

## GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, December 10, 2015

4:00pm

Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, December 10, 2015 at 4:00pm.

### AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Approval of minutes from the November 12, 2015 regular meeting
5. Consider approval of claims
6. 2016 Work Plan Development
7. Updates:
8. Adjourn

#### GREDA Members/terms:

Dale Christy – 12/31/16 (with council term)

Rick Blake– 12/31/18 (with council term)

Mike Przytarski – 3/1/21

Cory Jackson – 3/1/17

Mike Stefan – 3/1/18

Chris Lynch – 3/1/19

Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY  
REGULAR MEETING  
THURSDAY, NOVEMBER 12, 2015  
4:00 P.M.  
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A  
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

**CALL TO ORDER:** Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, November 12, 2015 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**CALL OF ROLL:** On a Call of Roll the following members were present: Commissioners: Sholom Blake, Dale Christy, Chris Lynch, Mike Przytarski, Michael Stefan, Cory Jackson. Absent: Rick Blake.

**SETTING OF REGULAR AGENDA:** **Approved without addition.**

**APPROVAL OF MINUTES:**

**DRAFT**

**MOTION BY COMMISSIONER PRYTARSKI, SECOND BY COMMISSIONER STEFAN TO APPROVE THE MINUTES OF THE OCTOBER 22, 2015 REGULAR MEETING. The following voted in favor thereof: Lynch, Jackson, Blake, Przytarski, Christy, Stefan. Opposed: None, passed unanimously.**

**APPROVAL OF CLAIMS:**

**MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER LYNCH TO APPROVE CLAIMS IN THE AMOUNT OF \$105,024.76.**

City of Grand Rapids	\$736.00	Hammerlund Construction	\$84,180.82
Itasca County H.R.A	\$4,706.93	Itasca County Recorder	\$34.02
Kennedy & Graven	\$166.50	Northern Star Coop	\$278.56
P.U.C	\$87.03	White Ivy Graphic Arts	\$42.50
Dan & Jean Anderson	\$14,792.40		

**The following voted in favor thereof: Jackson, Stefan, Blake, Christy, Przytarski, Lynch. Opposed: None, passed unanimously.**

Presentation by the Grand Rapids Entrepreneurship Task Force.

Ian Carlstrom, Robin Omberg and Chris Fulton provided a presentation focused on the needs of entrepreneurs in the area. They provided a hand out that identified those needs and the organizations that would play key roles in working with entrepreneurs.

Consider approval of a Quit Claim Deed from GREDA to Northbank Professional Building, Inc.

A part of the legal description included an unintended overlap with the Northbank Professional Building. The GREDA would like to quit claim the small amount of property to Northbank Professional Building to clear title.

**MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE A QUIT CLAIM DEED FROM GREDA TO NORTHBANK PROFESSIONAL BUILDING, INC. The following voted in favor thereof: Przytarski, Lynch, Christy, Blake, Stefan. Opposed: None, Jackson abstained, motion carried.**

Consider approving the combination of GREDA owned tax parcels in Blocks 20 & 21 to create a single tax parcel.

The Itasca County Auditor/Treasurer sent a letter requesting the separate parcels on blocks 20 & 21 be combined into one parcel. By combining the parcels this would reduce the chance of a parcel being overlooked and subsequently becoming delinquent. Commissioner Lynch did not feel that there is a benefit to combining the parcels, he was concerned potential developers may not consider the site as one large parcel and the potential of extra expenses if the GREDA were to have to split the lot. Mr. Mattei noted that the site is advertised as having the ability to be split. Commissioner Jackson noted it may be more marketable as a single site.

**MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE THE COMBINATION OF GREDA OWNED TAX PARCELS IN BLOCKS 20 & 21 TO CREATE A SINGLE TAX PARCEL AND AUTHORIZE THE PRESIDENT TO SIGN THE FORM PROVIDED BY THE COUNTY. The following voted in favor thereof: Przytarski, Christy, Lynch, Stefan, Blake. Opposed: Lynch, motion carried.**

There being no further business the meeting adjourned at 4:46 p.m.

Respectfully submitted:

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Aurimy Groom, Recorder

EDA BILL LIST - DECEMBER 10, 2015

DATE: 12/04/2015  
 TIME: 14:19:08  
 ID: AP443000.CGR

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 12/10/2015

VENDOR #	NAME	AMOUNT DUE
ECONOMIC DEVELOPMENT AUTHORITY		
0718010	CITY OF GRAND RAPIDS	600.00
1105530	KENNEDY & GRAVEN	92.50
TOTAL		692.50
EDA - CAPITAL PROJECTS		
COM BLDG IMP LOAN		
0221205	ANTHONY & LINDA BUDROW	25,159.50
1105530	KENNEDY & GRAVEN	468.00
T001036	MISKOVICH PROPERITES LLC	35,000.00
TOTAL COM BLDG IMP LOAN		60,627.50
AINSWORTH FACILITY REDEVELPMNT		
1900225	SEH-RCM	2,640.00
TOTAL AINSWORTH FACILITY REDEVELPMNT		2,640.00
DEED DEVELOPMENT PROGAMS		
0920051	ITASCA COUNTY H.R.A.	21,029.10
TOTAL DEED DEVELOPMENT PROGAMS		21,029.10
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 84,989.10
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0920055	ITASCA COUNTY RECORDER	46.00
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 46.00
TOTAL ALL DEPARTMENTS		85,035.10



## Memorandum:

**DATE:** December 7, 2015

**TO:** GREDA Commissioners

**FROM:** Rob Mattei, Community Development Director

**RE:** 2016 Work Plan Development

*Rob*

The principal item of business for the Grand Rapids EDA regular meeting on December 10<sup>th</sup> will be to begin the development of the 2016 Work Plan. For use in this process, I am attaching a copy of the 2015 Work Plan and a copy of the Economic Development chapter of the new Comprehensive Plan.

To prepare yourself for the meeting, I request that you:

- Review the 2015 Work Plan giving consideration to any unfinished business. Should the unfinished items remain as a priority? If so, what additional GREDA action is appropriate and necessary in 2016?
- Review the Goals within the Economic Development chapter of the Comprehensive Plan. What goals are critical and time sensitive? Which goals should GREDA take the lead on? Which goals should GREDA take a partnering or supporting role in furthering, and what should that role be?
- Make a short list of work items you feel should be discussed/considered by the Authority for inclusion in the 2016 Work Plan. You can use the attached blank form to list your items.
  - The criteria applied to individual work items, when developing work plans over the past several years, are: Community Impact, Chances of Success, Resource Availability, and EDA Ownership.
    - **Community impact:** If the goal is achieved, will the impact be substantial in the community?
    - **Chances of success:** Is the objective reasonably attainable?
    - **Resource availability:** Does EDA/City of Grand Rapids possess adequate resources to achieve this goal?
    - **EDA ownership:** But for the EDA, will this objective be achieved by any other entity, commission, or department? Will the EDA be taking a lead role, a partnering role, or a supporting role?

At next meeting we will:

- List all of the individual work items brought by each member.
- Through discussion, we will determine if some items can be consolidated.

- Through discussion, we will determine if the numbers of issues put on the table are reasonably achievable or if the list should be pared down. If it is agreed the list should be pared down, a consensus as to which items should drop out, will need to be reached.

To prepare for the January 14<sup>th</sup> GREDA meeting, each member will score each work item generated on December 10<sup>th</sup>, for each of the established criteria, on a scale of 1 to 5 (1 being the low end and 5 the high end). The individual scoring by each Commissioner will be forwarded back to me by December 3<sup>rd</sup>, so all of the Commissioner's scorings can be tabulated within one spreadsheet.

At the January 14<sup>th</sup> meeting, we will:

- Review and discuss the tabulation and the resulting preliminary ranking
- Commissioners will have the opportunity to discuss, and make a case for work items they feel are important.
- Through consensus, the GREDA will make any final adjustments to the ranking
- Lastly, the GREDA will determine which items will be listed will be listed as GREDA taking a lead role, a partnering role or a supporting role.

Following that meeting, staff will develop a work approach, based on a quarterly timeline, for each priority issue. This will then be presented to the GREDA for final adoption or adoption with additional changes at the second GREDA meeting in January of 2016.

Please call me if you have any questions at 326.7622.

Attachments

**GREDA**  
**2016 Work Plan Development**

List of Potential Work Items  
12/10/2015 Meeting

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## G. Economic Infrastructure

### Economic Inventory – Looking Back

The 2003 Comprehensive Plan included extensive background summary and analysis of Grand Rapids' economic base and economic studies completed outside the comprehensive plan process. The background section included:

- A detailed summary of previous work, including the *Northeast Minnesota Industry Cluster Study*, the Itasca County Economic Summit of 2001, and the Jobs 2020 private sector initiative;
- A summary of current conditions in regard to major employers, labor force characteristics, economic development activities and organizations;
- Analysis of economic trends, including job data, sales data, and other data looking back as far as 1980 and ending in 2000;
- A "location quotient" analysis, a standardized economic assessment tool for identifying the concentration of industries in a specified geographic area. The analysis compares the geographic area (Itasca County) to a larger geographic scale, usually the state or nation, to identify local industry concentrations.
- A "shift-share" analysis, a standardized economic assessment tool for identifying the causes of growth in the local (Itasca County) economy (conducted by the University of Minnesota as part of the 2001 Rapids Power Impact Research Report. The analysis examines how local industries changed due to national trends, trends within the industry itself, and trends attributable to local conditions.

These analyses and summaries provide the foundation for this community inventory which looks primarily at the changes that have occurred between 2000 and the present.

Key findings from the 2003 Plan Economic Development Background Report included the following:

- Natural resources continue to provide economic opportunity via mining, forest products, and tourism. The City outperforms the State and nation in employment and wages paid in these industries, although the relative strength of these industries in Itasca County was declining.
- The services sector was easily the most significant growth industry in the 1990s. Much of the growth was attributable to national and industry, rather than local, factors. However, Grand Rapids position as a regional center allowed it to capture this growth, a competitive advantage relative to other communities. A significant portion of the service industry growth, and the most competitive area of growth, was in health care and related subsectors.
- The construction industry was a large growth sector for Itasca County in the 1990s. Local competitive advantage enabled this industry to grow faster than the state and nation. Most of the construction activity associated with housing occurred outside Grand Rapids. As a regional center, however, Grand Rapids gained significant benefit from construction activity in both the housing and commercial construction sectors.





**Other Studies**

Since 2003, a number of studies and summits on (or addressing) economic development have been completed. A sampling of those efforts include the following:

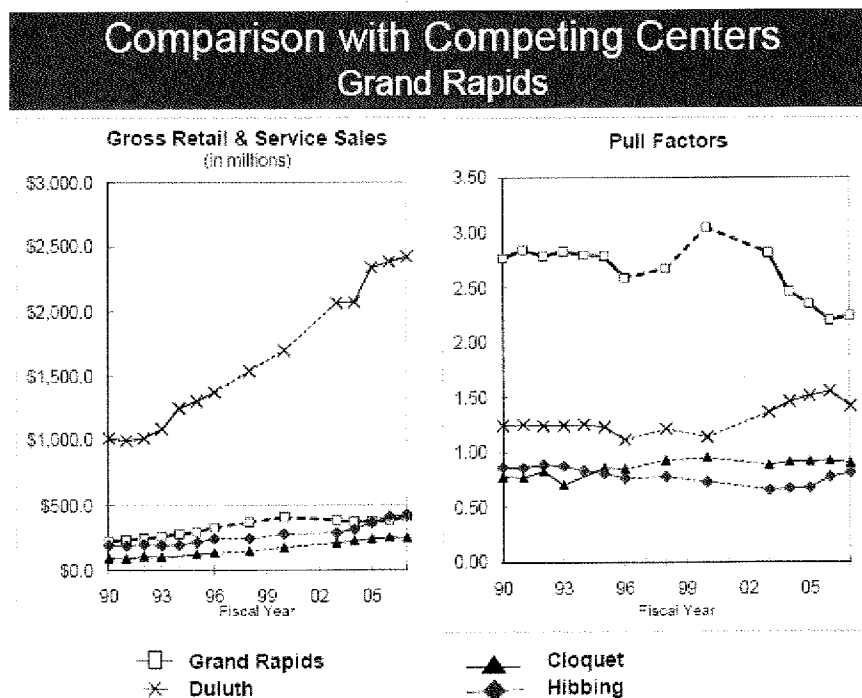
- Retail Trade Analysis for Grand Rapids, 2003 and 2007
- Itasca Area Search Conference, 2009
- Target Industry and Industrial Park Plan, 2005
- Grand Rapids Downtown Plan
- Grand Rapids Economic Development Authority Annual Reports/Plans (2007, 2008)
- Itasca Economic Development Corporation Annual Reports (2006 – 2009)

In addition to the above reports and studies on economic development, other studies and plans have been completed that affect important segments of Grand Rapid’s economic infrastructure. Some of those studies and plan include:

- Housing studies (Grand Rapids, 2003; Grand Rapids downtown, 2007; Iron Range, 2008)
- Grand Rapids Riverfront Plan, 2009
- Grand Rapids Park and Recreation Plan, 2001
- Grand Rapids Area Brandprint

The **2003 and 2007 retail trade analyses** completed by the University of Minnesota Extension Service are detailed reviews of Grand Rapids and Itasca County based on sales and use tax data. The analysis includes summaries of the data and calculations of “pull factors” by retail market segment that are compared against nearby communities and other regional centers. “Pull factor” refers to the ability of a community retail hub to “pull” in demand from outlying areas. The conclusions of the retail trade analyses include:

**Figure 5-20 . Retail Trade Analysis Comparison with Competing Centers**



Source: 2007 Retail Trade Analysis Report



- Grand Rapids has a strong retail pull in nearly every retail segment, reflecting its role as a regional center. The pull factors were particularly strong for General Merchandise, a category of retail sales that also saw substantial overall growth between 2004 and 2007, and that comprised over 25% of all retail sales in Grand Rapids. Building materials showed the same pattern as general merchandise – strong pull factor, large portion of total retail sales (22%), and strong growth between 2004 and 2007.
- Grand Rapids has a diverse retail base. Very few retail segments showed the City to lack capacity for meeting market demand. While some market segments would be better served by increased competition, overall capacity was quite good. Some small segments, such as electronics, had a weak pull factor but nearly every segment was pulling in market from outside the City.
- Grand Rapids' retail pull is more substantial than nearby communities, including Hibbing, Cloquet, and Duluth. The historic trend is that Grand Rapids' retail pull is declining, but the overall pull is still considerably higher than other retail centers.

***The Target Industry and Industrial Park Plan***, completed in 2005, included an input/output assessment of potential industrial recruitment opportunities and an assessment of the Blandin West JOBZ site. The recruitment targets were businesses that could supply or purchase from existing industrial businesses.

The study identified Grand Rapids' strengths and weaknesses for attracting the industrial investment. Strengths included a high quality of life, trainable and high quality labor force, sufficient utility capacity, and excellent telecommunications capacity. Weaknesses included lack of suitable buildings, lack of sufficient number of improved sites with rail access, and labor costs that, while not high, do not distinguish the City from competing areas.

The final part of the study provided alternative designs and actions steps for creating an industrial park with utilities, road and rail access, and spec buildings at the West Blandin JOBZ site. The recommendations were designed to meet some of the weaknesses identified in the report.

### **Economic Development Assistance and Programs**

The 2003 Comprehensive Plan noted three entities with economic development focus in Grand Rapids:

- Grand Rapids Economic Development Authority
- IDC Jobs 2020 (Now the Itasca Economic Development Corporation)
- Chamber of Commerce

These three entities still work and collaborate in and around Grand Rapids on economic development activities. The IDC Jobs 2020 changed its legal name to the Itasca Economic Development Corporation (IEDC) in 2005, but continues to provide economic development assistance, financing, marketing and recruitment.

The Grand Rapids Economic Development Authority continues to play the primary economic development role within the City. GREDA has completed a number of successful ventures since 2003 including the following projects:

- Raised funds for and completed the Downtown Redevelopment Master Plan (2006) and the Riverfront Plan (2009)
- Management and expanding the City's industrial parks to ensure the availability of fully improved sites for industrial expansion and recruitment
- Redevelopment of specific key downtown properties, such as those located within Block 37



- Restructuring the Commercial Building Improvement Loan program (CBIL) in 2006 and administering over \$200,000 in loans. The fund was recapitalized in 2009 with a \$175,000 loan from the Blandin Foundation.
- Administering the City's JOBZ sites and application process
- Securing outside funding (over \$2.3 million) for economic development projects in the downtown and industrial parks
- Supporting a proactive business retention and expansion program, working with the Chamber of Commerce, to help existing businesses stay competitive.

A number of other regional entities are engaged in economic development activities in and around Grand Rapids, often collaborating with GREDA, IEDC, and other local partners. These organizations include:

- The Northspan Group Inc.
- Area Partnership for Economic Expansion (APEX)
- Iron Range Resources and Rehabilitation Board (IRRRB)
- Minnesota Department of Employment and Economic Development (DEED)



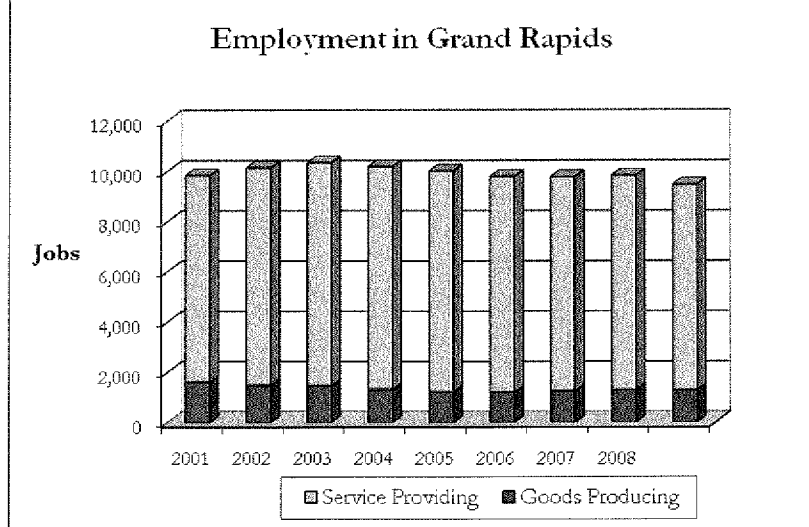


**Economic Base**

In analyzing Grand Rapid’s economic base, the 2003 Plan separated businesses into two general sectors, basic and non-basic, consistent with economic base theory of local economic development. Basic industries are those that “export” goods or services, bringing dollars into Grand Rapids from the larger region, state, or nation. Non-basic industries are those that primarily “circulate” dollars within Grand Rapids rather than look to markets outside the city. The forest products and mining industries are clear examples of basic industries. K-12 schools, personal services (hair dressers, auto repair), and grocery stores are examples of non-basic industries. The distinction is obviously imperfect, but provides a useful framework for considering economic activity in a way that leads directly to distinct types of economic development strategies.

Businesses can also be separated into the categories of “goods-producing” and “service-providing.” These categories are related to the basic/non-basic categories. Goods producing industries are almost always considered “basic.” Service-producing industries include almost all “non-basic” economic activity, but also include basic industries such as tourism and health services, which are arguably a basic industry for a regional center such as Grand Rapids. Much of the available economic data are segregated into the goods/services categories, allowing for ready analysis and easy comparisons across years and between cities.

**Figure 5-21. Employment in Grand Rapids, 2001-2009**

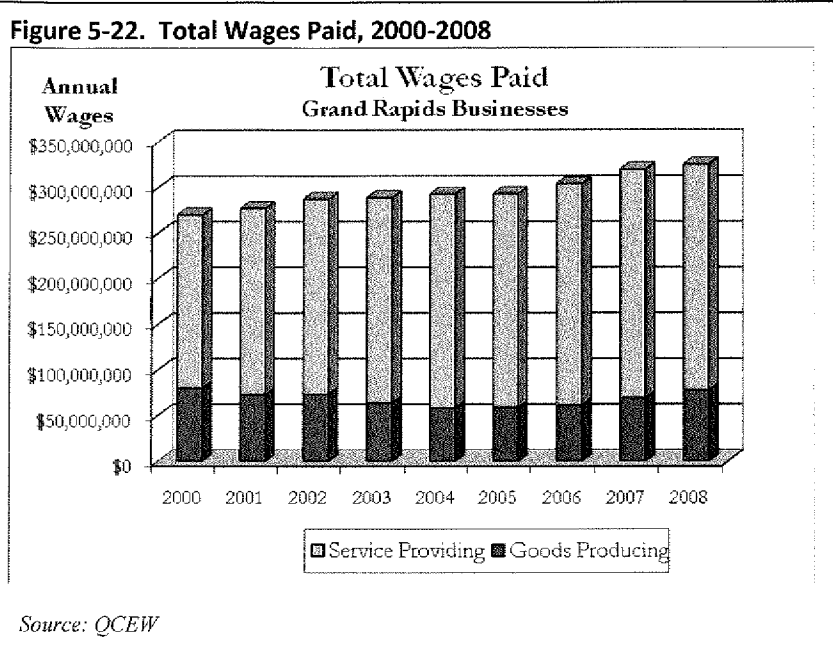


Source: Quarterly Census of Employment and Wages

The primary source of data for all these analyses (used in both 2003 and for the current inventory) is the Quarterly Census of Employment and Wages (QCEW) based on business unemployment insurance filings. These data do not include self-employment or agriculture, but typically capture 98% of economic activity statewide.

As can be noted from Figure 5-21, service providing industries provide the vast majority of jobs within Grand

Rapids, between 84 – 88 percent of all jobs. However, as demonstrated in Figure 5-22, the picture changes somewhat when wages, rather than number of jobs, are considered. Goods-producing industries account for between 20 – 25 percent of total wages paid.



Another point to note is that goods-producing and service providing industries provide diversity value to the community. The low point for goods-producing industries within the recent past was 2005, when this category was only 12% of total jobs and 19% of total wages. By 2008, this sector comprised almost 14% of total jobs and 24% of total wages. The percentage increase was due to the goods-producing sector remaining stable between 2005 and 2008, a period during which the service industry was seeing

substantial loss of employment and wages. During the early part of the decade (2000-2004) the service sector was growing, while the goods sector was shrinking.

**Labor Force**

The 2003 Plan summarized characteristics of the labor force, including educational attainment, wage earnings by City residents, and occupations of City residents.

**Table 5-17 . Grand Rapids Annual Labor Force**

Year	Grand Rapids	Rest of Itasca County	Total Itasca County
2000	5,695	15,958	21,653
2001	5,854	16,528	22,382
2002	5,981	16,811	22,792
2003	5,979	16,605	22,584
2004	4,419	18,152	22,571
2005	4,289	18,140	22,429
2006	5,747	16,527	22,274
2007	5,845	16,446	22,291
2008	5,805	16,380	22,185
2009	6,071	17,007	23,078

Source: LAUS, MnDEED

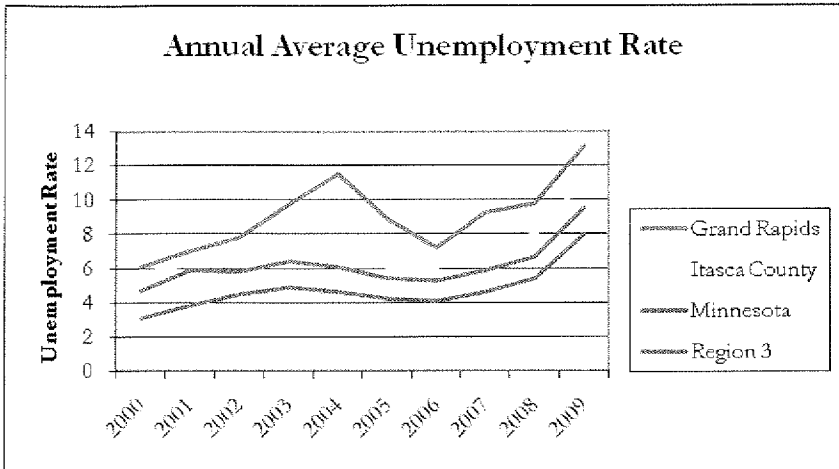
earnings by City residents, and occupations of City residents. Much of these data come from the decennial census, and thus are now 10 years old. New census data from the 2010 census will be released in 2011.

Estimates by the State Demographer for Itasca County indicate that educational attainment, household wage earnings, and head of household occupations have not changed significantly over the last ten years.

The size of the annual labor force in Grand Rapids fluctuated considerably over the last ten years, shrinking between 2000 and 2005 by almost 25%, then growing to exceed the size of the 2000 labor force. The labor force in the rest of the County showed exactly the opposite trend. This trend is likely attributable to annexations. The overall



**Figure 5-23. Average Unemployment Rate 2000-2009**



Source: OCEW

County labor force showed a clear shrinking trend from 2002 until 2008, then increased substantially in 2009. A declining size in the labor force is consistent with the aging trend in the overall population.

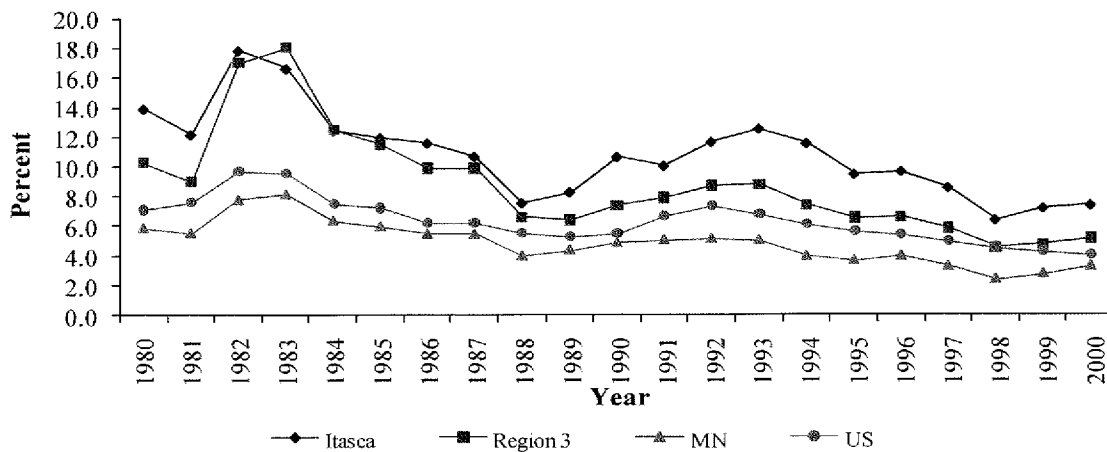
Table 5-17 does not, however, indicate the degree to which businesses in Grand Rapids employ people who live outside the City boundaries. This can be seen in that the total number of City jobs far

exceeds the size of the City’s labor force (approximately 6,000 workers, approximately 9,000 jobs).

**Unemployment**

Figure 5-23 and 5-24 respectively show the unemployment patterns reported in the 2003 Plan and the pattern since that time. The two figures demonstrate the cyclical patterns of employment in Grand Rapids and Itasca County. The general trend from 1980 to 2000 (Figure 5-24 from the 2003 Plan), shows the volatility of County unemployment, with extremely high unemployment in the early 1980s, declining unemployment with another significant bump in the early 1990s, and then trending down for the rest of the decade. In Figure 5-23, the County unemployment rate stays above the Region and State, but still relatively low compared to historic levels until the start of the current recession in 2008. Grand Rapids unemployment shows a much greater volatility than all the other entities over the last ten years.

**Figure 5-24. Comparative History of Unemployment Rates**



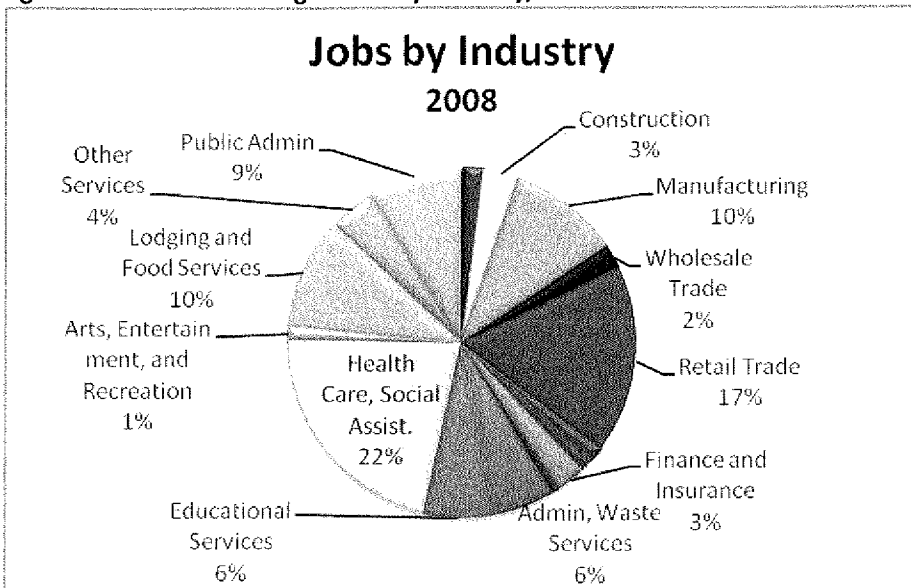
Source: 2003 Comprehensive Plan



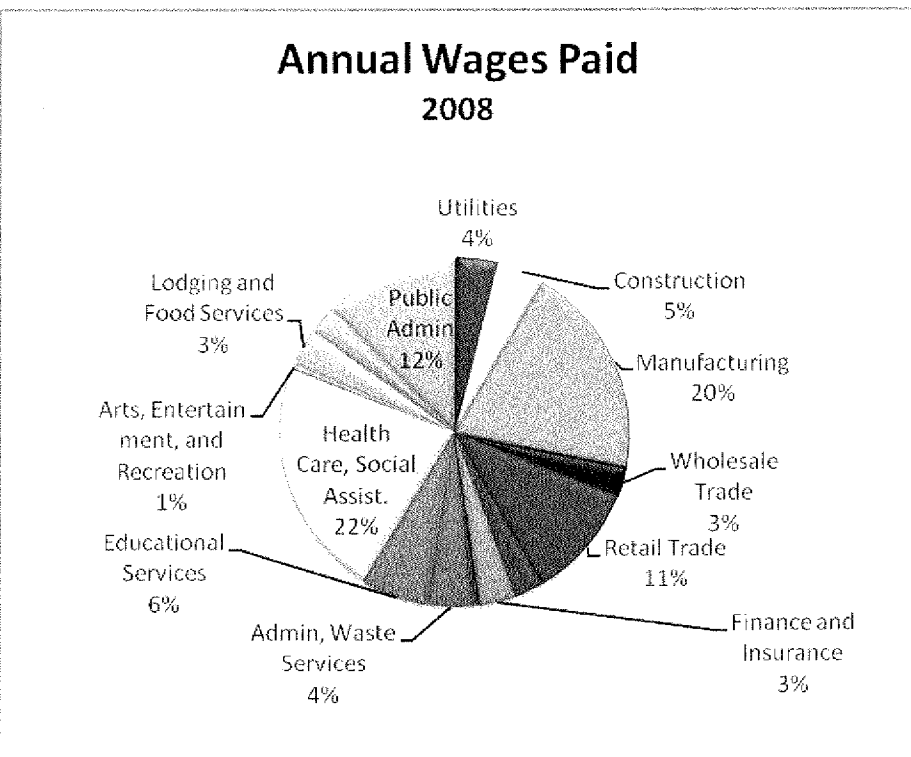
**Jobs**

Figure 5-25 shows the number of jobs by major industry group in Grand Rapids. The 2008 data do have some data suppression (about 3% of the data are suppressed by the State in order to protect the employment information for specific companies). However, the relative portion of each industry within the pie chart is fairly accurate. The industry with the largest number of jobs is Health Care/Social Assistance, with Retail Trade having the second highest portion of jobs. Manufacturing is fairly high at 10%, approximately the same as the Lodging/Food Services industry.

**Figure 5-25. Jobs and Wages Paid by Industry, 2008**



Source: QCEW



Source: QCEW

employment information for specific companies). However, the relative portion of each industry within the pie chart is fairly accurate. The industry with the largest number of jobs is Health Care/Social Assistance, with Retail Trade having the second highest portion of jobs. Manufacturing is fairly high at 10%, approximately the same as the Lodging/Food Services industry.

Figure 5-25 also shows another view of businesses in Grand Rapids, showing the distribution of wages by industry group. Health care still is the most significant industry in the City. However, some significant differences can be noted, such as the reversal of retail trade and manufacturing in prominence. Manufacturing is the second most prominent industry,



with 20% of total wages paid. Public services (primarily government jobs, including public schools) comprise 9% of total jobs and 12% of total wages. Lodging/Food Services is nine percent of total jobs, but only 3% of total wages paid, due to the seasonal nature of that industry and the traditionally lower wages paid for these types of service sector jobs.

Both graphs demonstrate the diversity of the Grand Rapids economy. Health Care/Social Assistance is the only industry that is highly prominent in both jobs and wages paid. Only five industries comprise more than 10% of either total jobs or total wages. A wide array of industries in the under ten percent group contribute similarly to the economic base. The two most prominent industries (manufacturing and health care) are quite distinct from each other in regard to exposure to regional or national economic trends. One is a goods-producing industry, one is service-providing. These two industries will tend to grow or shrink based on factors independent from the other.

**Employers**

Tables 5-18 and 5-19 identify the major employers in and around Grand Rapids in 2009 and 2002 respectively. Some important changes can be noted, such as the change in employee counts for two major natural resource based employers - UPM/Blandin reduced jobs by 42% and the Potlatch OSB facility is now closed. A major retailer, Cub Foods, opened since 2002. Grand Itasca Medical Center increased jobs by 55%, but this is primarily attributable to consolidation of two employers (Itasca Medical Center and the Grand Rapids Medical Association). However, the list has not changed

substantially between the 2003 Plan and 2010.

**Table 5-18. Major Employers, 2009**

Employer	Products/Services	Employee Count
Grand Itasca Medical Center	General Medical, Surgical Hospitals	600
Ind. School District #318	Elementary & Secondary Schools	600
UPM/Blandin Paper Company	Pulp, Paper & Paperboard Mills	517
Itasca County	General Government Support	310
City of Grand Rapids	General Government Support	270
All Season Vehicle	Transportation Equip. Manufacturing	225
Arrowhead Promotion	Other Support Services	200
Wal-Mart	Department Stores	185
Itasca Community College	Junior Colleges	135
Cub Foods	Grocery Stores	125
Itasca County Nursing Home	Nursing Care Facilities	120
Target	Department Stores	120
Saw Mill Inn	Hotels (exc. Casino Hotels) & Motels	115
L & M Supply	Hardware Stores	107
K Mart	Department Stores	100

Source: DEED Community Profile, 2010

The two tables are a snapshot, or indicator, of change rather than a comprehensive listing of employees. The data are self-reported and changes from year to year are sometimes not noted. For example, the City of Grand Rapids appears in 2009 as a major employer absent from the 2002 list. This is not attributable to a large increase in jobs, but rather a simple omission in 2002.



**Table 5-19. Major Employers, 2002**

Employer	Products/Services	Employee Count
UPM/Blandin Paper Company	Paper Mills	900
Ind. School District #318	Elementary and Secondary Schools	600
Itasca Medical Center	General Medical, Surgical Hospitals	386
Arrowhead Promotion	Business Services	315
Itasca County	Government Offices	310
Wal-Mart	Department Stores	185
Grand Rapids Medical Assoc	General Medical & Surgical Hospitals	171
Potlatch	Paper Mills	162
All Season Vehicle (ASV)	Transportation Equipment	120
Itasca County Nursing Home	Skilled Nursing Care Facilities	120
Target	Department Stores	120
Itasca Community College	Junior Colleges	106
K Mart	Department Stores	100
Northprint International Inc	Commercial Printing	100
MN Diversified Industries	Manufacturing Industries	80

Source: DEED Community Profile, 2002

### Industrial Land

As noted above, a major component of the City's economic infrastructure is its industrial parks and businesses. The City owns and manages four industrial parks within City boundaries and the Itasca Development Corporation owns and manages the new 200 acre eco-industrial park on the site of the old Ainsworth OSB plant. Additional land in the northern part of the City (recently annexed from Grand Rapids Township) is currently zoned for industrial land uses, and a JOB-Z site was designated by the Township in this area prior to annexation.

City staff conducted an analysis examining the historic rate of consumption for industrial land in and around Grand Rapids and the approximate buildout, based on historic absorption rates. The buildout of existing industrial parks and remaining available, buildable land is shown in Tables 5-20 and 5-21.

**Table 5-20. Previously Developed City/GREDA Industrial Property**

Plat	Plat Year	Total Acreage	# of Businesses
Industrial Park One	1969	31.8	17
Industrial Park Two	1992	31.7	4
Industrial Park East	1999	5.2	1
Industrial Park East 1st Add.	2001	32.2	2
Airport S. Industrial Park - Phase 1	2007	1.7	1
<b>Total</b>		<b>102.6</b>	<b>25</b>

Source: Grand Rapids Community Development



**Table 5-21. Current Inventory of GREDA Owned, Undeveloped, Industrial Property w/Utilities**

Plat	Plat Year	Total Acreage	# of Sites
Industrial Park East	1999	14.5	8
Airport S. Industrial Park - Phase 1	2007	11.6	5
Airport S. Industrial Park - Phase 2	2009	8.1	6
<b>Total</b>		<b>34.2</b>	<b>19</b>

Source: Grand Rapids Community Development

The historic average rate of buildout (or absorption) is between 3.4 and 4.2 acres per year, the higher figure being the rate seen in Grand Rapids more recently (since 1992). At the higher rate, the existing sites with utilities in the industrial parks will be fully built-out by 2018. Furthermore, the existing industrial part sites cannot accommodate a larger facility, one of the key findings in the 2005 Target Industry and Industrial Park Plan, summarized above in this section.

In addition to the sites with utilities, the City (and the City of Cohasset) has over 200 acres of land owned by the City or County economic development authorities (EDAs), as shown in Table 5-22. These sites were the Ainsworth OSB plant, and are primarily now part of the Eco-Industrial Park managed by IEDC. While this area is not served by City utilities, it does provide important capacity for meeting industrial development goals, in particular for projects that would require larger parcels than is available in the other industrial parks.

**Table 5-22. Current Inventory of GREDA/IEDC Owned, Undeveloped, Industrial Property no Utilities**

Site Description	Total Acreage	# of Sites
GREDA - IEIP Site	25.0	1
IEDC - IEIP Site (Grand Rapids)	134.5	1
IEDC - IEIP Site (Cohasset)	63.5	1
<b>Total</b>	<b>223.0</b>	<b>3</b>

Source: Grand Rapids Community Development

Finally, an analysis of industrial development potential must also consider nearby industrial park land that is available for development. Industrial development is regional in nature in that it brings direct and indirect benefit to more than just the local government that is the beneficiary of an increase in tax base. Basic industries employ people from multiple communities and provide multiplier effects throughout the region. Table 5-23 shows the available industrial park land outside Grand Rapids including both land with utilities and raw land.

**Table 5-23. Current Inventory of Private and Public Industrial Sites in Surrounding Communities**

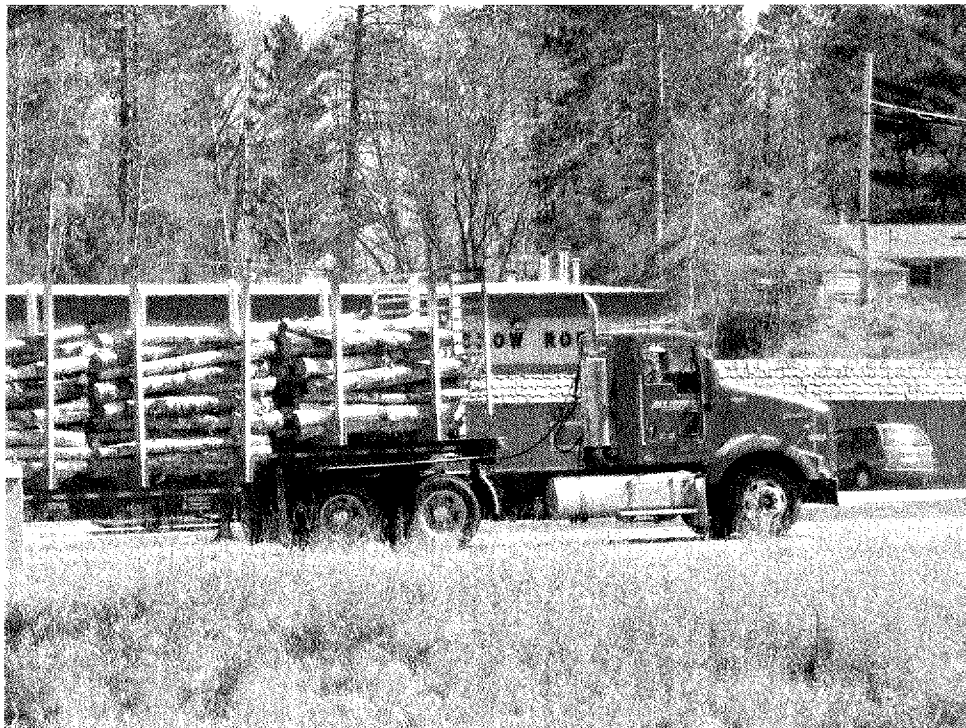
Site Description	Total Acreage	# of Sites
Cohasset Industrial Park w/Utilities	17.1	5
Cohasset - Blandin Woodyard JOBZ	60.0	1
Cohasset Industrial Park Expansion Area	334.0	1
Coleraine Eagle Ridge Technology Park	7.5	3
Coleraine South JOBZ	60.0	1
Coleraine Industrial Park	3.9	1
<b>Total</b>	<b>482.5</b>	<b>12</b>

Source: Grand Rapids Community Development



The NorthSpan Group has also assessed industrial park lands for the entire region. The report summarizes industrial park capacity and available land for an eight county region across northeastern Minnesota. Over 3,500 acres of land are available in 57 different industrial parks. Most of the land has access to utilities. While some of these industrial parks are not within the same industrial development market as Grand Rapids, industrial development is frequently a regional, rather than local, market.

The data show that substantial reserves of land are thus available in the region for industrial development, and reserves are currently available locally, assuming historic absorption rates. In order to be positioned for larger scale industrial growth, however, the local need for more sites with utilities is also clear. The area has potential mismatch between sites with utilities and the long-term demand for large shovel-ready sites in the immediate Grand Rapids locality.





## Economic Infrastructure – Looking Forward

Grand Rapids has achieved many economic development elements of its 2003 Plan. Some goals, however, remain elusive, and the economic transformations since 2003 have raised new challenges as noted in the economic infrastructure inventory. The issues noted in the inventory include:

- *Continued need to diversify the City's economic base.* Economic development efforts must navigate potential conflicts or tradeoffs between enhancing competitive advantage (building the industries in which Grand Rapids has substantial infrastructure or local feedstocks) and increasing economic dependence on one industry or one market.
- *Balancing between regional retail centers and Grand Rapids' downtown.* The City is and will continue to be a regional center for retail goods and a variety of services. What role should the downtown play in City's and the region's economic development? Is the downtown more than just another commercial cluster? How does the City ensure that appropriate private sector capital flows to the downtown?
- *Anticipating and preparing for cycles in the natural resource based industries.* The paper, pulp, and mining industries have long been a competitive segment of the region's economic base. These industries also go through cycles of investment and decline that create economic upheaval when large numbers of jobs are lost or gained. The planned Essar steel plant is an example of such an opportunity. What needs to happen to minimize risk and capture opportunities associated with these industries?
- *Positioning the City and the region for large scale industrial development.* What role do the industrial parks play in the economic development of the entire community, and is the industrial infrastructure adequate for capturing opportunities? To what extent are new subsidies and infrastructure development warranted?
- *The need for strategic infrastructural investments in education.* Educational infrastructure provides for job training and is a substantial quality of life indicator. Industry will invest when the workforce is well trained, the public schools are high quality, and the community is invested in creating opportunities for all residents. School closings or scaling back this infrastructure has potential economic consequences, as does new investments in educational infrastructure.
- *The role of medical services in economic vitality.* Medical services are the City's largest industry in both providing jobs and in total wages. The medical campus helps make Grand Rapids a regional economic center, and substantially adds to the City's quality of life. What role does the medical "industry" have in economic development considerations?
- *Recognizing the value of tourism.* Recreational assets have benefits for both the tourism industry and present one of the region's competitive opportunities. Are there opportunities to sustain the City's economic infrastructure by enhancing the quality of life for residents and visitors?

### Grand Rapids EDA

The Mission of the Grand Rapids Economic Development Authority (GREDA) is to advance the growth of our local economy through efforts focused on business recruitment, retention and expansion.

As the City's economic development agent, the GREDA strives to provide a high level of service to businesses, in order to encourage economic investment and prosperity in the City of Grand Rapids and the surrounding region. The GREDA works closely with businesses to: identify creative solutions to challenging problems, generate enhanced opportunities for growth, and help them achieve their short- and long-term goals.

Source: 2008 Annual Report



- *Developing artistic and cultural assets.* Economic sustainability overlaps with other elements of sustainability, such as quality of life. A thriving artistic and cultural community creates economic diversity, enhances community image, and is a primary indicator of community stability. How can the City support artists and cultural entrepreneurship? Where in economic development priorities do such entrepreneurs fit?

To help define the City's economic goals, the Grand Rapids Economic Development Authority, working with the Steering Committee, crafted the following visions, goals, and objectives for economic development and for comprehensively addressing Grand Rapids economic infrastructure.

### **Economic Vision**

A long-term vision is a description of how a successfully implemented plan will transform the everyday landscape, how the goals, objectives, vision statement look within the physical world. The long-term vision provides a reference point to keep even short-term actions on task, and to ensure that today's decisions do not unduly limit tomorrow's possibilities.

#### **Community Vision**

"Grand Rapids welcomes and supports a diverse mix of thriving businesses and industry that provide quality jobs, promising careers, and economic vitality. Grand Rapids is a welcoming gateway to Minnesota's Northwoods tourism."

The Comprehensive Plan presents the long-term economic vision in several ways:

1. Addressing economic outcomes in the Community Vision, Community Values, and Guiding Principles
2. Portraying economic land uses on the future land use map, and
3. Describing economic priorities in a hierarchy of goals, objectives, and strategies in this section of the Plan

Economic development is an important component of the Comprehensive Plan. In order to ensure that the Comprehensive Plan is useful in guiding economic development choices, the GREDA Commissioners provided their long-term vision of economic development and their understanding of how to connect economic goals to the other components of the Comprehensive Plan.

### **Economic Goals**

The Comprehensive Plan update looks at economic infrastructure and the associated goals, objectives, and strategies recognizing that economic development cannot be considered in isolation from the rest of the City's vision. The economic infrastructure goals must be considered within the context of the City's other goals, and to be a component of the City's Vision, Values, and Guiding Principles.

The long-term vision and outcomes discussion provides a starting point for identifying economic development goals. Goals are generalized outcomes that identify components of the desired future condition. Part of the vision and outcome discussion was to identify why and how economic

#### **Community Values**

##### ***Economic Opportunities***

A strong diversified economy is a prerequisite to the full realization of all other values. We value a healthy, growing economy that provides opportunities for large and small businesses, rewards entrepreneurship, and provides meaningful careers to residents.



development was helping to achieve the City's long-term vision. This became the new hierarchy of goals and objectives for the 2010 Comprehensive Plan.

The 2003 Comprehensive Plan Economic Development section included six goals:

- Goal 1: Retain and enhance existing businesses
- Goal 2: Use the City's available resources to strengthen economic clusters
- Goal 3: Development of the Riverfront
- Goal 4: Develop and Enhance the City's Business/Industrial Districts
- Goal 5: Provide affordable housing opportunities
- Goal 6: Maintain the Comprehensive Plan as the guide for achieving planned growth and development

Each goal had between 2 and 5 objectives, and each objective had associated strategies and action steps. The 2010 Plan update creates a new hierarchy of goals and objectives, but incorporates the 2003 Plan goals and objectives into the updated economic infrastructure section, as well as introducing new goals and objectives that address the new economic challenges and opportunities described in the economic inventory.

**Goal 1: Create jobs and income.** The City's economic infrastructure sustains the City's households and the households of many people in surrounding communities. Building the City's economic base is not an end in itself, but rather is a primary component for achieving many of the community's goals. Creating economic opportunity for current and future residents is a primary Comprehensive Plan goal.

**Guiding Principles**

**Principle 3. Promote local economic vitality.**

Support activities and investments that promote the creation of and sustaining of careers and wages, provision of a diversity of services and goods, and long-term business investment and market expansion.

The City has also identified several objectives that help define Economic Infrastructure Goal 1.

- a. *Ensure that job creation efforts include high-wage/high-quality jobs.* In order to support and sustain their households, residents need to have economic opportunities that pay a good wage and provide benefits that households need. While not all jobs need to be high-wage, the City should emphasize the creation of high-wage, high quality jobs.
- b. *Enable the expansion of existing businesses.* Creating jobs by expanding existing businesses is the most productive way to expand economic opportunity. The City will undertake business expansion initiatives and support business expansion efforts of others.
- c. *Recruit new businesses that add jobs and income opportunities.* Businesses in other regions looking for expansion opportunities and entrepreneurs who create new businesses can contribute to creation of jobs and income opportunities. The City should take strategic actions that encourage outside investment in Grand Rapids and entrepreneurship from within the community.

**Goal 2: Enhance the local quality of life.** A vibrant economic base should provide for a high quality of life for residents and visitors. A high quality of life simultaneously encourages outside investment in Grand Rapids economic infrastructure. Taking steps to improve quality of life is thus both an important goal and a key strategy for meeting other economic development goals.

The City has identified the following objectives that help define Economic Infrastructure Goal 2.



- a. *Provide affordable housing opportunities.* Housing that is safe, affordable, connected to the community is essential to maintaining residents' quality of life. The City will work to ensure that a range of housing options is available in the local market, and will consider how well affordable workforce housing is located relative to job centers. The City will work with governmental, non-profit, and private entities to accommodate the variety of incomes and household types in Grand Rapids.
- b. *Develop a thriving downtown.* The downtown is more than a collection of businesses. More than any other place, the downtown is the symbol of the community, the place that visitors and residents alike think of as the heart of the City. The City will treat the downtown as critical economic infrastructure and recognize the relationship between the downtown and the rest of the community in land use, infrastructure, and economic development activities.
- c. *Better utilize the River as an economic asset.* The Mississippi River centers and defines much of Grand Rapids. The River is an economic, natural resource, and cultural asset to the community. The City will encourage economic use of and redevelopment along the River that also protects its natural and cultural significance.
- d. *Support arts, recreation, and educational assets.* Economic infrastructure has substantial overlap into Grand Rapids' lifelong educational system, recreational assets, and artistic venues. The City recognizes both the substantial quality of life implications of decisions regarding these assets and the economic benefits of infrastructural investments in education, recreation, and the arts.
- e. *Encourage a mix of local services and retail goods adequate to meet regional demand.* Quality of life is enhanced when City residents, residents of nearby communities, and visitors have a diverse mix of retail and service options to meet their needs. Grand Rapids can strength its role as a regional retail and service center by enhancing the quality of life for residents of the regional area. The City will encourage a diverse range of retail and service businesses to improve quality of life.

**Quality of Life and Economic Development**

The notion of quality of life is associated with good schools, cultural and recreational amenities, the beauty of the natural environment, and affordable housing, among others. The concern for quality of life as it influences economic development is expressed in the objectives, strategies, and action steps associated with goal three, 'development of the riverfront', goal four, 're-development of a viable downtown', and goal five, 'provide affordable housing opportunities' . . .

*Source: 2003 Grand Rapids Comprehensive Plan,*

**Guiding Principles**

**Principle 6. Enhance Grand Rapids' regional role.**

The City is the commercial and service center for the surrounding region, serving surrounding communities and rural areas, and in turn is supported by them. Investment in regional infrastructure such as information technologies and both commercial and recreational regional transportation are critical, as is intergovernmental coordination, to sustain the City's regional benefits.

**Guiding Principles**

**Principle 2. Harmonize change with the existing community fabric and natural systems.**

Change is inevitable but opportunities and risks can be managed to protect and sustain community and natural infrastructure. Change can be structured to enhance rather than detract: creating synergies between new and existing businesses, transforming buildings to be more sustainable, designing new housing or commercial buildings to match existing scale.



**Goal 3: Build the City's economic sustainability.** An economic base that is fraught with risk and uncertainty is not sustainable over time. An economic base that is not in sync with the City's non-economic goals ultimately detracts from economic growth. Improving economic sustainability means reducing risks associated with known economic cycles and regional economic uncertainties. Economic sustainability also requires understanding and addressing the relationship between the City's economic base, social and neighborhood assets, and natural infrastructure.

The City has identified the following objectives that help define Economic Infrastructure Goal 3.

- a. *Increase diversity of economic base.* The City's industrial economic base is closely associated with natural resource industries and specific national markets. Encouraging investment in industries that are independent of these cycles and markets will lower risks associated with an economic downturn.
- b. *Improve utilization of local resources, assets, and goods.* The City and region has valuable resources that have economic value. Use of local resources rather than equivalent non-local resources makes the region's economic infrastructure more productive and less subject to forces beyond the City's control. The City will strive to improve economic sustainability through improved utilization of local resources.
- c. *Support the City's historic competitive strengths, including established heavy industry and manufacturing.* Economic sustainability requires that the City understand and support its competitive strengths. Natural resource industries, particularly the paper and pulp industry, will remain critical to creating economic opportunity for current and future residents.
- d. *Support investment in regional assets such as medical services.* The 2003 Plan helped usher in the integration and expansion of medical services into the medical campus. Supporting this economic infrastructure helps maintain the City's position as a regional economic center.
- e. *Support investments with tourism value.* While diversity of the economic base is a critical component of economic sustainability, the City recognizes the competitive assets in its established economic clusters, including the tourism industry.

### Implementation Priorities

The 2003 Plan included a number of specific recommendations for implementing the Plan's economic goals and objectives. While some of the strategies and actions were completed, some are ongoing and still have relevance to the updated goals and objectives, and others are incomplete and need to be rolled into the new Plan. Furthermore, new economic priorities and opportunities call for some additional implementation actions to be included in the updated Plan.

The following long and short term actions implement the goals and objectives described above. Actions are thus directed by and constrained by the goals and objectives. Implementation actions must be understood within the context of the overall Plan: Community Vision, Values, and Principles; Future Land Use Map and Policies; and, Goals and Objectives.

The Grand Rapids Economic Development Authority Implementation priorities are organized into long and short term action categories. Long-term actions are more general in nature and are expected to be undertaken five or more years out. Short-term actions are fairly specific and are expected to be undertaken within three years and completed within five years.





### Short Term Economic Implementation Strategies

Seek more funding (such as the Small Cities Development Program) to expand and create programs enhancing/rehabilitating existing commercial buildings, and market the programs to an expanded target area, consistent with the Comprehensive Plan.



1. Consistent with the desired mix of land uses as discussed in the Comprehensive Plan, engage in direct marketing and solicitation of private development interest to create value on property that Grand Rapids Economic Development Authority (GREDA) controls.
2. Develop new promotional efforts to market GREDA industrial parks and vacant commercial properties. Support marketing and recruitment efforts of others for new industrial tenants to the Eco-Industrial Park.
3. Continue to support actions that market Grand Rapids' identity in regional and statewide markets, particularly in key tourism markets.
4. Promote and assist private investment interest in privately held priority sites identified within the *Downtown Redevelopment Master Plan* and *Riverfront Framework Plan*.
5. Improve visibility of GREDA and GREDA available sites, incentive programs and Grand Rapids community assets, through the development of a new website.
6. Apply for Minnesota "shovel ready" certification from DEED for industrial sites.
7. Continue to develop ongoing funding and support for GREDA in order to assure ongoing implementation of economic development goals.
8. Develop business retention programs citywide to sustain businesses in their existing spaces, or to find new appropriate space for businesses looking to expand.
9. Continue to link economic development initiatives to the Comprehensive Plan goals and objectives, including consistency with the Future Land Use Map and the policy preference to supporting and creating high quality, high wage jobs.
10. Develop a long term strategy for Block 36.
11. Attract RV park developers to sites within the City, consistent with the Future Land Use Map.
12. Enhance vitality of Central School block.
13. Consider methods of facilitating public realm investments and seek partners in developing new artistic and cultural assets.
14. Continue support for events and temporary land uses in the downtown that create community gathering places, such as the farmers market.

#### Shovel Ready Site Certification

Shovel ready sites certify that the most time-consuming technical and regulatory aspects of development are already complete.

The certification gives your community a competitive edge by making the sites more attractive to companies and site-selection consultants looking for locations for business startups, expansions or relocations.

Source: Positively Minnesota, DEED



Long term implementation strategies are described below. Some priorities may be a reaffirmation of ongoing efforts, while others require significant investigation and planning before being implemented.

### Long-Term Economic Implementation Strategies

1. Continue to prioritize high quality, high wage jobs in economic incentive programs.
2. Work with Itasca Community College to develop additional educational infrastructure to support economic opportunity goals, such as developing and enhancing programs to support the region's natural resource industries.
3. Investigate competitive opportunities to use Grand Rapid's information and communications infrastructure to develop businesses that have a national market.
4. Support continual investment in medical technology, training, and marketing to enhance Grand Rapids position as the regional center for medical services.
5. Create programs or other support to ensure that opportunities for entrepreneurs (capital, space, technical assistance, etc.) match the evolution of the local and regional markets.
6. Assess expansion and retention needs for existing businesses and re-commission expansion/retention programs to meet the evolving markets and barriers faced by existing businesses. Encourage existing businesses to meet the evolving demand for services and goods that accompanies the demographic changes occurring in Grand Rapids.
7. Consider opportunities for additional regulatory efficiencies to minimize barriers to business expansion.
8. Work with State and local partners to identify under-used local resources and facilitate entrepreneurial efforts to treat waste products as a resource, including waste heat and waste materials from industrial operations. Consider opportunities for programs supporting new markets such as bio-energy.

#### Business Retention and Expansion

GREDA views regular interaction with resident companies, such as through a Business Retention and Expansion (BRE) program of structured interviews, as an important component of the Grand Rapids area economic development action plan. The importance of BRE is underscored by a well-known statistic: "up to 80 percent of new jobs and capital investment in any community is generated by existing businesses."

*Source: GREDA 2008 Annual Report*



9. Support manufacturers' efforts to diversify product lines and create complementary products with distinct markets from existing products.
10. Encourage public and private sector entities to re-commission the identity system and marketing goals.
11. Recognize the City's art and entertainment assets as a critical component of meeting economic development goals. Consider programs to encourage artistic and cultural entrepreneurs.
12. Conduct additional analysis on how job characteristics match with household and labor force needs. Variables to assess can include; the percentage full-time year-round compared to seasonal/part-time; "living wage" and lower pay scale; benefits and no benefits; number of heads of households in the City who are in the labor force, number of minors who are in the workforce, and commuting patterns of people who work within the City.
13. Implement recommendations of the Downtown Plan and consider recommissioning the Plan to reflect new market and land use circumstances.

