



west  
central  
**MN**  
2021

**Annual Performance Report for  
2017-2021 Comprehensive  
Economic Development Strategy  
for Minnesota Region 4**

**Developed by:**



**UPDATED APRIL 2021**

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## Introduction

The 2020 Performance Report is intended to provide an update that evaluates the status of activities and progress in accomplishing the goals and objectives set forth in the 2017-2021 Comprehensive Economic Development Strategy (CEDS) for West Central Minnesota. It also is intended to provide an updated snapshot of how the region is doing from an economic perspective. As part of the annual update, the data and resources related to the CEDS are also updated: That updated information can be found here: <http://wcif.org/what-we-do/planning/edplanning/ceds.html>

The 2020 Performance Report includes a narrative on the following four components:

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

The 2017-2021 CEDS was a new 5-year plan for the 9 County Region known as Economic Development District 4 (EDR 4), located in West Central MN. The Counties served by EDR are as follows: Becker, Clay, Douglas, Grant, Otter Tail, Pope, Stevens, Traverse, and Wilkin.

A new approach was utilized in the development of the 5-year CEDS, now well into its fifth year of implementation. Starting in 2012 the 10 member organizations that make up the Minnesota Association of Development Organizations (MADO) embarked on a collaborative effort to align strategic economic development efforts throughout Greater Minnesota, and leverage resources at all levels for a greater overall development impact. The end result was a Comprehensive Development Strategy for Greater Minnesota that was published January 1, 2016 known as DevelopMN. This plan was updated in 2019, and available at <http://www.mnado.org/wp-content/uploads/2019/11/DevelopMN-1.pdf>

The intent of the DevelopMN document was two-fold, one was to identify commonalities and opportunities for cross region collaboration. The second was to serve as a base for each of the 10 Economic Development Districts to build their regional CEDS upon. The Regional CEDS document was then developed to focus in at a regional level with a similar format approach that was used in the creation of the DevelopMN document. Applicable content from the DevelopMN plan was used throughout the CEDS.

Creating economic prosperity is a multifaceted process. Historically agriculture, mining, and perceived low costs (primarily related to inexpensive labor, lower taxes, and land availability) have provided economic advantages to Greater Minnesota. Agriculture continues to play a large role in the region's economy. That role is everything from crop and livestock production, implement and machinery manufacturing, and also includes value-added production and manufacturing. While taxes are still lower than in some areas of the State, local governments in west central, and across Greater Minnesota have struggled to keep tax rates low and still have the ability to adequately fund necessary governmental services and infrastructure. Ag land values and input costs have increased, resulting in increased production costs, and crop prices are not

adjusting upward to coincide. Communities have found new challenges in promoting undeveloped land that requires extending already burdened and costly infrastructure to that land. Additionally, many communities have experienced an increase of brownfield sites needing remediation and redevelopment. This has become especially challenging for larger institutional property such as schools, hospitals, big box retail buildings, and churches that have closed or not expanded or renovated in their existing location, thereby needing to construct new buildings in other locations leaving now empty structures. These structures are difficult to find an adaptive reuse or repurposing for, and as a last option, extremely expensive to demolish. Additionally, one impact of United States moving away from coal sourced power generation because of increased renewable energy and environmental requirements is that some communities in the region are now facing challenges in how they will handle the closure and decommissioning or in some cases the retrofitting of coal fired power plants.

These local/regional factors are now coupled with the ever-increasing need to maintain a connection to and be part of the global economy. The region needs to place an emphasis on preserving traditional industries, improving the quality of inputs and facilitating innovation as the driver of long-term competitiveness, growth and employment.

The DevelopMN strategy and subsequent regional CEDS identified four cornerstones as key components of strong region's and communities. They apply to the whole of Greater Minnesota as much as they do to this region. If a coordinated approach is taken in implementing these components the region and its communities will become stronger and economically prosperous. The four cornerstones are:

- Human Capital
- Economic Competitiveness
- Community Resources
- Foundational Assets

The full 2017-2021 CEDS can be accessed through the following link to West Central Initiative's (WCI's) website: <http://wcif.org/what-we-do/planning/edplanning/ceds.html>  
The full document and its appendices provides greater detail on the background, demographics, labor force, and economy at both a regional and individual county level.

## Regional Overview

This regional overview is intended to provide an updated snapshot of the region on key indicators that are addressed in the 2017-2021 CEDS and its appendices. Economic Development Region 4 (EDR 4) continues to see an increase in the aging population, at higher levels than other areas of the state and the out-migration of young adults, a trend since the 1940's. A noted factor not reflected in the out-migration of young adults (18-24) is the phenomenon known as the “Brain Gain”, which is the in-migration of 30–49-year-old adults and their young children to rural communities across the region and state. The subject of the brain gain, has been a growing topic in recent years, and its impact will be further analyzed as part of the CEDS implementation in the upcoming years. According to the 2010 Census the region grew, but only four of the nine counties gained population from previous census evaluations and the growth in those counties is concentrated in the more urban communities. It should be noted that some of the counties that have seen consistent losses are now beginning to shift direction away from continuous population loss. Farming and other agricultural based business continues to be a major factor in the region’s economy. Four industries employ 75% of the workforce. They are Education & Health Services, Trade Transportation & Utilities, Manufacturing, and Leisure & Hospitality. Post-recession, a skilled workforce shortage has re-emerged. Two major contributing factors for this include: Upcoming retirements, out-migration of the 18-24 years old cohort to urban areas. Once a factor, but now exhibiting a diminished impact was the draw to the high-paying jobs in the North Dakota oil fields. As oil exploration and production has decreased, so has the job opportunity. Yet, many industries throughout the region are increasingly struggling to fill workforce needs, and that challenge is anticipated to increase.

### Demographics (Population)

#### 2019 Population Estimates

County	2019 Population	2010 Population	Change in 2019 from 2000
Becker	34,545	32,504	4,545
Clay	64,591	58,999	13,362
Douglas	38,220	36,009	5,399
Grant	5,967	6,018	-322
Otter Tail	58,734	57,303	1,575
Pope	11,139	10,995	-97
Stevens	9,766	9,726	-287
Traverse	3,263	3,558	-871
Wilkin	6,226	6,576	-912
<b>Region</b>	<b>232,451</b>	<b>221,688</b>	<b>22,392</b>

Source: MN State Demographer and 2010 Census

Based on revised State Demographer numbers (March 2017), in 2045 the regional population is expected to grow to just under 237,000, and essentially being a decline in population. This is also a reduction in the previous estimate of 250,000 for that same year. The last Census put the 2010 population at just over 221,000. These projections were not updated, as 2020 US Census data is scheduled to be released August 2021.

### Projected Regional Population 2020-2050

2020	2025	2030	2035	2040	2045	2050
230,949	233,909	235,619	236,661	236,991	236,869	236,766

Source: MN State Demographer

### 2050 Projected Population by County

Becker County	Clay County	Douglas County	Grant County	Otter Tail County	Pope County	Stevens County	Traverse County	Wilkin County
36,270	70,754	39,528	5,346	56,956	10,393	9,778	2,103	5,638

Source: MN State Demographer

### Demographics (Diversity)

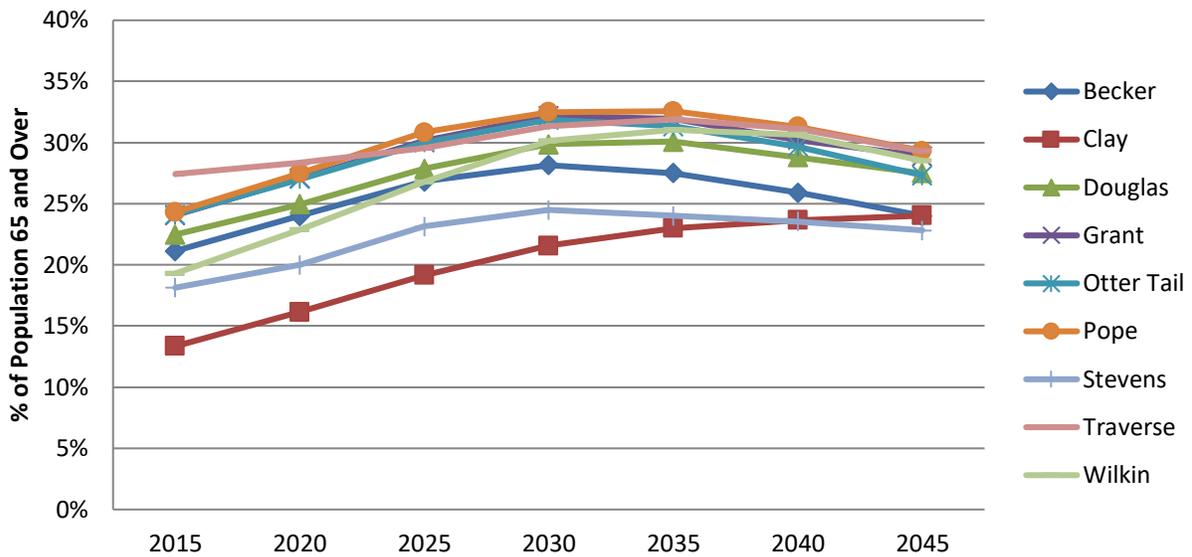
The racial diversity of the region is increasing and is expected to continue to increase. According to the 2010 Census, 14% of the population growth the region experienced from 2000 to 2010 was from a minority group. Becker, Clay, Stevens, and Traverse have the most diverse population makeup based on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

The region is forecast to have 9.5% of the total population being a minority by 2035. It is likely that the 2020 US Census will report the region above the 10% mark by 2035. Compare this to statewide minority population projection of 24.8%, or the nation at 46.9% for 2035, it appears marginal, but it is still a significant change for the makeup for the region. Persons of Hispanic or Latino origin makeup the greatest percent of minority persons and this is anticipated to continue. The region's ability to embrace diversity and inclusion strategies is growing increasingly more important every day.

### Demographics (Age)

Currently, about 20% of the regional population is over 65. The percent of the population over 65 for the region will continue to increase dramatically until about 2030-2035. The effects that this aging of the population has on communities, the workforce, services, etc. are enormous.

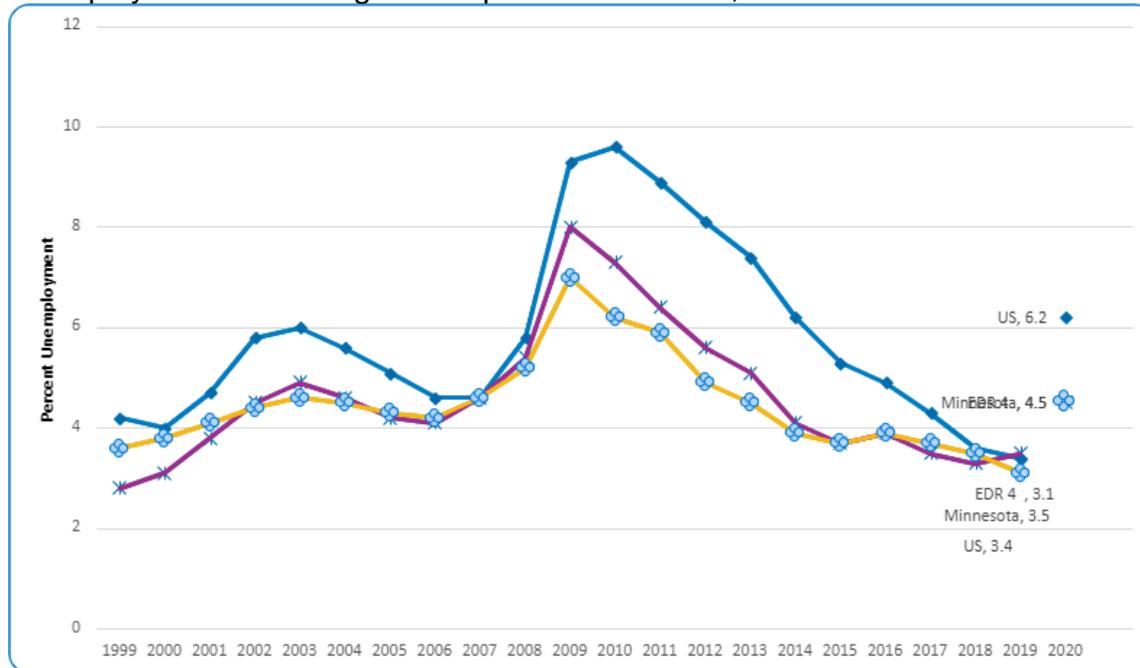
## Percent of Population 65+ By County By Year (Revised 2014)



Source: MN State Demographer

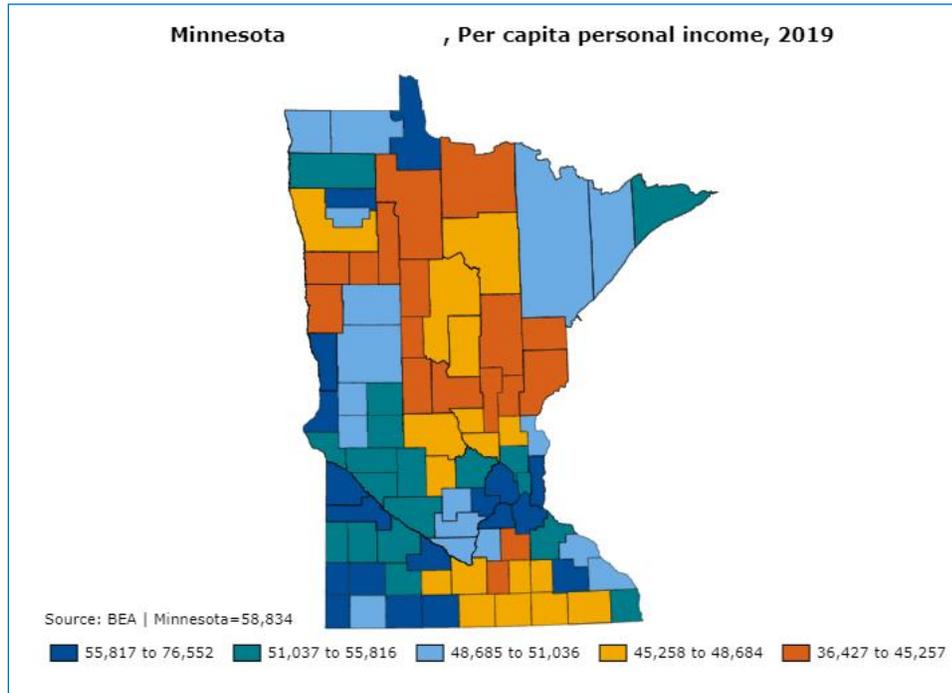
## Unemployment

Due to the pandemic, unemployment soared for parts of 2020. However, the figures have somewhat tapered of in March of 2020. Nationally, March of 2020 reported 13% unemployment, and a year later is down to 6.2%. Similarly, Minnesota and EDR 4 have dropped from 6% in 2020 to 4.5%. The chart below indicates a historical look at unemployment for the region compared to the state, and nation.



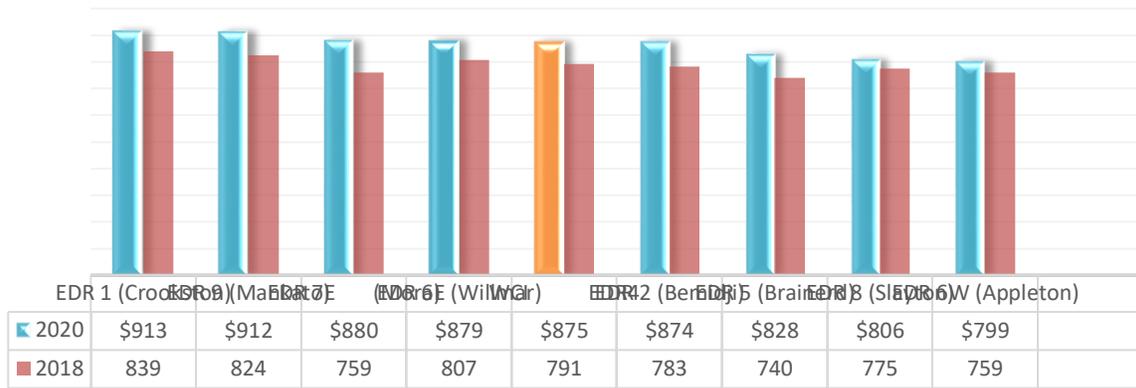
## Per Capita Income (PCI) and Wages

Currently, none of the nine counties fall below the 80% threshold of the national per capita income that indicates “distress” according to ACS data. However, when looking at the Bureau of Economic Analysis (BEA) data for 2019, Clay County falls below 80%.



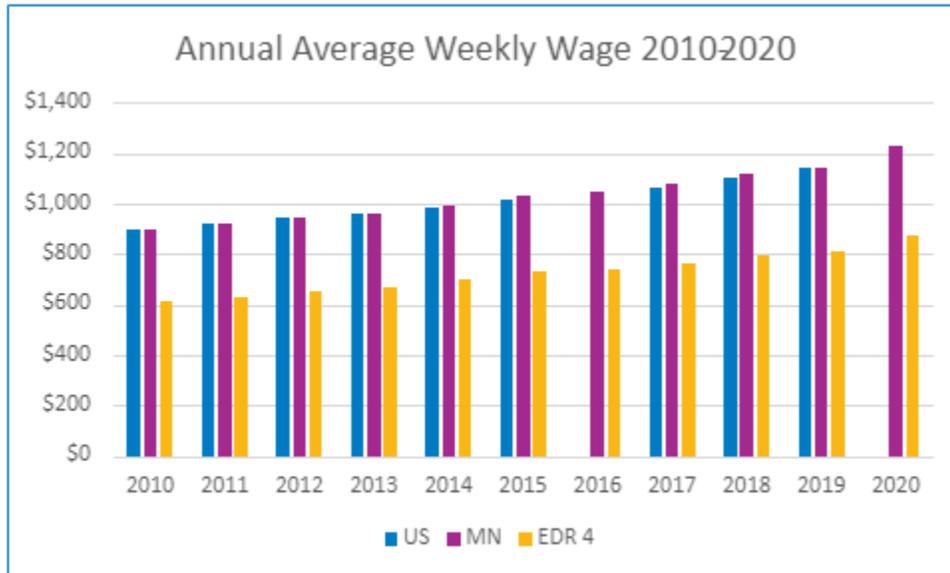
Wages remain to be an obstacle for the region. The 2019 average weekly wage for the region was \$811, both the state and national levels exceed \$1,100. The region’s Median Household Income for 2018 is \$60,559 compared to the state average of \$70,300. Applied as an hourly wage that equates to \$29.11/hr or \$1,164 a week. For a family of four with one adult working, to simply meet basic needs they need to earn \$996/week (\$24.91/hr), with both adults working a combined \$633/week (each a minimum of \$15.83/hr). The chart shown below identifies where Average Weekly Wages for the region (EDR 4) compare to the wages in other *rural* economic development regions throughout the state, as well as their respective wages in 2018 for comparison purposes. Note: the communities listed are for approximate geographic reference. (Duluth, Rochester, St. Cloud and Minneapolis/St. Paul regions have been omitted)

## 2020 Average Weekly Wage by Economic Development Region



Source: MN DEED QCEW

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

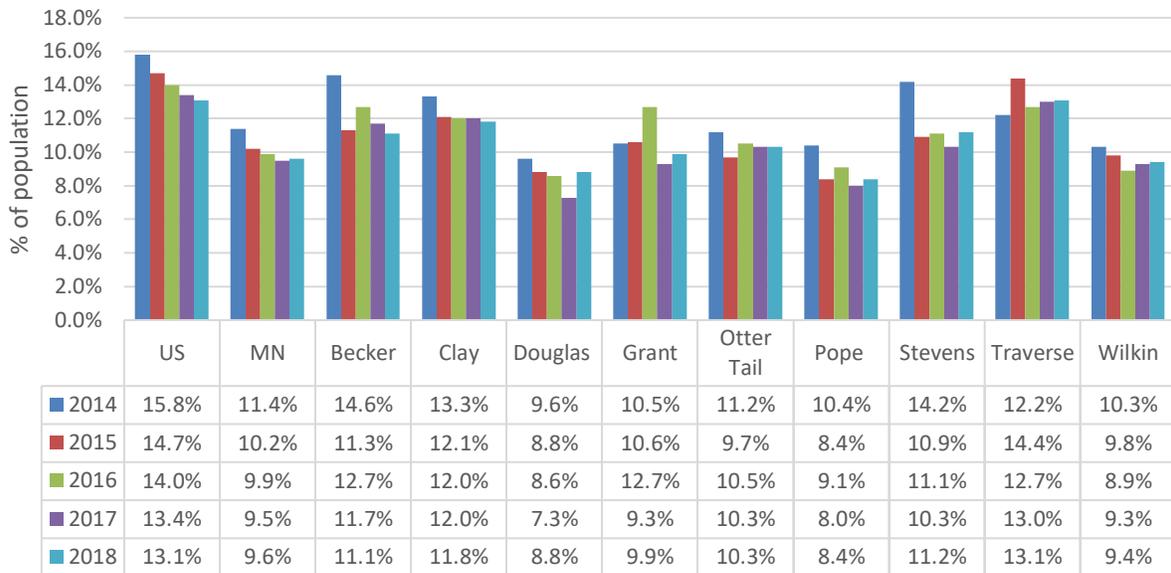


Source: MN DEED QCEW 2016 and 2020 data is unavailable for US.

### Poverty

Douglas, Pope, and Wilkin all have poverty levels at or below the 2018 state level of 9.6%. All counties remain below the national poverty rate, which is 13.1%. While the poverty rate for the US and MN has stabilized since a significant jump from prior to 2011, the poverty rate in several of the region's counties continues to remain at higher levels. This can in part be attributed to high employment in lower wage jobs. Income thresholds determining poverty were also recently lowered, which "raised" those on the edge out of poverty by classification alone.

## Poverty Rate by County 2012-2018



Source: US Census Bureau SAIPE Data 2020. This is the most up-to-date information that could be located as of April, 2021.

## Workforce and Industry

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

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

Economic recovery and hiring is continuing to happen. Manufacturing production is going strong and was crucial during the time that Personal Protective Equipment was in high demand. The shortage of workers able to fill open positions is a common and ever-growing problem in many of the region's communities and businesses across all industry classifications. This is interrelated with an emerging need to identify solutions for adequate and affordable housing, childcare, as well as increased wages.

## Adjustment to the Strategy

The CEDS is meant to be a flexible document and may be adjusted to respond to changing economic conditions. The planning process that resulted in the completed 2017-2021 CEDS for WCI was directly tied to the extensive planning process that was undertaken in the development of WCI's organizational strategic plan that falls within a similar overlapping timeframe. The development of both plans was a result of a process that engaged partners, stakeholders, and residents of the west central region. The resulting components of each plan that correspond and correlated to each other were incorporated into the CEDS. Furthermore, the CEDS strategy committee, EDD Board, and each of the nine county boards provided an additional level of review, input, and perspective on the plan, and the goals and objectives. The CEDS was then fine-tuned to align with the DevelopMN Strategy and most importantly EDA requirements. In addition to the annual review and update of the CEDS, WCI conducts an evaluation of the organizations strategic plan to make mid-course adjustments. As a result of this review and evaluation process; no formal adjustments have been made to content or strategic direction of the CEDS for 2021 going into the last year of implementation.

The top six economic development challenges, or trends that continue to demand primary focus continue to be:

- **Grow the workforce**
- **Need for more Child Care openings and providers**
- **Housing affordability and availability**
- **Increased Wages**
- **Expand Broadband access and coverage**
- **Impacts of the rising cost of Energy**

However, it is important for communities to continue to be able to accommodate new business and industry when those opportunities arise.

### **Economic Resiliency and Inclusion & Diversity Strategy:**

No matter the approach to or focus of economic development, it must always consider two overarching key components: **Economic Resiliency** and **Diversity/Inclusion**.

Economic Resiliency is defined as an area's ability to prevent, withstand, and quickly recover from major disruptions (i.e., 'shocks') to its economic base, which is a key element to ensuring and preserving regional economic prosperity. While not called out frequently in the document, it is implied that economic resiliency is a component of all activities associated with economic development in the region. The Federal Economic Development Administration (EDA) serves as a useful resource in providing consideration and direction in developing strategies to achieve economic resilience. According to the EDA, it should focus on three primary attributes:

- the ability to recover quickly from a shock
- the ability to withstand a shock
- the ability to avoid the shock altogether

Establishing economic resilience in a local or regional economy requires the ability to anticipate risk, evaluate how that risk can impact key economic assets, and build a responsive capacity. At the regional or community level, economic development

practitioners are instrumental in building the capacity for economic resilience. Economic development professionals and organizations often become the focal point for post-incident coordination, information dissemination, external inquiry response, and the lead grant administrator for federally funded recovery initiatives. In building economic resilience, it is critical that economic development organizations consider their role in the pre- and post-incident environments to include steady-state and responsive initiatives.

Steady-state initiatives tend to be long-term efforts that seek to bolster the community or region's ability to withstand or avoid a shock. Responsive initiatives can include establishing capabilities for the economic development organization to be responsive to the region's recovery needs following an incident.

Inclusion and Diversity are the second and equally important considerations. The numbers are extremely telling. Our region's communities and its workforce will not grow unless we can increase domestic and international migration to our region. The region's communities need to incorporate an inclusive approach to attracting and welcoming new residents. If not, new residents won't stay very long, or may not come at all. The Blandin Foundation's Community Leadership Program identifies inclusion as 1 of 9 dimensions of a healthy community. It further defines Inclusion as: People consistently making the effort required to capitalize on the range of differences in the community and intentionally seeking ways to utilize the diverse backgrounds, experiences and skills of everyone for the benefit of the whole community. Organizations, groups, and local government should actively seek out and encourage all people to participate in planning, decision-making and action in the community. The community also needs to recognize and value the many benefits of including the voices and perspectives of all its residents. The community must be welcoming and makes a consistent effort to help everyone feel that they belong. Regardless of how they are defined, growing diversity and creating inclusion needs to be intentional and actionable as communities address their economic development challenges.

### **Current Work addressing Economic Resiliency and Inclusion and Diversity:**

During the last several years, WCI has been asked to serve on an Emergency Preparedness Advisory Committee for Otter Tail County and Douglas County. The existing relationships with county and city staff throughout the region also allow WCI to provide assistance, when appropriate, on projects related to the prevention and mitigation prior to disasters based on projects identified in the Hazard Mitigation Plans.

Since 2014, WCI has also taken part in a process known as Philanthropic Preparedness, Resiliency & Emergency Partnership (PPREP). Originally, a two-year program that consists of a cohort group of 18 Midwest community foundations, now in its second Phase which started in Spring of 2017. Phase 2.0 added several more community foundations, and statewide philanthropic organizations to the cohort. The lead agency coordinating the program is the Funders Network, and technical assistance is being provided by the Center for Disaster Philanthropy. The intent of the program is to provide resources, learning, as establish best practices so that participating community foundations can build their skills and leadership capacity in order to be better prepared should a disaster occur.

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

These efforts were demonstrated as successful during the COVID-19, when WCI was well positioned to identify, communicate, and disburse assistance as it became available from private and public sources.

Current work to continue building inclusive and diverse communities has included providing grant support to non-profit organizations that work with and provide direct services to new Americans, partnering with post-secondary institutions on developing workforce training/skill development programs. Work has also been conducted with entrepreneurial service and financing sources to ensure access and programs are available equally to all interested parties.

### **EDD Board, CEDS Strategy Committee, and Staff Changes**

#### **2020-2021 EDD ADVISORY and GOVERNING BOARD MEMBERS**

<b>MEMBER:</b>	<b>COUNTY:</b>	<b>REPRESENTING:</b>	<b>AFFILIATION:</b>
Kent Westbrook	Traverse	Browns Valley City Council	Elected Official
Joel Dahlheimer	All	Townships	Elected Official
Ron Zeman	Becker	Detroit Lakes City Council	Elected Official
Krista Hagberg	Otter Tail	Fergus Falls City Council	Elected Official
Todd Johnson	Traverse	County	Elected Official
Sheldon Giese	Stevens	Morris City Council	Elected Official
Deb White	Clay	Moorhead City Council	Elected Official <b>EDD Vice Chair</b>
Tim Kalina	Douglas	County	Elected Official
Jim Haney	Clay	County	Elected Official
Neil Wiese	Stevens	County	Elected Official
Vacant	Otter Tail	County	Elected Official
Dennis Larson	Wilkin	County	Elected Official
Richard Vareberg	Becker	County	Elected Official

Scott Allen	Douglas	Alexandria City Council	Elected Official
Gordy Wagner	Pope	County	Elected Official <b>EDD Chair</b>
Dwight Walvatne	Grant	County	Elected Official
Jackie Buboltz	Becker	Rural Healthcare	WCI Board of Directors
Barbara J. Fabre	Becker	White Earth Nation	WCI Board of Directors
Yoke-Sim Gunaratne	Clay	Nonprofit – New Americans	WCI Board of Directors
Mark Malingen	Pope	Bank/Finance	WCI Board of Directors
Nicole Fernholz	Douglas	Economic Development - public	WCI Board of Directors <b>EDD Secretary</b>
Mark Helland	Otter Tail	Economic Development - private	WCI Board of Directors
Sue Heubsch	Otter Tail	Private business - retail	WCI Board of Directors
John Dahlseng	Pope	Private business – ag	WCI Board of Directors
Sue Bruer	Stevens	Private business – retail	WCI Board of Directors
Jane Vangness Frisch	Traverse	Education	WCI Board of Directors
Steven Kent	Wilkin	Economic Development – public	WCI Board of Directors

The WCI Board of Directors serves as the Governing Board for the EDD. The Advisory Board consists of a majority elected officials and the WCI Board of Directors and provides recommendations to the WCI Board for final action.

## 2021 STRATEGY COMMITTEE MEMBERS

<u>Name</u>	<u>Organization</u>	<u>Public/ Private</u>	<u>Representation</u>
Justin Neppl	Southern Valley EDA	Private	Community/Economic Development
Lisa Bode	City of Moorhead	Public	Housing
Nicole Fernholz	Alexandria Area Economic Development Commission	Private	Regional Economic Development
Gary Donovan	University of Minnesota Morris	Public	Education
Dianne Johnson	City of Hoffman	Public	Small Town Economic Development Real Estate
Amy Baldwin	Otter Tail County	Public	County Economic Development

Nick Murdock	City of Perham	Public	Mid-City Economic Development
Teresa Jergensen	WASP Manufacturing	Private	Manufacturing
Janelle Negen	City of Glenwood Chamber of Commerce	Public	Business Association Interests
Kevin Beyer	Federated Telcom	Private	Broadband/ Telecommunications
Kevin Kouba	Otter Tail Power	Private	Finance/Utilities Entrepreneurship
Jay McNamar	Prairie Ridge Healthcare	Private	Healthcare
Greg Wagner	West Central Initiative	Private	Economic Development
Wayne Hurley	West Central Initiative	Private	Transportation
Jana Berndt	Bremer Bank	Private	Finance
Autumn Carlson	Conexiones (Morris)	Private	Latino/Hispanic Immigrant Community Interests

## STAFF CHANGES

Through the EDA Care Act, West Central Initiative was able to expand the planning department, and hired two new planners to undertake recovery and resiliency work.

- Emily Reno, start date 10/1/2020
- Alexander Johnson, start date 9/23/2020

## Report on Economic Development Activities

### 1. Pandemic Recovery

- As a result of the COVID-19 pandemic, all grant programs were paused to allow staff to assist the county and state apply for and distribute CARES Act dollars. Many of these funds were distributed as part of the Resiliency Fund <https://storymaps.arcgis.com/stories/9af425501abd4ff58f3c2bc4db5bc8e9>
- WCI developed and updated a resource website <https://www.wcif.org/covid-19-resources/covid-19-resources.html> as well as provided direct assistance in distributing GEARS Act funds for Early Childhood and Small Business Relief Funds from the Minnesota Department of Employment and Economic Development.
- In total, more than \$6 million was secured/passed through and distributed to businesses and organizations in west central Minnesota.

### 2. Loan Programs

- For Fiscal Year 20 (July 1, 2019 to June 30, 2020) 50 loans were closed.
- Total loan amount was \$1,715,635
- These loans include the Revolving Loan Fund as well as Emergency Loan funds from the Minnesota Department of Employment and Economic Development.

### 3. Live Wide Open (see Human Capital)

### 4. Early Childhood Work

- <http://wcif.org/what-we-do/programs/early-childhood/eci.html>

### 5. Heartland Giving

- <http://wcif.org/give/ways-to-give/heartlandgiving/heartland-faqs.html>

### 6. Transportation Planning

- Safe Routes to School (SRTS), Complete Streets, Transit
- For the 20-21 school year, two SRTS plans are in process, which will total 19 for the region.
- Pelican Rapids is preparing for a 2024 Complete Streets project.

### 7. Pine to Prairie GIS Users Group

- Continued to host Pine to Prairie GIS Users Group virtually, including COVID-19 specific training.

## Schedule of Goals for the Next Year

The goals and objectives contained in the CEDS closely relate to the goals and objectives outlined in WCI's Strategic Plan. These goals were developed with the intention that they would be worked on throughout the course of the year as opportunities arise, and therefore a detailed schedule is not believed to be necessary to accomplish these goals.

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

1. Assessment, preparation, and development of the Comprehensive Economic Development Strategy for 2022-2026.
2. Continue to work with partners on addressing workforce shortages and the skills gap throughout the region, including the field of Early Childhood Care and Education.
3. Assist communities with housing, including exploration of investments, plan development, and technical assistance on applications for housing funding.
4. Identify additional communities for community focused Extension services, including Business Retention & Expansion, and Welcoming Communities.
5. Reestablish the utilization of community held loan funds as an additional source of capital for business start-ups, expansions and acquisitions.
6. Work with partners who specialize in transition and succession planning to develop resources for local businesses.
7. Monitor industry clusters existing in the region and provide necessary support for those that have the potential for growth in the region. This will include agriculture and land use, with emphasis on the potential effects of and affects on climate change.
8. Public/Private Partnerships: Identify successful models in the region, with a focus on Broadband infrastructure, and quantify impact in respect to COVID-19.
9. Meet with Blandin Foundation to identify expanded roles for WCI on the topic of Broadband.
10. Supporting Diversity, work with existing organizations and develop stronger relationships with those organization and tribal partners.
11. Continue to develop opportunities for communities to access financial capital and workforce training, and support.
12. Update and expand business continuity planning resources for regional businesses.
13. Develop and implement a tracking dashboard for the Goals outlined in the CEDS. A current model is available <https://www.mngoals.org> and will be updated annually as new information is available.
14. Assist in roll-out of new grant program to support community level projects.
15. Evaluate the impact of the updated population forecasts as well as the "Brain-Gain" phenomenon as it relates to remote workers and a new rural rebound.