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*Mankato - North Mankato*  
Metropolitan Statistical Area

**STRATEGIC**  
**PLAN FOR**  
**ECONOMIC**  
**DEVELOPMENT**  
**2018**

# SUMMER2018

Regional business development work is conducted under the organizational agreement of the Regional Economic Development Alliance. Greater Mankato Growth's business development team works to promote and raise global awareness of the strategic business advantages available within the regional marketplace.

This document outlines the broad efforts being conducted by the Business Development Team on behalf of the Alliance partners and finding commonalities of strategies that can impact business development. It is not meant to supplant or augment the strategies for individual entities.

Alliance members include the cities of Eagle Lake, Lake Crystal, Mankato, North Mankato and Saint Peter and the counties of Blue Earth and Nicollet.



# MSA PROFILE

The Mankato–North Mankato Metropolitan Statistical Area, as defined by the U.S. Office of Management and Budget, is an area consisting of two counties in south central Minnesota, anchored by the cities of Mankato and North Mankato.

The area has experienced over three years of consecutive year-over-year job growth and in 2017 jobs in our metro grew faster than the statewide average. At 1% population growth from 2016-2017, the MSA was the fastest growing Greater Minnesota metro area. Over the last three years, \$553 million of capital investment was made in the Greater Mankato area.

Greater Mankato is 2<sup>nd</sup> in the Upper Midwest (MN, ND, SD, IA, WI) for GDP growth over the last 5 years (behind Bismarck, ND).

Greater Mankato is #1 in Minnesota for Per Capita Personal Income Growth (up 25% since 2010).

The area is a destination point for residents in southern Minnesota and northern Iowa supported by the retail sales per capita figure of \$29,947 - 60 percent above other Minnesota regional centers.



## BY THE NUMBERS

- **Population:** 100,939 (2017)
- **Private sector businesses:** 2,436
- **Higher Education:** Minnesota State University - Mankato, South Central College, Gustavus Adolphus College in Saint Peter, Bethany Lutheran College and Rasmussen College
- **Per capita personal income:** \$43,044
- **Median value of owner-occupied homes:** \$172,400

# ECONOMIC COMPARISONS

Below are three comparisons of the Mankato - North Mankato MSA to other MSAs in three key metrics. These three comparisons are definitive factors of our economy and provide comparisons to metropolitan areas likely facing similar economic influences:

- Out of the 382 MSAs in the country, Mankato-North Mankato has the 22<sup>nd</sup> highest percent of 18-24 year-olds. This defines our economy in terms of businesses, occupations, and wages.
- Mankato-North Mankato ranks 352<sup>nd</sup> in total population out of 382.
- MSAs in the upper Midwest are subject to similar regional economic influences.

Geography	KEY METRICS					
	GDP		JOBS		HOUSEHOLD INCOME	
	% Growth 2015-2016	% Growth 2010-2016	% Growth 4/2017-4/2018	% Growth 5/2017-5/2018	2015-2016 Median Growth	2015-2016 Mean Growth
<b>Mankato-North Mankato</b>	<b>3.75%</b>	<b>25.19%</b>	<b>1.9%</b>	<b>2.25%</b>	<b>3.11%</b>	2.45%
Similar College Age Population (18-24) (AVG)	1.13%	7.85%	1.31%	1.54%	2.40%	<b>2.87%</b>
Similar Population (AVG)	-.24%	2.65%	.5%	.72%	2.88%	2.72%
Similar Geography (AVG)	1.04%	10.71%	.48%	1%	2.06%	2.79%

## REGIONAL STRENGTHS

The economic vitality of the area can be tied to three strong characteristics: Diversity of industries, workforce availability and strong infrastructure.

### DIVERSITY OF INDUSTRIES

While manufacturing is the top GDP sector for the area, we are served by many industries to help the MSA weather economic upheavals and provide opportunities for growth in clusters. Chief among this is agriculture and Greater Mankato Growth is leveraging that sector with the GreenSeam Initiative.

#### *Other sectors include:*

- Electronic manufacturing (El Microcircuits, Kato Engineering, MTU Onsite Energy, Creation Technologies)
- Printing/media (Taylor Corporation, Coughlan Companies)
- Metal manufacturing (Jones Metal Inc., Alumacraft)
- Food manufacturing (the second most prominent cluster in region)

## Industry Clusters for Mankato-North Mankato, MN MSA as of 2016Q4

Industry Group	AVG Annual Employment Rate (%) 2006Q4-2016Q4	Average Wages	LQ*
Electric/Electronics Mfg.	-2.20	\$43,512	3.89
Media	-3.17	\$40,731	3.22
<b>Agriculture</b>	0.31	\$76,196	2.30
Metal & Product Mfg.	2.50	\$52,505	1.76
Machinery Mfg.	0.62	\$44,738	1.52
Chemical	0.12	\$46,194	1.36
Health	2.56	\$40,248	1.33
Education	0.00	\$41,044	1.20
Freight Tran.	4.22	\$39,940	1.14
<b>Food Mfg.</b>	9.65	\$62,422	1.12
Retail	-0.14	\$30,814	1.12
Auto/Auto-Related	-0.19	\$40,122	0.93
Construction	-1.87	\$46,270	0.84
Coal/Oil/Power	-3.49	\$83,383	0.81
Consumer Services	0.83	\$17,235	0.81
Public Administration	2.55	\$49,782	0.77
Financial Services	-1.44	\$66,696	0.55
Professional Services	-0.59	\$53,907	0.54

\*Location Quotient

## WORKFORCE AVAILABILITY

Rank	Career	Annual Demand	Higher Education Awards	Net Surplus Talent
1	Registered Nursing/Registered Nurse	30.5	264	243
2	Psychology, General	38.02	244	223
3	Biology/Biological Sciences, General	7.91	188	167
4	Business Administration and Management, General	54.44	183	162
5	Accounting	20.59	139	118
6	Speech Communications and Rhetoric	3.53	123	102
7	Criminal Justice/Police Science	9.58	113	92
8	Marketing/Marketing Management, General	10.57	102	81
9	Finance, General	34.56	80	59
10	Mass Communication/Media Studies	4.03	76	55
<b>All Awards Total</b>			<b>5,039</b>	<b>690</b>

Nicollet County has the 2<sup>nd</sup> highest percentage of bachelor's degree or higher in Minnesota at 46% percent; Blue Earth County at 20.9 percent.

The availability of present and future workers in the region is another strength. Within 60 minutes, the region boasts a 1.5 million labor force. Higher education in the area is comprised of over 26,000 students producing a surplus of graduates each year. (See graphic)

The top commuters into the region from outside the region were from Minneapolis (0.8%), Owatonna (0.6%) and St. Paul (0.5%).

# STRONG INFRASTRUCTURE

## UTILITIES

Electrical service in the region is generally served by two providers:

- Great River Energy/Benco serving about 1.7 million Minnesotans through 28 electric cooperatives and Xcel Energy, a utility holding company serving more than 3.3 million electric customers in upper Midwest, Colorado, Texas and New Mexico. Saint Peter is part of the Southern Minnesota Municipal Power Agency (SMMPA) an 18-member non-profit municipally-owned utility offering competitive rates and reliable service.
- Solar energy farms are located throughout both Blue Earth and Nicollet counties.
- Gas service in the region is provided by Centerpoint Energy and Greater Minnesota Gas
- Saint Peter distinguishes itself with a reverse osmosis water treatment plant and underground electrical distribution network

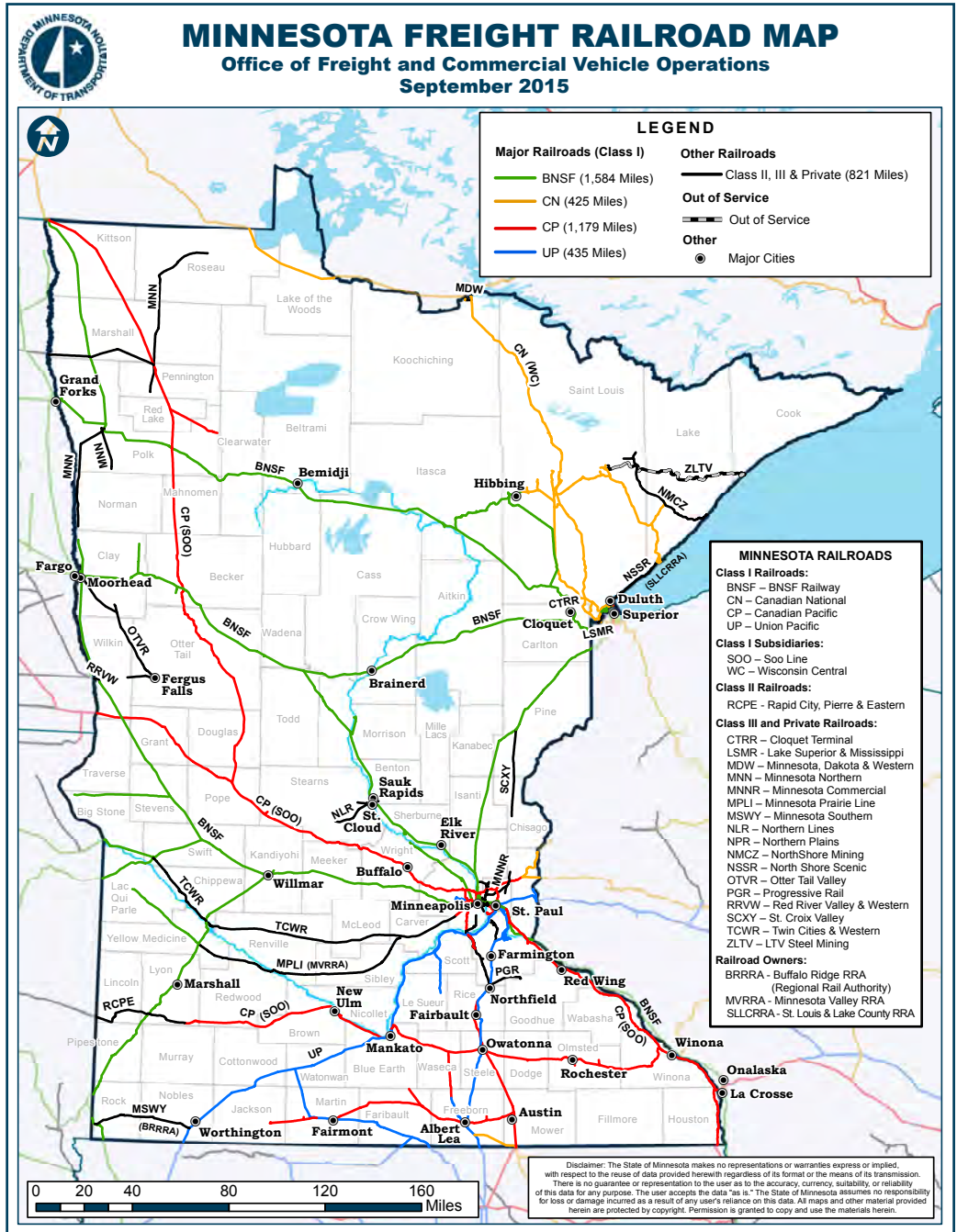
## HIGH SPEED INTERNET CONNECTIVITY

- Greater Mankato is the communications hub of south central Minnesota. Service providers in the community have built extensive fiber network facilities connecting every user inside the community, and interconnecting Mankato with the rest of region, state, nation and world using multiple carrier-grade, diverse transport services. Connectivity options include Metro Ethernet, MPLS, SONET, TDM circuits, dark fiber and wavelength services. Collocation facilities and data centers also exist in the Greater Mankato area. With service providers making multi-million dollar investments in critical telecommunications infrastructure, Greater Mankato offers its corporate and private citizens world-class connectivity and is well-positioned to meet and exceed technology requirements for businesses of all sizes.
- High speed service providers include CenturyLink, Consolidated Communications, MediaComm, Jaguar, Spectrum and Zayo.
- Dark fiber and other connections are available between aggregation points in Minneapolis, Omaha, Denver, Tulsa, Dallas, Des Moines, Kansas City and Chicago.

## RAIL

The region is served by the Canadian Pacific and Union Pacific railroads

- Canadian Pacific, which has a depot at 800 5th Ave. SW in Waseca, operates a 13,700 mile rail network linking the principal cities of Canada from Montreal to Vancouver and the U.S. Midwest and Northeast.
- Union Pacific, which has a rail yard in Mankato (601 N. Industrial Road), operates in the western two-thirds of the United states with 32,000 miles of track linking every major West Coast and Gulf Coast port.





US Highways serving the region include:

- the east-west US Hwy 14 with a length of 1,396 miles roughly runs parallel to Interstate 90. Its eastern terminus is Chicago and western terminus is the eastern entrance to Yellowstone National Park in Wyoming.
- the north-south US Hwy 169 linking the Minnesota River Valley with the Minneapolis-St. Paul metropolitan area via four-lane highway and up to the Iron Range . Forty percent of Minnesota's employment is within 10 miles of this corridor which also links to the Ports of Savage a prominent shipping port of grain and other commodities to the rest of the world.
- BLUE EARTH COUNTY: Marketing opportunities have opened with developing County State-Aid Highway (CSAH) 12 from CSAH 17 to Trunk Highway 83 to open up commercial and residential development.
- MANKATO: TRAFFIC COUNTS of 20,000 per day occur in some intersections of the Mankato metropolitan area.
- BLUE EARTH and NICOLLET counties continue support for rural TRUE (Town, Rural, Urban Express) Transit System serving Blue Earth, Nicollet and Le Sueur counties with linkage to transit systems in Mankato and North Mankato.



## AIRPORT

The Mankato Regional Airport is a municipally-owned airport located five miles northeast of the central business district of Mankato and is home to Northstar Aviation (FBO) and the Minnesota State Mankato's flight training program. It can accommodate aircraft up to a 757 and serves many corporate aircraft conducting business in the region.



## FREIGHT SHIPPING

Besides USPS, the region serves as a logistics hub for many freight shippers and is home to FedEx, UPS, DHL Worldwide, Special Courier, Speed Dee Delivery and local firms such as Volk Transfer, NuStar Freight Services and R&E Enterprises of Mankato.

# REGIONAL STRATEGIC PLANS

## 1. CLUSTERS

*“The foundation of a regional economy is a group of clusters, not a collection of unrelated firms. Firms cluster together within a region because each firm benefits from being located near other similar or related firms. The firms in a cluster have common competitive strengths and needs.” Brookings, “Making Sense of Clusters: Regional Competitiveness and Economic Development”*

- Mankato: Clustered manufacturing sites; rail access; comprehensive supportive infrastructure; destination center for retail, entertainment and health
- North Mankato: Industrial park managed by Port Authority in cooperation with Great River Energy; expansion of development boundaries.
- St. Peter: Health care cluster with expansion of River's Edge Hospital and adjoining grounds.

## STRATEGY

The business development team will be focusing on marketing and outreach to targeted clusters specifically:

- Agribusiness (all aspects especially food processing)
- Electronics/Communication (technology and manufacturing)
- Metal Products (technology and manufacturing)
- Printing
- Suppliers to primary economy

## TACTICS

- CLUSTER MARKETING - Market the cluster strengths of the region, the supply side development opportunity and leverage our concentration of higher education institutions for workforce
- FOREIGN INVESTMENT - Continue working with DEED's office on Foreign Direct Investment to raise awareness of our agriculture center to international interests
- AGRIBUSINESS: Minnesota State University, Mankato has listed agriculture as an area of distinction in their Master Plan and is currently implementing it over the next two to three years.

## 2. TALENT ATTRACTION AND RETENTION

*"With a growing U.S. economy and an "on-shoring" trend fanning demand, the availability of skilled labor has become the #1 factor in site decisions." Dan Bruss, Area Development Magazine.*

## STRATEGY

Greater Mankato Growth estimates that our marketplace will be short about 3,000 workers over the next few years. An Executive Talent Council is working to boost availability of talent in the marketplace.

Region Nine's comprehensive Economic Development Strategy 2016-2023 calls for connecting the region's higher education institutions directly with major employers for potential research and development collaborations.

## TACTICS

- MARKETING: One key step was the launch of MoreMankato.com (moremankato.com) a first of its kind community marketing website with 360° community videos. Also greatermankatojobs.com and greenseamjobs.org.
- LEADERSHIP: An Executive Talent Council was created that engages the private sector and mobilizes five working groups to develop and implement workforce development strategies.
- INTERNSHIPS: The initial planning is working on a more robust internship program as well as workshops for business professionals to share best practices.

## 3. OUTREACH

Competition for business and workers is very strong and more challenging. Many regions have their own strategies for development and retention so it is imperative we stay as close to Top of Mind to decision makers as possible. Greater Mankato Growth, Inc's (GMG) four distinct business units - Greater Mankato Growth, Visit Mankato, City Center Partnership and GreenSeam - all work as catalysts to encourage business growth, retention and attraction within the regional marketplace.

### TACTICS

- FOCUSED OUTREACH - Concentrate outreach to site selectors and corporate decision makers in the Upper Midwest. Continue to comply with all requests from site selectors regardless of their location.
- TARGET MARKETING: Using social media networks and select print features, continue messaging decision makers on the merits of doing business in the region. One example is targeting business alums outside of the region to consider expanding back in the region.
- REVERSE FAM TOUR: Working with DEED, we will target site selectors and decision makers in the Chicago area in the fall. We will also develop a Meet The Region tour with Minnesota Real Estate Journal real estate professionals in 2019.

“Having a ready-to-go site makes a big difference for businesses rather than having to wait one or two years for infrastructure to be in place.”

*Mark Dehen*  
*Mayor of North Mankato*

### 4. COORDINATION STRATEGY

Keep aware of all activities, opportunities and challenges facing Alliance partners to be better prepared for attraction and retention of businesses and workers. Develop continuing education communication on new or different initiatives occurring in the economic development arena.

### TACTICS

- ALIGNMENTS – Coordinate with stakeholders – present cluster businesses, educational institutions, local/state government, investors, area developers and economic development partners – to be better prepared for attracting cluster potentials.
- INVOLVEMENT - Attend specific and target economic development functions; debrief Alliance partners on developments and opportunities

### 5. TRANSPORTATION

*“Transportation investment impacts economic development in five ways (1) Supports clusters, (2) increases productivity, (3) enhances job and labor force accessibility, (4) Opens new markets for business and (5) enhances supply chain efficiency” – Paula Dowell, Director, Cambridge Systematics*

### TACTICS

- Continue work with US 169 Corridor Coalition and the Highway 14 Partnership to improve and expand these vital transportation lanes
- Recognize and support that counties continue to encourage economic development in cities and they partner to provide road and bridge infrastructure and road access management that helps encourage orderly new development.

## 6. AFFORDABLE HOUSING

Existing single-family market is perceived as tight. Low income housing tax credits are competitive. Blue Earth County has the highest number of renters that spend more than 30 percent of income on housing with a total of 55 percent of renters. Nicollet County has 45 percent of renters that spend more than 30 percent of income on housing. Affordable housing has become a requirement for some business expansion prospect in the past year. And its availability is key to talent attraction and retention.

- Mankato and North Mankato are working to promote and foster affordability while preserving assets. They also are using a range of tools to encourage reinvestment and new investment.
- Eagle Lake and Lake Crystal are using its image of towns with a rural feel and affordable housing lots.
- Saint Peter has employed creative financing to create affordable housing projects.

### TACTICS

- The Greater Mankato Growth team will continue to highlight and market the development with these initiatives.
- The Greater Mankato Growth team will also leverage any legislative assistance necessary to reduce barriers to fulfilling these goals.



## 7. RECREATION

Many Alliance partners are targeting recreation as an important asset in both talent initiatives and economic development opportunities.

- Nicollet is considering expansion of its parks;
- Parks improvement and expansions are on top of the list at Lake Crystal, North Mankato and Mankato.
- Lake Crystal would benefit with greater marketing of its Lake Crystal Recreation Center.
- Saint Peter is adding 67 acres with expansion of Prairie Ridge and Community Spirit parks.

### TACTICS

Mankato Sports Commission and GMG's initiative provides support for regional recreation facilities and the extension of the local option sales tax as a "last dollar in" funding mechanism to support the expansion of existing and development of new facilities.

- Business Development will add the recreational opportunities available in the region to its marketing messages.

## 8. CHILD CARE

*"Issues, such as ... quality affordable childcare provided during all working hours ... are important to fully address and influence affordability."* – City of Mankato Strategic Plan 2018.

- Blue Earth County provides five-year forgivable loans up to \$35,000 for center-based centers.
- Saint Peter's tactics include waiving the inspection fee and providing low-interest loans to providers.

### TACTICS

- Greater Mankato Growth, will coordinate with ALLIANCE partners to address this issue on a regional scale. This can include discussions of innovations around the state, inclusion of non-profit efforts and identification of barriers that presently exist to development.
- The Greater Mankato Growth team will also leverage any legislative assistance necessary to reduce barriers to fulfilling these goals.



Regional Economic Development Alliance

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