

COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY 2011-2016

2015 Performance Report

FOR WEST CENTRAL MINNESOTA

April, 2015

prepared by:



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THIS DOCUMENT WAS
PREPARED FOR:

**ECONOMIC
DEVELOPMENT
ADMINISTRATION
U.S. DEPARTMENT
OF COMMERCE**

and covers the
west central
Minnesota
counties of:

- Becker
- Clay
- Douglas
- Grant
- Otter Tail
- Pope
- Stevens
- Traverse
- Wilkin

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Introduction

The 2015 Performance Report is intended to provide an update that evaluates the status of activities and progress in accomplishing the goals and objectives set forth in the 2011-2016 Comprehensive Economic Development Strategy (CEDS) for West Central Minnesota. It also is intended to provide an updated snapshot of how the region is doing from an economic perspective.

The 2015 Performance Report includes a narrative on the following four components:

- Adjustments to the Strategy
- Report on Economic Development Activities
- Evaluation of Progress on Implementation Plan and Goals
- Schedule of Goals for next year

The full 2011-2016 CEDS can be accessed through the following link to West Central Initiative's (WCI's) website:

<http://wCIF.org/what-we-do/planning/edplanning/ceds.html> the full document provides greater detail on the demographics, labor force, and economy at both a regional and individual county level.

West Central Initiative (WCI) is the designated organization that administers the Economic Development District that covers the 9 counties in west central Minnesota. These counties are: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin.

Regional Overview

This regional overview is intended to provide an updated snapshot of the region on key indicators that are addressed in the 2011-2016 CEDS. Economic Development Region 4 (EDR 4) continues to see an increase in the aging population and the out-migration of young adults, a trend since the 1940's. According to the 2010 Census the region grew, but only four of the nine counties gained population and the growth in those counties is concentrated in the more urban communities. Farming and other agricultural based business continues to be a major factor in the regions economy. Four industries employ 74% of the workforce. They are Education & Health Services, Trade Transportation & Utilities, Manufacturing, and Leisure & Hospitality. Post recession, a skilled workforce shortage is emerging. Some contributing factors for this include: Upcoming retirements, out-migration to urban areas, and the draw to the high-paying jobs in the North Dakota oil fields. Many industries are increasingly struggling to fill workforce needs.

Population

2013 Population Estimates

County	2013 Population	2010 Population	Change in 2013 from 2000
Becker	33,167	32,504	3,167
Clay	60,426	58,999	9,197
Douglas	36,529	36,009	3,708
Grant	5,990	6,018	-299
Otter Tail	57,588	57,303	429
Pope	10,929	10,995	-307
Stevens	9,748	9,726	-305
Traverse	3,460	3,558	-674
Wilkin	6,588	6,576	-550
Region	224,395	221,688	14,336

Source: MN State Demographer and 2010 Census

Based on revised State Demographer numbers, the 2045 the regional population is expected to grow to just under 250,000 from the 2010 population of just over 221,000.

Projected Regional Population 2015-2045

2015	2020	2025	2030	2035	2040	2045
231,570	237,858	241,844	244,408	246,253	247,564	249,282

Source: MN State Demographer

2045 Projected Population by County

Becker County	Clay County	Douglas County	Grant County	Otter Tail County	Pope County	Stevens County	Traverse County	Wilkin County
40,961	67,803	39,014	6,266	62,633	11,376	10,285	3,508	7,436

Source: MN State Demographer

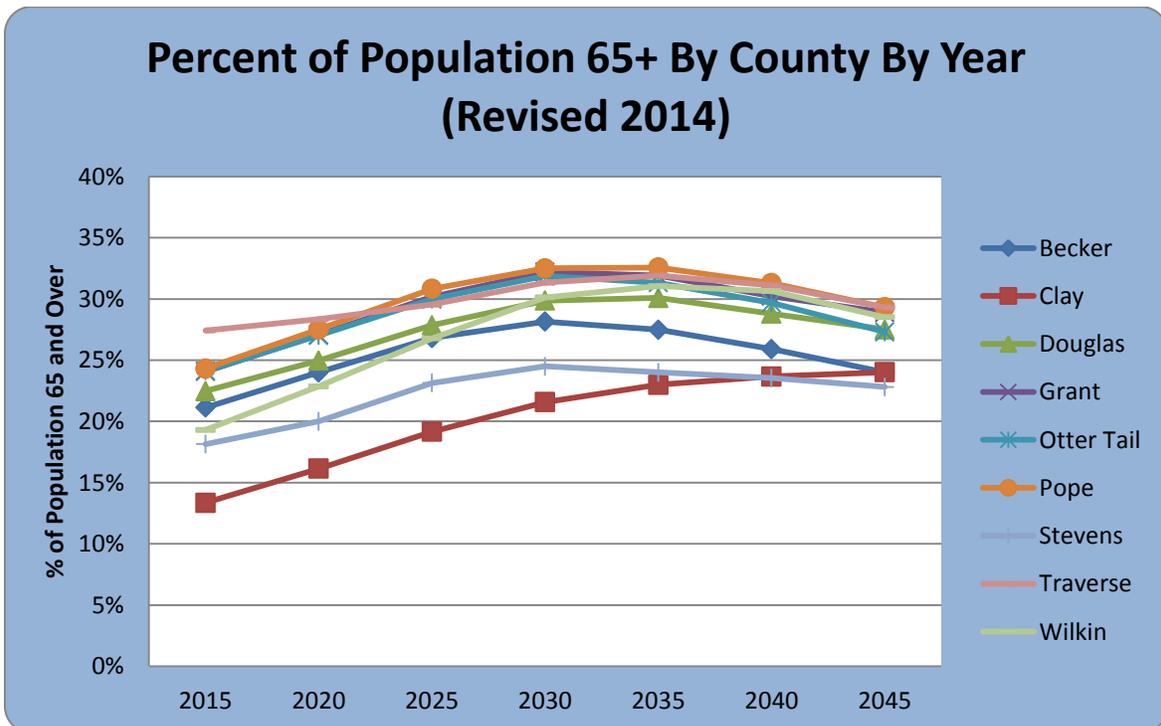
Demographics (Diversity)

The racial diversity of the region is increasing and is expected to continue to increase. According to the 2010 Census, 14% of the population growth the region experienced from 2000 to 2010 was from a minority group. Becker, Clay, Stevens, and Traverse have the most diverse population makeup based on population numbers.

The region is forecast to have 9.5% of the total population being a minority by 2035. Compare this to statewide minority population projection of 24.8%, or the nation at 46.9% for 2035, it appears marginal, but it is still a significant change for the makeup for the region. Persons of Hispanic or Latino origin makeup the greatest percent of minority persons and this is anticipated to continue.

Demographics (Age)

Currently, about 18% of the regional population is over 65. The percent of the population over 65 for the region will continue to increase dramatically until about 2030-2035. The effects that this aging of the population has on communities, the workforce, services, etc. are enormous.

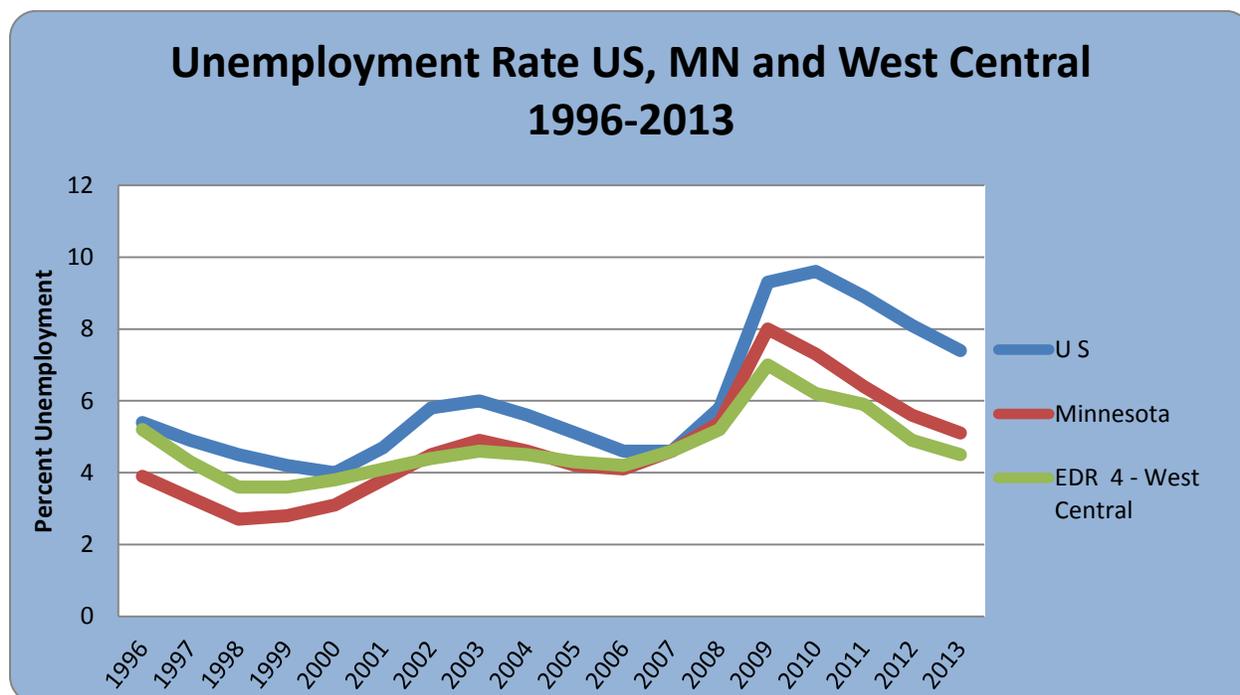


Source: MN State Demographer

Unemployment

The average 24 month unemployment rate for EDR 4 is down from last years 5.7% to 4.6%, although low compared to other areas in the state and nation, this rate remains to be historically high for the region by about 1%. The average unemployment rate for 2000-2007 (pre-recession) was 3.8%. The average 24 month unemployment rate for individual counties ranges from 3.4% to 5.5%. The chart below indicates a historical look at unemployment for the region compared to the state, and nation.

Annual Unemployment 1996-2013



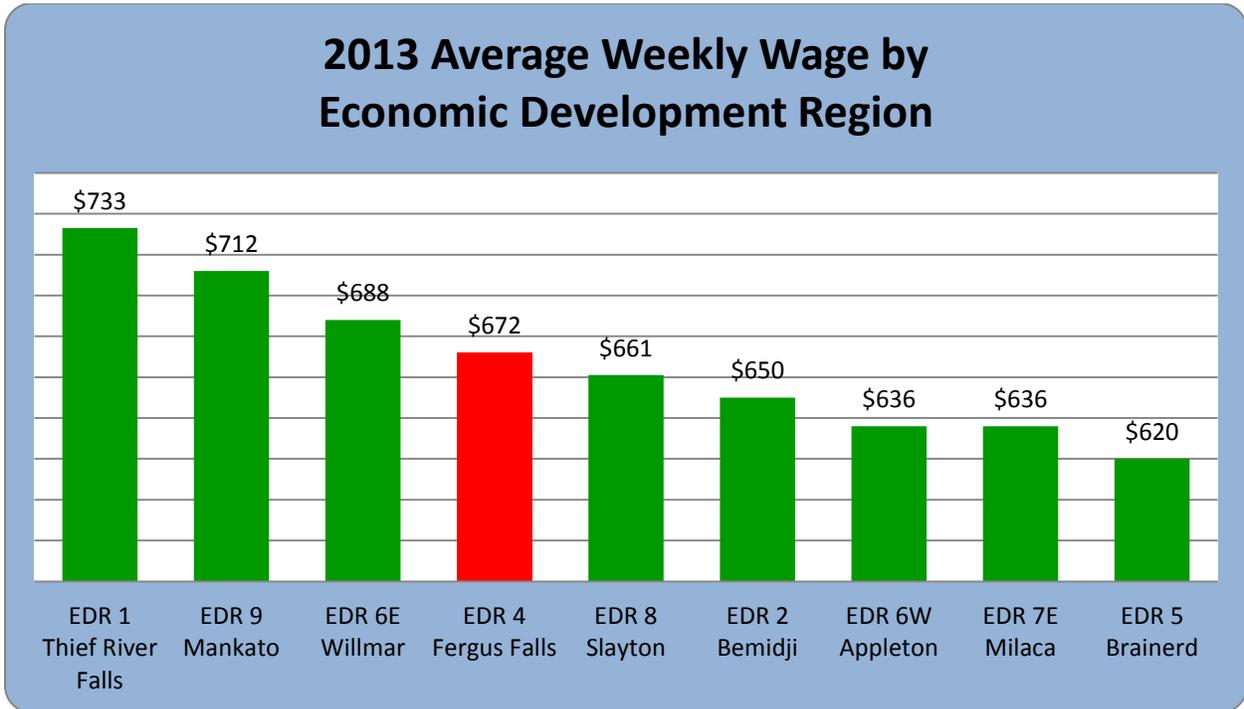
Source: MN DEED Local Area Unemployment Statistics

PER CAPITA INCOME (PCI) and Wages

Currently, none of the nine counties fall below the 80% threshold of the national per capita income that indicates “distress”, however the City of Moorhead does. Moorhead is the largest community in the region. When looking at the Bureau of Economic Analysis (BEA) data for 2013, all counties in the region are actually at almost 87% or higher of the national per capita income, with 5 counties exceeding 100%. The 2013 PCI percentages did decrease from 2012 in most counties, this is most likely related to the decline in crop prices from the previous year. These numbers are not truly representative of what is really occurring related to income when you look into smaller areas at the community and township levels where many municipal areas, townships, and census tracts fall below the 80% PCI threshold.

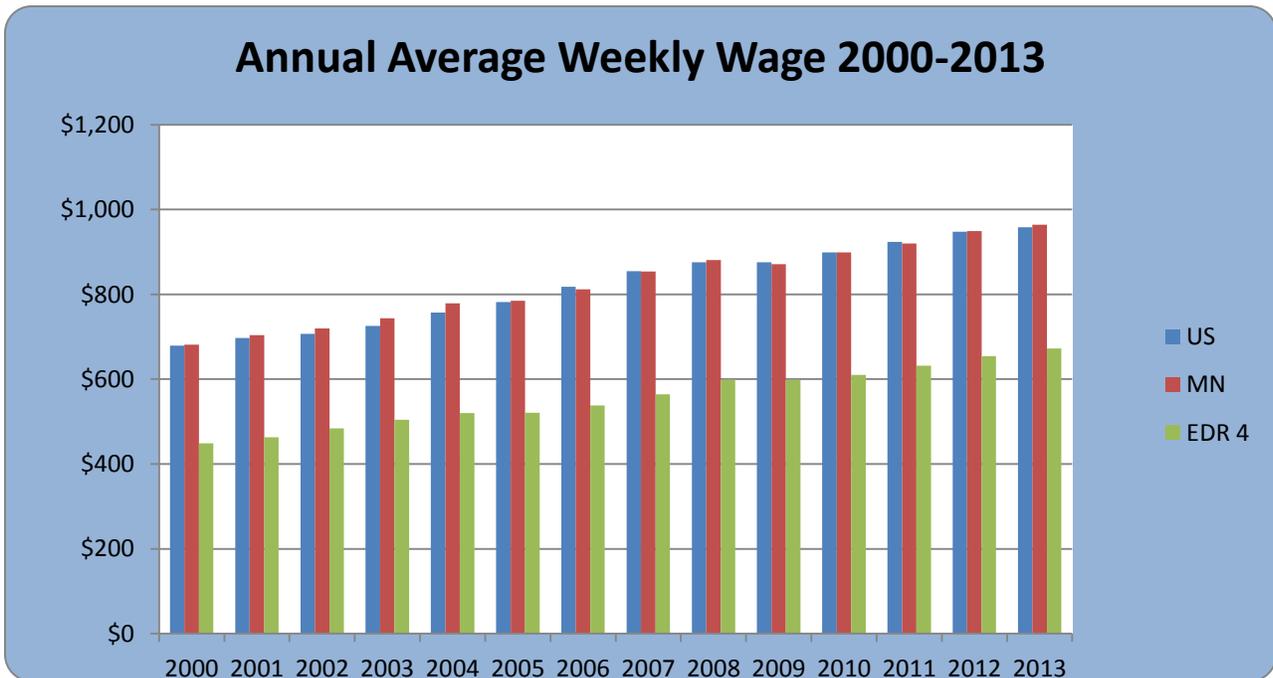
Wages remain to be an obstacle for the region. The 2013 average weekly wage for the region was \$672, the state was \$964 and at the national level, \$958. Studies show that 63% of jobs in the region pay less than \$658/week. For a family of four with one adult working, to simply meet basic needs they need to earn \$719/week, with both adults

working a combined \$1,111/week. The chart shown below identifies where Average Weekly Wages for the region (EDR 4) compare to the wages in other rural economic development regions throughout the state. Note: the communities listed are for geographic reference.



Source: MN DEED QCEW

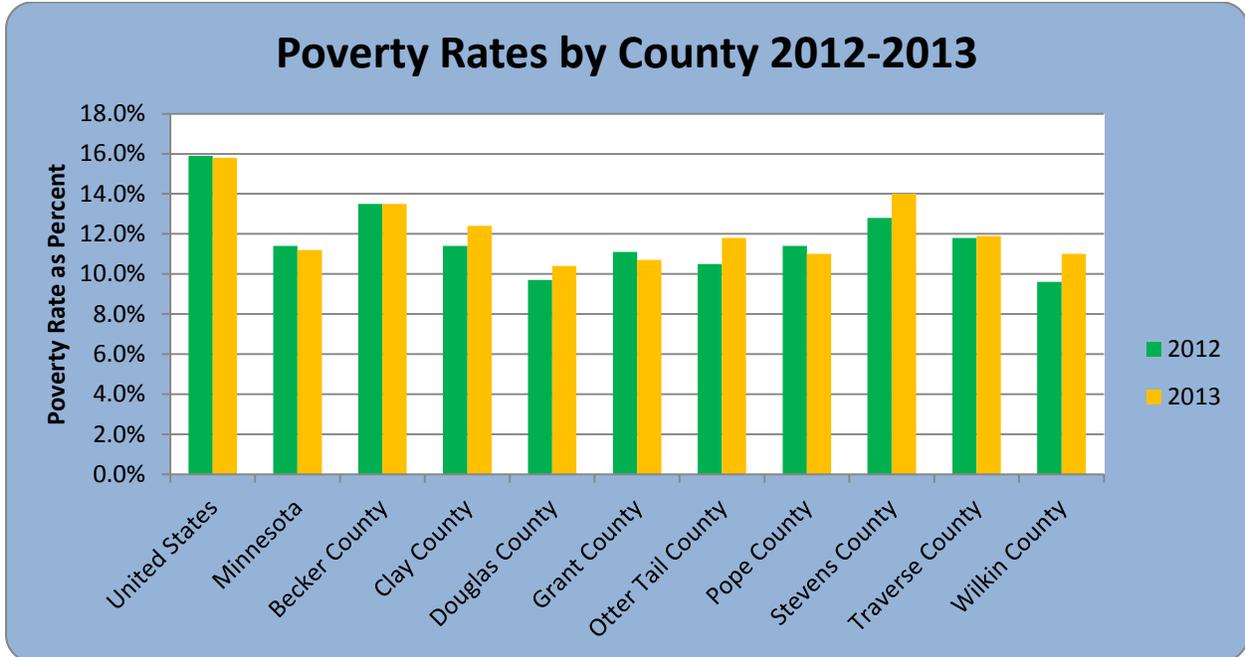
The region's Average Weekly Wage continues to increase, but has not closed the gap between it and the state and national level.



Source: MN DEED QCEW

Poverty

Clay, Douglas, Grant, Otter Tail, Pope, and Wilkin all have poverty levels at or below the 2012 state level of 11.4%. All counties remain below the National Poverty level, which is 15.9%. This can be partly explained by the fact that the poverty level for the state and nation increase significantly from 2011, while most of the region's counties saw smaller increases or reductions.



Source: US Census Bureau SAIPE Data

Workforce and Industry

In the region four industries are predicted to see the most need for employees in the next few years:

- Trade, Transportation & Utilities
- Professional & Business Services
- Education & Health Services
- Leisure & Hospitality

Additionally, economic recovery and hiring is continuing to happen. Manufacturing production is going strong, and many companies are now hiring. A shortage of workers able to fill open positions has now become a common and ever growing problem in many of the region's communities and businesses. This is coupled with an emerging need to identify solutions for adequate and affordable housing.

Adjustment to the Strategy

The CEDS is meant to be a flexible document and may be adjusted to respond to changing economic conditions. The planning process that resulted in the completed 2011-2016 CEDS for WCI was directly tied to the extensive planning process that was undertaken in the development of WCI's organizational strategic plan that falls within the same timeframe. The development of both plans was a result of a process that engaged partners, stakeholders, and residents of the west central region. The resulting components of each plan that correspond and correlated to each other were incorporated into each plan. In regards to the CEDS, the CEDS strategy committee, EDD Board, and each of the nine county boards provided an additional level of review, input, and perspective on the plan, and the goals and objectives. The CEDS was then fine tuned to align with EDA requirements. In addition to the annual review and update of the CEDS, WCI conducts an evaluation of the strategic plan to make mid-course adjustments. As a result of this review and evaluation no formal adjustments have been made to content of the CEDS for 2014. The goals and objectives have remained the same, and were affirmed by the EDD Board at its March 12, 2015 meeting.

Disaster Resiliency Strategy:

As a result of the new EDA Policy that requires a Disaster Strategy to be included as a component of the CEDS, work has begun to implement and incorporate disaster planning into the CEDS. The State of Minnesota requires that all counties develop a Hazard Mitigation Plan. Mitigation Plans form the foundation for a community's long-term strategy to reduce disaster losses and break the cycle of disaster damage, reconstruction, and repeated damage. The planning process is as important as the plan itself. It creates a framework for risk-based decision making to reduce damages to lives, property, and the economy from future disasters. Hazard mitigation is sustained action taken to reduce or eliminate long-term risk to people and their property from hazards.

The Disaster Mitigation Act of 2000 (DMA2K) reinforces the importance of hazard mitigation planning and emphasizes planning for disasters before they occur. The DMA2K requires that all state, local and tribal governments have a Federal Emergency Management Agency (FEMA) approved multi-hazard mitigation plan in order to be eligible for federal disaster mitigation assistance funds. These plans are critical to maintaining eligibility for future funding.

Hazard mitigation planning reduces the risk to people and property, and reduces the cost of recovering from a disaster. A hazard mitigation plan can help communities become more sustainable and disaster-resistant by focusing efforts on the hazards, disaster-prone areas and identifying appropriate mitigation actions. Effective mitigation planning and efforts can break the cycle of disaster damage, reconstruction, and repeated damage.

In the course of the last several years, staff has been asked to serve on an Emergency Preparedness Advisory Committee for Otter Tail County and Douglas County. Also, as a result of meeting with the County's Emergency Manager, staff has identified the most appropriate role in most cases of a disaster or incident within the region. This role is to provide resources at the point of disaster recovery. These resources will be primarily in the form of access to financial assistance and economic development technical

assistance, when requested. The existing relationships with county and city staff throughout the region also allows WCI to provide assistance, when appropriate, on projects related to the prevention and mitigation prior to disasters based on projects identified in the Hazard Mitigation Plans.

Beginning in early 2014, WCI was invited to take part in a process known as Philanthropic Preparedness, Resiliency & Emergency Partnership (PPREP). It is a two-year program that consists of a cohort group of 18 Midwest community foundations. The lead agency coordinating the program is the Funders Network, and technical assistance is being provided by the Center for Disaster Philanthropy. The intent of the program is to provide resources, learning, as establish best practices so that participating community foundations can build their skills and leadership capacity in order to be better prepared should a disaster occur.

As a part of this project, WCI has identified that the recovery phase of disaster is where we are best positioned to offer our resources. As part of developing a formal plan and establishing stronger relationships with the emergency management community, WCI staff has met with all county emergency managers, several city emergency managers, and is currently working to set up meetings with other stakeholders that have a role in disaster response and recovery, such as local United Ways and Red Cross chapters.

A formal plan will be developed and shared with each county, as part of their disaster preparedness planning.

EDD Board, CEDS Strategy Committee, and Staff Changes

In December of 2014 Nancy Straw, WCI’s President, took a position with another foundation. Sandy King, VP of Operations, was named Interim President. Final interviews are being conducted, and we anticipate a new President will be named by the beginning of June 2015. The following two tables indicate the current years EDD Board makeup and CEDS Strategy Committee:

2014-2015 EDD GOVERNING BOARD MEMBERS

MEMBER:	COUNTY:	REPRESENTING:	AFFILIATION:
Neal Folstad	Wilkin	County Commissioner	Elected Official
G.L. Tucker	Becker	Detroit Lakes City Council	Elected Official
Jeff Miller	Stevens	Morris City Council	Elected Official
Ben Grimsley	Becker	County Commissioner	Elected Official
Loren Ingebretsen	All	Townships	Elected Official
Darren Appert	Otter Tail	Fergus Falls City Council	Elected Official
Vernell Wagner	Grant	County Commissioner	Elected Official

Brenda Elmer	Clay	Moorhead City Council	Elected Official EDD Chair
Wayne Johnson	Otter Tail	County Commissioner	Elected Official EDD Vice-Chair
Cody Roghan	Pope	County Commissioner	Elected Official
Todd Jensen	Douglas	Alexandria City Council	Elected Official
Vacant until Sept 2015	Traverse	Browns Valley City Council	Elected Official
Frank Gross	Clay	County Commissioner	Elected Official
Bob Kopitzke	Stevens	County Commissioner	Elected Official
Dave Salberg	Traverse	County Commissioner	Elected Official
Charlie Meyer	Douglas	County Commissioner	Elected Official

Highlighted members are new to the EDD Board for 2015

2014-2015 EDD GOVERNING BOARD MEMBERS CONTINUED

MEMBER:	COUNTY:	REPRESENTING:	AFFILIATION:
Amy Stoller Stearns	Becker	WCI Board	Arts
Jerry Arneson	Clay	WCI Board	Finance EDD Secretary
Cheri Johnson	Clay	WCI Board	Small Business
Jessica Boyer	Douglas	WCI Board	Non-profits
Merle Wagner	Pope	WCI Board	Manufacturing
Dan Ellison	Grant	WCI Board	Agriculture
John MacFarlane	Otter Tail	WCI Board	Utilities
Dean Simpson	Otter Tail	WCI Board	Mid-size Business
Warren Anderson	Stevens	WCI Board	Law
Sue Dieter	Stevens	WCI Board	Media
Melissa Persing	Traverse	WCI Board	Civic Groups/Educatio
David Nelson	Wilkin	WCI Board	Healthcare

Highlighted members are new to the EDD Board for 2015

2014-2015 STRATEGY COMMITTEE

<u>Name</u>	<u>Organization</u>	<u>Public/ Private</u>	<u>Representation</u>
Stan Thurlow	Planning Consultant	Private	Community/Economic Development
Lisa Vatnsdal	City of Moorhead	Public	Housing
Nicole Fernholz	Alexandria Area Economic Development Commission	Private	Regional Economic Development
Gary Donovan	University of Minnesota Morris	Public	Education
Muriel Krusemark	City of Hoffman	Public	Small Town Economic Development
Gerry Nelson	StoneL (retired) and Labor Force Development Council	Private	Manufacturing Workforce
Gordon Hydukovich	City of Fergus Falls	Public	Large-City Economic Development
Chuck Johnson	City of Perham	Public	Mid-City Economic Development
Teresa Jergensen	WASP Manufacturing	Private	Manufacturing
Scott Formo	City of Glenwood Chamber of Commerce	Public	Business Association Interests
Kevin Beyer	Federated Telcom	Private	Broadband/ Telecommunications
Dale Umlauf	West Central Initiative	Private	Finance Entrepreneurship
Shane Ayres	Wheaton Community Hospital	Private	Healthcare
Greg Wagner	West Central Initiative	Private	Economic Development
Wayne Hurley	West Central Initiative	Private	Transportation
Jana Berndt	Bremer Bank	Private	Finance
Chris Buckingham	Small Business Owner Entrepreneur	Private	Technology Small Business
Yuri Machkasov	Riverwood Bank/U of M Morris	Private	Latino/Hispanic Community Interests

Report on Economic Development Activities

Technical Assistance

WCI staff continues to work with communities in identifying projects appropriate for the CEDS and projects that may meet the criteria for applying for EDA Grants. In 2014, WCI concluded assisting the City of Barnesville after the City determined they could not meet distressed criteria that would warrant a competitive application. After reviewing updated demographic and socio-economic data in 2015, staff has initiated conversations with the City of Barnesville to determine if a potential application should be revisited. The City of Perham has also begun to consider an application for a Public Works Investment. Staff continues to work with other communities in the region to identify appropriate projects for funding consideration, and tracks other economic development projects that were funded from other sources and assists in finding the most appropriate funding source for the project be it federal, state, or local. Recent work was done with the City of Hoffman, which was exploring applying for Economic Adjustment Assistance due to a closure of the community's nursing home and the loss of 50 plus jobs. A specific scope of work has not been identified by the City; WCI Staff did assist the community in getting an Emergency Economic Impact Analysis conducted that is helping the community to identify next steps.

Technical assistance is provided to communities, in part, to determine if they are eligible for EDA funding based on various indicators required by the EDA. WCI also provides technical assistance to communities on projects or proposals that fit with the goals and intent of the Federal EDA and WCI; and comply with goals and objectives outlined in the CEDS. In the last year, staff has continued to work with a group of five communities in Grant County. The final plan developed by the group focused on four things, Business Retention and Expansion, a County-wide assessment/profile; capitalize on the emerging healthcare industry/new hospital, and marketing the county to attract workers and tourists. The group continues to meet and WCI provides staff support as they take next steps in implementing their action plan. WCI staff also worked with Pope County in examining a similar approach. After some time with the project being on hold, it is now wrapping up. They have identified workforce housing as a top priority and are looking at additional studies to identify housing needs. Smaller scale projects in 2014 included assistance provided to the City of Frazee to prepare and fund a visit from the Minnesota Design Team, which included an economic analysis summary presented to the Design Team and community by WCI staff. Work has also been done with the cities of Browns Valley and Vergas in working toward establishing an Economic Development Authority in each community. In early 2015, the City of Vergas did formally establish a local EDA. Staff has also been serving on a committee focusing on Economic Development in Otter Tail County. All meetings have been held, which focused on job creation, tourism, housing, and agriculture/food processing. Additional technical assistance has also been provided to the cities of Starbuck, Hitterdahl, New York Mills, Herman, Villard, Perham, Ottertail, and Rothsay on the first stages of community projects. In 2015 Technical assistance on smaller projects was provided to Battle Lake, Hawley, Browns Valley, Glenwood, Pope County, Otter Tail County, Moorhead, Herman, Rothsay, and Hoffman.

2015 will be the conclusion of the Job Opportunity Building Zone (JOBZ) program. West Central Initiative continues to provide technical assistance to 34 communities for JOBZ. WCI is serving as the Zone Administrator for the nine-county region, and a

portion of Stearns County. WCI staff serves as a liaison between the subzone communities and the Minnesota Department of Employment and Economic Development (DEED). In part, staff address technical questions about the program and/or helps subzones get answers from DEED or the Minnesota Department of Revenue. As anticipated, the frequency of new inquiries has subsided due to the stage of the program's term, but staff still receives occasional calls from businesses inquiring about the program, many times from an outside consulting firm looking for parcel information for participating communities. A strong indicator that the program is wrapping up is evidenced by the fact that some communities have requested (through the State) to remove their JOBZ designation from some of the land. However, the City of Fergus Falls approved a JOBZ project in the fall of 2012 that brought a manufacturing branch of an electric personal watercraft from the Twin Cities metro area to Fergus Falls, which is now expanding with an additional product line. DEED has launched a new program to replace JOBZ called the Job Creation Fund (JCF). WCI has hosted two informational sessions on the program. Since 2014 two communities have already successfully received funding from the program, and an additional community is considering applying.

Business Retention and Expansion (BR&E) has become a renewed focus for the region. In the last year WCI partnered with University of Minnesota Extension to provide several BR&E training opportunities for the region's communities. These included providing scholarships for a 3-day BR&E course, and in February 2014, WCI hosted a one-day BR&E workshop. There were 15 attendees at the training representing at least 8 communities. As a result of the trainings offered the City of Barnesville undertook a BR&E initiative for the community. The final report lead to the community undertaking many projects including bringing in natural gas to the community. WCI offered a 3-day BR&E workshop for the region in November 2014. There were 21 participants for 8 communities. WCI and Extension continue to work with communities who participated in evaluating if they should implement a BR&E program.

WCI continues to work on the next phase of the Infrastructure Study by developing implementation strategies for the recommendations identified in the respective studies. WCI concluded its pilot program that provided 3 communities with the tools to develop Capital Improvement Plans (CIP) to conduct asset management, maintenance plans, and identify funding needs and potential sources for their sewer, water, and wastewater needs for a minimum of a five-year period. The goal was to have five communities complete CIPs by June 30, 2012, after evaluating the progress of the program, it was determined that enough information was gained from the 3 participating communities that program requirements could be implemented. The remaining pilot funding was made available the first year of full program, allowing for funding for 7 communities, and up to 5 communities the next 3 years.

Meetings were conducted individually with six of the eight consulting engineering firms who work with communities in the region. The purpose of the meetings was to discuss the dynamics and components of the project and get feedback on the approach. Responses from the engineers were all favorable and applicable feedback was implemented where appropriate. The formal program was launched in April 2013. Three communities were awarded grants, and it was determined that the next round of funding opportunity would launch January 3, 2014. One additional community applied for the program. Staff are currently evaluating what changes are needed for the program so that it that will create more participation from communities.

Partnerships in the Region

WCI Staff continues to serve on the steering committee of the Dream it! Do it! Campaign. The campaign is intended to bring awareness to the age cohort of 16-24 year-olds on opportunities that exist in manufacturing careers. The target audience includes students, workers looking for a career change, educators at high school and college level, and parents. The most recent projects from the group include a second Tour of Manufacturing held in Alexandria. It was a successful event and the Tour's have taken on as a statewide initiative which includes many visits to manufacturers, extensive media coverage via, print, radio, and television. The Adopt-A-School Guide that serves as a resource to facilitate partnerships of local manufacturing firms and classrooms was also finalized, printed, and distributed to local manufacturers. The Brainerd Lakes area of MN has combined with West Central Dream it! Do it! Campaign. The administrators of the program are now looking to hire more staff and reworking the program to a more statewide focus.

Other activities include the continued coordination of meetings of the Economic Development District (EDD) Board of Directors. Besides having the EDD Board approve the CEDS, annual Performance Reports, and annual RLF Recertification, speakers are invited from other organizations to discuss issues such as technology/telecommunications, housing, economic development and other subjects. A tour of a factory or business has also been part of the agenda in previous years. Staff reports on District activities that have occurred between the board meetings. An additional part of the agenda includes an opportunity for each board member to share significant economic development activities that have been occurring in the communities they serve. Attendance at the Board meetings continues to remain steady. Recently, the EDD Board also received a presentation on the revised final product, and adopted a Resolution of Support for the Updated Mn/DOT Region 4 Transit Coordination Plan, which was developed in conjunction with and contains relevant information also contained in the CEDS. Due to redistricting and the recent elections the EDD Board transitioned five new members in 2013 and due to board terms expiring, two new members were added in early 2014, three new members replaced the outgoing members in 2015. The regions governing bodies show their continued support of the District by submitting nominations for new board representatives from the respective community and county boards. Face-to-face orientations were again offered for the new Board members.

WCI also continues to coordinate the regional Economic Development Professional (EDP) group. The next meeting held May 2014 focused on export opportunities for the region. The March 2015 meeting included a presentation on the economic impact of the arts in the region, and a panel discussion on MNCup, an entrepreneur competition.

The 2014 CEDS performance report was submitted to Chicago Regional Office by April 29, 2014. It followed the format guidance outlined in the quarterly conference calls. No changes were made to the document that required new ratification by any Boards or public comment period. The EDD Board did pass its annual resolution in support of the 2015 CEDS Performance Report. Staff conducted annual visits to all the County Boards for county updates on the CEDS and the region's economy. This update has also been offered to the region's City governments as well, and 2 city visits occurred in June 2014. The 9 county board visits will take place starting in May through July 2014.

The 2015 visits will occur within the same timeframes, which coincide with data releases to ensure the most current data available is being shared.

Promotion and awareness of the CEDS in communities around the region has been continuing. In addition to the presentation before all 9 County Boards, there have been numerous articles in local papers published regarding the CEDS and the current economic trends of the region and its counties. The CEDS document is web based, unless otherwise requested and a counter was recently placed on the webpage to track page hits. The CEDS continues to averages 1,200 hits per month according to Google Analytics. Demographic information found in the CEDS or related to the data in the CEDS was provided to the Elbow Lake Library, M-State Detroit Lakes, Alexandria Area Economic Development Commission, and the Small Business Development Center.

Completed CEDS Projects for 2013 (Including projects that have broke ground)

1. City of Morris: Morris Housing Redevelopment (Old Elementary School demolition), started Spring 2013 demolition completed summer 2013, funded through City by bonding, CEDS project listing: 2011, 2012. Project Cost: \$775,000
2. City of Elbow Lake: Hospital and Clinic New Construction Project, started Spring 2013, construction wrapping up spring 2014, funded through USDA guaranteed loan and direct loan, CEDS project listing: 2010, 2011, 2012
3. City of Wheaton: Airport Entrance Road Rehabilitation, completed 2012, funded through FAA AIP, CEDS project listing: 2012
4. City of Wheaton: Street Improvement and Expansion Project, completed 2012, funded through USDA and assessments, CEDS project listing: 2012

No CEDS projects were identified as being completed or started in 2014.

Completed CEDS Projects for 2015 (Including projects that have broke ground)

1. City of Detroit Lakes: West Side Neighborhood, started spring 2015, funded through local and state sources, CEDS project listing since 2005.

Evaluation of Progress on Action Plan and Goals

A common theme in WCI's work is making this region a better place in which to live and work. We focus our investments in specific areas creating a more skilled workforce and creating higher wage jobs, all in order to make it possible for more people to remain in the region and facilitate more in-migration. The CEDS Strategy Committee believes these goals and objectives strongly align with the intent of the EDA guidance on goals and objectives for the CEDS, to assist in solving economic problems and capitalizing on resources. Included in this section are goals and implementation strategies identified and developed through extensive community and stakeholder dialogue, the WCI Executive Board, CEDS Strategy Committee, and the EDD Board.

1. **Maintaining and implementing a program of regional economic development planning** – Resulting in a continuous economic development planning process.

Objectives:

- Supporting the planning functions of the Economic Development District;
- Assisting communities in planning and accessing resources for community and economic development projects;
- Linking communities to demographic data, especially those with 1,000 or less population and those that do not have access to technology that would enable them to access the data.

Progress: This is a continuing process. Progress of this goal has been outlined in the previous sections of this Performance Report.

2. Supporting Business Development to Create Employment and Wealth – providing more job opportunities with higher wages; measured by net increase in jobs, net increase in average pay in the region and an increase in the total net worth of the people of the region.

Objectives:

Loan Programs

- Close \$2 million in new loans per year
- By 2016, attain a loan portfolio that exceeds \$10 million, representing a net growth of 25 percent in the loan portfolio balance of June 30, 2010
- Lend \$250,000 per year through small loan programs
- Apply to become a Micro Lender, anticipating that long-term financial support for this program will come from the USDA

Progress: The most recent data compiled on the progress of this goal for FY15 up to January 2015, show 39 jobs created, with a total of \$1,498,537 new loan activity. Total loan dollars leveraged has been \$3,500,000. (Leveraged dollars include dollars from WCI, public and private funding sources, banks, personal equity, and any other source of funding.) The last objective is no longer being explored at this time.

Business Assistance

During the next five years, we will continue to support a flexible mix of services to help entrepreneurs attempting to start-up, expand, stabilize and improve their operations. In some cases assistance will also be provided to help stabilize companies that have received financing through WCI to protect our investment. As a result, we anticipate the following measurable outcomes:

- 1000 entrepreneurs will receive business assistance services (200 per year)
- 80 percent of the entrepreneurs planning a new business will experience a definitive outcome (creation of a new business or a decision not to proceed with the proposed venture) as a result of the services provided

- 65 percent of the existing businesses participating will experience a net increase in profitability or productivity compared to their previous year of operation
- Flexible pilot projects to encourage business growth like New Solutions

Progress: The annual goal is continually being achieved. Up to March 31, 2015, 240 clients have been assisted, with an annual goal of 200. The total goal for the five year period is 1000, and 990 clients have received assistance.

Equity Investments

We will continue to explore equity investment opportunities that fit the needs of our region and have broad impact.

Progress: This is ongoing, including working with the local and statewide angel networks, Anderson Center, and Granite Equities, and the MNCup.

Regional Industry Clusters

- Monitor Labor Market Data to identify existing and emerging Industry Clusters
- Identify and promote business development that complements existing and emerging industry clusters, at the same time monitoring for single-event employment difficulties that can arise from a communities over-reliance on one cluster
- Encourage business development that focuses on technology innovation, renewable energy, and bio-business
- Develop strategies that maintains the viability of the clusters and provides enough diversity to balance the economies of the communities that rely on those industries

Progress: This is ongoing. The food manufacturing and aquaculture industry are emerging clusters in many locations throughout the region, as well as agricultural implement and construction equipment manufacturing, and the packaging equipment cluster.

Infrastructure Development

- Work with communities to ensure there is adequate infrastructure capacity to maintain current businesses and allow for the expansion of new and existing businesses
- This infrastructure includes, but is not limited to public/private utilities, land, roads, and broadband

Progress: After several years of work WCI launched a Capital Improvement Plan grant program to provide city's with matching funds to develop CIPs. The funding will come from WCI's endowment. A two-year initiative with other MN RDC's wrapped-up in 2013 called Minnesota Intelligent Rural Communities (MIRC). The project focused on Broadband Access and Adoption in Greater MN, and was a public/private partnership

between the RDC's, WCI, Blandin Foundation, and Department of Commerce's BTOP program. The partnership is continuing with Blandin Foundation's new program: Blandin Community Broadband Program. Continued efforts on broadband funding are now being made by promoting the State's Border to Border Broadband Program.

Public/Private Partnerships

- Continue to foster the public/private partnerships in developing projects and potential business opportunities
- Encourage partnerships where public funding is combined with private funding

Progress: This is an ongoing goal that has been successfully implemented as evidenced by the amount of loan dollars leveraged as indicated previously, the MIRC program as indicated previously, and throughout the communities in the region that are able to fund projects from public and private sources. The Perham Interchange project and Wastewater Treatment Plant upgrade and expansion addressed in the 2012 CEDS update are a tangible example of this.

National Strategic Priorities

- Promote projects and fall in line with EDA's National Strategic Priorities

Progress: This is ongoing. WCI only brings well developed, eligible projects that meet national strategic priorities forward for investment consideration to EDA.

- 3. Increasing the Skills of the Workforce** – supporting training to help workers become more productive, advance in their careers and become more valuable to their employers, measured by worker productivity and net increase in average pay for workers in the region.

Objectives:

Workforce 2020 Training Grants

We will provide grants to support training and retraining of the region's manufacturing workers. These grants will be focused on highly technical training not readily available in the region.

- 2,500 workers will be trained or retrained with direct support from WCI.
- Clients surveyed by Synovate will report impact on the following:
 - Sales increase
 - Sales retained
 - Cost savings in labor, materials, energy, overhead or other areas
 - Retained jobs
 - Created jobs
 - Investment in plant or equipment
 - Investment in information systems or software

- Investment in workforce practices or employee skill
- Investment in other areas of business

Progress: The annual goal is continually being achieved. At the time of this report final numbers for FY15 were 781 trained, and 2,843 for the entire five-year period

Workforce Innovation Grants

WCI will provide grants to organizations to launch innovative workforce development programs.

- 25 new programs (five per year) will be implemented
- 75 percent of the programs will continue to be offered in the subsequent year

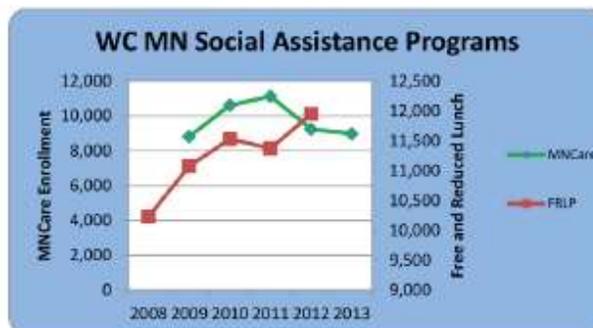
Progress: The annual goal is continually being achieved. The purpose of WCI’s Competitive Workforce Grant (CWG) is to improve the economy of the region by funding innovative workforce development strategies that address skill shortages. WCI launched the 2013 Competitive Workforce Grant (CWG) grant round in January. Eight grants, totaling \$159,322 were approved by the WCI board in April 2013. In 2014, the board funded an additional \$100,000 for six projects, and 2015, one project was funded totaling \$18,000.

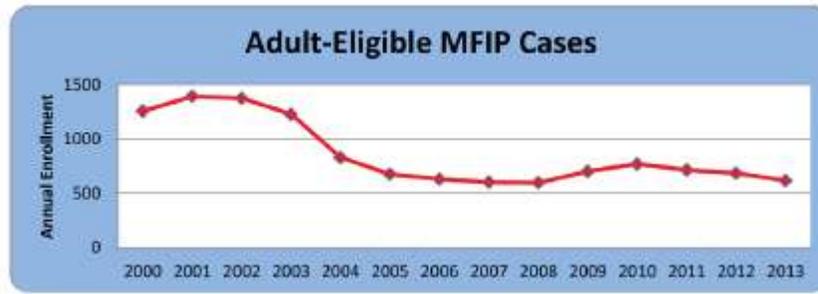
4. Increasing net migration to the region – increasing the number of people in the nine-county region; measured by changes in population numbers, including births and deaths. **Objective: We strive to increase the number of people in the nine-county region over the next five years.**

Progress: As indicated in the most current population estimates available, the regional population grew by almost 13,400 people by 2013 estimates from the year 2000.

5. Diminishing the Need for Social Programs – bringing people and organizations together to coordinate services and supports for people working to improve their economic stability; measured by an overall reduction of the use of public support programs within our region in the next five years. **Objective: We strive to decrease the percentage of our population relying on public assistance.**

Progress: There is a data lag based on the sources of the published data, the following tables are an indicator of the most current progress:





Source: MN Dept of Human Services and Annie E Casey Foundation *2008 MNCare and 2013 Free and Reduced Lunch Program (FRLP) numbers not available

6. Increasing Collaboration Among Empowered Citizens – offering supports and services to communities seeking positive change, making them more prosperous communities in which to live; measured by the number of individuals and community groups actively involved in community planning, broad-based community efforts such as Early Childhood Initiative coalitions and component funds. **Objective: We strive to increase the number of people engaged in working toward the future success of their communities.**

Progress: There is difficulty finding a quantitative source to demonstrate progress on this goal, but work is continuing to engage more people in the region’s communities through leadership training programs, and the community dialogues hosted by WCI, as well as the community mobilization grants funded by WCI. These grants are intended to bring a group of community members together to identify a specific common objective/issue for the community to work on.

7. Promoting Philanthropy – offering community foundation services for the development of local funds and the continued enhancement of an endowment fund to benefit the region; measured by the increase in philanthropic assets held and invested in the region each year. **Objective: We strive to increase the permanent philanthropic assets per capita in our region.**

Progress: There is a data lag based on the sources of the published data, the following tables are an indicator of the most current progress:

Year	Registered Organizations	Organizations Filing Form 990	Assets Reported on Form 990	Annual % Change
2006	1,557	547	\$808,424,908	
2007	1,581	572	\$1,163,272,286	44%
2008	1,707	860	\$1,267,104,155	9%
2009	1,709	1,052	\$1,238,726,352	-2%
2010	1,812	1,287	\$1,299,109,111	5%
2011	1,820	1,397	\$1,483,221,008	14%
2012	1,721	1,312	\$1,563,534,371	5%
2013	1,633	1,288	\$1,543,769,817	-1%
2014 (June)	1,720	1,312	\$1,661,741,847	8%

8. **Supporting Diversity** – welcoming new people to the region by supporting communities as their demographics change and helping to address a worker shortage in the region; measured by population and demographic data.

Objectives:

We strive to welcome more new people to our region in the next five years.

- Identify and engage key leaders in the immigrant community that will assist us in reaching potential entrepreneurs looking to start a business
- Identify and engage minority-owned businesses and those seeking to start a business
- Share resources and programs with the above groups that facilitates start-ups and expansions of businesses
- Develop and foster relationships with stakeholders that work to develop programs that integrate new residents into their respective communities

Progress: This effort is on-going, such as our continued work with the Immigrant Development Center based out of Fargo/Moorhead, and our partnership and annual financial support of the Small Business Development Center for west central Minnesota. The West Central MN SBDC was recently named the 2015 MN SBA Small Business Development Center of Excellence and Innovation. We are also working on developing a stronger relationship with the White Earth Tribal government in relation to economic development initiatives.

CEDS Plan of Action:

The plan of action, as described in the CEDS, implements the goals and objectives of the CEDS in a manner that-

- Promotes economic development and opportunity
- Fosters effective transportation access
- Enhances and protects the environment
- Maximizes effective development and use of the workforce consistent with any applicable State or local workforce investment strategy;
- Promotes the use of technology in economic development, including access to high-speed telecommunications;
- Balances resources through sound management of physical development; and
- Obtains and utilizes adequate funds and other resources.

Statewide Economic Development Objectives:

As identified in the partners and resources section, WCI will continue to work with our statewide partners such as the SBDC and DEED and other Regional Development Organizations to ensure the overall statewide objectives and priorities for economic development are being incorporated in our efforts. This includes our continued role in the JOBZ program and the development of the Develop MN framework.

Performance Measures:

On an annual basis, during the review of the CEDS document for its annual update, staff will evaluate and annotate the progress of the identified goals and objectives as well as a review of the status of the projects listed in the CEDS. This review will include the following key areas of evaluation:

- Number of jobs created and retained after implementation of the CEDS

For FY15 up to January 2015 WCI programs have directly contributed to the creation of 39 jobs. Based on projects included in the CEDS 346 additional jobs were created as indicated in the 2012 GPRA. The 2013 GPRA provided data that an additional 125 jobs were created.

- Number and types of investments undertaken in the region

For FY15 up to January 2015 WCI programs have directly loaned \$1,498,537 leveraged \$3,500,000 and provided \$1,468,444 in grants.

- Amount of private sector investment in the region after implementation of the CEDS

According to the 2012 GPRA there has been \$3,859,000 of private sector investment provided to or pledged for the region. The 2013 GPRA number is \$24,000,000 in private sector investment.

- Changes in the economic environment of the region

The growing lack available workforce to fill existing jobs has been brought to the forefront of discussion amongst all stakeholders. Another emerging trend is the interest in business incubators, and BR&E programs, in addition to housing, cost of utilities, and broadband access.

Schedule of Goals for the Next Year

The goals and objectives contained in the CEDS closely relate to the goals and objectives outlined in WCI's Strategic Plan. Therefore, as an organization all the existing goals currently in the CEDS will be worked on throughout the next year. As an organization WCI conducts a mid-point review on status and progress of the goals outlined in the plan. These goals were developed with the intention that they would be worked on throughout the course of the year as opportunities arise, and therefore a detailed schedule is not believed to be necessary to accomplish these goals.

Priority Areas and additional focus that will be addressed in the next year include the following:

1. Continue to work with partners on addressing workforce shortages and the skills gap throughout the region and evaluate a role for WCI in housing discussions. (July-September).
2. Work with interested communities to implement business retention and expansion programs (May-September).
3. Partnering and working with organizations to develop opportunities and programs for entrepreneurs (September-June).
4. Monitor industry clusters existing in the region and provide necessary support for those that have the potential for growth in the region (July-August).
5. Public/Private Partnerships: Identify successful models and quantify impact (November-June).
6. Supporting Diversity, work with existing organizations and develop stronger relationships with those organization and tribal partners (February-June).
7. Continue to develop opportunities for communities to access to capital and workforce training, and support (May-August).