

Annual Performance Report Comprehensive Economic Development Strategy

ACKNOWLEDGMENTS

Region Nine Development Commission (RNDC) would like to thank everyone who participated in this report by giving their insights and experiences.

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1

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TABLE OF CONTENTS

- 1 Acknowledgments
- 2 About Region Nine
- 3 Introduction
- 4 Regional Overview
- 5 Community Vitality Indicators

7 County Profiles

Blue Earth Brown Faribault Le Sueur Martin Nicollet Sibley Waseca Watonwan

17 The Cornerstones

Strengths Weaknesses Opportunities Threats

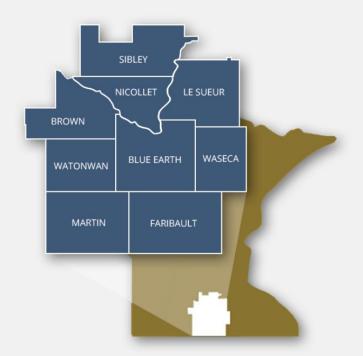
23 Appendix

Resolutions Opportunity Zones

ABOUT REGION NINE DEVELOPMENT COMMISSION

RNDC serves nine counties in South Central Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan. RNDC takes great pride in working with and on behalf of these counties, their cities, townships, and school districts. Since 1972, being a partner for progress has led to the development of programs in the areas of economic development, business development, healthy communities, transportation, community development and leveraging regional resources. RNDC is governed by 40 regional leaders. These leaders include elected officials representing nine counties, 72 cities, 147 townships, 33 school districts, the Minnesota Valley Council of Governments, and public interest groups including, Health and Human Welfare, Minority Populations, and Youth.

RNDC receives an annual planning grant from the Federal EDA to conduct economic development planning activities within the district. Activities range from developing and maintaining the CEDS, leading regional-based economic development goals and strategies, facilitating the regional Community and Economic Development Planning Committee, hosting regional grant opportunities forums, workforce forums, and assisting communities who are interested in seeking Federal EDA funding.



INTRODUCTION

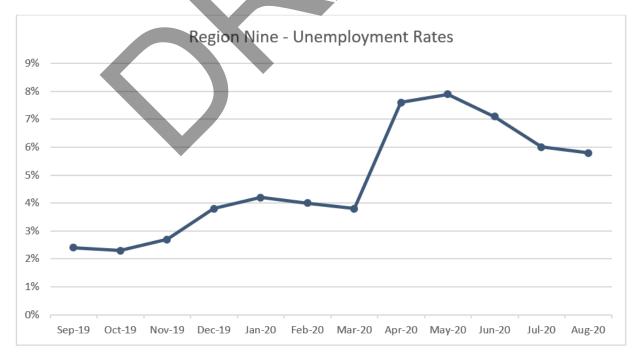
This annual performance report analyzes Region Nine's current economic conditions and serves as an update on the region's progress outlined in the 2016-2021 Comprehensive Economic Development Strategy (CEDS). The CEDS and annual performance report is posted in accordance with EDA's regulations found in the Federal Register at 13 C.F.R. part 303.

RNDC works closely with several organizations and institutions to take a comprehensive inventory of economic and employment-related changes in South Central Minnesota throughout the year. This also includes working with RNDC's commissioners to monitor changes at county, city, and township levels of analyses, and particular challenges faced by communities that experience plant closures, layoffs, and general economic distress.

The region's largest industries by number of people employed are Education, Healthcare, and Social Assistance (26.3%), Manufacturing (17.2%), and Retail (10.9%). This accounts for over half of the region's jobs. These are also the largest industries in the state of Minnesota. The United States as a whole has a lower proportion of manufacturing, with its three largest industries being Education, Healthcare, and Social Assistance (23.1%), Professional, Scientific and Management, and Administrative & Waste Management Services (11.4%), and Retail (11.3%).

Within broad industry categories are more specific industry clusters. The clusters with the highest rates of employment in Region Nine are: Local Health Services; Local Real Estate, Construction, and Development; Local Hospitality Establishments; Local Education and Training; Government; Food Processing and Manufacturing; Local Motor Vehicle Products and Services; Education and Knowledge Creation; and Local Community and Civic Organizations. Among these, Local Food and Beverage Processing has the highest average annual wage at \$59,561.

The COVID-19 pandemic has greatly affected the region's economy. In September 2019, the region's unemployment rate was 2.4%. It dipped to 2.3% in October before a slow rise into 2020, another brief dip in March 2020, and a spike to 7.6% in April. Region-wide unemployment peaked in May at 7.9%, but it remains higher than normal as of August, with a rate of 5.8%.



Source: Minnesota Department of Employment and Economic Development



As of 2019, Region Nine is home to 233,532 people. The region's population has grown by 1% between 2010 and 2019. In the same timeframe, the United States' population has increased by 6.3%. While the region has seen population growth as a whole, all of this growth can be attributed to Blue Earth, Nicollet, and Le Sueur Counties. Brown, Faribault, Martin, Sibley, Waseca, and Watonwan Counties all experienced population declines since 2010.

Since 2010, Region Nine's biggest age group growth has been in the 65 and over range, with an increase of over 4,500 people. The under 18, 18-34, 35-44, and 45-64 ranges saw comparatively small decreases (less than 1,000 per group). Blue Earth is the region's youngest county with a median age of 30.7, while Faribault County's median age is the highest at 46.1 years. Both Minnesota and the United States as a whole have a median age is 37.9. Seven of the region's nine counties have higher median ages than Minnesota and the US; only Blue Earth and Nicollet have lower median ages.

Region Nine's population is 93.5% White, 1.9% Black, 1.7% Multiracial, 1.2% Asian, and 0.3% American Indian/Alaskan Native. 5.8% of Region Nine's population is Hispanic or Latino in ethnicity. Region Nine is less racially and ethnically diverse than the United States as a whole. Nationwide, 72.7% of the population is White, 12.7% is Black, 5.4% is Asian, 3.2% is Multiracial, 0.8% is American Indian/Alaskan Native, and 0.2% is Native Hawaiian/Pacific Islander. Hispanic and Latino people of any race make up 17.8% of the country's population.

REGIONAL OVERVIEW

The Community Vitality Indicators (CVI) is a way of assessing how well counties in the state are doing on a core set of metrics. Taken together, these variables are intended to provide counties with a snapshot of how they stack up relative to other counties in the state. By tracking these measures over time, counties and other government entities can determine the degree to which they are achieving positive improvements on one or more of these key measures. The CVI was developed at Purdue University and constitutes the following variables:

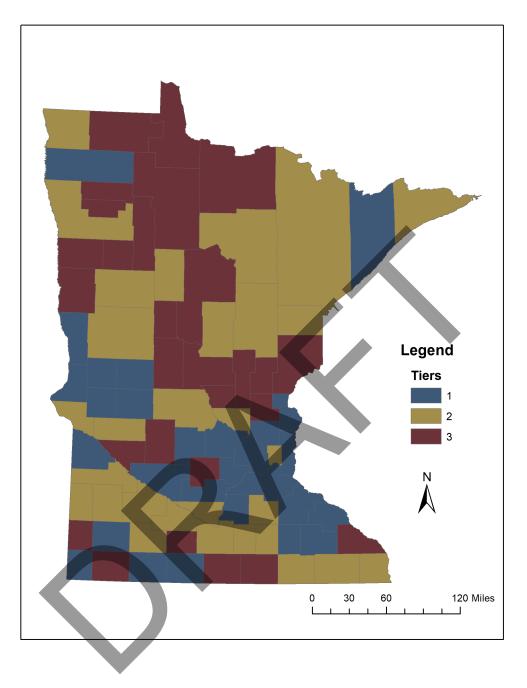
- Population Estimates
- Public School Enrollment (Percent of Population Under 18 Years)
- Public High School Graduation Rate
- Percent Population with Associates Degree or Higher

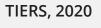
• Gross Assessed Value Per Capita (Note: For this document's purposes, we have replaced this with Total Estimated Market Value Per Capita).

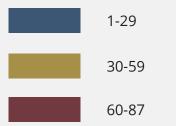
• Per Capita Personal Income

Counties are given a ranking on each variable. For example, a county with the best public high school graduation rate is assigned a rank of 1 while the one with the lowest high school graduation rate is given a rank of 87. The final overall ranking of a county is simply the summation of its ranking on all six measures, arranged in ascending order (with the lowest number representing the top ranking and the highest number representing the county with the poorest ranking). For purposes of this analysis, all six variables are given equal weights. Minnesota's 87 counties are divided into three equally sized tiers with 29 counties each.

COMMUNITY VITALITY INDICATORS







RANKING	CHANGE	COUNTY NAME
8	+19	Le Sueur
17	+33	Sibley
28	+9	Martin
38	+26	Brown
40	+13	Waseca
43	-27	Nicollet
47	-33	Blue Earth
61	+26	Faribault
67	+16	Watonwan

This year, RNDC replaced the Gross Assessed Value Per Capita metric of the CVI with Total Estimated Market Value Per Capita because the former metric tended to penalize rural counties doubly for having low population since those counties' ranks already are negatively impacted by the raw population metric. The results show a considerable leap in the most rural counties of Region Nine, but conversely, the most urbanized counties in the region, Blue Earth and Nicollet, saw their ranks plummet with the metric change. RNDC will continue evaluating the best ways to display the region's vitality for subsequent CEDS documents.

The following table shows each county's highest and lowest ranking metrics along with where they rank out of the state's 87 counties.

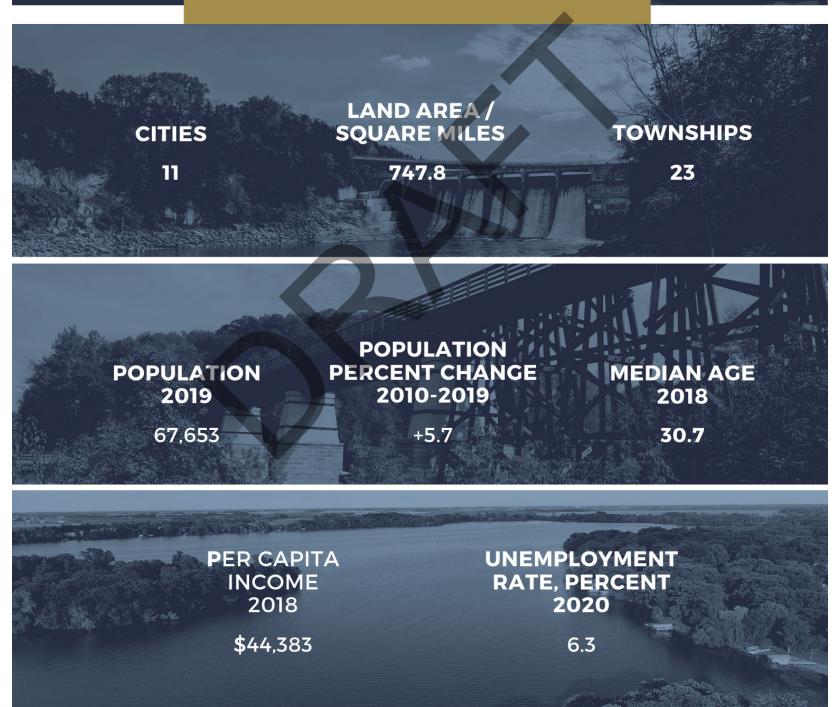
County	Highest Ranking Criteria	Lowest Ranking Criteria
Blue Earth	Percent of Population w/Associ- ate Degree or Higher (#11)	Public School Enrollment for Peo- ple Under 18 Years Old (#76)
Brown	Public School Enrollment for Peo- ple Under 18 Years Old (#24)	Percent of Population w/Associ- ate Degree or Higher (#57)
Faribault	Total Estimated Market Value Per Capita (#19)	Public High School Graduation Rate (#82)
Le Sueur	Public High School Graduation Rate (#15)	Total Estimated Market Value Per Capita (#46)
Martin	Total Estimated Market Value Per Capita (#25)	Percent of Population w/Associ- ate Degree or Higher (#52)
Nicollet	Percent of Population w/Associ- ate Degree or Higher (#10)	Public School Enrollment for Peo- ple Under 18 Years Old (#83)
Sibley	Public School Enrollment for Peo- ple Under 18 Years Old (#14)	Population and Public High School Graduation Rate (#56)
Waseca	Public School Enrollment for Peo- ple Under 18 Years Old (#11)	Per Capita Income (#72)
Watonwan	Public School Enrollment for Peo- ple Under 18 Years Old (#17)	Per Capita Income (#75)



COUNTY PROFILES

Blue Earth Brown Faribault Le Sueur Martin Nicollet Sibley Waseca Watonwan

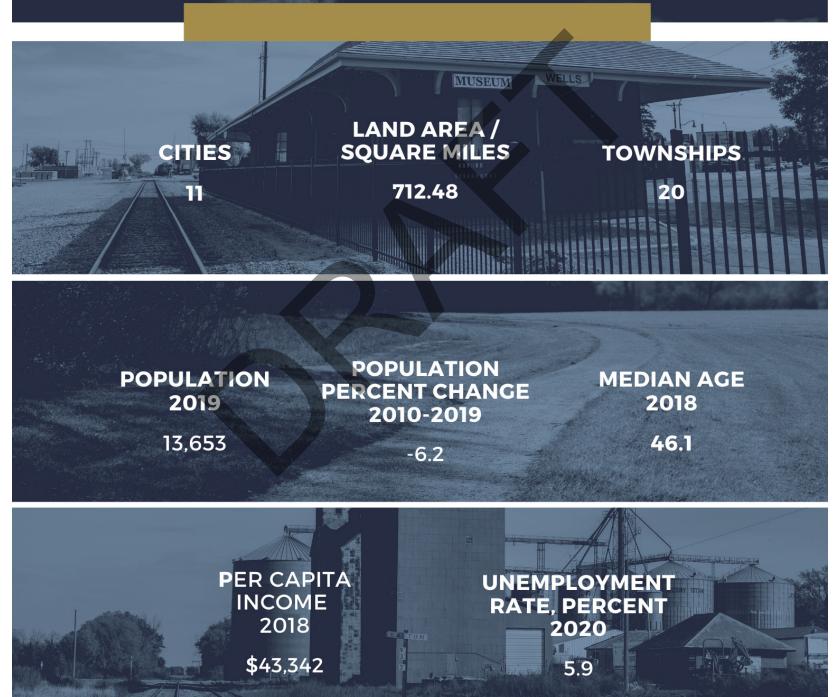
BLUE EARTH COUNTY



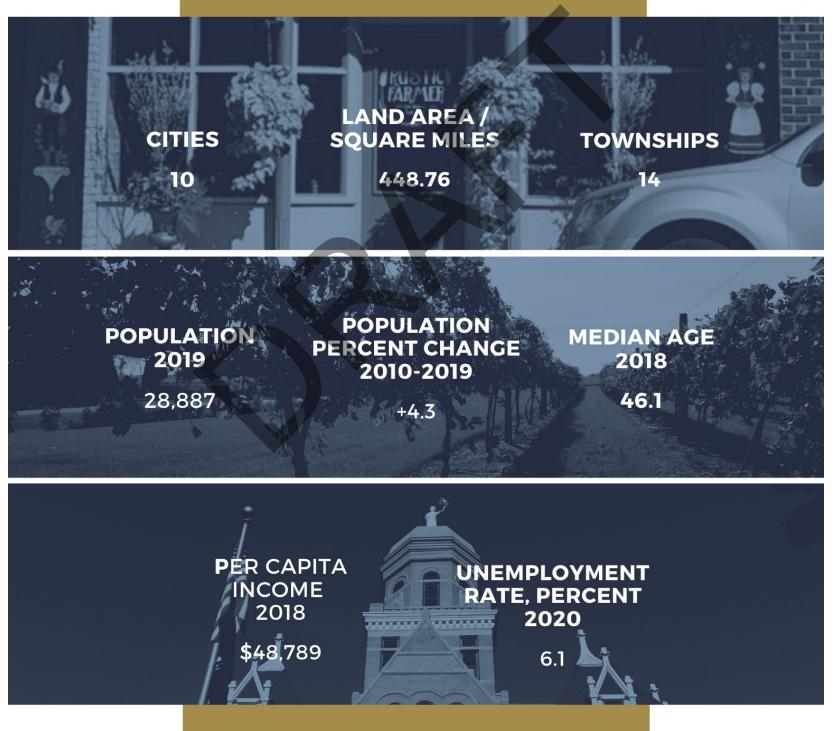
BROWN COUNTY



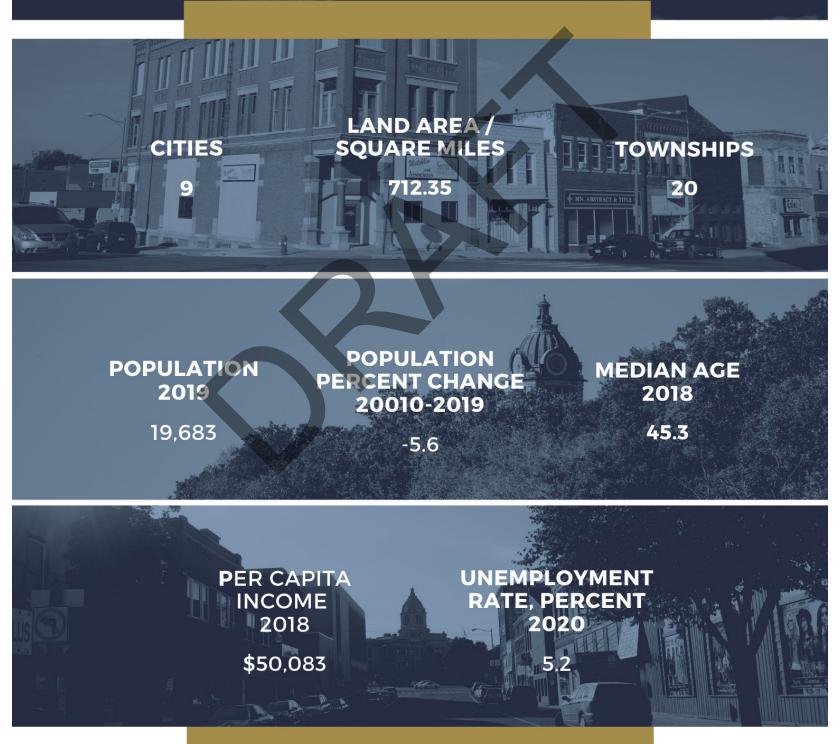
FARIBAULT COUNTY



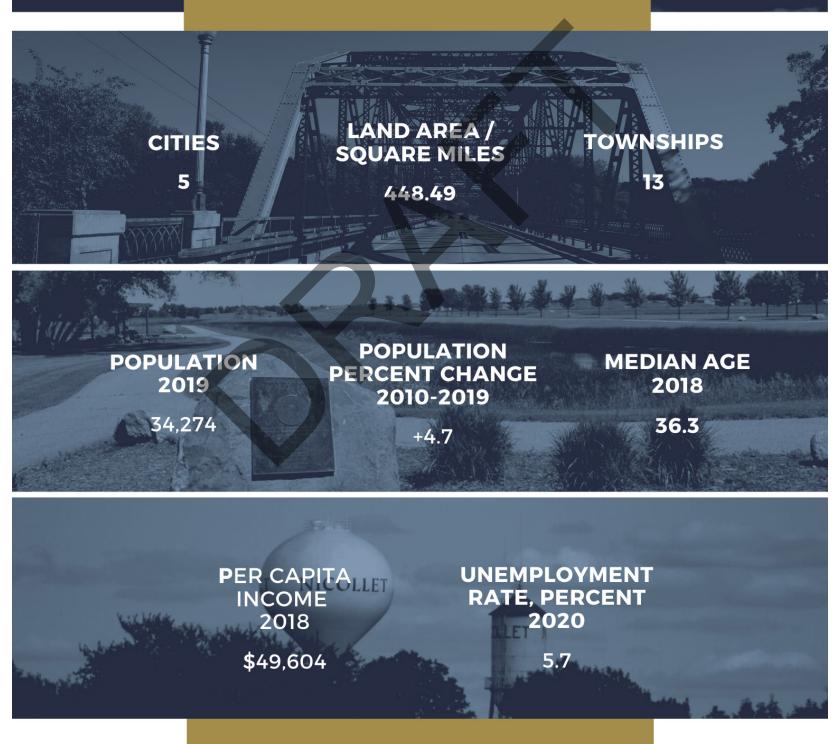
LE SUEUR COUNTY



MARTIN COUNTY



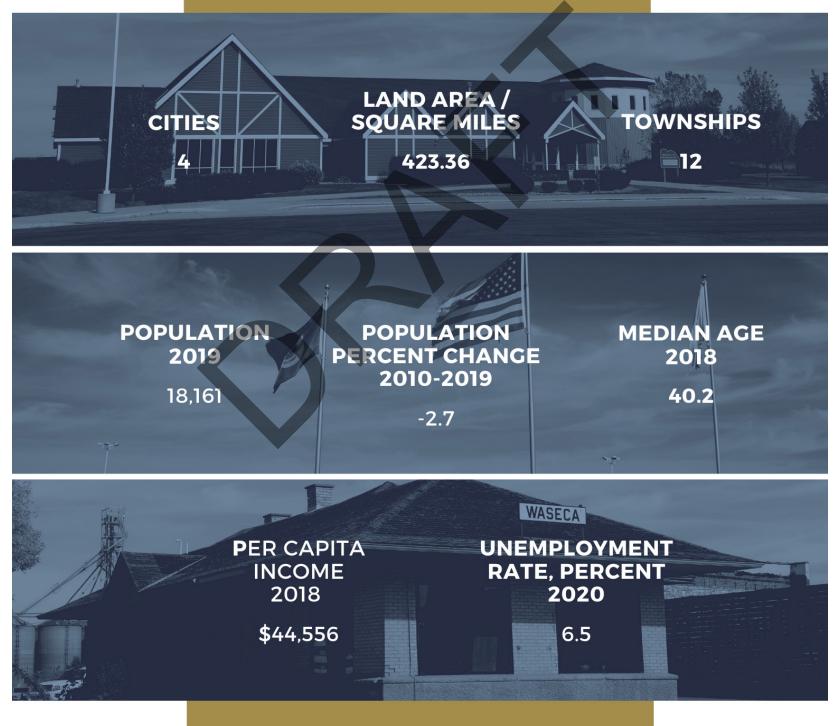
NICOLLET COUNTY



SIBLEY COUNTY



WASECA COUNTY



WATONWAN COUNTY



THE CORNERSTONES

The four Cornerstones identified in the CEDS represent broad categories of the region's goals, strategies, and action steps originally developed for the 2016-2021 CEDS.

Human Capital, in the context of the CEDS, refers to monitoring and aligning the needs of employers and the workforce in an effort to retain and attract talent to the region. It includes developing the overall labor force and meeting regional needs with respect to educational attainment.

Economic Competitiveness encompasses efforts to support innovation, economic growth, job creation, and improved living standards throughout the region. It includes entrepreneurial activity and innovation and small business growth.

Community Resources refers to the maintenance of rural values, the heritage, and assets that support them. In the context of economic development, this cornerstone includes tourism, social capital, arts and culture, natural resources, and water quality.

Foundational Assets encompass strategies that pro-actively and collaboratively address infrastructure needs in the region. Broadband access, transportation, active transportation, housing availability, and water and wastewater infrastructure are all critical components to a healthy and dynamic economy.

To respond effectively to the current and future needs of the region, RNDC assessed the strengths, weaknesses, opportunities and threats through a series of listening and discussion sessions held virtually via Zoom. The themes identified throughout these sessions bridged all four cornerstones: Human Capital, Economic Competitiveness, Community Resources, and Foundational Assets. Strengths, weaknesses, opportunities, and threats in Region Nine, as identified by city officials, residents, business owners, and other stakeholders, centered around the key themes listed below.

STRENGTHS

- Strong sense of regional identity and individuality
- Cost of living is lower than large metropolitan areas, making it easier for businesses to profit and reinvest in themselves as well as making the region affordable for residents.
- Safety and security.
- Transportation US 169 corridor, I-90, Highway 14 expansion
- Willingness to work together and across lines rather than in silos; collaborative nature of the region
- Mankato Area Foundation
- Other foundations (SMIF, Bush, etc.)
- Assistance to small businesses and entrepreneurs from Small Business Development Center
- Strong post-secondary institutions
- Greater Mankato Growth
- Youth programming
- Diversity Council, NAACP, St. James Uniting Cultures
- Healthcare
- Regional connectivity to Minneapolis-St. Paul International Airport
- Outdoor recreation opportunities
- Natural beauty in the region (State/local parks, abundant lakes, rivers).
- Growth of the arts community from a variety of funding, collaboration, training, and marketing opportunities through groups like the Prairie Lakes Regional Council for the Arts.
- Arts Center of St. Peter Fellowships with artists of color.
- Numerous festivals and other popular recurring local events
- Numerous breweries, wineries
- Abundant bike/pedestrian trails
- Thriving places and attractions like the Southern Minnesota Children's Museum, Mankato Marathon, and Art Walk.
- Concerts and events at the Mankato Civic Center.
- Youth Eco Solutions (YES!) Conservation projects and outdoor recreation
- Youth becoming more engaged in Diversity, Equity, and Inclusion Efforts (Mankato West High School is starting a DICE club—Diversity, Inclusion, Community, and Equity).
- Robust electric transmission infrastructure
- Increasing use of renewable energy

WEAKNESSES

- Lack of diversity in much of the region.
- The region exports more dollars than it imports.
- While overall cost of living is low, housing is in short supply in some cities, making some communities less affordable.
- Poverty
- Lack of innovation
- Lack of regional mass transit.
- Lack of engagement
- Need for business succession plans as many local business owners approach retirement age.
- Need improvement in getting diverse communities to the table, especially refugee communities.
- Still work to do to improve racial equity in this part of the state beyond the efforts of YWCA and RNDC. Things are moving forward, and there are good conversations happening, but there is also dissent.
- Farmamerica in Waseca is an underutilized educational and tourist resource.
- Communities of color are under-represented in outdoor recreation.
- While electric transmission infrastructure is robust, still needs to be updated to handle future buildouts.
- Infrastructure upgrades are more challenging for smaller, rural areas with a lower tax base.
- Lack of broadband internet in many rural areas.

OPPORTUNITIES

- Ripple effect mapping
- Opportunities for wealth redistribution (residents and businesses that have prospered are in a good position to reinvest in communities, bolster community foundations, etc.)
- Low overhead allows potential for rural areas to become a hotbed for entrepreneurs.
- Opportunities to showcase entrepreneurial success stories in the region
- Continuing to use resources provided by DEED
- Increasing the participation of diverse communities in local and regional decision making processes
- Possible creation of region-wide outdoor recreation catalog/other promotional materials
- Accessing the talent of refugees in the region's economy
- Further expansion of clean energy
- Regional transit system
- Opportunities for more food-centric events featuring cuisines of different nations
- Promoting water recreation on underutilized bodies of water
- Possible plans to create outdoor recreation opportunities within a certain distance of minority population clusters.

THREATS

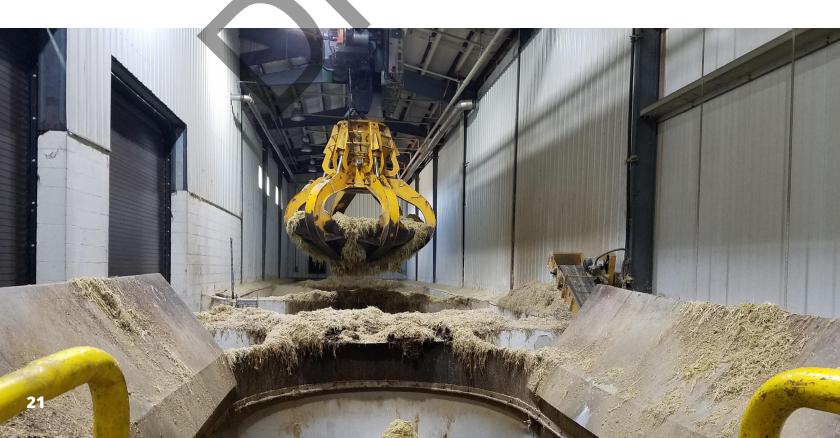
- COVID-19 (death, job loss, decreased business, cancellation of many festivals and other events)
- Increasing precipitation events leading to more frequent flooding, adversely affecting people and farms.
- Aging population puts pressure on an already decreasing workforce.
- Competition with the Twin Cities and other large metropolitan areas to attract and retain workforce talent.
- Unexpected decrease in automobile usage resulting from the pandemic means less fuel consumption; this is not an inherently bad thing, but it reduces the amount of gas tax revenue that goes toward major transportation projects
- Ongoing issues with water quality, soil health, loss and degradation of native ecosystems
- Lack of broadband in rural areas disproportionately impacts opportunities of rural residents to work from home or pursue distance learning opportunities during the pandemic.
- Rural residents have poor access to mental health.

CEDS IMPLEMENTATION STEPS

The following table shows strategies identified in Region Nine's 2016-2021 Comprehensive Economic Development Strategy and steps taken to implement these strategies in the past year.

Strategies	Implementation Steps
Increase opportunities for encore careers and re- turning graduates to return to the regional work- force.	RNDC partnered with Lead For Minnesota, the state affiliate of Lead For America, to host two recently graduated fellows from Minne- sota State University – Mankato and Gustavus Adolphus College. These two fellows will work on various community and economic development efforts in the region for two years.
Support and connect communities that have the highest concentration of minority populations to inclusion opportunities (e.g. Gaylord, Made- lia, Mankato/North Mankato MSA and St. James). These communities will have the opportunity to access these specific talent pools and market the community as a place of high inclusion. Increase and offer the availability of cultural com- petency education throughout the region.	RNDC has ongoing initiatives in diversity, equity, and inclusion, including: Welcoming Communities, Rural Equity Learning Cohorts, and the Southern Minnesota Equity Summit/ Rural Minnesota Equity Summit.

Directly connect our higher education institutions, including Minnesota State University, Mankato, South Central College, Bethany Lutheran College, Rasmussen College, Gustavus Adolphus College and Martin Luther College to major employers for potential research and development collabora- tions.	RNDC worked with Minnesota State Univer- sity – Mankato and the City of Waseca on a feasibility study for a Manufacturing Resource Center, which has evolved into an Economic Resiliency Center.
Create networks of incubator, co-working, proof of concept, maker spaces, innovation centers and tech centers in the region and connecting to re- gional partners for education, training and STEM programming to spur innovation throughout the region.	RNDC is currently working on proposals for a food industry incubator and also exploring possibilities for an incubator or maker space as part of downtown redevelopment in one rural city.
Explore incentives and expand renewable energy development.	RNDC is pursuing a regional SolSmart desig- nation from the US Department of Energy to help streamline development of solar energy and show that the region is "open for solar business." RNDC has a staff member that serves on the Southcentral Minnesota Clean Energy Council, which promotes the use of alternative and renewable energy and hosts monthly forums for the public to learn about new develop- ments in clean energy.
Promote agriculture-based tourism and pursue potential for tourism development surrounding the agriculture sector and local foods.	During non-pandemic times, RNDC hosts an annual regional bus tour that showcases eco- nomic development (including agritourism) throughout the region.



Support local community leadership programs and networking groups.	RNDC continues to sponsor the Growers Net- work, which allows local farmers an oppor- tunity to network, collaborate, and exchange ideas on problems and solutions going on in local agriculture.
	RNDC, in conjunction with Southern Minneso- ta Initiative Foundation and Faribault Diversi- ty Coalition, sponsors the Prosperity Initiative, a program that provides networking oppor- tunities and mentoring for minority and new immigrant business owners in South Central Minnesota.
Increase mentorship opportunities for younger generations to assume future community leader-ship positions.	RNDC has an ongoing, robust internship pro- gram in conjunction with South Central Ser- vices Cooperative, enabling college students to get real experience in local and regional community and economic development. RNDC also involves youth directly in the com- mission's operations and decision-making process with two commission seats specifical- ly for youth (one high school commissioner and one college commissioner).
Utilize social media and innovative civic engage- ment techniques to draw perspectives from youth, web users and people from long distances away to increase engagement and input.	RNDC operates social media accounts and now employs targeted social media adver- tising to promote awareness and increased public involvement in projects and other com- munity development efforts.
Increase the capacity of commuter bus lines, land- to-air buses, taxi services and ride-sharing to expand south central's tourism from the Minneap- olis-St. Paul International Airport.	An existing transit service expanded its busi- ness to Mankato, creating an additional shut- tle service from the region to Minneapolis-St. Paul International Airport.
Participate in regional highway corridor coalitions.	RNDC participates in the US Highway 14 Part- nership, a group advocating for upgrades and expansion to US Highway 14. In 2020, the partnership's advocacy resulted in funding for one of the most dangerous sections of the highway in the region being expanded from two lanes to four.

APPENDIX

24

APPENDIX I Resolution | Region Nine Development Commission



APPENDIX II Resolution | South Central WorkForce Council

26

APPENDIX III Region Nine Opportunity Zone

RESOLUTION | REGION NINE DEVELOPMENT COMMISSION



RESOLUTION | WORKFORCE COUNCIL



OPPORTUNITY ZONES

Five census tracts in Region Nine have been designated as Opportunity Zones. Each of these have been designated for various reasons, but they all share opportunities for investments that aim to benefit the communities they encompass. Although presented as investment opportunities based on tax deferments, these designations provide opportunities for the local communities in the counties of Blue Earth, Faribault, Martin, and Waseca to leverage existing resources with new investments. This, however, presupposes that various stakeholders pull together in an effort to enhance regional economic development in a consortium with its



residents and neighborhood partners. In addition to tax deferment incentives, several federal funding streams (EDA, USDA, HUD, etc.) offer incentives for grant and loan applicants to pursue projects within Opportunity Zones. The map below indicates the census tracts that have been designated as opportunity zones in Region Nine.

Blue Earth County - Census Tract 27013170700

Description: Downtown Mankato area Population: 2,764 Land Area: 1.0 square miles Labor Force: 2,006 Labor Force Participation Rate: 76% Unemployment Rate: 1.3% Per Capita Income: \$21,441 Poverty Rate: 40.4%

Blue Earth County – Census Tract 27013170300

Description: Northwestern corner of Mankato city limits Population: 3,214 Land Area: 3.0 square miles Labor Force: 1,922 Labor Force Participation Rate: 73.8% Unemployment Rate: 2.1% Per Capita Income: \$27,531 Poverty Rate: 13.4%

Faribault County – Census Tract 27043460400

Description: City of Blue Earth and small portions of townships immediately surrounding the city. Population: 3,183 Land Area: 7.0 square miles Labor Force: 1,659 Labor Force Participation rate: 62.0% Unemployment Rate: 2.5% Per Capita Income: \$29,159 Poverty Rate: 12.2%

Martin County – Census Tract 27091790600

Description: Northern portion of the City of Fairmont and small portions of surrounding townships. Population: 4,505 Land Area: 13.0 square miles Labor Force: 2,369 Labor Force Participation Rate: 68.7% Unemployment Rate: 6.0% Per Capita Income: \$21,430 Poverty Rate: 28.2%

Waseca County - Census Tract 2716790500

Description: Southern and western portions of City of Waseca and small portions of surrounding townships Population: 3,961 Land Area: 8.0 square miles Labor Force: 1,602 Labor Force Participation Rate: 48.6% Unemployment Rate: 4.1% Per Capita Income: \$24,961 Poverty Rate: 9.8%



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