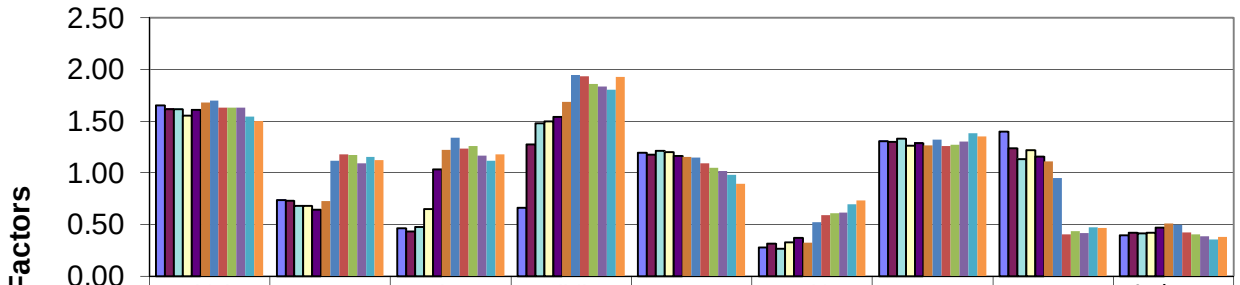


Pull Factors By Merchandise Category

Kandiyohi County

The following tables and charts depict pull factors in Kandiyohi County from 2003 to 2014* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.

Pull Factors by NAICS Merchandise Category (1 of 2)



	Vehicles & Parts	Furniture	Elec-tronics	Building Materials	Food	Health & Personal	Gas & Conven.	Clothing	Leisure Goods
2003	1.65	0.73	0.46	0.66	1.19	0.28	1.30	1.40	0.40
2004	1.62	0.73	0.43	1.27	1.18	0.32	1.30	1.24	0.42
2005	1.61	0.68	0.48	1.48	1.22	0.26	1.33	1.13	0.42
2006	1.55	0.68	0.65	1.50	1.20	0.33	1.26	1.22	0.42
2007	1.61	0.64	1.03	1.54	1.16	0.37	1.29	1.16	0.47
2008	1.68	0.72	1.22	1.69	1.15	0.32	1.27	1.11	0.51
2009	1.70	1.11	1.34	1.95	1.15	0.52	1.32	0.95	0.50
2010	1.63	1.18	1.24	1.94	1.09	0.59	1.26	0.41	0.42
2011	1.63	1.17	1.26	1.86	1.05	0.61	1.27	0.44	0.41
2012	1.63	1.09	1.17	1.84	1.02	0.62	1.30	0.41	0.39
2013	1.54	1.15	1.12	1.80	0.98	0.70	1.38	0.47	0.36
2014	1.50	1.13	1.18	1.93	0.89	0.74	1.35	0.46	0.38

NAICS Category Descriptions

Motor Vehicles & Parts: Establishments that sell new & used autos, boats, motorcycles, golf carts, RV's, campers, snowmobiles, trailers, tires, and parts.

Furniture: Stores that sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, & woodburning stoves.

Electronics: Establishments primarily engaged in retailing household-type appliances, sewing machines, cameras, computers, and other electronic goods.

Building Materials: Establishments that sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, and garden centers.

Food: Grocery stores, deli's, bakery, & butcher shops that sell food to be prepared at home. Liquor stores.

Health & Personal: Pharmacies, food supplements, vision supplies, cosmetics, & hearing aid stores.

Gas and Convenience Store: Retailers that sell fuel along with convenience store items.

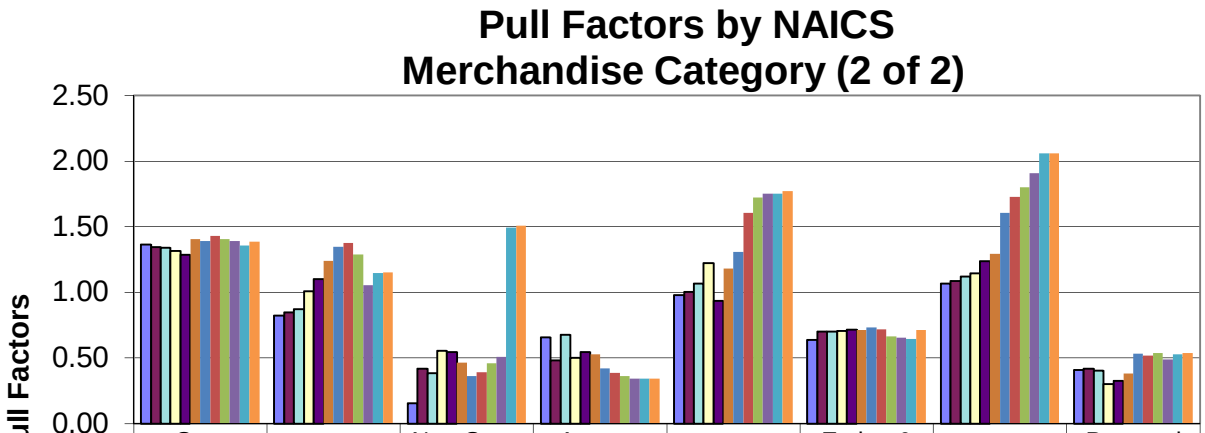
Apparel: New clothing and accessories, jewelry, shoes, bridal shops, clock shops, and luggage stores.

Leisure Goods: Sporting goods, books, music, hobby stores, fabric shops, and toy stores.

*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

Recent Trends By Merchandise Category
Kandiyohi County

The following tables and charts depict pull factors in Kandiyohi County from 2003 to 2014* by merchandise category. Pull factors are a measure of trade area size that provide a useful measure of changes over time because they account for changes in population and state-wide industry trends.



	Gen. Merch.	Misc. Store	Non-Store Retail	Amuse-ment	Lodging	Eating & Drinking	Repair	Personal Services
2003	1.36	0.82	0.15	0.66	0.98	0.64	1.07	0.41
2004	1.34	0.85	0.42	0.48	1.00	0.70	1.09	0.42
2005	1.34	0.87	0.38	0.68	1.07	0.70	1.12	0.40
2006	1.32	1.01	0.55	0.50	1.22	0.70	1.14	0.30
2007	1.29	1.10	0.55	0.54	0.93	0.72	1.24	0.32
2008	1.41	1.24	0.47	0.53	1.18	0.71	1.29	0.38
2009	1.39	1.35	0.36	0.42	1.31	0.73	1.61	0.53
2010	1.43	1.38	0.39	0.39	1.60	0.72	1.73	0.52
2011	1.41	1.29	0.46	0.36	1.72	0.66	1.80	0.54
2012	1.39	1.05	0.51	0.34	1.75	0.65	1.91	0.49
2013	1.36	1.15	1.49	0.34	1.75	0.64	2.06	0.53
2014	1.38	1.15	1.51	0.34	1.77	0.71	2.06	0.54

NAICS Category Descriptions

General Merchandise: Establishments that sell a mixed line of goods. Examples are department stores, supercenters, and dollar stores.

Miscellaneous Store Retailers: Stores not covered in other categories such as florists, office supplies, pets, antiques, tobacco, art, used merchandise, and trophies.

Non-Store Retail: Retailers that do not use stores. This includes mail order, internet selling, bazaars, vending machines, fuel oil dealers, firewood dealers, door-to-door sales, and produce stands.

Amusement: Establishments such as golf courses, bowling lanes, marinas, amusement parks, water parks, shooting ranges, pool halls, horseback riding, ballrooms, health club facilities, ski hills, and casinos.

Lodging: Seasonal resorts, hotels, boarding houses, bed & breakfast, campgrounds, and RV parks.

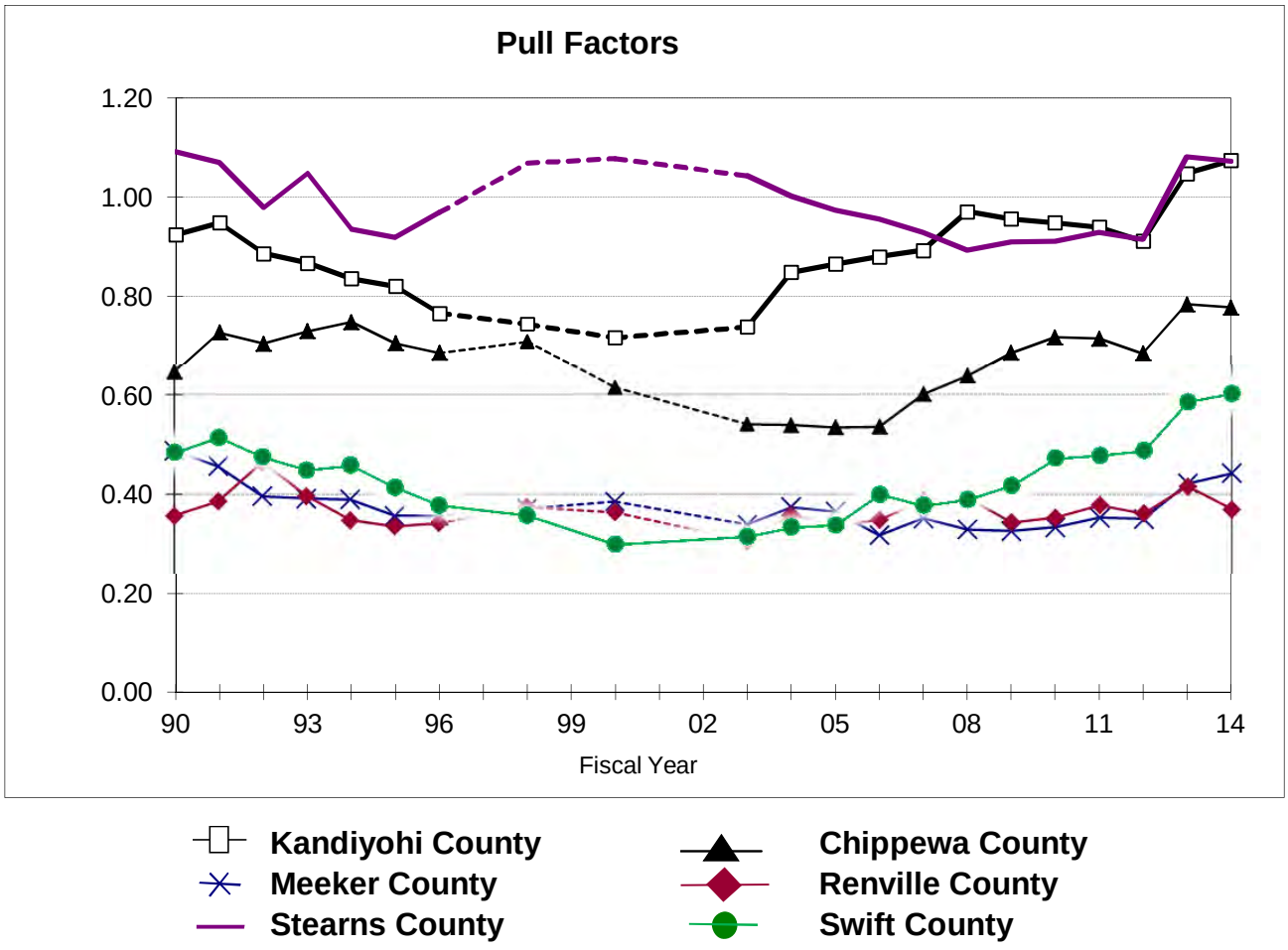
Eating & Drinking: Restaurants, donut shops, coffee house, cafeteria, caterers, taverns, and nightclubs,

Repair: Businesses that return equipment to working order. Examples: cars, lawnmowers, small engines, knives, shoes, computers, furniture, and appliances.

Personal Services: Barbers, beauty salons, tanning facilities, funeral homes, laundromats, dry cleaners, pet groomers, and kennels.

*Caution should be used when comparing pull factors before 2003 to those in later years due to the switch from SIC to NAICS.

Comparison with Neighboring Counties
Kandiyohi County



Comparison with Neighboring Counties, 2014

Town	Population	Gross Sales ($millions)	Taxable Sales ($millions)	Number of Firms	Per Capita Taxable Sales	Pull Factor (Taxable Sales)
Kandiyohi County	42,258	$1,188.15	$398.61	1,024	$9,433	1.07
Chippewa County	12,132	$230.94	$82.76	333	$6,822	0.78
Meeker County	23,122	$253.39	$89.67	472	$3,878	0.44
Renville County	15,067	$186.91	$48.81	328	$3,240	0.37
Stearns County	153,326	$4,292.19	$1,444.19	3,581	$9,419	1.07
Swift County	9,453	$173.91	$50.01	218	$5,290	0.60

Trade Area Analysis of Retail Sales
Kandiyohi County

The following tables provide information on retail sales by merchandise category. "Potential sales" is a standard to which actual performance is compared. In calculating potential sales, population and income characteristics are taken into account. Potential sales can be used as a guideline or "par value" in analyzing retail strength.

Deviations from these norms can be analyzed to first judge whether they should be considered relevant. If the differences appear to be significant (whether in dollar amounts or relatively with percentages), additional consideration is merited. Categories with undesirable performance may be further examined for potential corrective action. It is also important to determine whether or not the situation is relatively uncontrollable due to external or extenuating circumstances. In cases of favorable differences from expectations, the positive aspects should be identified and built upon.

Trade Area Analysis by Merchandise Category, 2014

			Variance Between Actual & Potential				
Merchandise Group	Potential Sales ($millions)	Actual Sales ($millions)	In Dollars (millions)	As % of Potential	Trade Area Pop. Gain or Loss	Number of Firms	Percent of Total Sales
Vehicles & Parts	$17.29	$29.81	+$12.51	+72.4%	30,583	39	7.5%
Furniture Stores	$9.20	$11.89	+$2.69	+29.3%	12,374	17	3.0%
Electronics	$9.71	$13.17	+$3.46	+35.6%	15,040	14	3.3%
Building Materials	$35.73	$79.09	+$43.36	+121.4%	51,287	26	19.8%
Food, Groceries	$23.58	$24.15	+$0.57	+2.4%	1,022	31	6.1%
Health, Personal Stores	$4.53	$3.83	-$0.71	-15.6%	-6,573	17	1.0%
Gas/Convenience Store	$7.70	$11.95	+$4.25	+55.2%	23,323	23	3.0%
Clothing	$6.49	$3.46	-$3.03	-46.7%	-19,714	27	0.9%
Leisure Goods	$8.55	$3.70	-$4.85	-56.7%	-23,974	30	0.9%
General Merchandise Stores	$38.26	$60.83	+$22.57	+59.0%	24,932	11	15.3%
Miscellaneous Retail	$10.38	$13.76	+$3.38	+32.6%	13,763	88	3.5%
Amusement & Recreation	$10.65	$4.20	-$6.45	-60.6%	-25,594	26	1.1%
Accommodations	$13.59	$27.66	+$14.08	+103.6%	43,781	31	6.9%
Eating & Drinking Places	$54.85	$44.95	-$9.90	-18.0%	-7,627	84	11.3%
Repair, Maintenance	$9.59	$22.66	+$13.07	+136.3%	57,592	110	5.7%
Personal Services, Laundry	$5.46	$3.38	-$2.08	-38.1%	-16,112	86	0.8%
Total Taxable Retail & Service*	$322.94	$398.61	+$75.67	+23.4%	9,902	1,024	100.0%

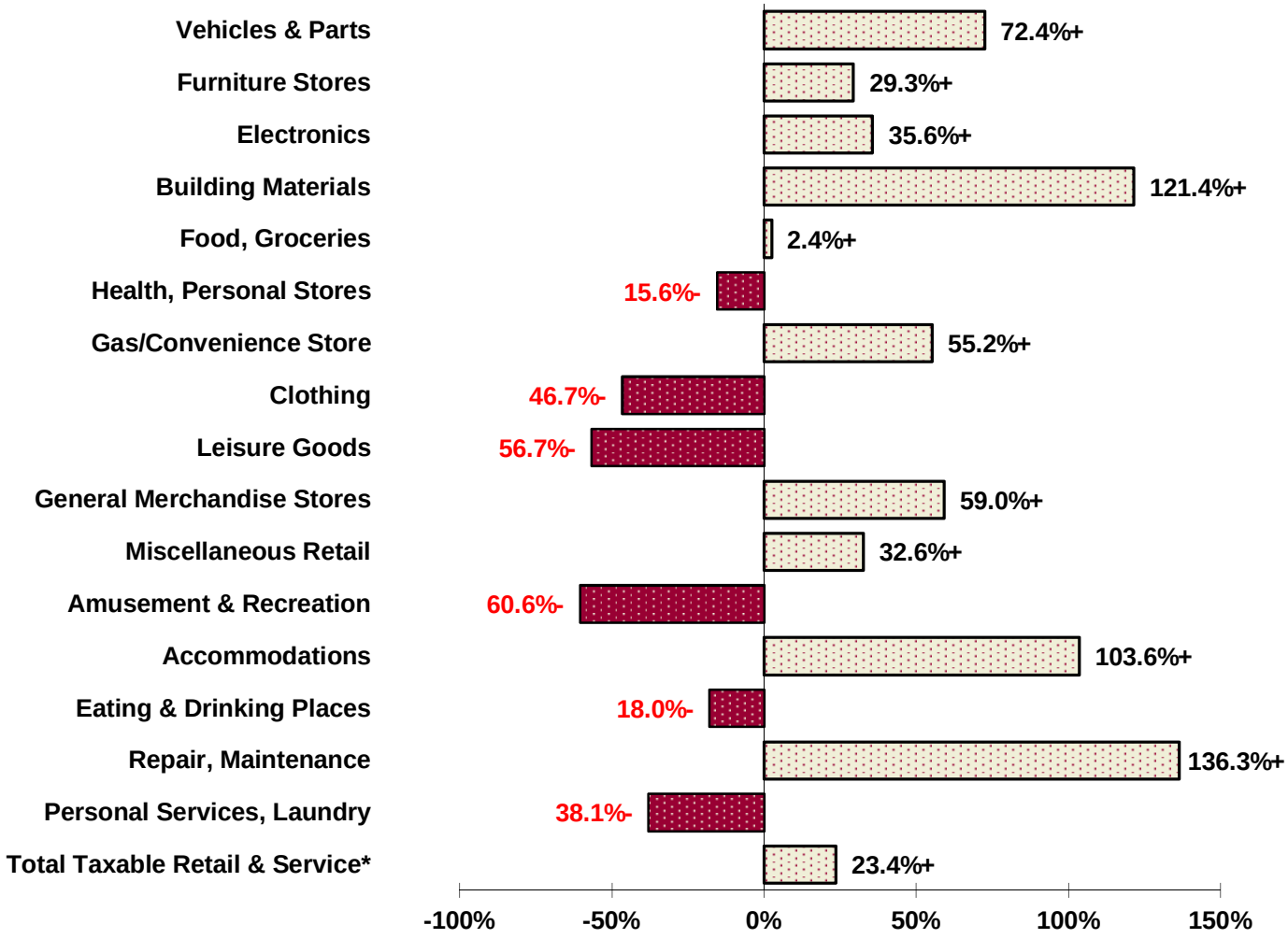
*All retail and service categories are included in Total Sales, including some categories not shown. Therefore, the merchandise groups shown here generally will not sum to Total Sales.

Kandiyohi County Retail Trade Performance in Percentages

The chart below depicts the percentage amount Kandiyohi County's actual sales were above or below potential sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 10 of the categories were above what would be expected based on the county's population and income characteristics as well as statewide spending patterns. The strongest merchandise group by this standard is the Repair, Maintenance category, which has a 136.3 percent surplus. Overall, Kandiyohi County had a retail sales surplus of 23.4 percent.

It is important to note that variations in a county's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers and transportation patterns, as well as the individual retailer's management and marketing, can cause the retail sales of a particular county to deviate substantially from potential sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.

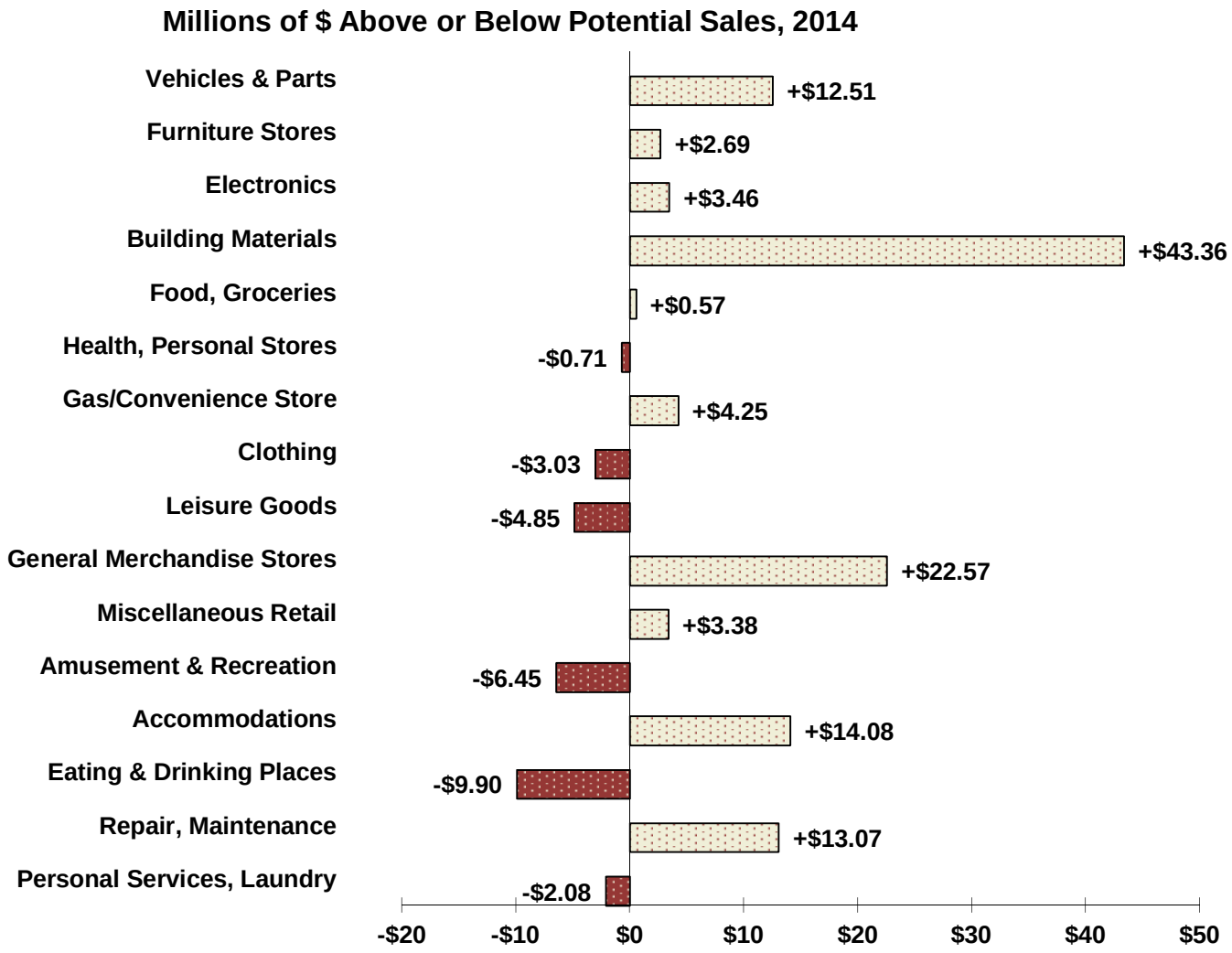
Percentage Above or Below Potential Sales, 2014



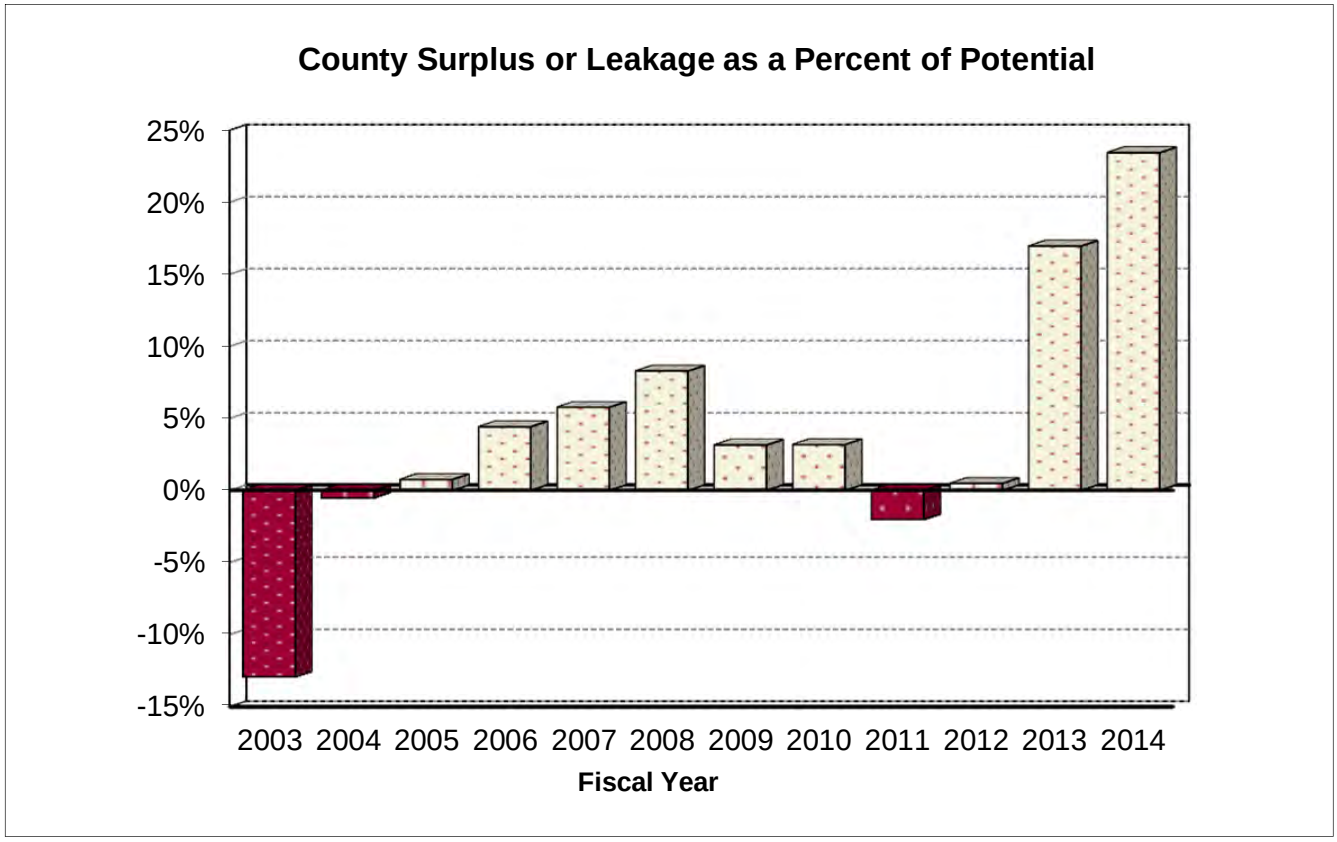
Kandiyohi County Retail Trade Performance in Dollars

The chart below depicts the dollar amount Kandiyohi County's actual sales were above or below potential sales in 2014 by merchandise group. Of the 16 merchandise categories with reported data, sales in 10 of the categories were above the calculated potential. The strongest merchandise group by this standard is the Building Materials category, which has a $43.4 million surplus. Overall, Kandiyohi County had a retail sales surplus of $75.7 million in 2014.

It is important to note that variations in a county's relative retail performance may occur for a variety of reasons, some of which are beyond the control of local policy. Proximity to larger population centers, management, marketing, and transportation patterns are just a few factors that can cause the retail sales of a particular county to deviate substantially from potential sales. It is important that decision-makers consider these influences when constructing policies, plans, or projects.



Kandiyohi County Retail Trade Surplus or Leakage



Fiscal Year	Population Estimate	Index of Income	Potential Sales (in millions)	Actual Sales (in millions)	Surplus or Leakage (in millions)	Surplus or Leakage as % of Potential	Trade Area Population Gain or Loss
2003	41,148	0.85	$311.2	$271.0	-$40.3	-12.9%	-5,325
2004	41,191	0.85	$325.2	$323.5	-$1.7	-0.5%	-220
2005	41,199	0.86	$337.0	$339.6	$2.5	+0.8%	+311
2006	41,088	0.84	$332.5	$347.2	$14.7	+4.4%	+1,814
2007	40,784	0.84	$334.6	$353.9	$19.3	+5.8%	+2,351
2008	40,679	0.90	$348.6	$377.4	$28.9	+8.3%	+3,367
2009	41,123	0.93	$341.3	$352.1	$10.7	+3.1%	+1,293
2010	42,270	0.92	$350.6	$361.8	$11.2	+3.2%	+1,345
2011	42,118	0.96	$376.5	$368.8	-$7.6	-2.0%	-854
2012	42,315	0.91	$371.0	$372.8	$1.8	+0.5%	+203
2013	42,351	0.90	$327.1	$382.5	$55.4	+16.9%	+7,177
2014	42,258	0.87	$322.9	$398.6	$75.7	+23.4%	+9,902

Demographic Characteristics

Income, 2004

Total Personal Income is derived from the Bureau of Economic Analysis data. Median household income and income distribution data are obtained from the 2004 Census estimates. Median household income represents the midpoint of income for all households in the town. The index of income measures the county's per capita income relative to the state. For example, an index number of 110 indicates the county's per capita income is 10 percent above the state average (which was $36,162 in 2004).

	Total Personal Income ($000)	Median Household Income	Index of Income
Kandiyohi County	$1,272,393	$43,233	85.6
Chippewa County	$366,081	$39,298	79.7
Meeker County	$641,682	$45,519	76.3
Renville County	$443,511	$41,631	73.6
Stearns County	$4,086,266	$47,032	80.1
Swift County	$260,027	$37,673	62.6
State	$184,571,393	$51,202	100.0

Income Distribution by Household, 2000

	Less than $20,000	$20,000 to $39,999	$40,000 to $59,999	$60,000 and over
Kandiyohi County	21.6%	28.7%	22.3%	27.5%
Chippewa County	25.4%	30.3%	23.8%	20.5%
Meeker County	20.7%	28.1%	22.9%	28.3%
Renville County	21.2%	31.7%	25.6%	21.6%
Stearns County	19.6%	26.9%	22.7%	30.9%
Swift County	25.4%	31.2%	24.6%	18.8%
State	17.6%	24.2%	21.3%	36.8%

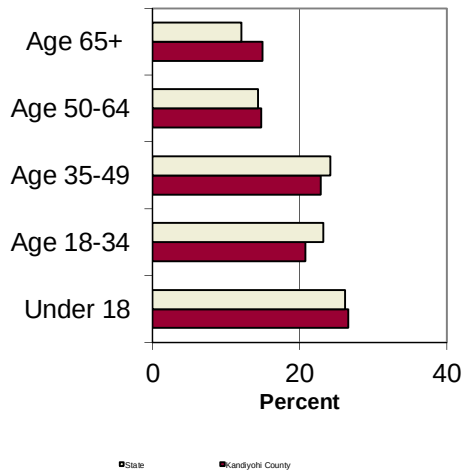
Relative to the state, Kandiyohi County has more low-income households (earning less than $20,000 annually) and fewer higher-income households (earning more than $60,000 annually).

Population

In 2000, Kandiyohi County had 15,973 households and an average of 2.58 persons per household. There were 1.9 million households statewide with an average of 2.59 persons per household. Compared to the state, Kandiyohi County had a higher proportion of young people (under 18) and a higher proportion of older people (age 65 +).

Age Distribution of Population, 2000

	Kandiyohi County	%	State	%
Total	41,203		4,919,479	
Under 18	10,968	26.6	1,286,894	26.2
Age 18-34	8,558	20.8	1,143,572	23.2
Age 35-49	9,417	22.9	1,188,429	24.2
Age 50-64	6,089	14.8	706,318	14.4
Age 65+	6,171	15.0	594,266	12.1



State of Minnesota Per Capita Taxable Retail Sales & Threshold Levels for Selected Goods and Services

2014

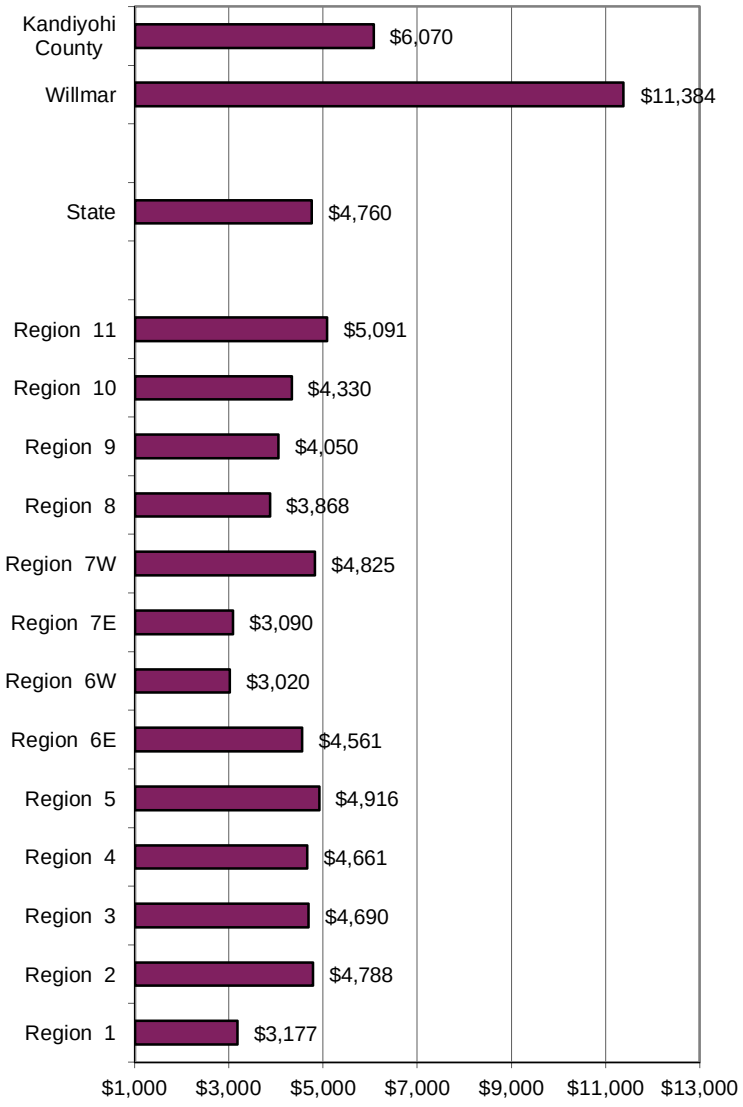
Threshold level refers to the number of *people per business*, which can be used as a general guide for determining the "critical mass" necessary to support a business. These are broad averages for the state as a whole and do not reflect differences in income, tourism, agglomeration, establishment, etc. Further, the business counts are based on the number of sales tax returns filed and are converted to "full-time equivalents." Multiplying *people per business* by *sales per capita* yields average sales per firm. In addition to state averages, averages for the non-metropolitan regions were calculated by excluding the seven county Minneapolis-St. Paul metropolitan region.

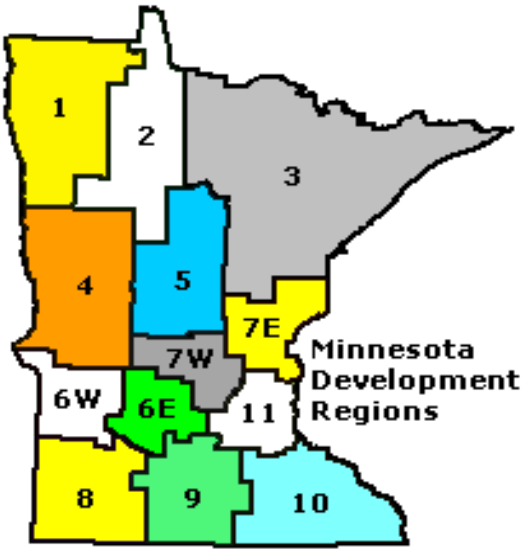
Business Activity / Store Type	*People Per Business*		*Sales Per Capita*		
NAICS	State	Non-Metro	State	Non-Metro	Willmar
RETAIL TRADE					
441 Vehicles, Parts	2,006	1,450	$470.09	$467.23	$727.76
442 Furniture Stores	3,187	3,069	$250.06	$166.45	$543.36
443 Electronics	4,137	4,207	$263.96	$132.04	$655.41
444 Building Materials	2,754	1,854	$971.21	$1,065.60	$3,752.19
445 Food and Beverage Stores	1,562	1,386	$640.97	$538.30	$1,002.80
446 Health, Personal Stores	3,242	3,504	$123.23	$79.73	$193.37
447 Gas/Conveniene Stores	2,667	1,939	$209.32	$253.26	$274.33
448 Clothing & Accessory Stores	1,572	1,861	$176.39	$84.99	$164.27
451 Leisure Goods	1,516	1,350	$232.33	$163.16	$163.19
452 General Merchandise	4,886	3,622	$1,039.97	$1,112.70	$3,081.03
453 Miscellaneous Merchandise	502	424	$282.19	$207.65	$576.86
454 Non-store Retail	968	924	$100.46	$91.15	$249.03
Retail Total			$4,760.17	$4,362.26	$11,383.60
INFORMATION					
511 Publishing Industry	10,367	13,518	$5.01	$1.48	
512 Movie & Recording Industry	11,408	19,479	$31.27	$20.02	
515 Broadcasting	47,011	31,315	$12.65	$8.06	
516 Info -Internet Publ/Brcst	227,217	309,234	$0.02	$0.00	
517 Telecommunications	9,988	9,095	$387.49	$301.58	
518 Internet Service	13,077	23,787	$17.93	$1.36	
519 Other Information Services	5,189	5,355	$87.87	$38.16	
FINANCE AND INSURANCE					
522 Credit Intermediation	8,237	6,476	$29.63	$7.33	
523 Securities, Commodities	19,758	37,483	$2.16	$0.54	
524 Insurance Carriers	11,106	15,858	$0.91	$0.66	
525 Funds, Trusts	147,384	154,617	$0.59	$0.70	
REAL ESTATE AND RENTAL AND LEASING					
531 Real Estate	2,654	3,389	$35.31	$28.61	
532 Rental, Leasing Services	3,697	3,494	$157.37	$66.45	
533 Lessors Nonfinancial Assets	218,129	206,156	$0.38	$0.40	
PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES					
541 Prof, Scientific, Technical Services	478	720	$173.76	$77.60	
551 Mgmt Of Companies	26,092	47,575	$32.49	$4.36	
ADMINISTRATIVE & SUPPORT; WASTE MGMT & REMEDIATION SVCS					
561 Admin, Support Services	572	600	$271.61	$135.88	
562 Waste Mgmt, Remediation	13,599	9,664	$2.02	$2.10	
EDUCATIONAL SVCS; HEALTH & SOCIAL ASSISTANCE					
611 Educational Services	4,260	4,694	$17.55	$15.62	
621 Health -Ambulatory Care	1,064	1,303	$16.58	$11.43	
622 Health -Hospitals	35,642	24,254	$14.84	$15.06	
623 Health -Nursing,Residential Care	11,175	8,650	$2.75	$2.75	
624 Health -Social Assistance	10,950	11,094	$3.05	$4.52	
ARTS, ENTERTAINMENT & RECREATION					
711 Performing Art, Spectator Sports	2,342	2,786	$68.52	$12.16	
712 Museums, Historical Sites	31,705	21,144	$4.13	$1.65	
713 Amusement, Gambling, Recr	2,393	1,933	$289.63	$142.07	$97.25
ACCOMMODATION & FOOD SERVICES					
721 Accommodation	2,171	1,203	$369.36	$352.23	$1,227.67
722 Food Services, Drinking Places	482	465	$1,491.19	$1,107.06	$1,504.04
OTHER SERVICES					
811 Repair, Maintenance	640	459	$260.68	$272.23	$538.46
812 Personal, Laundry Service	630	558	$148.31	$52.11	$85.64
813 Religious, Civic, Professional Orgs	2,627	2,122	$32.74	$36.49	
814 Private Households	79,032	77,309	$0.20	$0.17	
921 Exec., Legisla., Other Govt	7,522	4,348	$50.84	$67.85	
TOTAL RETAIL AND SERVICES			$8,779.00	$7,231.14	

Compare the Community to the Region
Willmar and Kandiyohi County

On other pages of this report we compared communities using a combination of retail sectors and service sectors. The information on this page only includes businesses in **retail trade** and does not include service sectors. The retail trade sectors include the following: building materials, motor vehicles & parts, clothing, food stores, electronics, convenience stores, leisure goods, health stores, furniture, general merchandise, non-store retail, and miscellaneous stores.

2014 Retail Sales per capita





The University of Minnesota Extension has developed this retail trade analysis program to assist in the economic development of Minnesota towns and cities. These reports are available for all Minnesota counties, for most cities above 5,000 populations and for a few cities smaller than 5,000 population. The retail sector of each jurisdiction can be evaluated by comparing its trends to those of other similar jurisdictions. Business people and economic development officials can use measures such as pull factors and leakages to determine the need and feasibility of new retail businesses.

DATA SOURCES

Most of the data in the analysis are based on annual reports of Minnesota retail and use tax, published by the Minnesota Department of Revenue. The Department of Revenue published an annual report of sales and use tax by jurisdiction until 1996, at which time the reports were released biannually due to budget constraints. This analysis uses the available reports from 1990-1996, 1998, 2000, and 2003 through 2011. The reports interpolate data for the years in which data are not available. (See http://www.revenue.state.mn.us/research_stats/Pages/Sales-and-Use-Tax-Statistics-and-Annual-Reports.aspx) The income data in this report are obtained from reports by Bureau of Economic Analysis (BEA). (See http://www.bea.gov/iTable/index_regional.cfm) Population data after 2009 are derived from the state demographic center . (See http://www.demography.state.mn.us/estimates.html)

Sales and use tax permit holders file returns and remit taxes on a monthly, quarterly or annual basis. Large businesses such as discount department stores whose tax is more than $500 per month are required to file on a monthly basis, while medium-sized businesses whose sales tax collections are less than $500 per month, are required to file on a quarterly basis and small businesses with sales tax collections less than $100 per month would most likely file on an annual basis.

DEFINITION OF TERMS

Gross Sales

Gross sales include taxable sales and exempt sales for businesses holding sales and use tax permits. This is the most inclusive indicator of business activity for the reporting jurisdictions but it can be misleading when used in comparisons. At times commodity items (like gasoline) that are not taxable can have large price variations, creating huge swings in gross sales.

Taxable Sales

Taxable sales are the amount of sales subject to sales tax. Taxable sales exclude exempt items, items sold for resale, items sold for exempt purposes and items sold to exempt organizations. For more information on what is taxed in Minnesota, see "Minnesota Sales and Use Tax Instruction Booklet" available on the web at http://www.revenue.state.mn.us/Forms_and_Instructions/sales_tax_booklet.pdf .

Current and Constant Dollar Sales

Current dollar (or "nominal dollar") sales are sales as reported by the state. No adjustment has been made for price inflation. In general this measure of sales is not satisfactory for comparisons over long periods of time since it does not account for changes in population, inflation, or the state's economy. Constant dollar (or "real dollar") sales reflect changes in price inflation by adjusting current dollar sales with the Consumer Price Index (CPI). Constant dollar sales indicate the real sales

level with respect to a base year. This is a more realistic method of evaluating sales over time than current dollar comparisons, but still does not take into consideration changes in population or changes in the state's economy.

Number of Businesses

The number of sales and use tax permit holders who filed one or more tax returns for the year are reported as the number of businesses.

Reporting Period

The reporting periods though 2005 in this report are calendar years. For example, the sales reported for the year 2000 are for the period, January 1, 2000 to December 31, 2000. The Sales and Use Tax Statistics report for 2006 and beyond uses a slightly different methodology than in previous years. Rather than basing the report on the year in which sales were made (as was true in earlier reports), the 2006 report is based on when returns were processed. To best approximate the economic activity for calendar year 2011, this report includes all returns processed from February 2011 through January 2012. Returns are included in the report regardless of the date of sale.

Per Capita Sales

Per capita (or “per person”) sales are calculated by dividing current dollar sales by the population estimate. In areas where population is subject to substantial change, this is a more satisfactory measure of sales activity than sales alone. However, it still does not reflect changes in the state economy.

Number of Businesses

The number of sales and use tax permit holders who filed one or more tax returns for the year are reported as the number of businesses.

Pull Factor

The pull factor was developed by Dr. Ken Stone, an economist from Iowa State University Extension Service, to provide a precise measure of sales activity in a locality. It is derived by dividing the per capita current dollar sales of a city or county by the per capita sales for the state. For example, if a city's per capita sales are $20,000 per year and the state per capita sales are $10,000 per year, the pull factor is 2.0 ($20,000 ÷ $10,000). The interpretation is that the city is selling to 200 percent of the city population.

Pull factors are good measures of sales activity because they reflect changes in population, inflation, and the state economy. Pull factors are available through the University of Minnesota Extension for total taxable sales for all cities with reported sales (generally, cities with a population of 5,000 or more) since 1990. The pull factors listed in this report are not adjusted for differing income levels in different communities; they are simply the ratio of local per person sales to the state average. Income levels are accounted for in the expected sales and potential sales formulas, described below.

Typical Pull Factor

The typical pull factor is a pull factor that represents the “norm” for cities within a population group. It is an average for cities within a population group excluding some of the outliers in the group.

Personal Income

Personal income is defined as the income received by, or on behalf of, all the residents of the county (state) from all sources. Personal income is the estimated sum of wage and salary earnings, supplements to wages and salaries (e.g.. contributions to retirement funds, health plans, life insurance policies), proprietors' income, rental income, personal dividend income, personal interest income, and personal current transfer receipts to persons (e.g. receipts of Social Security, disability, worker's compensation, Medicare/Medicaid, food stamps, etc.) less contributions for government social insurance (e.g. Social Security, Medicare).

Index of Income

This index provides a relative measure of income, calculated by dividing local per capita income by state per capita income. The base is 1.00. For example, an index of income of 1.20 indicates that per capita income in the area is 20 percent above the state average.

Expected Sales

Expected sales are a retail performance benchmark. It is an estimate of the sales level a town would achieve if it were performing on par with Minnesota towns of a similar size. In addition to population and income variables, expected sales incorporate the typical strength of comparable communities via the typical pull factor. Expected sales are the product of city population, state per capita sales, the index of income and the typical pull factor. For example, if a city has a population of 5,000, the state per capita sales are $9,000, the typical pull factor is 1.30, and the index of income is 1.03, expected sales are approximately $60 million per year (5,000 x $9,000 x 1.30 x 1.03). This provides a means of comparing what is expected for a city of a certain size to what is actually happening.

Potential Sales

Potential sales are an estimate of the amount of money that is spent on retail goods and services by residents of a county. It is the product of county population, state per capita sales and the index of income. The potential sales concept for counties is similar to the expected sales calculations for cities. However, potential sales do not utilize a measure of average pulling power (like the typical pull factor that is used in the expected sales equation). Since a county is a relatively large region within which retail business takes place, counties are compared without adjustments for trade area size.

Variance between Actual and Expected Sales (Surplus or Leakage)

The variance between actual and expected sales is how much retail sales differ from the “norm” (i.e., the amount above or below the standard established by the expected sales formula). When actual sales exceed expected sales, we say the city has a "surplus" of retail sales. When actual sales fall short of expected sales, we say the city has a retail sales "leakage". The set of similarly-sized cities in Minnesota is the “peer group” to which the comparison is being made. Discrepancies between expected and actual sales occur for a variety of reasons.

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Trade Area Population Gain or Loss

The trade area population gain or loss translates the percentage amount of surplus or leakage of retail sales into an estimate of the number of customers gained or lost in the trade area. It is calculated by multiplying the percent surplus or leakage by the population estimate for the city or county. For example, if a city with 10,000 residents had a retail sales surplus of 20%, the trade area population gain would be 2,000. Adding this number to the city's population gives an estimate of the population size of the city's trade area.

CAUTIONS

Gross Sales

Gross sales are a comprehensive measure of business activity, but readers should be aware that the numbers in this report are self-reported by holders of sales and use tax reports. Furthermore, the gross sales are not audited by the State of Minnesota. It is believed that the gross sales figures are generally reliable, but there is the possibility of distortions, especially in smaller cities where misreporting may have occurred.

Misclassification

Holders of sales and use tax permits select the North American Industry Classification System (NAICS) category that best fits their business. Regardless of who makes this classification, errors are occasionally made. Also, sometimes a business will start out as one type of business, but may evolve over time to a considerably different type of business. Misclassifications can distort sales among business categories, especially in smaller cities. For example, a furniture store that is classified as a general merchandise store, will under-report the sales in the furniture store category and over-report the sales in the general merchandise category.

Suppressed Data

The sales data for merchandise categories that have less than four reporting firms are not reported. This is a measure taken by most states to protect the confidentiality of sales tax permit holders. The sales for suppressed retail categories are placed into the miscellaneous category and are included in total sales. The sales for suppressed service categories are placed into the NAICS 999 category and are not included in total sales.

Consolidated Reporting

Vendors doing business at more than one location in Minnesota have the option of filing a separate return for each location or filing one consolidated return for all locations. The consolidated return shows, for each business establishment, the sales made, tax due and location by city and county. Data for the establishments of consolidated filers are combined with data for single-location filers to produce the figures in this report. Occasionally consolidated reports may not be properly deconstructed and all the sales for a company may be reported for one town or city. Whenever misreporting is discovered, contacts are made with the Minnesota Revenue Department to clarify the situation.

Changes between 2000 and 2003

For fiscal year 2003, the Minnesota Department of Revenue implemented two major changes to improve their reporting of sales and use tax data. First, they adopted a geo-coding system, which accurately identifies the location of all business reporting sales and use tax to the state rather than relying on the businesses' postal addresses. One effect of this change is a movement of sales between neighboring cities (and in some cases, counties) in the year 2003. Thus, in several of the suburbs of Minneapolis and St.Paul and in cities such as Hermantown, which is adjacent to Duluth, the data show large increases in retail sales between 2000 and 2003, a substantial portion of which is due to the re-coding of business location and not to actual growth in sales.

The second change implemented by the Department of Revenue in 2003 was a shift from the Standard Industrial Classification system (SIC codes) to the North American Industry Classification System (NAICS codes). This switch does affect the comparability of the data series prior to 2000 with that of 2003 (and beyond), especially for merchandise categories. Overall retail and services sales are highly comparable over time. In many cases, the merchandise categories for the data prior to 2003 are very closely related to the new categories. For example, approximately 97% of the 2003 statewide sales in the general merchandise category were accounted for by firms also classified as general merchandise under the SIC system. In other cases, the correspondence is less straightforward. For example, only 56% of 2003 statewide sales in the Food and Beverage store category were accounted for by firms classified as Food Stores under the older classification system; 41% of 2003 Food store sales were accounted for by firms previously categorized as Miscellaneous Retail.

The NAICS system does provide greater detail and introduces some new sectors, such as Retail Electronics. Over time, these changes will improve the information available for retail trade analysis.