

**2020 Economic Vitality Task Force**

**Brainerd Lakes Area**

**Assessment of the Economy**

**Prepared by**

**Economic Development Services**

**and**

**Venture Allies, LLC**

**November 2003**



Economic  
Development  
Services

## **Sponsoring Organizations**

Brainerd Lakes Area Development Corporation  
Brainerd Lakes Area Chambers of Commerce  
City of Brainerd  
City of Baxter  
Crow Wing County  
Independent School District #181  
Initiative Foundation  
Minnesota Power & Light  
Potlatch Corporation  
Region Five Development Commission

## **Recognition of US EDA and other funders**

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## **Planning Committee**

Sheila Haverkamp, *Brainerd Lakes Area Development Corporation*  
Anne Hanson, *Region Five Development Commission*  
Bob Hutton, *Region Five Development Commission*  
Lucy Neshiem, *Brainerd City Council*  
Lisa Paxton, *Brainerd Lakes Area Chambers of Commerce*  
Jeremy Vacinek, *City of Baxter*  
Dan Vogt, *City of Brainerd*

## **2020 Economic Development Task Force**

Tom Anderson, Hunt Technologies	Jim Kraft, Northern National Bank
Jim Anderson, Anderson Bros. Construction	Larry Kruse, Consultant
Bill Bates, NTC	Kevin Larson, CTC-General Manager
Corey Berube, Community First Bank	Dave Lauer, Arnold S. Johnson Enterprises
Becky Best, CLC	Sally Mayfield, Former Potlatch Employee
Joe Birmingham, CLC President	Terry McCollough, Brainerd Daily Dispatch
Bob Brekken, Brekken's Clothier	Craig Nathan, RMCEP/MN WorkForce Center
Bruce Buxton, Widseth, Smith & Nolting	Clint Nelson, Positive, GMAC Realty
Conrad Bye, Communications Investments	Lucy Nesheim, Brainerd City Council
Ellen Cherne, BLADC	John Newhouse, Lakeland Molding Co.
Reggie Clow, Clow Stamping	Lisa Paxton, Chamber of Commerce
Mike Engler, Consultant	Ken Priebe, Larson Allen Weishair & Co.
Kathy Gaalswyk, Central MN Initiative Foundation	Renee Richardson, Brainerd Daily Dispatch
Tom Haglin, Lindar	Angella Roby, Mille Lacs Band of Ojibwe
Anne Hanson, Region 5 Development Commission	Mark Ronnei, Grand View Lodge
Brian Hanson, Minnesota Power	Anthony Schaffhauser, Dep't of Economic Security
Sheila Haverkamp, BLADC	Gary Sorensen, Dep't of Economic Security
Peter Herlofsky, County Administrator	Jeremy Vacinek, City of Baxter
Julie Hofius, BLADC	Dan Vogt, Brainerd City Administrator
Bob Hutton, Region 5 Development Commission	Sandy Voigt, Central MN Initiative Foundation
Craig Kochsiek, Brainerd Hardwoods	
Jerry Walseth, School District 181	
Barb Wells, City of Baxter	
Warren Williams, Bremer Bank	

A special thank you to all of the community members who participated in the various aspects of this project.

# Table of Contents

Recognition of US EDA and other funders .....	1
Planning Committee .....	1
2020 Economic Development Task Force .....	1
Table of Contents .....	2
Background and Purpose .....	4
The 2020 Economic Vitality Task Force.....	4
Approach .....	5
Assessment .....	5
Framework.....	6
Environmental Factors.....	7
Current Global Economic Drivers.....	7
Current Local Economic Drivers.....	7
Establishment Start-up Rates.....	9
Net Establishment Gains .....	9
History of Inquiries.....	10
Attraction .....	10
Workforce.....	11
Population.....	11
Educational Attainment .....	11
Age Distribution .....	13
Laborforce Participation Rates .....	13
Underemployment .....	14
Unemployment .....	15
Commuting Patterns .....	15
Exporting Workers .....	16
Wages .....	16
Workforce Development Resources.....	18
Infrastructure .....	19
Access to Infrastructure .....	19
Water and Wastewater.....	20
Community Comments Regarding Infrastructure .....	20
Industrial Land and Buildings .....	21
Absorption .....	22
Density.....	23
Solutions.....	23
Options for Future Development.....	24
Site Locator Perspectives .....	25
Financial and Technical Assistance.....	26
Financial and Technical Assistance Resources .....	26
Loan Funds .....	27
Community Perspectives .....	28
Industries by Perceived Importance .....	28
Attribute Importance Based on Survey Data.....	29
Comparative Industry Ranking.....	30

Community Input Sessions – Additional Considerations.....	31
Industries .....	32
The Region’s Employers .....	32
Wages by Industry .....	33
Growth by Industry.....	34
Analysis of Sub-Sectors .....	35
Manufacturing Sub-Sectors .....	35
Finance and Insurance Sub-Sectors.....	36
Health Care.....	36
Precision Machining/Metal Fabrication .....	37
Plastics.....	37
Printing, Publishing & Mailing .....	38
Financial Services.....	38
Forest/Wood Products .....	38
Recreation Industry .....	39
Construction Industry .....	39
Summary.....	40
Workforce Factors .....	40
Infrastructure .....	40
Organizational Capacity to Serve Prospects.....	40
Finance and Technical Assistance.....	41
Industries .....	41
Conclusion.....	41

## Background and Purpose

The 2020 Economic Vitality Project began as a response to the closure of the Potlatch plant in Brainerd in May 2002 and the related loss of more than 600 jobs. The Region 5 Regional Development Commission worked with the Cities of Brainerd and Baxter, the Brainerd Lakes Area Chambers of Commerce, and Brainerd Lakes Area Development Corporation (BLADC) to organize a response to the closure and develop a long-term vision and action plan for the area economy. Funding for the project was provided by a grant from the U.S. Economic Development Administration and local contributions. Region 5 contracted with the consulting team of Janna King with Economic Development Services and Shelly Bauerly Kopel with Venture Allies to develop a long-term economic development strategy and vision for the area.

### **The 2020 Economic Vitality Task Force**

The 2020 Economic Vitality Task Force provided guidance, insight, and oversight to the assessment and planning process, reviewed data, participated in the planning sessions, and provided critical regional insights.. The Task Force will be responsible for assisting in implementing and monitoring the Action Plan.

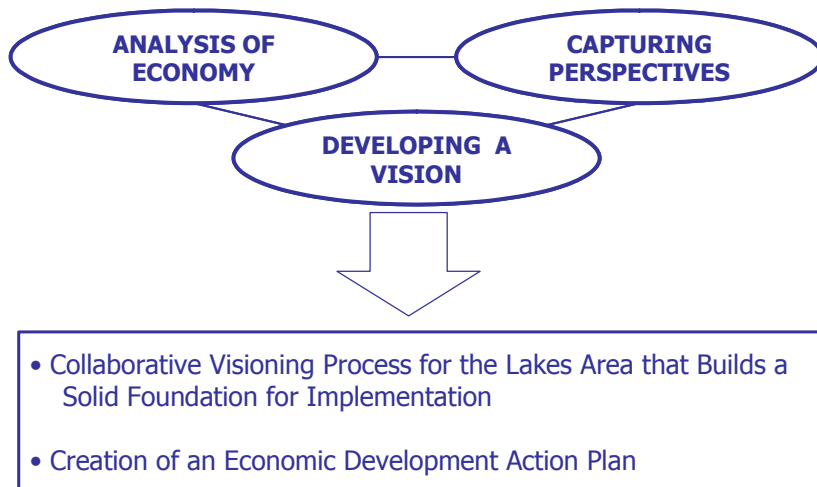
Two documents summarize the work of the Task Force:

- Assessment of the Brainerd Lakes Area Economy
- Economic Vision and Three-Year Action Plan (2004-2007)

## Approach

The project is organized in two main phases: (1) Assessment and (2) Vision & Strategy Development. This report documents the assessment phase of the project.

As depicted below, Phase 1 includes Analysis of the Economy and Capturing Perspectives of area residents. The 2020 Economic Vitality Task Force participated in two facilitated sessions to guide the consultants and planning committee in the development of the Vision and the Action Plan.



## Assessment

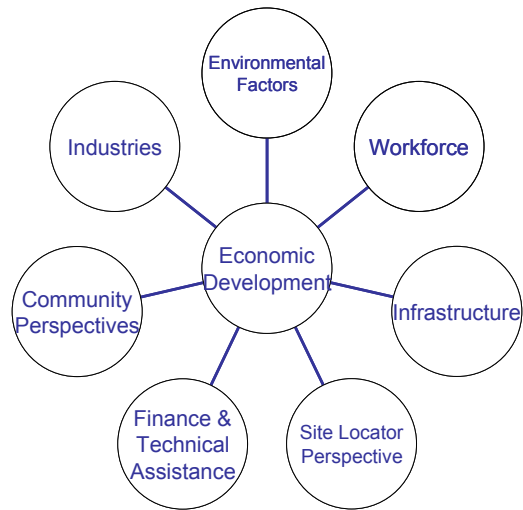
The assessment phase consisted of compiling and analyzing economic and industrial data to identify trends and set the foundation for a collaborative visioning process. Input was gathered from key community leaders (primary stakeholders) and from the consultants' interviews with other key individuals to gain a broader range of perspectives on the needs and resources in the community.

The consulting team used various secondary sources in the preparation of the assessment, including local reports, existing datasets, and other benchmarks. Data was provided by a number of government sources, including the Minnesota Department of Economic Security, United States Department of Labor, Bureau of Labor Statistics, Census Bureau, and regional and local agencies.

Assessment findings were first presented to the 2020 Task Force during Briefing, Visioning and Strategy Development sessions in October 2003 (a copy of the PowerPoint presentation is included in Appendix I).

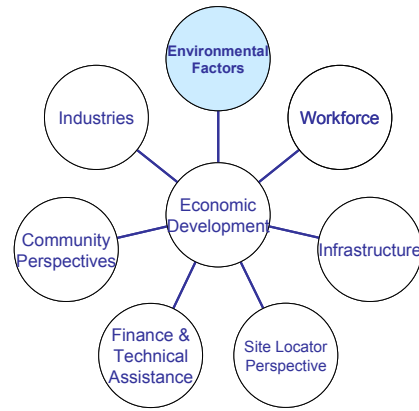
## Framework

The following seven factors are critical in the development of an economic development strategy. The report is organized using this framework.



## Environmental Factors

External economic factors have a critical impact on the local economy and the community's economic development strategy. This section reviews current environmental factors.



## Current Global Economic Drivers

All sectors of the world economy are affected by rapid globalization and increased competition. Manufacturers and back office operations, in particular, have felt the strain during the past several years. The combination of low labor costs, a policy to maintain low currency values, and aggressive targeting of US manufacturing industries has enabled China to compete successfully against US manufacturers. As of November 2003, manufacturing employment in the US had declined for 37 consecutive months. Minnesota manufacturers have cut 46,400 manufacturing jobs since 2000, essentially wiping out the manufacturing job gain of 52,600 between 1991 and 2000 (DEED, June 2003). Similar competition is happening in technology-oriented industries, with increased outsourcing to India in particular.

The economic success of US companies is increasingly dependent upon innovation, information, brainpower, and the ability to adapt to an increased pace of change.

Successful local economic development strategies are based on (1) leveraging the competitive strengths of the local economy and (2) targeting niches that will be less vulnerable to global competition in the future. In the manufacturing sector, this might include products that are short-run, highly customized, expensive to ship due to volume or weight, or highly specialized proprietary products with a well-established distribution network. For back office operations in the Lakes area, a successful niche might be a small call center operation with a strong customer service component that benefits from a Central Time Zone location.

## Current Local Economic Drivers

While many other regions of the state have lost employment over the last two years, the Brainerd-Baxter Region has managed to increase employment almost 3%, or about 1,700 jobs (*Labor Market Profile*, DEED, 2003). Driven by the retirement housing boom, construction added almost 600 jobs, a 17% increase. As illustrated in the chart below, strong gains were also seen in the related Real Estate Rental and Leasing industry. Fueled by in-migration to the Lakes region and record low interest rates, a major question going forward is, *will this growth continue?*

As is the case throughout the state and country, the big losses were in manufacturing, which shed almost 800 jobs, more than 8% of industry employment. While manufacturing wages dropped by \$12.5 million since 2000, the percentage (4.3%) is about half that of the 8% job

loss. Surviving manufacturers may have higher productivity, which is often associated with higher wages.

The root cause of manufacturing’s malaise is globalization of markets, since labor costs in developing countries are dramatically lower. This produces a structural change in the economy; the same jobs lost are not coming back with the economic recovery. We cannot compete with developing countries on price, and we don’t want to if it means matching their labor costs. While the overall hit to manufacturing wages is dramatic, it is still working its way through the economy. Severance and unemployment payments have cushioned the blow, and job growth in other industries has been a shot in the arm for the region’s labor market. The challenge is to attract or grow business that is competitive in the global marketplace.

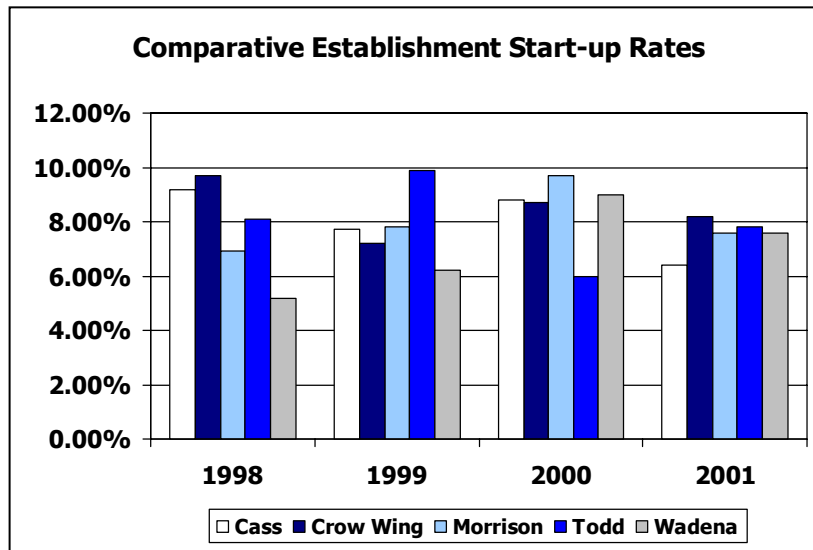
	2000 Average Employment	2002 Average Employment	Change 2000 to 2002	Percent Change 2000-2002
Total, All Ownerships	61,816	63,503	1,687	2.7%
Total Private	49,577	49,488	(89)	-0.2%
Agriculture, Forestry, Fishing & Hunting*	474	481	7	1.5%
Mining*	31	33	2	6.5%
Utilities*	219	239	20	9.1%
Construction	3,403	3,971	568	17%
Manufacturing	9,387	8,605	(782)	-8.3%
Wholesale Trade	1,387	1,342	(45)	-3%
Retail Trade	9,467	9,639	172	1.8%
Transportation and Warehousing	1,500	1,581	81	5.4%
Information	1,360	1,404	44	3.2%
Finance and Insurance	1,931	2,091	160	8.3%
Real Estate and Rental and Leasing	549	664	115	21%
Professional and Technical Services	1,579	1,607	28	1.8%
Management of Companies and Enterprises*	43	46	3	7%
Administrative and Waste Services	983	1,155	172	17%
Educational Services*	5,356	5,377	21	0.4%
Health Care and Social Assistance*	7,941	8,502	561	7.1%
Arts, Entertainment, and Recreation	819	792	(27)	-3%
Accommodation and Food Services	6,655	6,955	300	4.5%
Other Services, Ex. Public Admin	1,896	2,126	230	12%
Public Administration	-	4,670	-	

Source: DEED Labor Market Profile: Brainerd-Baxter Labor Market Area. October 2003.

NOTE: The data published for DEED falls under a strict Federal mandate designed to protect the confidentiality of employer information. Wage or employment data that might potentially reveal information about a particular establishment cannot be disclosed. This situation frequently arises when examining detailed industry information for smaller geographies such as Brainerd-Baxter. For this reason, certain data substitutions have been made in the table above. Data for industries with a \* above includes only EDR 5; Aitken is excluded. Employment data for Management of Companies and Enterprises, and Arts, Entertainment, and Recreation is 2001 and 2002. Employment and wage data for Arts, Entertainment, and Recreation are for the private sector only; they do not include American Indian Casinos.

## Establishment Start-up Rates

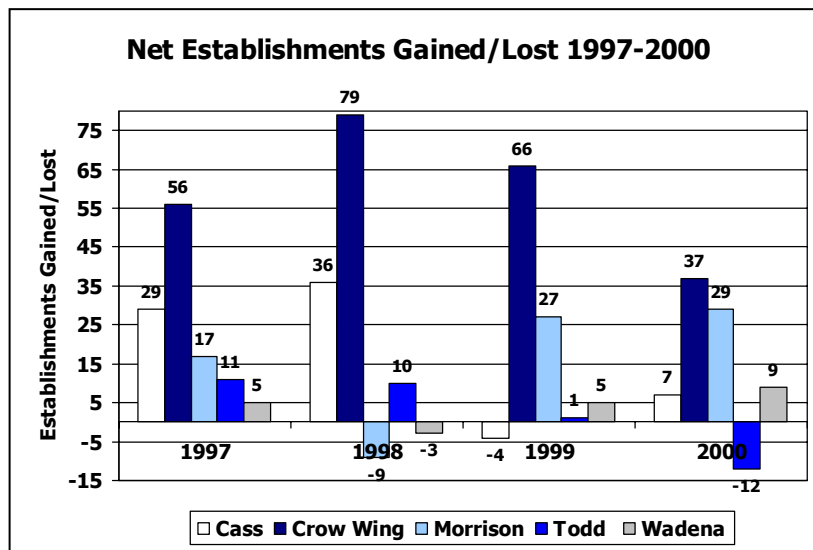
New business starts can be an indicator of the level of entrepreneurial spirit and innovation in the region. New businesses provide new jobs, services, and an injection of new ideas into the community. Business start-up rates in the region are among the highest in the state. Although some fluctuations exist, Cass and Crow Wing counties generally lead the region in entrepreneurial activity, as shown in the chart below.



Source: MN DTED Business Tracking System <http://www.dted.state.mn.us>.

## Net Establishment Gains

The net establishment gain is calculated by subtracting the number of business failures from the number of business starts. As illustrated in the chart below, Crow Wing leads the region in establishment gains, providing an average of 59 new businesses annually. Unfortunately, Crow Wing's level of business success is not spread evenly across the region as Morrison, Todd, Cass and Wadena counties exhibit more modest rates of growth.



Source: MN DTED Business Tracking System <http://www.dted.state.mn.us>.

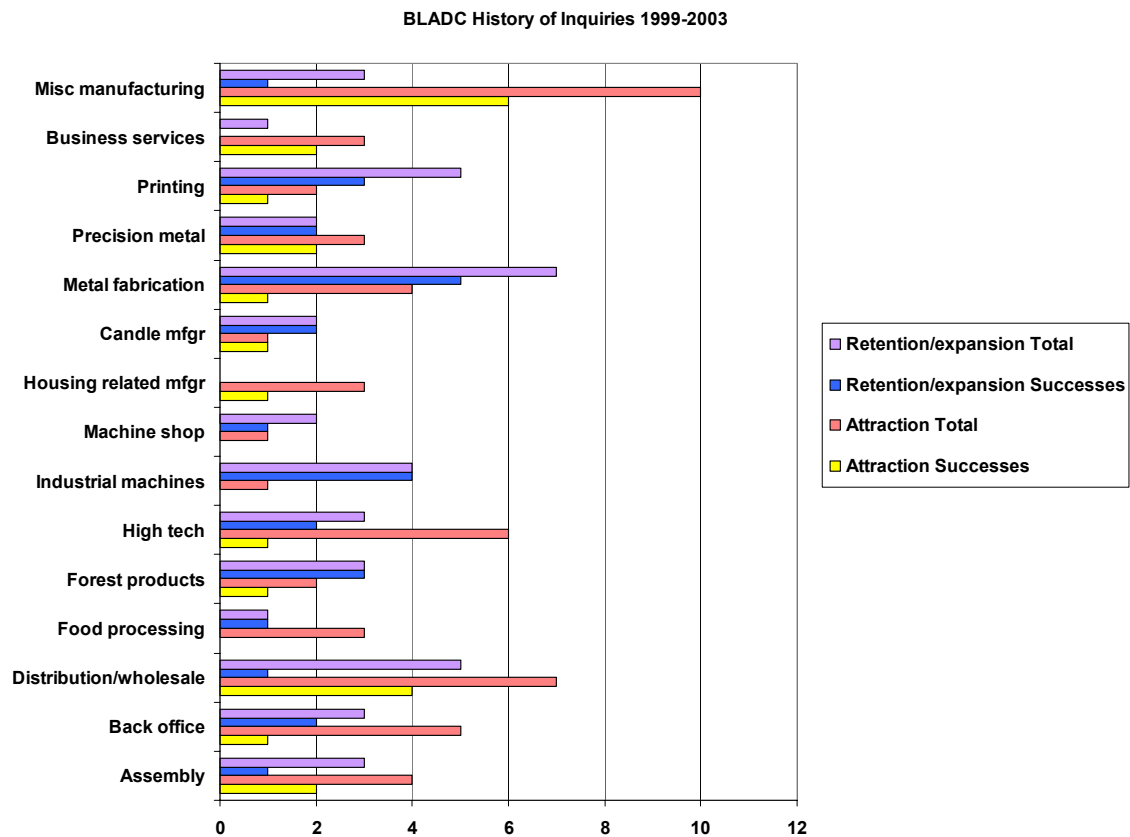
## History of Inquiries

Brainerd Lakes Area Development Corporation (BLADC) is the central point for retention/expansion and attraction inquiries for the Lakes area, as illustrated in the chart below. A review of the history of inquiries reveals that the community has experienced 100% success with attraction of candle manufacturers. The community has also achieved 100% success in the retention/expansion of businesses in the following sectors:

- Candle manufacturing
- Precision metal
- Industrial machines
- Forest products

The community has also enjoyed good success (50% or greater) in the following sectors.

Retention/expansion	Attraction
<ul style="list-style-type: none"> <li>▪ Back office</li> <li>▪ High tech</li> <li>▪ Printing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Assembly</li> <li>▪ Business services</li> <li>▪ Distribution/wholesale</li> <li>▪ Forest products</li> <li>▪ Miscellaneous manufacturing</li> <li>▪ Precision machine</li> <li>▪ Printing</li> </ul>



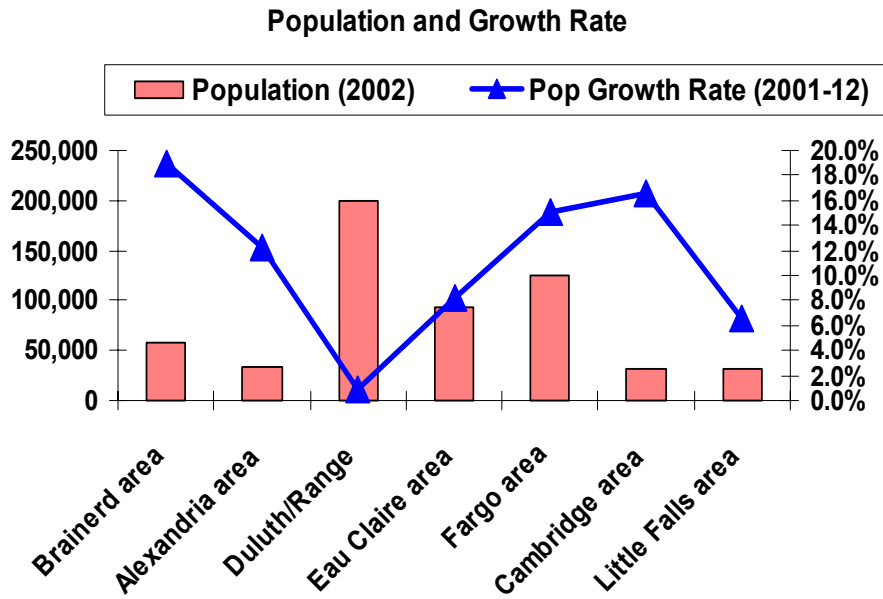
## Workforce

A strong economy depends upon a dedicated, skilled, and dependable workforce. Understanding how the workforce is growing and changing will provide valuable insights into the future health of the regional economy. This section examines various indicators related to the region's workforce.



## Population

The population in the area grew at approximately 4% in 2002. It is projected to grow significantly over the next 10 years (nearly 20%), a much faster pace than most of the rest of the state and other benchmarks, as shown below.

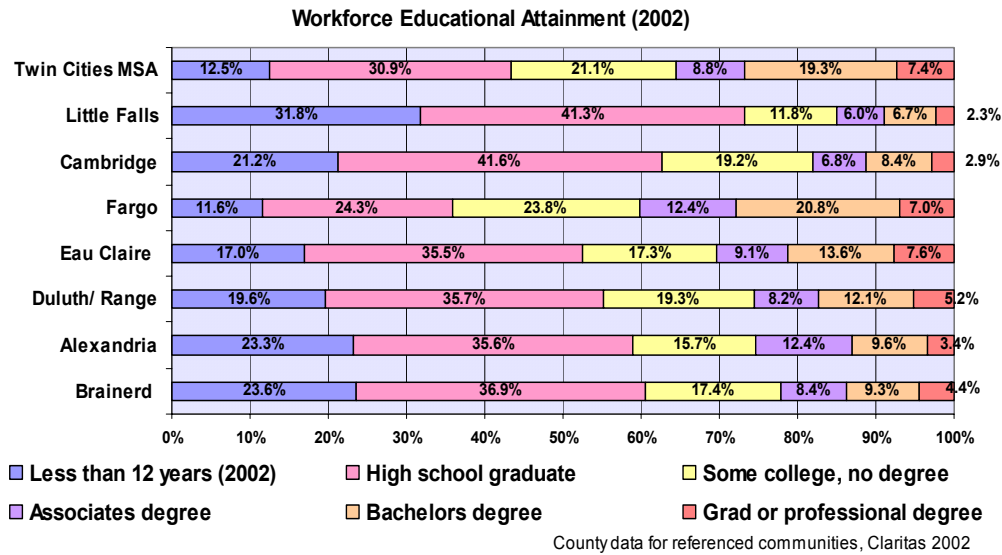


County data for referenced cities, Claritas 2002

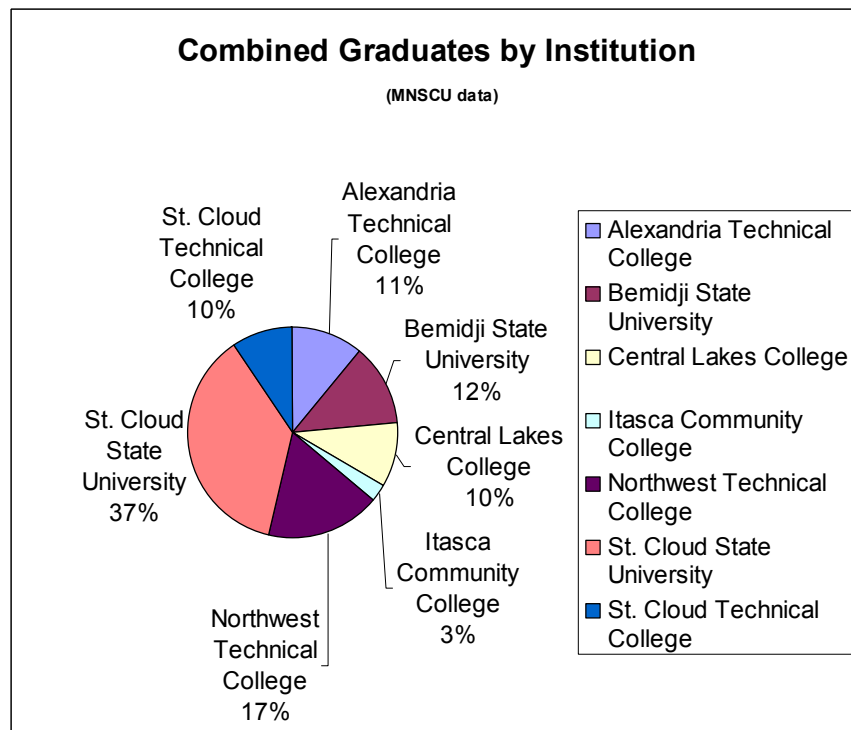
## Educational Attainment

Although the area's population is growing faster than the benchmarks shown above, the educational attainment of the workforce does not measure up. As shown in the chart below, a greater percentage of the Brainerd area (Crow Wing County) workforce has attained less than a high school degree and fewer residents have advanced degrees, as compared to most of the

benchmarks. Only Little Falls and Cambridge have a lower overall educational attainment level than the Brainerd area.



The chart below categorizes post-secondary graduates by institution. St. Cloud State University and Northwest Technical College together produced more than 50% of the region’s postsecondary graduates. Central Lakes College and Northwest Technical College also have a strong presence in the area (27% of the total).

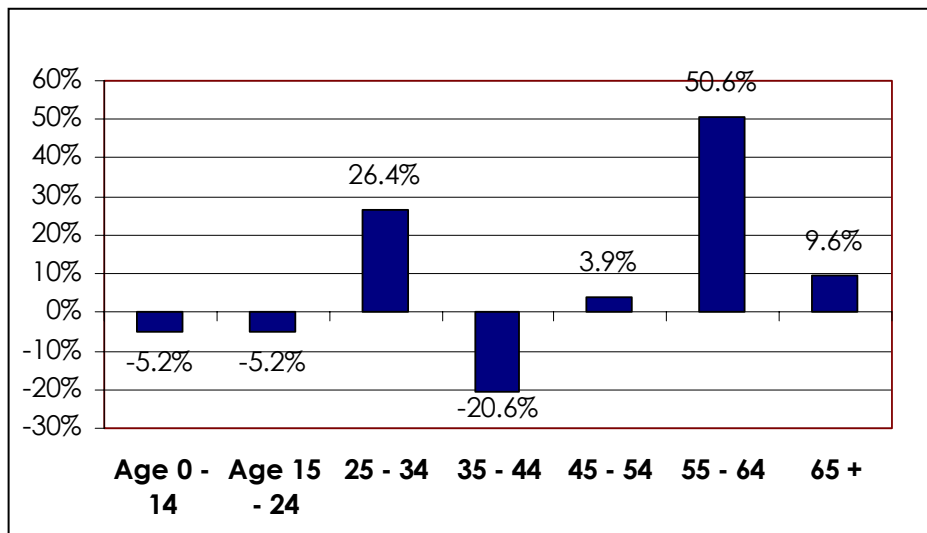


## Age Distribution

The *Labor Market Profile* (DEED, 2003) projects that the number of residents in the region aged 55-64 will increase almost 50% in this decade, making it the fastest growing age group. Causes include in-migration of mature adults and the aging of the Baby Boom generation. This age group has historically participated in the labor market at lower rates than younger cohorts and is beginning to move into retirement. Much of the skilled and experienced workforce is drawn from the middle aged cohorts; the population aged 45-54 is expected to grow slowly while the numbers of people aged 35-44 are expected to decrease sharply (see chart below). This is a source of concern for future labor availability.

While some growth is anticipated in the 25-34 age group, the size of the emerging workforce is expected to shrink as the population aged 15-24 declines. “Entry-level” workers are traditionally willing to take lower paying jobs, but as the number of new entrants dwindles, the competition for these workers may increase. Employers will need to devise strategies to get the work done, including balancing the costs of turnover and higher wages, and the tradeoffs between skyrocketing healthcare costs and employee retention.

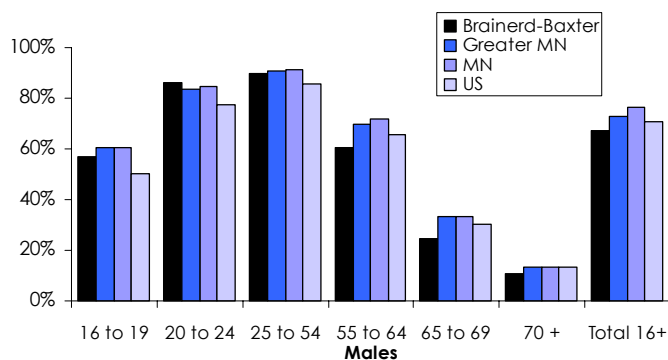
### Age Distribution Projections, 2000-2010



Source: DEED *Labor Market Profile: Brainerd-Baxter Labor Market Area. October 2003.*

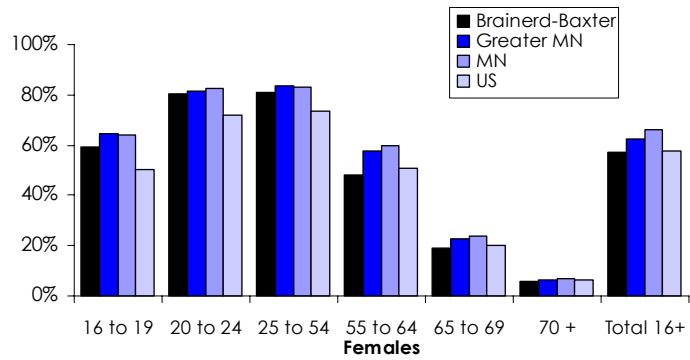
## Laborforce Participation Rates

According to the 2003 *Labor Market Profile*, the Laborforce Participation Rate (LPR) is defined as the percentage of working-age adults who are either employed or looking for work. The Laborforce Participation Rates of residents of the Brainerd-Baxter LMA



Source: DEED *Labor Market Profile: Brainerd-Baxter Labor Market Area. October 2003.*

are lower than in other parts of Greater Minnesota, the state and the nation. The LPR exceeds the national level among both males and females ages 16-19, although it is slightly lower than in Minnesota as a whole. The LPR also exceeds the national level among both men and women in the 20-24 and 25-54 age groups but is similar to statewide rates in Minnesota for those age groups. However, older age cohorts participate in the labor market at rates significantly below the state or the nation, a fact which can be at least partly attributed to the region's attractiveness to retirees.



Source: DEED Labor Market Profile: Brainerd-Baxter Labor Market Area. October 2003.

## Underemployment

Underemployment is an issue in the region, with a 15% underemployment rate across all occupations, as depicted in the chart below. Workers employed in Building and Grounds, Personal Care and Service, and Sales, and Office and Administrative Support occupations experience more than 25% underemployment, while the underemployment rate for Transportation and Material Moving occupations are at 33%.

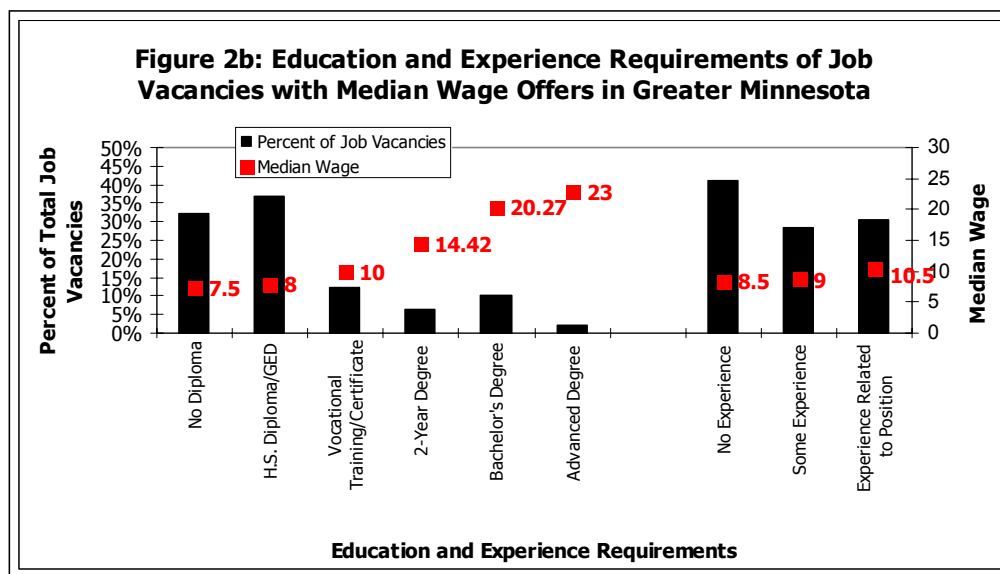
SOC Code	Occupations	Underemployment by Education
	<b>All Occupations</b>	<b>15%</b>
11	Management	9%
13	Business and Finance Professionals	4%
15	Computer and Math Professionals	NA
17	Architecture and Engineering	NA
19	Science and Social Science	NA
21	Community and Social Services	5%
25	Education, Training and Library Fields	18%
27	Arts, Design, Entertainment, Sports & Media	NA
29	Healthcare Practitioners and Technical	5%
31	Healthcare Support	19%
33	Public Safety and Protective Services	NA
35	Food Preparation and Food Service	14%
37	Building and Grounds Occupations	28%
39	Personal Care and Service Workers	26%
41	Sales	25%
43	Office and Administrative Support	27%
45	Farming, Fishing, and Forestry	2%
47	Construction and Related Fields	7%
49	Installation, Maintenance, and Repair	2%
51	Production Fields	7%
53	Transportation and Material Moving	32%

Source: MN Department of Economic Security 2001 Labor Force Assessment, November 2001.

The region should focus on creating jobs with high skill requirements in order to fully utilize its workforce potential. Additionally, creating highly skilled jobs will keep skilled workers from migrating to major urban areas for employment.

## Unemployment

The chart below compares job vacancies and median wages across various education and work experience categories. Although a large number of job vacancies with low educational requirements exist, these jobs offer low wages. A higher vacancy rate exists for jobs requiring a four-year college degree than for jobs requiring a two-year degree, indicating a need for higher skilled workers.



Engler & Kruse *Secondary Education Study*, 2003.

## Commuting Patterns

According to the 2003 *Labor Market Profile*, workers and residents in the Brainerd-Baxter area commute greater distances than they did 10 years ago. While the number of workers who both reside and work in the same county is up 10%, the numbers commuting also increased. As shown in the figure below, a significantly lower percentage of workers in the Brainerd-Baxter area are within 10 minutes of their place of work, as compared to state and national commute times. The region exceeds both state and national rates for commutes ranging from 10 to 59 minutes, although the national percentage of workers traveling more than 60 minutes is higher.

<b>Table 6: Workers from Brainerd-Baxter</b>			
	<b>2000 Employees</b>	<b>2000 Percent of Total</b>	<b>Percent Change from 1990</b>
Reside in their work county	53,888	77.5%	10.1%
Reside in Brainerd Baxter	9,008	12.4%	53.4%
Reside in other MN Region	5,966	9.6%	83.5%
Reside in other state	266	0.3%	59.8%
<b>Table 7: Residents of Brainerd-Baxter</b>			
	<b>2000 Employees</b>	<b>2000 Percent of Total</b>	<b>Percent Change from 1990</b>
Work in their residence county	53,888	72.8%	10.1%
Work in Brainerd-Baxter	9,008	11.7%	53.6%
Work in another MN Region	11,357	15.0%	87.1%
Work in another state	400	0.5%	5.9%

Source: DEED *Labor Market Profile: Brainerd-Baxter Labor Market Area. October 2003.*

## Exporting Workers

As stated in the *Labor Market Profile*, the Brainerd-Baxter LMA as a whole is a net exporter of workers. In 2000, about 63,000 worked and resided in the region. While 6,000 commuted into the region, almost 12,000 commuted out – a net loss of 5,500 workers. On a county level, Wadena, Cass, and Crow Wing import workers while Todd, Morrison, and Aitkin stand out for producing significantly more workers than jobs. (DEED, *Labor Market Profile*, 2003).

## Wages

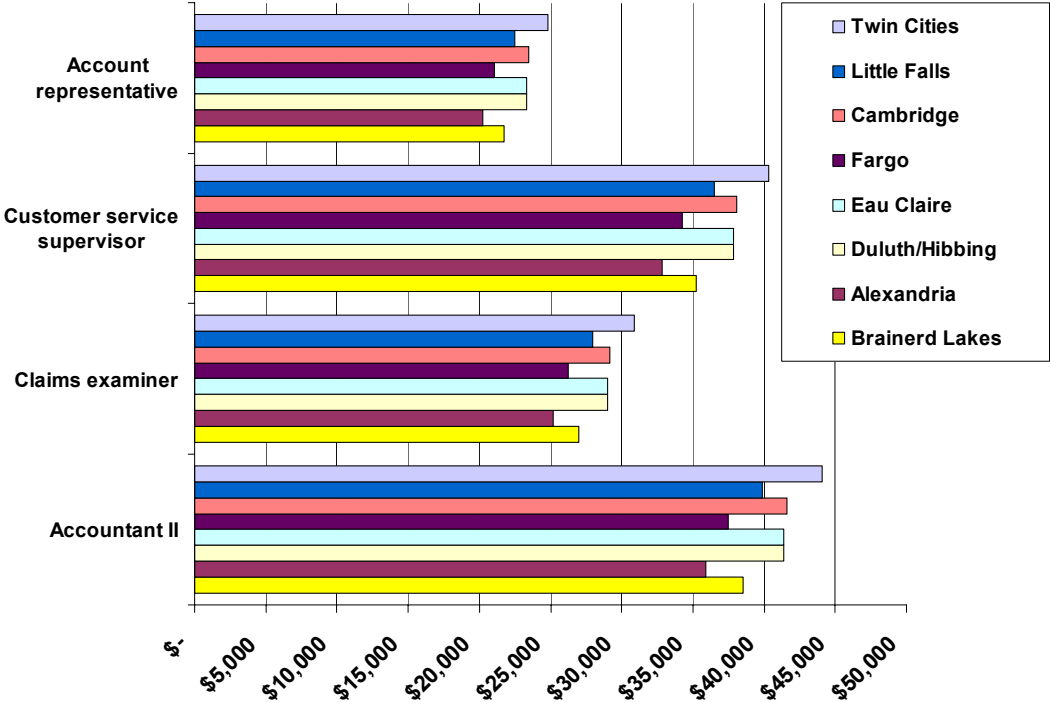
Wages are reviewed for the Brainerd Lakes area and seven other communities for three occupational groups:

- Manufacturing
- Back Office
- Technology-related

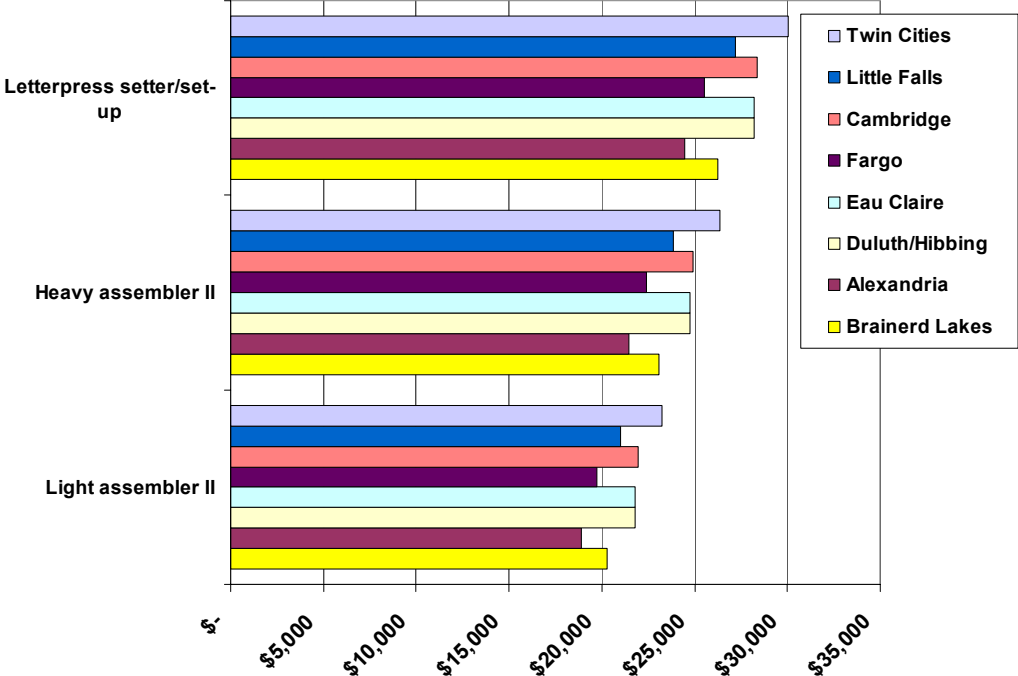
Wages in the Brainerd area are consistently higher than Alexandria and Fargo, but consistently lower than the Twin Cities and other benchmark communities in each of these occupational groups. Wages represent the economic return to workers for productive work; therefore, the wage rate among industries should be taken into account when considering future economic development options. For example, technology-related occupations have the highest wage rate of the three categories, but may not be consistent near-term with the area's labor force skills.

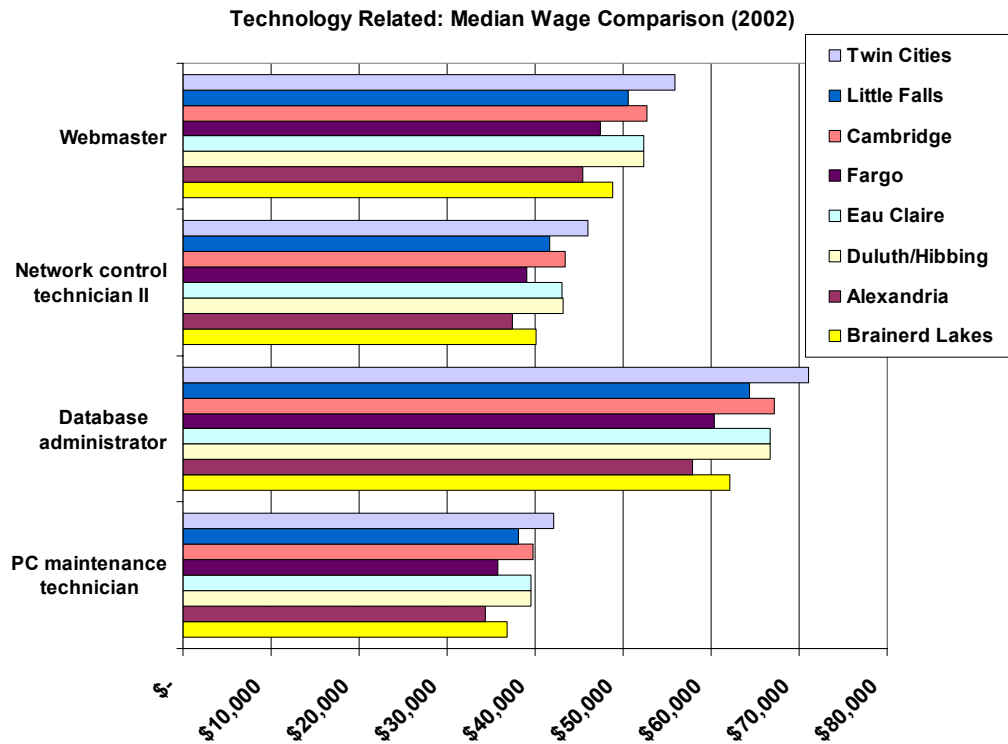
While lower wages may be an incentive to Twin Cities employers to locate in the Brainerd area, other positive factors such as a low turn-over rate and a large number of underemployed persons can also be featured when seeking expansions from the Twin Cities.

Back Office Operation: Median Wage Comparison (2002)



Manufacturing: Median Wage Comparison (2002)





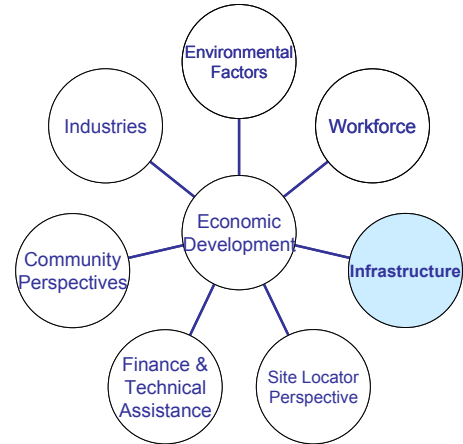
## Workforce Development Resources

Educational attainment is a critical element of the capacity of a workforce because it promotes and sustains knowledge and innovation-driven growth. Additionally, high school completion rates are an indicator of the educational attainment of the future workforce. Dropout rates, on the other hand, warn of lost potential and future retraining and societal costs.

Central Lakes College (CLC), with campuses in Brainerd and Staples, provides a number of two-year degree and certificate options. In addition, CLC cooperates with other MnSCU institutions in central Minnesota and throughout the state. Several four-year institutions offer bachelor's degree programs at CLC. The MN Workforce Center/Rural CEP also plays a vital role in providing access to job training and placement within the region.

## Infrastructure

Quality infrastructure is vital for growth. An effective economic development strategy takes current and future infrastructure needs into account and plans accordingly to support future growth. This section examines the quality of the region's current infrastructure.



### Access to Infrastructure

Transportation access to the Brainerd area is considered one of the area's principal disadvantages. Most manufacturers perceive the time and cost of trucking to the Twin Cities as a significant issue. Several manufacturers also expressed concern about the difficulty of "getting customers in" from around the nation.

Air service is provided by Mesaba Airlines, with 5-6 flights per day in the summer and 3 flights per day after Labor Day. The SAAB aircraft transports 30-34 passengers, for a total capacity of ~180 passengers in the summer and ~100 in the winter. Airport runway improvements underway should reduce some reliability problems that have occurred because SAAB aircraft can't land on a cross-wind runway under windy conditions. The airport is improving general aviation facilities and pursuing other options to connect with Minneapolis-St. Paul International Airport and possibly Chicago.

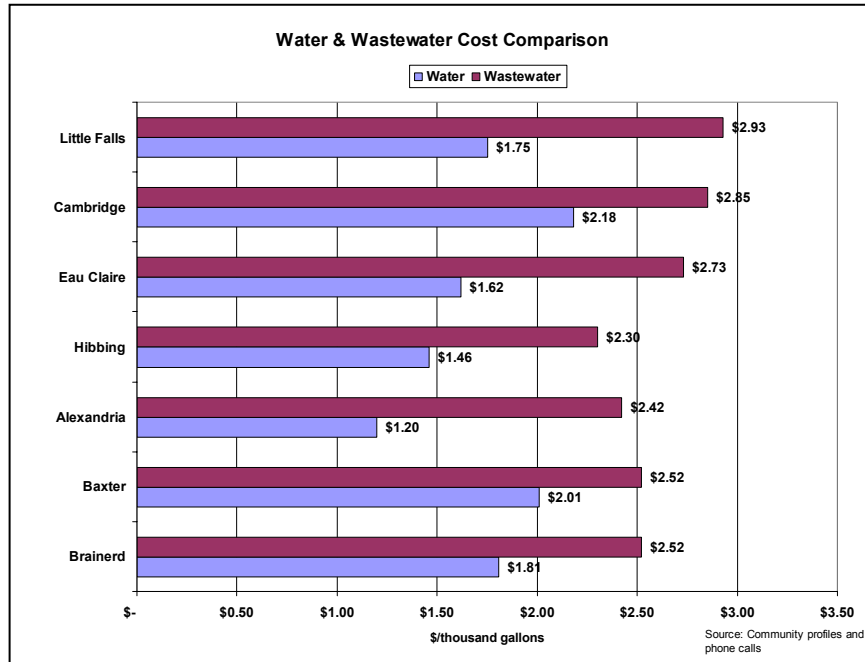
The consulting team found no serious deficits in the community's infrastructure capacity, and community leadership seems to be attending to long-range planning, maintenance, and appropriate improvements. The community has high speed Internet and T1 access available in the Brainerd, Baxter, and Pequot Lakes industrial parks; some businesses located in more rural areas do not have access to such services. BLADC did a special telecommunications study and is pursuing the study's recommendations.

Electricity rates are competitive with other locations in Minnesota and the Upper Midwest; these rates are generally lower than other parts of US, particularly the east and west coasts.

Brainerd has excess capacity in its water system; Baxter is currently pursuing options to expand its capacity. Brainerd and Baxter share a waste treatment system. The system was designed with the ability to double plant capacity on site when needed. The community can also extend the capacity of the current plant by addressing infiltration/inflow issues. Overall, the communities have sufficient capacity to meet the needs of light/moderate users of water and waste treatment – approximately 150,000 gallons per day or less. The systems are not designed for heavy users such as meat or dairy processing.

## Water and Wastewater

The chart below shows that the Brainerd-Baxter area offers competitively priced water and wastewater services as compared to benchmark communities. Water and wastewater pricing is important because communities must walk a fine line between offering a price that is too low (and losing valuable revenue) or too high (and discouraging potential users).



## Community Comments Regarding Infrastructure

The Brainerd/Baxter Business Council, acting for the Brainerd Area Chambers of Commerce, conducted a survey of area business leaders to gauge their attitudes toward continued development in a number of areas. Infrastructure was identified as a major priority in the area, given that efficient, effective infrastructure is a prerequisite for sustainable growth. Commercial air service and high speed Internet access were identified by a number of participants as the most important infrastructure priorities. The following highlights the issues raised in each of the areas surveyed:

### Commercial Air Service

- Airport needs additional carriers/more competition (22)
- Airport expansion important to growth (22)
- Current airport is adequate (7)
- Demand needs to increase first (5)

### Electricity Reliability/Availability

- Electricity improvements are a definite priority (15)
- Must ensure system can handle growth (8)
- Current system is adequate (7)
- Reliability issues are a problem (5)

### Parking in Downtown Brainerd

- Parking is not an issue (19)
- Parking needs to improve (15)
- Need a parking ramp/garage (6)
- More parking needed; businesses should pay (5)
- Lack of parking hurts the economy (3)

### Roads

- Roads need repair (11)
- Road infrastructure is a priority (9)
- Recent and planned repairs are great (6)
- Roads are currently in good shape (5)

## **Industrial Land and Buildings**

### Brainerd Industrial Park

The Brainerd Industrial Park, developed by the City of Brainerd, is located in the southeast corner of the city near the intersection of CR 45 and CR 117. This location provides immediate access south to St. Cloud and the Twin Cities via MN 371 and MN 25. The 223-acre park has been developed in three phases, beginning in 1966; approximately 33 acres of fully serviced land were available in August 2003. The community and a neighboring farmer have established a good working relationship and the community has been able to acquire additional acreage for expansion of the park.

The park is home to 40 companies, including 14 distributors, 8 manufacturers, 5 companies involved with transportation, communications or public utilities, and 4 construction-related firms. Other uses include small sales/service businesses, parking, storage and a National Guard Armory. Buildings in the park include steel buildings, typical of older industrial parks, and some newer tip-up concrete structures. Density of the park (building footprint divided by total land) is relatively low at 8.0%. Absorption has averaged 5.9 acres per year since 1972.

### Baxter Industrial Park

The Baxter Industrial Park, developed by the City of Baxter, is located south of MN 210 just east of the MN 371 bypass. This location provides immediate access south to St. Cloud and the Twin Cities. The 211-acre park has been developed in three phases, beginning in 1985; 15.6 acres of fully serviced land were available in August 2003.

The city owns a 39.7-acre outlot adjacent to the park, which has commercial development potential. The city is considering selling the parcel and investing the proceeds in additional industrial land.

The park is home to more than 50 organizations, including 10 regional distributors; 10 construction-related firms; 10 regional service or sales/service firms; 7 manufacturers; 6 firms involved with transportation, communications, and utilities; 1 national distributor; the US Postal Service; MnDOT; and the City of Baxter sewage treatment plant. Buildings in the park include a mix of steel buildings, tip-up concrete, and other finishes such as stucco. Density of the park (building footprint divided by total land) is relatively low at 8.1%. Absorption has averaged 10.3 acres/year since 1985.

### Pequot Industrial Park

The City of Pequot Lakes developed the Pequot Industrial Center, located south of the community on the east side of MN 371, in 1999. The 28-acre park has 10 tenants and 3.8 acres of available land. Two manufacturers are located in the park along with two automotive related businesses, a call center, a veterinary clinic, a distributor, and some speculative space. Density of the park (building footprint divided by total land) is relatively low at 6.2%. Absorption has averaged 6.0 acres per year.

### Northern Pacific Center

The Northern Pacific Center is an adaptive reuse of a 48-acre historic rail yard located in the City of Brainerd just east of downtown to the south of MN 210. A variety of buildings and spaces totaling 240,000 square feet are available for lease and are appropriate for office, showroom, manufacturing, warehouse, and workshop uses. Twenty acres of relatively undeveloped land are available on the east end of the site. A 1,350-foot rail spur was recently installed to meet the needs of a propane dealer relocated by MnDOT from another location in the community.

Current tenants include a new blow-molding operation and warehouse space for an area manufacturer. The historic buildings with hand-hewn beams and original brick were used by Lexington and Trus Joist temporarily while a new facility was under construction in the Brainerd Industrial Park. A \$350,000 grant from the Minnesota Department of Trade and Economic Development extended city utilities and paved a road into the Northern Pacific Center in 2003.

A 20-acre parcel of vacant land is available at the east end of the Northern Pacific Center.

## **Absorption**

The Brainerd Lakes area has absorbed approximately 414 acres of industrial park land in the past 32 years, or 12.9 acres per year. The absorption rate has been accelerating as the

community and business base have grown. A total of 52.2 acres of serviced land is available at this time, with inventory of less than four years. A four-year inventory is inadequate because it typically takes at least two years to bring additional serviced land onto the market. This means that limited options available for a prospect market in terms of lot size and location.

*Summary of Industrial Park Absorption*

<b>Industrial Park</b>	<b>Year Opened</b>	<b>Total Acres</b>	<b>Acres Sold</b>	<b>Historic Absorption</b>	<b>Acres Available</b>	<b>Est. Years Remaining</b>	<b>Density</b>
Brainerd	1972	223.2		5.9 acres/yr	35.8	6.0	8.0%
Baxter	1985	210.9	195.4	10.3 acres/yr	15.5	1.5	8.1%
Pequot Lakes	1999	27.9	24.1	6.0 acres/yr	3.8	.5	6.2%
<b>Total market</b>		<b>462.0</b>	<b>409.9</b>	<b>12.8 acres/yr</b>	<b>52.2</b>	<b>4.1</b>	

**Density**

Density of the industrial park is measured by dividing the building footprint by the land area. For example a 25,000 square foot building on 100,000 square feet of land represents a 25% density. The density of industrial development has been low in the Brainerd Lakes area, ranging from 6.2% in the newer Pequot Lakes Industrial Park to around 8% in the more mature parks in Brainerd and Baxter. The Brainerd and Baxter parks have been in existence 31 and 17 years respectively, allowing businesses in the parks plenty of time to expand.

Unless extensive outside storage is involved, an initial density of 20-25% with expansion up to 40-50% is reasonable. This is important to a community because the cost of extending roads, sewer, and water is expensive. By simply doubling the density from 8% to 16%, the city could double the tax base per acre and get a much better return on its investment in infrastructure.

**Solutions**

When companies receive land as part of a tax increment finance package they are motivated to get as much land as possible; the “free” land translates into value on their balance sheet. In addition, they want to reserve as much land as possible for all possible future expansions. To achieve a reasonable return on their infrastructure investment, communities can establish density criteria as part of land sale and/or tax increment finance policies. If companies want additional land for future expansion, that land can be made available with an option or sold subject to buyback provisions if construction has not occurred in a specified period of time.

Another cause of low density is industrial park design. Curving roads create lots that are difficult to use efficiently. This isn’t a problem in any of the Lakes Area parks at this time. The primary problem is lot depth, together with the construction of small buildings on medium sized lots. The communities can overcome this problem by creating a “small lot neighborhood” within the industrial park, with less depth to the lots, and possibly lower setback requirements. Because small buildings tend to use the land inefficiently, cities may want to encourage the construction of multi-tenant condos for small businesses. This enables the business owner to enjoy the financial benefit of owning rather than renting, but enables the community to achieve a good tax base return on its infrastructure investment.

## **Options for Future Development**

The Brainerd Lakes area needs to begin developing additional land for industrial/business park purposes as soon as possible. There are a number of potential sites in the Brainerd/Baxter area that should be evaluated, taking into consideration transportation access, infrastructure, and access to labor force. Maintaining diverse options in the marketplace in terms of lot size and location is desirable from a marketing standpoint. Potential sites include the following:

- Brainerd Industrial Park – adjacent farm
- Baxter – Dean property south of industrial park
- Northern Pacific Center – 20 acres
- Potlatch land south of 210, west side of Baxter – 340 acres
- East on 210 toward airport – Anderson Brothers Construction – 75 acres commercial & industrial
- Adjacent to regional Human Service Center – mixed use (commercial, industrial, multi-family) – 61 acres
- Isebrand land near fairgrounds in E. Brainerd – 40 acres

## Site Locator Perspectives

When considering expansion or relocation options, companies often retain the services of professional site locators. A site locator's perception of a community can play an important role in corporate expansion and relocation decisions.



Several consultants that assist companies with site selection were contacted regarding their perceptions of the Brainerd Lakes area. Bruce Maus with Corporate Real Estate visited the community for a half day, and provided feedback to people in the community involved with economic development.

Maus identified the large percentage of the population employed at low wages in the tourism and retail sectors as a key strength of the area. When the labor market gets tight, companies target areas where people are underemployed.

A primary weakness of the area is the distance to major markets (Twin Cities, Chicago) and the quality of highway access. The limited amount of available serviced industrial land was also noted as a disadvantage.

The site location professionals noted potential options for the area to target:

- Back Office operations for insurance/financial services
- Companies in the Twin Cities
- Large second home owners who are likely to be decision-makers or influencers
- Small or secondary manufacturing operations

At this time, the Lakes area seems to be known primarily as a recreational area and doesn't hit the radar screen as a prospective business location. Site location professionals noted the overall contraction of manufacturing in the past 2-3 years; this has resulted in available space and labor in the Twin Cities, reducing interest in Greater Minnesota.

In his meeting with community representatives, Bruce Maus identified the following factors as critical when he selects a community as the location for a new facility:

- Available sites – land or buildings
- Trust in staff and community leaders
- Available, trainable, affordable workforce
- Good website and detailed info on business parks

## Financial and Technical Assistance

Financial and technical resources are the “fuel” for economic development: both resources are critical to any development effort. This section analyzes the region’s access to financial and technical resources and identifies strengths and challenges in these areas.



## Financial and Technical Assistance Resources

The region is home to a number of organizations committed to the economic future of the Lakes Area. The region’s Small Business Development Center has received excellent reviews and is a powerful resource for small business and new business ventures.

### Brainerd Lakes Area Development Corporation

The Brainerd Lakes Area Development Corporation (BLADC) promotes business throughout the region through programs that facilitate economic development. The BLADC actively encourages new business ventures to locate or relocate within the region to increase employment, services, and the standard of living. The BLADC accomplishes this goal by making available resources that satisfy business needs. Examples include connecting decision makers with employer training, financing, industrial information, and many other valuable resources.

### Brainerd Lakes Area Chamber of Commerce

The Brainerd Lakes Area Chambers of Commerce is a nonprofit advocacy organization for business in the Brainerd Lakes Area that works to foster the creation of new jobs, attract new industry to the region, and assist area businesses with their growth and development needs. The Chamber acts as a spokesperson for the business community while increasing communication within the entire community. The Chamber also provides business advice and services to its membership and to the community. As a voluntary organization of businesses, the Chamber works to advance common interests in commerce, industry, education, transportation, nonprofit organizations, government efficiency, and an improved tax structure. The Brainerd Lakes Area Chambers of Commerce is the only organization consistently engaged in promoting the civic and economic development of the Brainerd Lakes area.

### Brainerd Small Business Development Center (SBDC)

The Brainerd area SBDC offers one-on-one business management counseling to existing and prospective small business owners and managers, training on business topics, loan packaging, and access to business information. Located on the Brainerd Central Lakes College campus, the Brainerd SBDC serves a broad range of businesses, ranging from those who are thinking about

starting a business, to very early-stage companies, to firms that have been in business many years. The SBDC offers professional quality consulting services and workshops free of charge to small businesses within Region Five.

## **Loan Funds**

### Initiative Foundation

The Initiative Foundation oversees six regional funds that work to make Minnesota's rural communities stronger and more prosperous. With programs tailored to the particular social and economic needs of each region, they make grants and loans; establish partnerships with local governments, businesses, and agencies to address problems cooperatively; and promote regional leadership and employee development through workshops and other training. The funds seek to support regional strategies that stimulate local giving and encourage local responsibility for the long-term welfare of the community.

Each fund has its own programs that respond to needs specific to its region. Typical categories include:

- Human services, such as programs for youth, seniors, families and emergency needs.
- Employment and economic development, including business loans, technical assistance and employee development and training
- Leadership development
- Community capacity-building.

### Minnesota Power

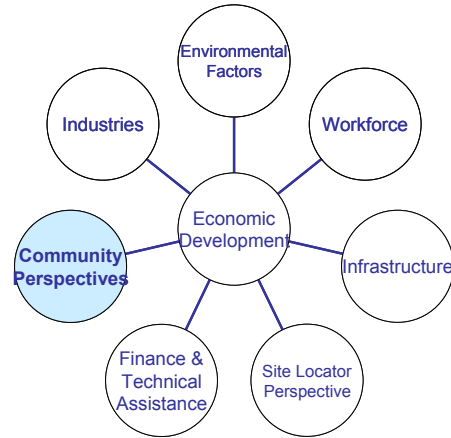
To help develop the north-central Minnesota economy, Minnesota Power works with small rural communities, historic towns, and larger cities to “stimulate job growth, instill civic pride, and promote a richer environment in which to live and do business.” Minnesota Power's Economic Development Program has worked to either create or preserve some 5,000 jobs since its inception in 1984. Their business development services and loan programs are available for growth-oriented, energy-intensive businesses served by Minnesota Power or its wholesale customers. To stimulate economic growth and diversification, Minnesota Power provides below-market-rate financing to new and expanding businesses. Furthermore, a number of “Energy Parks,” industrial parks offering reduced price energy, financing, and land, have been made available throughout northern Minnesota.

### Equity/Loan Funds

Various communities have revolving loan funds that also serve as financial resources. A private equity fund located in St. Cloud also may provide resources for growing companies.

## Community Perspectives

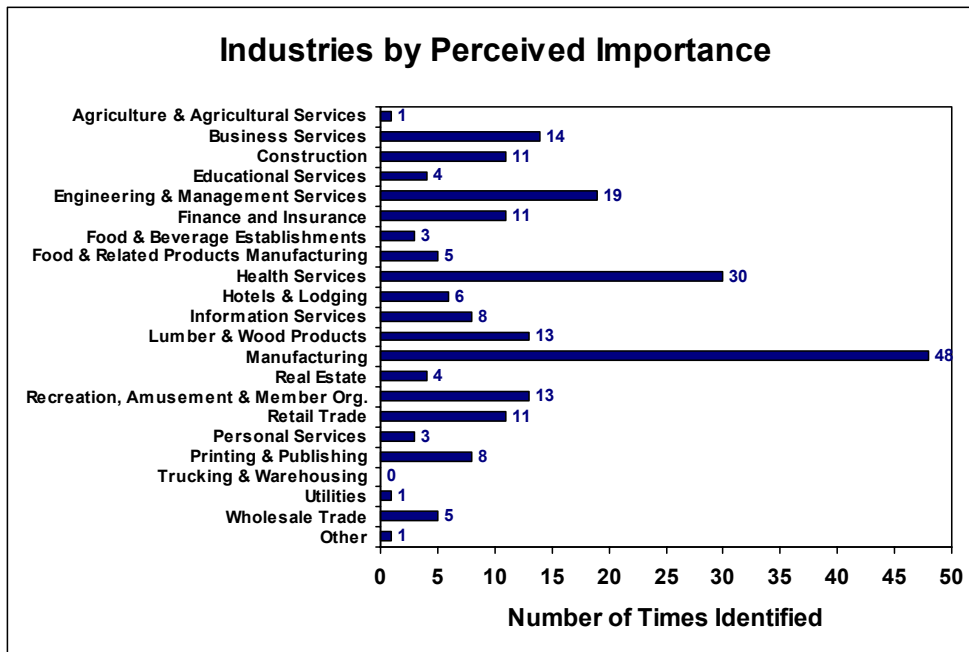
Because economic development affects the entire community, it is important that all stakeholders are involved. This section outlines community perspectives on a variety of issues as captured during the “Economic Development Input” sessions held in September 2003.



### Industries by Perceived Importance

After gathering input from the 2020 Economic Vitality Task Force, the team conducted Economic Development Input Sessions. During these sessions, participants were asked to complete an online survey that applies adaptive conjoint analysis to gather input regarding economic development and identify opportunities for growth. Approximately 70 community leaders and stakeholders participated in this process in one way or another.

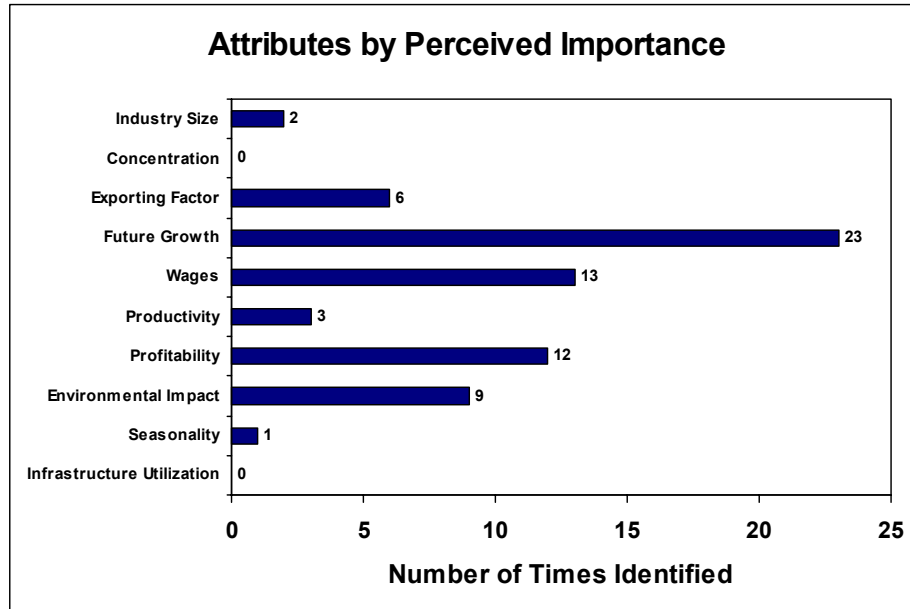
During these sessions participants were asked to identify the industries they felt were most important to the Brainerd Lakes Area economy. This was a relatively subjective approach based on each individual’s perceptions about the value of each industry. As such, this data is referred to as the “Perceived Importance” of the industry. Participants overwhelmingly identified the Manufacturing industry as the most important, followed by Health Services and Engineering and Management services.



Source: Community Input Sessions, Sept 2003.

## Attributes by Perceived Importance

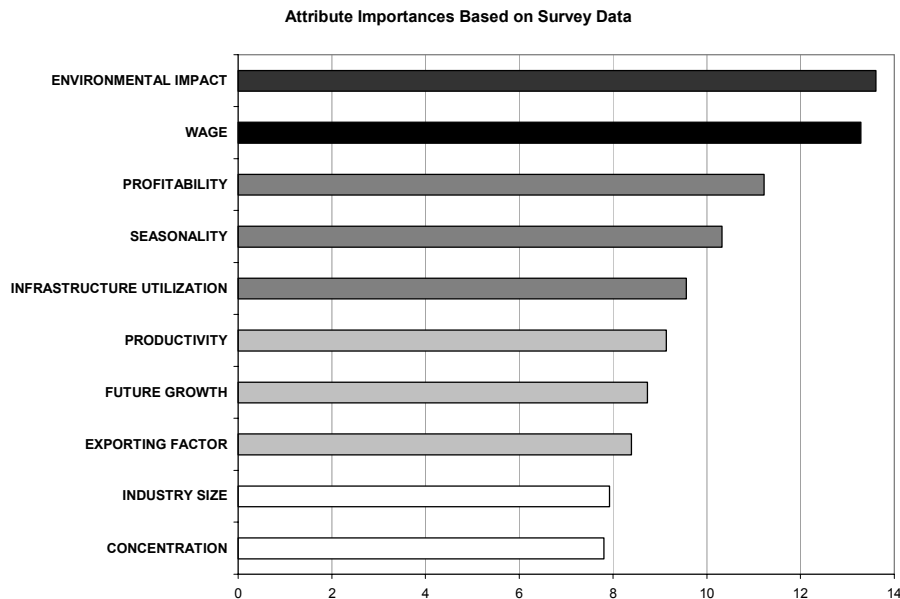
Additionally, participants were asked to subjectively identify which “attribute” or criterion was most important to consider when evaluating an industry. Participants subjectively identified “future growth” as the single most important attribute, followed by “wages” and “profitability.”



Source: Community Input Sessions, Sept 2003.

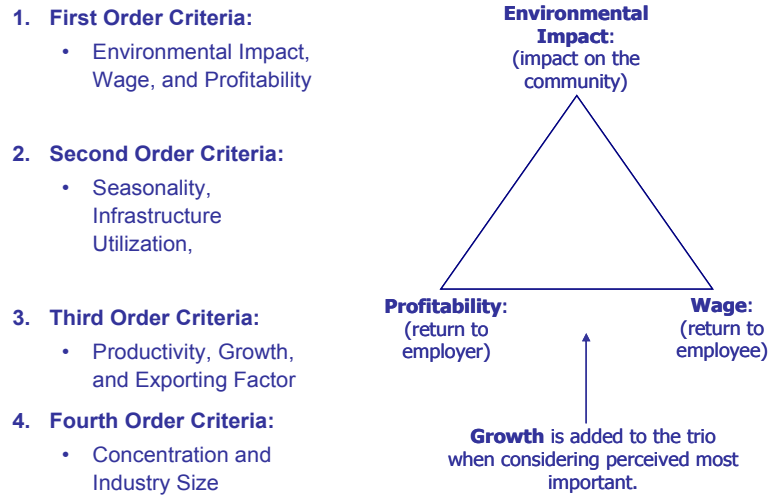
## Attribute Importance Based on Survey Data

To capture more objective data, participants were asked to make “tradeoffs” among hypothetical industry profiles in order to identify their attitudes toward the attributes. The results of this analysis are presented in the chart below. These objective results varied from the subjective results in that “environmental impact” was identified as the most important attribute, followed by “wages” and “profitability.”



Source: Community Input Sessions, Sept 2003.

Another way to look at these results is shown below. The first three may be considered “first order criteria” when assessing industries for allocation of additional resources, time, and attention.



## Comparative Industry Ranking

Based upon the weight of each criterion and actual data for the region, each industry had a calculated “weighted performance.” Given the weight of the criteria of wages, profitability, and environmental impact, the top ranked industries are Management of Companies and Enterprises, Finance and Insurance, Professional and Technical Services, Information, and Wholesale Trade. The chart below compares the industries’ objective weighted performance versus the more subjective “perceived value” (as described earlier).

Industry	Weighted Performance	Perceived Value
Management of Companies and Enterprises	1	3
Finance and Insurance	2	7
Professional and Technical Services	3	-
Information	4	10
Wholesale Trade	5	13
Health Care and Social Assistance	6	2
Utilities	7	19
Transportation and Warehousing	8	22
Manufacturing	9	1
Other Services	10	19
Arts, Entertainment and Recreation	11	5
Real Estate and Rental Leasing	12	15
Educational Services	13	15
Administrative and Waste Services	14	-
Mining	15	-
Retail Trade	16	7
Accommodation and Food Services	17	12
Agriculture and Agricultural Services	18	19
Construction	19	7
Business Services	-	4
Lumber and Wood Products Manufacturing	-	5
Food and Beverage Establishments	-	17
Food and Kindred Products Manufacturing	-	13
Printing and Publishing	-	10
Personal Services	-	17

## **Community Input Sessions – Additional Considerations**

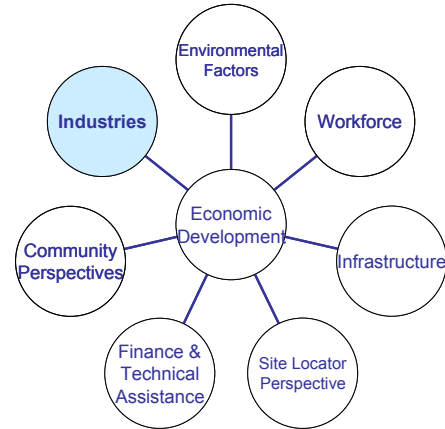
When asked what other attributes were important to consider when analyzing industries, participants identified “strong community involvement,” “long-term presence/sustainability,” and “compatibility with area” as important considerations when making economic development decisions.

Additional comments about how to grow the region included the following:

- Need responsible growth (7)
- Future looks promising (7)
- Need more community cooperation (6)
- Protect the environment (4)

## Industries

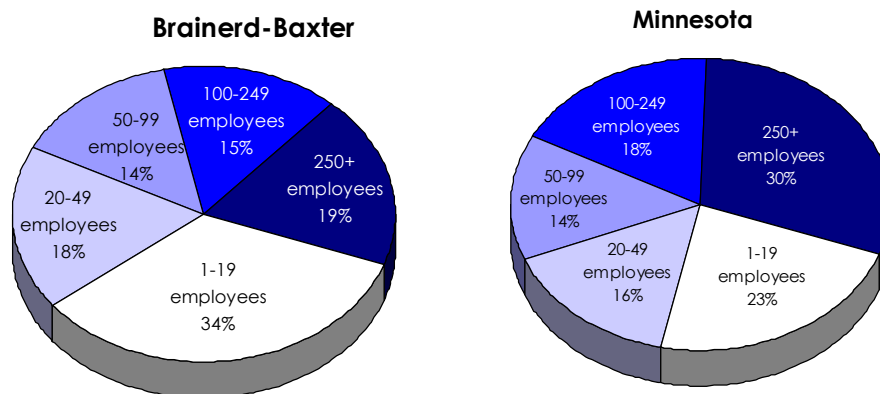
This section analyzes the region's industries in order to provide a framework within which the community can focus its development efforts.



## The Region's Employers

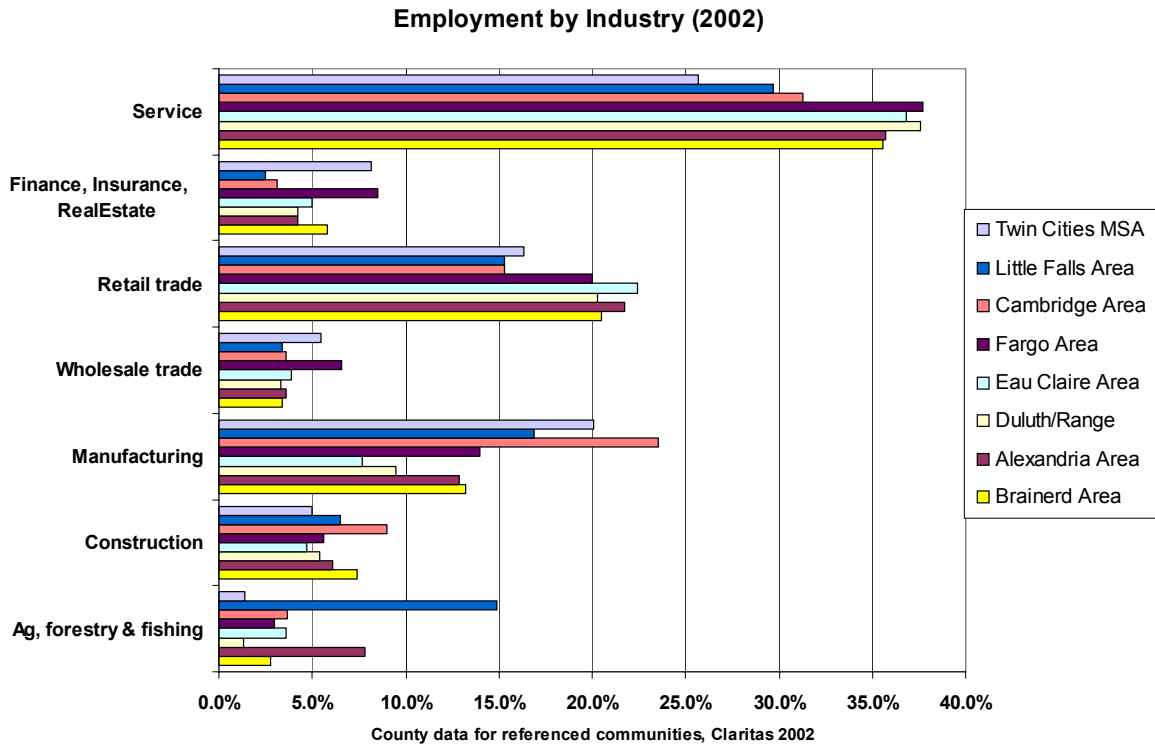
As stated in the 2003 *Labor Market Profile*, in regions where employment is concentrated in relatively few large companies, the labor market can be particularly susceptible to changes in the fortunes of these establishments. The labor market is strong when those industries or companies are strong, but suffers disproportionately if those companies contract. Compared to the state, more of Brainerd-Baxter's employment is spread across smaller establishments (fewer than 20 employees) and less concentrated in large establishments with 250 or more employees.

Research across the U.S. finds that branch establishments of large companies, such as branch manufacturing plants, call centers, or back office support, typically look to employ large numbers of low-wage workers, are more footloose, are the first to close up in a recession, purchase more supplies from distant producers, and channel profits to other regions. To round out the discussion, the research also shows that rapidly growing small firms are rare, and large start-ups have produced the bulk of new firm employment nationwide. Furthermore, small firms, on average, pay lower wages and offer fewer benefits than large businesses. The bottom line is that in terms of employment stability, wages, and benefits, business size alone does not provide enough information to pass judgment.



Source: DEED *Labor Market Profile: Brainerd-Baxter Labor Market Area*. October 2003.

The chart below shows the major industries and their employment levels. Benchmark cities are also shown for comparison. Generally, the Brainerd area is slightly more concentrated in services and retail trade than the Twin Cities and less concentrated in manufacturing and finance and insurance. Compared to other locations outside the Twin Cities, Brainerd is notable for its concentration of employment in Finance, Insurance and Real Estate, as well as Construction. This may reflect, in part, the impact of second homes and retirees in the Lakes area.



### Wages by Industry

As defined earlier, wages represent the economic return to the worker for productive work. Average wages can be a measure of industry “attractiveness.” Community leaders identified wages as an important industry attribute, listing it second among ten attributes.

The graph below illustrates the range of wage, business size, and employment concentration across industries in the Brainerd Lakes Area. The size of the bubble indicates the industry’s relative size in terms of number of employees in the region.

Employment concentration compares how many people are employed in a given industry relative to the U.S. overall. Industries with employment concentration greater than 1 (above the dotted line) employ a higher proportion of the workforce compared to the nation as a whole.

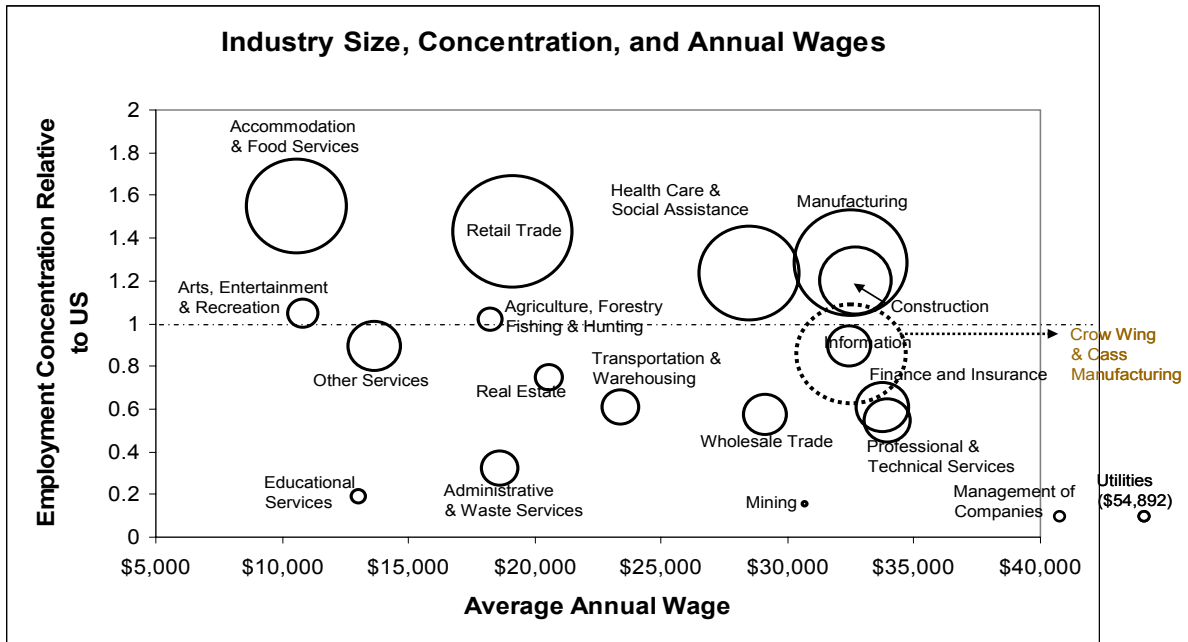
The highly concentrated industries are:

- Accommodation and Food Services (1.6 times as concentrated)
- Retail Trade (1.5 times)
- Manufacturing (1.3 times)

- Health Care and Social Assistance (1.3 times)
- Construction (1.2 times)

Those industries in which the Brainerd Lakes Area is not as concentrated include:

- Management of Companies
- Utilities
- Educational Services
- Administration and Waste Services



Source: Minnesota Workforce Center <http://www.mnwfc.org/lmi/proj/allind.htm>

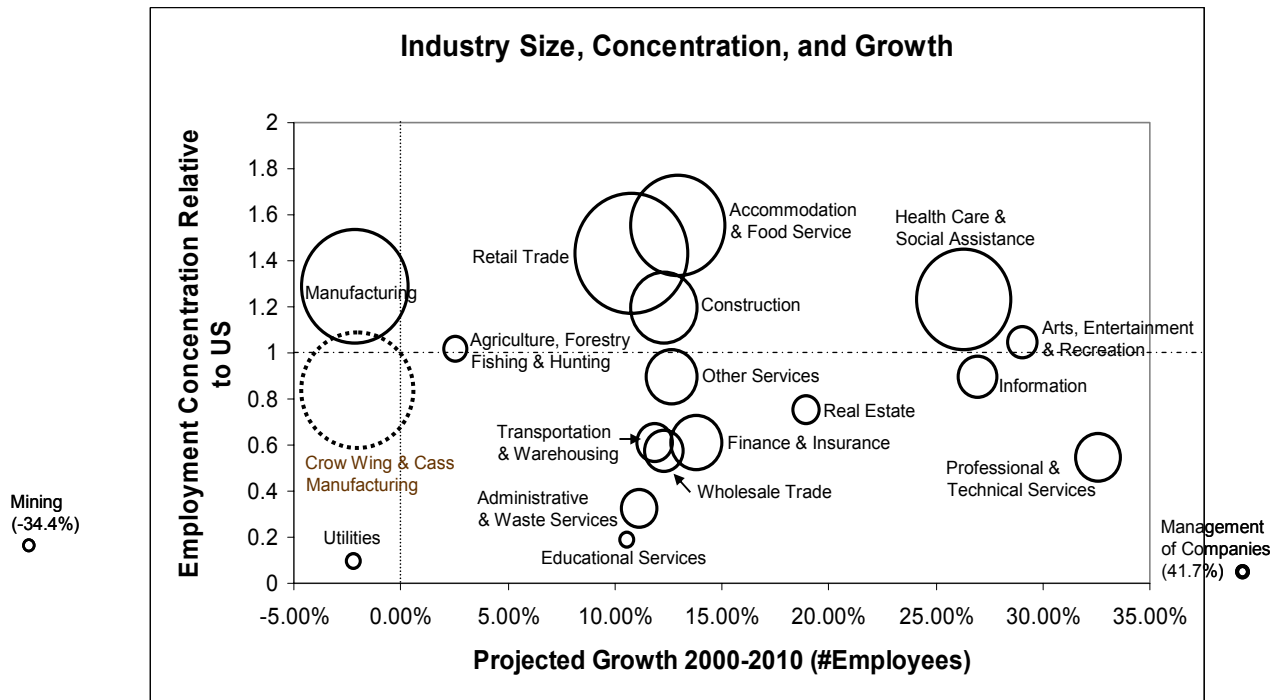
We note that industries with higher average wages include utilities, management of companies, and professional and technical services, to name a few. Those industries with lower average wages include arts, entertainment, and recreation, along with accommodation and food services.

### Growth by Industry

Analyzing employment growth by industry provides insight into *how* the region and economy are growing, as in the chart below.

The industries projected to have the highest rates of growth over the next ten years (furthest to the right) are:

- Management of Companies
- Professional and Technical Services
- Arts, Entertainment, and Recreation
- Information



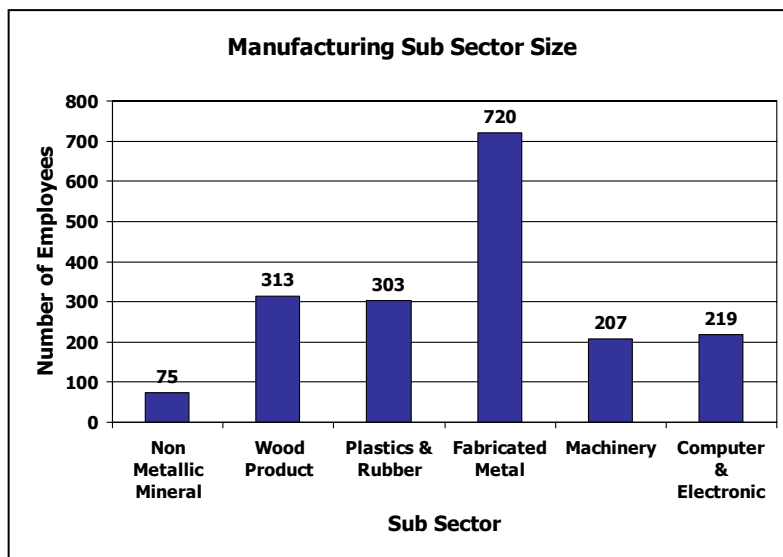
Source: Minnesota Workforce Center <http://www.mnwfc.org/lmi/proj/allind.htm>

### Analysis of Sub-Sectors

We now turn to a more detailed description of what is going on in several of the sub-sectors where Brainerd is highly concentrated.

### Manufacturing Sub-Sectors

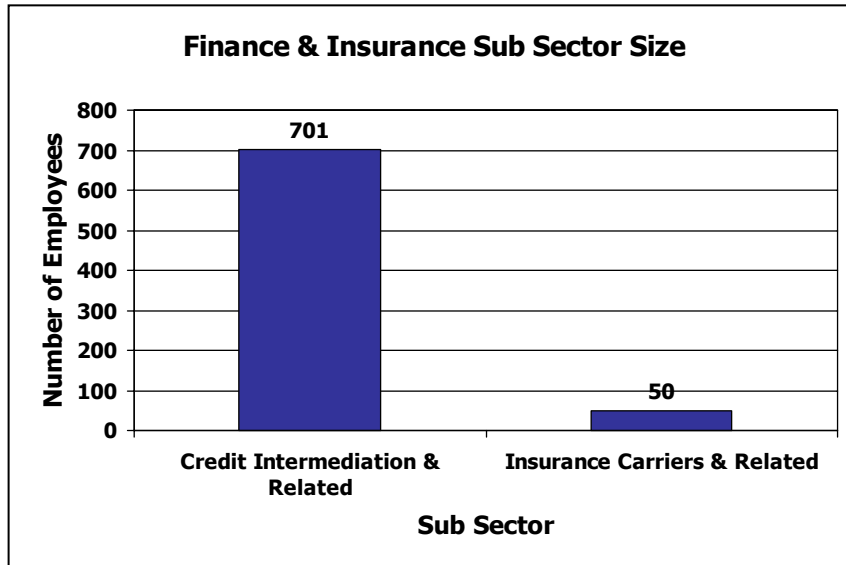
Fabricated Metal manufacturing is the largest of the general manufacturing sub sectors with 720 employees, followed by Wood Product manufacturing and Plastics & Rubber manufacturing, with 313 and 303 employees respectively.



Source: Minnesota Workforce Center <http://data.mnwfc.org/lmi/es/> -- Cass, Crow Wing, 2002

## Finance and Insurance Sub-Sectors

Credit Intermediation and Related Services is the largest sub sector of the Finance and Insurance industry, employing more than 700 people.



Source: Minnesota Workforce Center <http://data.mnwfc.org/lmi/es/>-- Cass, Crow Wing, 2002

## Health Care

Health Care is excellent, advanced, and abundant across the Brainerd Lakes area, with more than 2,000 employees. St. Joseph’s Medical Center in Brainerd and Cuyuna Range Medical Center in Crosby provide both primary and secondary care services. Both hospitals employ board-certified specialists in most major fields. The more specialized fields of diagnostic medicine, home health care, and hospice services are available, as are ambulance services, including an air ambulance to the Twin Cities, . The region’s many state-of-the-art clinics further enhance health care services.

The region’s excellent health care, coupled with a large percentage of residents over the age of 65, has led to abundant high-quality long-term and specialized care for the elderly. Assisted living, Alzheimer’s care, and retirement apartments are available to meet the needs of elderly residents of the Brainerd Lakes area.

Assets	Challenges
Retirees will strengthen the market	
Wide range of skills – low to high	Can be difficult to recruit skilled workers, e.g. doctors, due to limited spousal placement options
Above average wages	
CLC training	

St. Joseph’s Medical Center

- 1000 employees, 700 FTE including 100 physicians
- Satellite clinics in 5 communities
- \$25 million expansion/renovation
- Constrained site – city has been cooperative; additional land purchased in Baxter
- Value training connection with CLC

Brainerd Medical Center

- 240 employees including 50 physicians
- Recent \$14 million expansion

Lakewood Health System, Staples

- 254 full time and 214 part time employees
- Satellite clinics in 4 communities

Riverwood Healthcare System

- 307 full time employees
- Serving Aitkin County and surrounding areas

Cuyuna Regional Medical Center

- 500 full time employees
- Publicly owned medical center providing a continuum of services on one campus

**Precision Machining/Metal Fabrication**

The Precision Machining/Metal Fabrication sub sector has a strong presence in the Brainerd Lakes area, employing 720 people across 19 firms. This sub sector benefits from a stable, dependable workforce, high quality technical schools with relevant training programs, and a central location. Global competition, however, has been a persistent challenge and businesses report that distances to suppliers and the need for continuous education also burden the industry.

<b>Assets</b>	<b>Challenges</b>
Stable, dependable workforce	Distance to suppliers/customers
Central location	Increasing global competition
Strong technical college program	Continuous training requirements

**Plastics**

In the Brainerd Lakes Area, 10 plastic manufacturing firms employ 303 workers. Much like Precision Machining/Metal Fabrication, the Plastics sub sector faces increasing global competition. Fortunately, plastic manufacturing businesses benefit from their proximity to the Twin Cities, which is one of the top 10 cities for the concentration of plastics firms. The

Plastics sub sector needs dependable energy and a low-cost, skilled, dependable workforce in order to be successful in the future.

<b>Assets</b>	<b>Challenges</b>
Strong educational resources for tool & die	Increasing global competition
Proximity to the Twin Cities	

### **Printing, Publishing & Mailing**

The Printing, Publishing and Mailing sub sector has a surprisingly strong presence in the Lakes area with 13 firms employing 240 workers. The industry consists of both established firms and spin-offs. This sub sector benefits from a strong local demand for tourism marketing materials and a graphic design/photography program at Central Lakes College in Staples. Local technical and community colleges do not offer a comprehensive printing-related training program.

<b>Assets</b>	<b>Challenges</b>
Established firms and spin-offs	No specialized printing related programs
Integration with other industries	
Graphic design/photo related courses at CLC	

### **Financial Services**

The Financial Services industry is well represented in the region, especially in the Credit Intermediation and Related Services sub sector, and consists of 51 firms that provide more than 700 jobs. Workers in this industry are highly skilled and have substantial experience in back office services and the management of pension funds. Employment in this industry is highly concentrated in one firm that is not locally owned, so job security may be an issue. The outlook for this industry is quite favorable as the aging population increases demand for pension services.

<b>Assets</b>	<b>Challenges</b>
Strong telecommunications infrastructure	Significant concentration in one firm (BISYS)
Stable, lower cost workforce	BISYS is not locally owned
Skilled and specialized workforce	

### **Forest/Wood Products**

The Forest/Wood Products manufacturing sub sector consists of 20 firms that employ more than 600 people in the primary and secondary processing segments. The region is home to one major primary processor, Missota, and one major secondary processor, Trus Joist/Lexington, and numerous small and medium sized businesses. Global competition in the Paper and Primary Wood manufacturing sub sectors is fierce and, coupled with an extremely high cost of stumpage in Minnesota, will be a challenge well into the future.

<b>Assets</b>	<b>Challenges</b>
Trus Joist	High cost of stumpage in Minnesota
Lexington	Lack of woodworking skills in labor market
Small specialty custom log business	Lack of information about possible needs
Missota	Paper industry over-capacity

## **Recreation Industry**

In addition to employing nearly 800 people, the recreation industry brings many valuable assets to the community. Restaurants, golf courses, lakes, and other recreational opportunities are attractive to prospective workers and business owners, and provide small business opportunities throughout the region. Amenities in the region also attract retirees who bring wealth and skills into the area. Wages, however, are among the lowest of any industry and the seasonal aspect provides little job security. Furthermore, the Recreation industry is highly vulnerable to weather, which can have a major impact on profits and employment.

<b>Assets</b>	<b>Challenges</b>
Attracts retirees who bring wealth and skills	Seasonal, low wage employment
Quality of life amenities	Vulnerable to weather
Creates small business opportunities	

## **Construction Industry**

The Construction industry consists of 408 firms employing more than 3500 people and is one of the largest industries in the region. This industry has grown rapidly in recent years, and wages are higher than the regional average. Unfortunately, the Construction industry tends to be seasonal, reducing the hours employees are able to work. Training also poses a problem for the industry although there is potential to create a partnership with an existing program at Wadena.

<b>Assets</b>	<b>Challenges</b>
High wage employment	Seasonal employment
Growth in recent years	Training requirements
Weathered economic downturn well	

## Summary

This section summarizes each of the main components in the report and identifies regional strengths and challenges in each.

### Workforce Factors

Due to the region's strong population growth and high underemployment, a sizeable, skilled workforce will be available well into the future. Strong educational and technical training institutions will provide the workers with the skills they need to find meaningful employment in the local economy. Even with these institutions in place, the region has a less "educated" workforce that earns lower wages than in benchmark communities.

Strengths	Challenges
Strong population growth	Less "educated" workforce than benchmarks
Capacity in the workforce (underemployment)	Lower wages than benchmarks
Strong educational/training institutions	

### Infrastructure

Infrastructure in the area is rapidly being upgraded to meet the community's needs. Electric and telecommunications infrastructure is already competitive in business parks, and planned highway, airport, and industrial park developments will make the area more attractive to potential workers and businesspeople. Improving air service and expanding business/industrial parks must be a priority in the near future in order to meet increasing demands upon these resources. Although the region has adequate infrastructure resources, it has no significant competitive advantage over benchmark communities.

Strengths	Challenges
Highways will soon be 4-lane to Twin Cities	Expansion of business/industrial parks
Strong experience in industrial park development	No significant competitive advantage on infrastructure
Planned airport improvements should improve service	Improving quality of air service

### Organizational Capacity to Serve Prospects

The Brainerd Lakes Area Development Corporation and the Brainerd Lakes Area Chambers of Commerce have a good record of attracting and retaining business through the use of an experienced staff with good community relationships and excellent marketing materials. Due to increased demand, these organizations may have to expand and adapt their organizational capacity in order to deliver a higher volume of quality services in the future.

<b>Strengths</b>	<b>Challenges</b>
Experienced staff with good community relationships	Increasing activity level may necessitate changes in organizational capacity
Good website/marketing materials	

## **Finance and Technical Assistance**

Finance and technical assistance in the region is adequate at present. The Lakes area is home to a highly regarded Small Business Development Center and has a good working relationship with the Initiative Foundation. Various community stakeholders participate in the economic development process, with numerous utilities, corporations, and foundations assisting growth. Depending upon community strategy goals, the region may need to enhance access to equity/venture investments to ensure proper financing for future projects.

<b>Strengths</b>	<b>Challenges</b>
Highly regarded Small Business Development Center	Depending upon strategy/community goals, may need to enhance access to equity/venture investments
Good array of financing tools	
Strong economic development partners serving the area	

## **Industries**

Thanks to strong community technical institutions, the Lakes area has a critical mass and competency in the Health Care, Metal Fabrication/Precision Machining, Plastics, Recreation, Printing, Publishing, and Mailing, Construction, and Forest/Wood Products manufacturing industries. Many of these industries have been challenged by increased global competition in recent years. However, with strategic planning they have the ability to adapt and survive.

<b>Strengths</b>	<b>Challenges</b>
Critical mass and competency in health care, metal fabrication/precision machining, plastics, recreation, printing/publishing/ mailing, construction and forest/wood products	International competition is creating significant challenges in forest/wood products, printing, plastics, and metal fabrication/precision machining
CLC is a strong partner, especially in health care and precision machining	

## **Conclusion**

This concludes the assessment report, which serves as the foundation for the Economic Development plan (attached as a separate document).