

**ANNUAL COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGY
PERFORMANCE REPORT**

MARCH 31, 2014

**U.S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION
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I. ADJUSTMENT TO THE STRATEGY

The Comprehensive Economic Development Strategy (CEDS) had a 5-year update in March of 2011. The following is a table that provides detail of the employment/unemployment picture of the United States, State of Minnesota, and the Counties in the Region since the CEDS 5-year update.

UNEMPLOYMENT RATES

Area	March 2011	December 2013	Percentage Decrease 2011 - 2013
United States	9.2%	6.5%	2.8%
State of Minnesota	7.3%	4.7%	2.6%
Kandiyohi County	6.9%	4.8%	2.1%
McLeod County	9.2%	5.3%	3.9%
Meeker County	9.6%	5.7%	3.9%
Renville County	7.8%	6.1%	1.7%

Source: State of Minnesota; Department of Employment and Economic Development

As can be deduced from the above table the unemployment rates have greatly reduced from the CEDS update in March of 2011. The national unemployment rate dropped 2.8%, while the unemployment rate in both McLeod and Meeker counties was reduced by 3.9%. The effectiveness and resiliency of the local economy and CEDS process can be seen as effective.

The Manufacturing Sector Employment has increased in the region with net new jobs of 53. As can be deduced from the following table the manufacturing employment has increase in all counties except McLeod. McLeod has had a net loss since 2011 of 198 jobs.

MANUFACTURING SECTOR EMPLOYMENT BY COUNTY

Area	Quarter 2, 2011	Quarter 2, 2013	Number of New Jobs
Kandiyohi	3,090	3,279	189
McLeod	5,064	4,866	(198)
Meeker	1,315	1,337	22
Renville	814	854	40
NET NEW JOBS			53

Source: State of Minnesota; Department of Employment and Economic Development

More than 9 out of 10 Minnesota manufacturers are optimistic about the industry in the coming year, according to a survey by the Federal Reserve Bank of Minneapolis. 91 percent of manufacturers randomly surveyed in November 2013 said they expect production and employment levels to increase or stay the same.

Among other findings in the survey:

- 94 percent expect exports to increase or stay the same
- 93 percent expect productivity to increase or stay the same

- 80 percent expect profits to increase or stay the same.
- 83 percent expect investments in plants or equipment to increase or stay the same.
- 87 percent expect orders to increase or stay the same.

In addition to the above, manufacturers were also optimistic about the outlook for the overall state economy in 2014, with 77 percent of respondents expecting business investment to increase or remain steady in 2014.

Presidential Disaster Declaration for Minnesota

Release date: July 25, 2013.

Release Number: HQ-13-078.

WASHINGTON, D.C. – The U.S. Department of Homeland Security's Federal Emergency Management Agency announced that federal disaster aid has been made available to the State of Minnesota to supplement state and local recovery efforts in the area affected by severe storms, straight-line winds, and flooding during the period of June 20–26, 2013.

The President's action makes federal funding available to state and eligible local governments and certain private nonprofit organizations on a cost-sharing basis for emergency work and the repair or replacement of facilities damaged by the severe storms, straight-line winds, and flooding in Benton, Big Stone, Douglas, Faribault, Fillmore, Freeborn, Grant, Hennepin, Houston, **McLeod**, Morrison, Pope, Sibley, Stearns, Stevens, Swift, Traverse, and Wilkin counties.

McLeod County is the only county involved in the disaster declaration that is within our region.

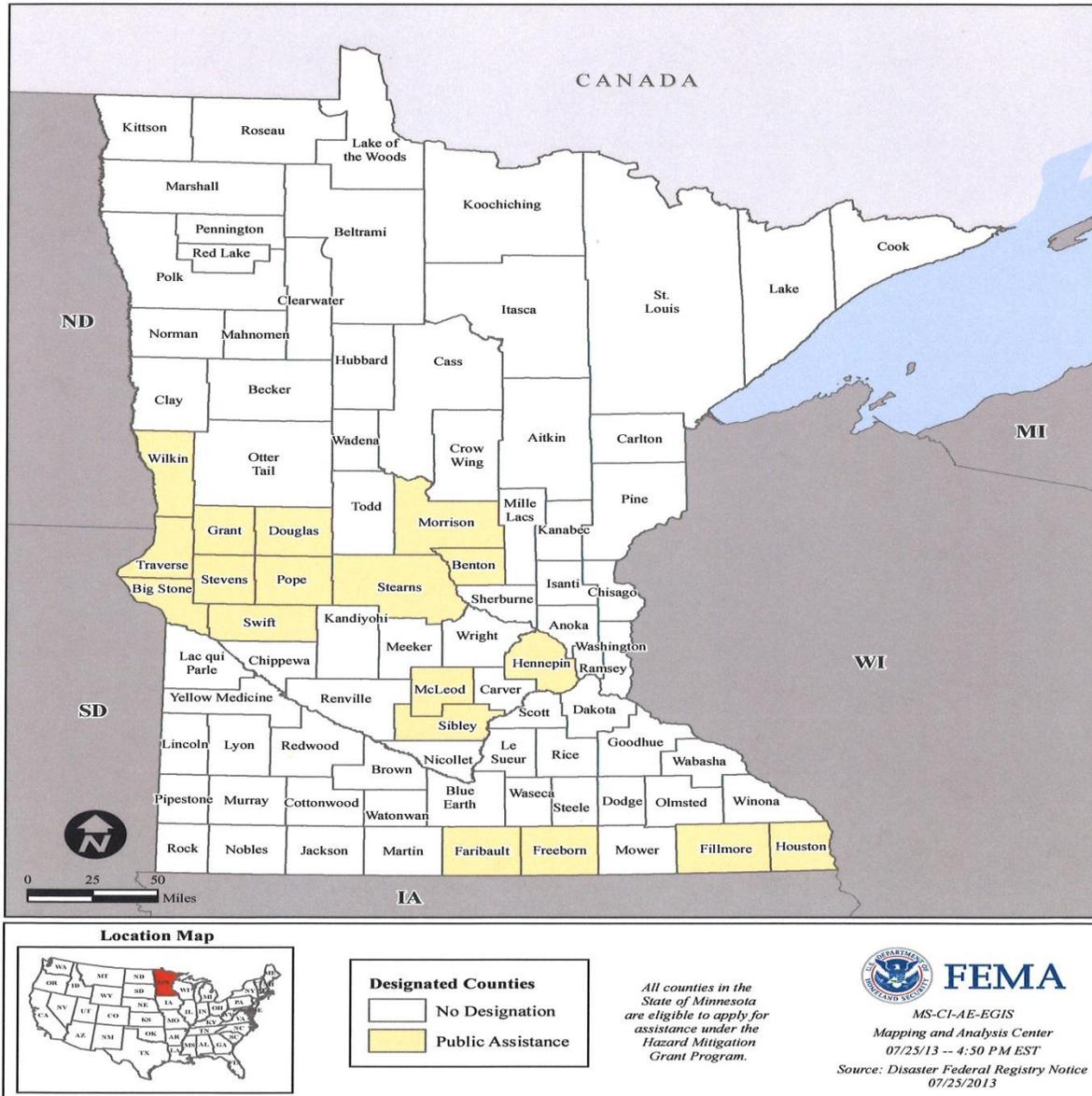
Following is a summary of key federal disaster aid programs that can be made available as needed and warranted under President Obama's disaster declaration issued for the State of Minnesota.

Assistance for the State and Affected Local Governments Can Include as Required:

- Payment of not less than 75 percent of the eligible costs for emergency protective measures taken to save lives and protect property and public health. Emergency protective measures assistance is available to state and eligible local governments on a cost-sharing basis. (Source: FEMA funded, state administered.)
- Payment of not less than 75 percent of the eligible costs for repairing or replacing damaged public facilities, such as roads, bridges, utilities, buildings, schools, recreational areas and similar publicly owned property, as well as certain private non-profit organizations engaged in community service activities. (Source: FEMA funded, state administered.)

- Payment of not more than 75 percent of the approved costs for hazard mitigation projects undertaken by state and local governments to prevent or reduce long-term risk to life and property from natural or technological disasters.

FEMA-4131-DR, Minnesota Disaster Declaration as of 07/25/2013



II. REPORT ON ECONOMIC DEVELOPMENT ACTIVITIES

Burlington Northern/Santa Fe (BNSF) Bypass

The *Comprehensive Economic Development Strategy* addresses the need for fostering effective transportation access. The City of Willmar is proposing a major project to create a railroad bypass west of Willmar. There will be a grant application applying for a TIGER II through the federal Transportation Investment Generating Economic Recovery program.

The plan calls for building a bypass that would allow the Burlington Northern/Santa Fe Railway to route trains more readily between the northwest line that leads to Morris, Minnesota and the Southwest line that leads to Marshall, Minnesota. Those trains could use the bypass, eliminating the need for them to be routed into the central rail yard in Willmar. That would result in 14 fewer trains going through town each day. There is also a possibility of building a railroad spur to serve the west end of Willmar's industrial park.



Downtown rail yard; City of Willmar, Minnesota

Jennie-O Turkey Store Expansion

The Jennie-O Turkey Store would like to expand in the new Willmar Industrial Park. Jennie-O Turkey Store is a subsidiary of Hormel Foods. Phase one of the expansion would preserve the 150 jobs at the corporate office. Another 100 jobs would be moved to the Willmar Corporate Office. One-half of those jobs would pay \$50,000.00 per year. Phase one would involve the sale of City of Willmar industrial park property of 9.7 acres to the Jennie-O Turkey Store. There are 2000 employees within 30 miles of Willmar. The corporate office has over 150 employees with a multiplier effect that assists in creating a large economic benefit.



Ground turkey - a product of the Jennie-O Turkey Store

The Pinske Edge, Inc

The countertop fabrication industry supplier was recently honored by the Glencoe Area Chamber of Commerce as the 2013 Manufacturer of the Year, Tom Pinske and all the employees attended. In recognition of this award, an open house was held for fellow chamber members and the community. The Minnesota Department of Employment and Economic Development (DEED) was on hand to speak to the attendees on the importance of manufacturing in Minnesota. According to the presentation, 22% of the total jobs in southwestern Minnesota are in the manufacturing field. The Pinske Edge, Inc. (www.pinske-edge.com) has been manufacturing and selling equipment, tools, and supplies to the solid surface fabrication industry since 1987. Their own solid surface shop fabricates all brands of solid surface and sells to all market segments. Reflecting on the company's history, Tom Pinske says, "The company would not have the success it has had without the great people who work here!"



The Pinske Edge, Inc. Employees

Hutchinson Industrial Park Shovel-Ready Project

Time and money can be saved in a site search with a *Minnesota Shovel-Ready Certified Site*.

The State of Minnesota works closely with communities and property owners to certify that the most time-consuming legal, technical, and regulatory aspects of developing specific commercial and industrial sites are already complete.

Sites certified under our Shovel-Ready program have had all of the planning, zoning, surveys, title work, environmental studies, soils analysis, and public infrastructure engineering completed prior to the site being offered for sale.

Home to a stable of world-class companies, Hutchinson has the enviable distinction of being a center for high-technology precision manufacturing in Minnesota.

Hutchinson Technology Inc., 3M, NuCrane Mfg., Ohly, Hutchinson Manufacturing, Goebel Fixture Company, Warrior Mfg., and Nordic Components are among the notable companies that make up this community's rock-solid foundation.

Located an hour west of the Twin Cities metro area, Hutchinson is also a regional hub for work, education, shopping, and entertainment in south-central Minnesota. Over the past two decades, the city of 14,100 residents has grown twice as fast as the state as a whole.

Hutchinson's Energy Park is located just moments from State Highways 7, 15, and 22 with easy access to the Twin Cities, St. Cloud, New Ulm, Mankato, and Willmar. Access to Interstate 94 is 50 miles north; and Interstates 494 and 694 are just 50 miles east of the industrial park. The 47-acre industrial park has seven shovel-ready sites available for light industrial development.



Minnesota Shovel-Ready Certified

III. EVALUATION OF PROGRESS ON IMPLEMENTATION PLAN AND GOALS

Felling Trailers

Felling Trailers, with its headquarters in Sauk Center, plans to open a second location in Litchfield, Minnesota to expand production. The new facility in Litchfield will bring total production and office space to more than 200,000 square foot.

As a result, Felling Trailers is actively recruiting welders, assemblers, painters, and other team members. Felling Trailers currently manufacture more than 3,000 trailers each year.



Trailer; Felling Trailers

Miller Manufacturing

The City of Glencoe, Minnesota will support an application for Miller Manufacturing to become eligible for a Minnesota Department of Employment and Economic Development (DEED) jobs incentive program. Miller Manufacturing announced plans last year for a \$2.5 million, 60,000 square foot expansion of its Glencoe Plant. It also purchased an Illinois Company, Allied Precision Industries, Inc., with plans to move those jobs to Glencoe. The State of Minnesota Job Creation Fund gives Miller Manufacturing an incentive ranging from \$1,000 to \$3,000 per job if that job pays at least \$12.48 per hour.

Miller Manufacturing indicated it planned to create up to 24 jobs within the first two years. The company currently employs 200 persons.

Small Business Lending Seminar

The Mid-Minnesota Development Commission (MMDC) participated in a Small Business Lending Seminar in March 2014. The main focus of the seminar was to provide information to traditional lenders and banks of the availability of monies through SBA, non-traditional funding and gap financing. The following were participants along with MMDC.

- Minnesota Business Finance Corporation (local SBA finance/lender)
- Southwest Initiative Fund.
- Minnesota Department of Employment and Economic Development
- County of Kandiyohi/City of Willmar Economic Development Commission.
- Small Business Development Center

The seminar was quite well attended and the information provided was of great use for all attendees.

University of Minnesota; Business Retention and Expansion (BRE) Workshop

The Mid-Minnesota Development Commission co-sponsored along with the University of Minnesota Extension program a Business Retention and Expansion Symposium. Attendees were educated on BRE fundamentals including surveys, site visits, and outcomes. The BRE program looks at businesses that need assistance, from expansion to workforce recruitment.

IV. SCHEDULE OF GOALS FOR NEXT YEAR

Regional Economic Competitiveness Project

The Minnesota Department of Employment and Economic Development (DEED) is embarking on a Regional Economic Competitiveness Project in 2014. The project will identify opportunities to sharpen its strategies and support to help drive regional economic growth. DEED leadership is considering its role as a partner, and how it will enhance support and align planning to meet regional economic priorities. The project will build upon the many impressive planning efforts, partnerships, and initiatives underway in each region. DEED will tap local expertise and partners to examine and discuss the regions' unique assets and how each will play a key role in driving the state's future economy and global competitiveness. In addition, DEED has identified the Brookings Institute as a project resource to provide research, objective comparative analysis, and national best practices to collectively challenge our strategic thinking and inform planning and program alignment. DEED will engage a set of stakeholders in each region of the state. As a first step DEED is seeking leadership assistance from the Regional Initiative Foundations and the **Regional Development Commissions**.

The foundations and Commissions will be charged with

- Development of "ground up" region specific strategies by reaching out to and working closely with regional leaders and stakeholders
- Develop a long-term vision and short-term goals for Minnesota's economy that is rooted in regional assets and priorities.
- Leverage Brookings Institute high-quality regional economic analysis, policy expertise, and access to national best practices to inform the best approaches, programs, and partnerships that will support growth in regions.

This is a project that is overdue because

- The state's economic policy needs to be updated to reflect post-recession realities.
- To generate long-term, quality growth across the state, Minnesota needs to focus on three economic drivers
 1. Innovation
 2. Trade
 3. Human Capital
- Minnesota needs to empower regions to act on those drivers, enabling them to leverage their distinctive strengths.

The timeline for this project will be as follows:

- DEED will introduce the project at the end of January 2015.
- DEED will organize two rounds of regional working sessions in each region with the aim of examining regional strengths, identifying regional opportunities and challenges, and developing regional goals and plans. DEED is interested in working closely with the Regional Initiative Foundations and Regional Development Commissions to guide and organize the meetings. The first meeting will be in early spring 2014; the second meeting will be in the summer of 2014.

There will be three themed working sessions planned by the Brooking Institute that will provide learning opportunities and discussions that highlight examples of other regional approaches and best practices across the nation.

- 1st Session: Regional Development Practices
- 2nd Session: Innovation and Skills
- 3rd Session: Trade and global Engagement

Deed will compile the input gathered from the regional meeting with the assistance of the Regional Initiative Foundations and Regional Development Commissions to shape a set of findings and recommendations that will form DEED's planning process.

The project outcomes and recommendations will be provided at a statewide conference in January of 2015.

Greater Minnesota Development Strategy Project (GMDS)

WHO: Minnesota Association of Development Organizations (MADO) is an association of the ten federally designated **Economic Development Districts** (EDDs) in Minnesota, which are also referred to as RDOs, or Regional Development Organizations. Nine of the organizations are Regional Development Commissions (RDCs) and one is a foundation, West Central Initiative. Between the ten organizations, all but two federal planning areas in Minnesota are served by an RDO.

One major responsibility for an EDD organization is the preparation of a Comprehensive Economic Development Strategy (CEDS). Southern Minnesota Initiative Foundation and St. Cloud State have each prepared a CEDS for the regions in which they are located, neither of which is currently served by an RDO. St. Cloud State is also currently working with the East Central Regional Development Commission on a CEDS update.

WHAT: MADO plans to develop a **GMDS** that will incorporate regional similarities and differences. The GMDS will include challenges and opportunities related to rural economic prosperity and preservation of our quality of life.

HOW: MADO members recognize the importance of broad engagement and have demonstrated the ability to solicit input from a wide range of stakeholders as they gather input for each CEDS.

Organizations that are routinely engaged include State/Federal agencies, tribal governments, Workforce Investment Boards, local foundations, non-profit organizations, local units of government, post-secondary institutions, private sector businesses, and others who are committed to economic development on a regional basis. These key partners will be consulted in the development of the GMDS.

MADO will engage a Project Manager to oversee the development of GMDS. The Project Manager will use the existing regional CEDS to identify similarities and differences between the regional documents and put together the Greater Minnesota plan.

MADO will solicit proposals through an RFP process to hire a consultant who will:

- Research and evaluate similar efforts in other states to incorporate promising practices.
- Focus on community and economic development issues that are priorities for MADO member regions, specifically highlighting the areas we have in common and where we can work across regional boundaries. The GMDS will provide regional perspectives and also articulates collective strategies.
- Assist MADO members in developing a strategy to take advantage of the similarities and differences outlined in the regional CEDS documents. The focus will be on implementation of strategies that will benefit MADO members and promote the association as a means to accomplish multi-regional and Greater Minnesota goals.
- Align GMDS strategies with common goals identified in development plans from other organizations including foundations, tribal government, State/Federal agencies, educational institutions, etc.
- Communicate and identify excellent practices in each region of Greater Minnesota and highlight successful regional projects.

THE ASK: MADO is seeking support from foundation partners who are vested in Greater Minnesota and in regional community and economic development. We are asking five foundation partners to consider supporting the development of the GMDS as Minnesota’s first Greater Minnesota Development Plan. MADO members will provide a 1:1 match from the local level.

WHY: Because the Bush Foundation, Blandin Foundation, Otto Bremer Foundation, Northwest Area Foundation, and The McKnight Foundations each serve rural Minnesota regions and we share an interest in strengthening the economy in Greater Minnesota.

THE PRELIMINARY BUDGET: MADO is asking five foundations for \$50,000 each. Local RDOs will provide a 1:1 match on the grant funds. Uses of funds will include:

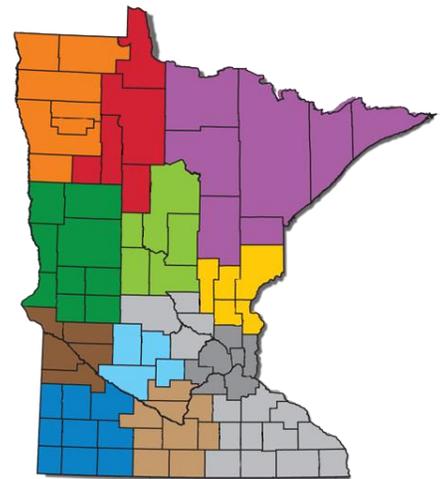
	RDO share	Foundation	Total
RDO staff time (divide by 12)	\$250,709	\$133,591	\$384,300
4 RDOs to interview consultants (time and mileage included here)	7,878		7,878
RDO travel (divide by 12)	34,578		34,578
Consultant		82,530	82,530
Meeting expenses		3,000	3,000
Web design		5,000	5,000
Data accumulation		10,000	10,000
Fiscal programming		15,879	15,879
TOTAL	\$293,165	\$250,000	\$543,165

The beginning of the 21st century presents a number of challenges and opportunities for rural Minnesota as it charts its economic future. An economy that is now driven by innovation demands that we provide an environment that nurtures its talent and workforce, supports entrepreneurship and creates communities that can support both. In order for rural Minnesota to succeed, there needs to be a strong, collective, and credible voice that can create and move forward an economic agenda at the local, regional, state, and federal level.

The Minnesota Association of Development Organizations (MADO) is committed to providing that collective leadership for rural Minnesota. MADO’s membership includes the ten Economic Development District Regional Development Organizations (RDOs) in Minnesota.

What will be accomplished? Minnesota RDO’s will work collectively to accomplish the following:

- Create a common framework for regional economic plans, including a template for data collection, assessment, strategies, and measures of success;
- Develop regional strategies that address the special challenges and opportunities of each part of the state;
- Create a framework for state action that will enhance and support economic development efforts at the local and regional level;
- Develop and implement an approach that effectively engages state partners; and
- Raise the bar on what constitutes effective rural economic development in Minnesota.



Why is this important? At this time in rural Minnesota’s life, this effort is critical:

- The 21st century economy requires rural Minnesota to be smart and strategic to be able to hold its own in an increasingly competitive environment;
- Rural Minnesota has to speak with one voice at the state and federal level;
- In an environment where federal and state revenues are increasingly scarce, alignment of the resources behind a well thought out strategy is vital; and
- State and federal partners are critical to rural Minnesota's success. If we are going to get their help, we need to be clear about our direction.

Continuation of Further Goals and Projects

- Assist the City of Willmar/County of Kandiyohi with a Business Retention and Expansion survey.
- Continue membership on City of Willmar/Kandiyohi County Economic Development Commission Revolving Loan Fund Committee.
- Assist with Burlington Northern Railroad Wye TIGER Expansion in Kandiyohi County.
- Attend a Certification Course in Renville County regarding Rural Disaster Training scheduled in April 2014.
- Attend the Economic Development Administration EDA Center showcase scheduled in April 2014 in Minneapolis.

V. HAZARD MITIGATION ANALYSIS

The Disaster Mitigation Act of 2000 (DMA), commonly known as the 2000 Stafford Act amendments, was approved by Congress on October 10, 2000. On October 30, 2000, the President signed the bill into law, creating Public Law 106-390. The purposes of the DMA are to amend the Stafford Act, Establish a national program for pre-disaster mitigation planning, and streamline administration of disaster relief.

Section 322 of the act specifically addresses state and local mitigation planning. It establishes pre-disaster hazard mitigation funding and new requirements for the national post disaster Hazard Mitigation Grant Program (HMPG). It identifies new requirements that allow HMPG funds to be used for planning activities, and increases the amount of HMPG funds available to states that have developed a comprehensive, enhanced mitigation plan prior to a disaster. States and communities must have an approved mitigation plan in place prior to receiving HMGP funds. Local mitigation plans must demonstrate that their proposed mitigation measures are based on a sound planning process that accounts for the risk to, and the capabilities of, the individual communities.

The act encourages cooperation between state and local authorities, prompting them to work together. It rewards local and state pre-disaster planning and promotes disaster resistance as a key component of sustainable development. The intended result is better articulation of local and state government mitigation needs, resulting in faster allocation of funding and more effective risk reduction projects.

All Hazard Mitigation Plan Content

The plan is divided into the following Chapters:

- **Chapter One:** County Profile – This Chapter contains information on the County’s history, demographics, physical features, infrastructure, and emergency response.
- **Chapter Two:** Hazards Profile – This Chapter identifies and profiles the various hazards addressed in the plan
- **Chapter Three:** Risk Assessment – This Chapter provides a community profile and risk assessment for each local government unit covered in the plan, including all cities and townships.
- **Chapter Four:** Goals, Objectives, and Mitigation Strategies – This Chapter identifies the specific mitigation steps the County has committed to achieve the goals of the plan.
- **Chapter Five:** Plan Administration – This Chapter outlines how the plan will be administered, including implementation tables for Chapter Four.

Hazard Mitigation Planning Process

The Process included:

- Public input
- Assembling task force committee
- Holding public meetings
- Obtaining resolutions for all local government units
- Establishing goals, objectives and policies

The plan was coordinated with other existing County and Regional Plans including:

- A County's Emergency Operations Plan
- Comprehensive Land Use Plan
- Comprehensive Water Plan
- County Health Plan
- Comprehensive Economic Development Strategy (CEDS)

Hazard Mitigation Plan Duration

The Hazard Mitigation Plans for all four counties will be formally reviewed and updated once every five years. Since each of the county plans were adopted in 2008 the plans are being updated, as of this narrative.

REGIONAL ECONOMIC DEVELOPMENT PARTNERS



Kandiyohi County and City of Willmar
Economic Development Commission

Hutchinson
COMMUNITY DEVELOPMENT COMMISSION

An Economic Development Authority



Meeker County Economic Development Authority