

**BUSINESS
RETENTION
&
EXPANSION
Strategies
Program**



FARIBAULT

**Summary Report
October 2002**

Local sponsors:

The City of Faribault – Economic Development Authority
Faribault Industrial Corporation
The Faribault Area Chamber of Commerce

**Department of
Applied Economics**



**University
of Minnesota**



Faribault

BUSINESS RETENTION & EXPANSION Strategies Program

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Faribault Business Retention and Expansion Program

Every community needs to pay attention to their existing businesses. The Faribault Business Retention and Expansion (or simply BR&E) program is a key element in staying in touch with local businesses and developing strong local economic development efforts. While the attraction of new businesses and the encouragement of new business start-ups are important parts of an overall economic development strategy, many communities now recognize the need to do a lot more to assist existing businesses survive and grow.

It is useful to think of Faribault as a provider of input services to firms located here—similar to other vendors that firms use. Just as businesses gain competitive advantage by continuously aligning their operations to provide better service to their better customers, the community must be looking for ways to provide a better environment for their premium paying customers—businesses.

The survey conducted by the Faribault BR&E Task Force is a way to get to know the needs and aspirations of Faribault's businesses. The survey results are used to develop strategies that help businesses to remain and expand in Faribault.

Objectives

1. To demonstrate to existing firms that the community appreciates their; contribution to the local economy
2. To help businesses solve their problems and challenges;
3. To assist local businesses in gaining awareness of available resources;
4. To develop collaborative relationships for participating in comprehensive long-range retention and expansion activities;
5. To build the community capacity and cooperation to sustain growth and development activities;
6. To provide better information and understanding for all local leaders of the

strengths and weaknesses of the business climate.

Sponsorship

This program is sponsored locally by these organizations: the City of Faribault – Economic Development Authority, Faribault Industrial Corporation, and the Faribault Area Chamber of Commerce.

BR&E History

The Faribault BR&E Program's roots trace back to 1999 when a city staff member took the University of Minnesota's BR&E Consultant Certification Course. The members of the Economic Development Authority and the Faribault Area Chamber of Commerce discussed BR&E as a tool for improving their economic development efforts. Kymn Anderson, President of the Chamber, contacted Michael Darger, Director of the U.M. BR&E office, in October 2001 with the intention of launching a program.

From December, 2001 through March, 2002 a leadership team and task force was recruited to lead the BR&E project. The Leadership Team decided to work with Certified BR&E Consultant Earl Netwal. In February and March Mr. Netwal worked with the leadership team to orient them to BREV, to plan the program, and to prepare an application to U.M. BR&E. In April, Faribault's application to U.M. BR&E was accepted. The Leadership Team proceeded to select the firms to visit. It decided to target a cross sector of the business community in Faribault. The Leadership Team selected a survey instrument with assistance from U.M. BR&E and tested it with visits to two firms.

Task Force Recruiting and Orientation

The BR&E leadership team recruited volunteers among Faribault community members to perform firm visits. Volunteers included business persons, educators, local government officials, economic development officials and citizens at large.

In April, 2002 the Leadership Team conducted the first meetings of the Task Force. The Task Force learned about BR&E techniques, reviewed the survey and received training on how to effectively conduct the firm visits.

Firm Visits

The 21 largest employers and the three banks doing business lending were targeted for visits. In addition, other firms were randomly selected on an employee-weighted basis from three categories of business: manufacturing, retail and service.

During April through June the Leadership Team and Task Force conducted 89 firm visits for a total of 91 visits (including the two initial test visits). The goal was to finish 100 visits. Based on the University of Minnesota's experience with 46 communities, Faribault's 91 visits is an outstanding achievement!

Prior to the visits, the Leadership Team sent copies of the survey to the firms. Visitors worked in teams of two and took responsibility for arranging and conducting the interviews.

Red Flag Review

After the surveys were completed and returned, the Task Force met to review each survey and decide on how to handle the immediate follow-up. The Red Flag review is designed to identify and deal with immediate issues or problems discovered during the survey process, without the need to wait for formal analysis of the survey data. Prompt attention to issues raised, even when the issues may be intractable, creates a positive response from survey participants and builds good will.

Research Report Development

The BR&E Leadership Team sent copies of the surveys to the University of Minnesota for tabulation and analysis. Jennifer Fitchorn, Roxanne Greaves and Margretta Hanson entered the data into a spreadsheet and word processing files. Michael Darger

prepared a data summary. At the research review meeting on July 24, 2002 a team of nineteen (listed later in this report) reviewed the results and suggested projects that might respond to the firms' needs. Darger then prepared the Research Report based on the input of the state research review panel and other ideas.

Task Force Retreat

A four-hour retreat was held on September 12, 2002. At this retreat, the Task Force established priorities on which major projects they wished to undertake. A committee was set up on each of the five priority projects shown in this report. If you have ideas, time, or other talents to contribute to these projects, then please contact one of the people listed.

People in the Faribault BR&E Program

Leadership Team

Gary Kindseth, Overall Coordinator
James Wolf, Media Coordinator
Chuck Ackman, Visitation Coordinator
Arlie Freiborg, Co-Business Resource Coordinator
Bob Foley, Co-Business Resource Coordinator
Steve Underdahl, Milestone Meeting Coordinator
Kymn Anderson, support person for program

Faribault BR&E Task Force

Many community leaders participated as Task Force members. This group addressed red flag issues, set priorities for action and will lead implementation of selected projects. Task Force members (listed below) also participated in firm visits.

Chuck Ackman, Mayor of Faribault
Craig Aman, Faribault Tire & Auto
Kymn Anderson, Faribault Area Chamber of Commerce & Tourism
Dave Balcom, Faribault Daily News & Faribault Area Shopper

Paul Bedker, Edina Realty
Dan Behrens, B.M.I. - Heselton
Brenda Borwege, ABC Companies
Michael Brown, Harry Brown's Family
Automotive Center
Chuck Budde, Faribault Rental
Gene Buhr, 1st United Bank
Dan Burns, South Central Technical
College, Faribault
John Carlander, State Bank of Faribault
Janice Challgren, JC Penney Company
George Chappuis, Faribault Growers
Shermayne Cross, Roberd's Lake Resort
Keith Dixon, ISD 656, Faribault Public
Schools
Heather Dodd
Lynn Erickson, Treadway Graphics
Erv Fahrenholtz, Fahrenholtz Construction
Steve Fiedler, Land O'Lakes, Inc.
San Juana Flores, Woman Safe Center
Bob Foley, ABC Companies
Arlie Freiborg, Wells Fargo
Tom Gagnon, Developer
Duane Geiger, ABC Companies
Mike Gilbertson, Faribault Foods
Mike Gramse, MRG Tool and Die
Stan Gustafson, Faribault Community
Development Department
Jeanette Hammond, HickoryTech
Larry Harn, L M H Appraisal, Inc.
Tom Hartman, ABC Companies
Jim Hartshorn, Community Development
Director
David Hellmich, South Central Technical
College, Faribault
Doug Hughes, Steele-Waseca Cooperative
Electric
Kathy Jansen, Wells Fargo
Jeff Jirik, Faribault Dairy
Jeff Johnson, Shurhammer and Johnson
Donn Johnson, Donn Johnson ChFC CLU
Gary Kindseth, Faribault Industrial
Corporation
Brian Knutson, South Central Technical
College, Faribault
Steve Kohl, Parker Kohl Funeral Home
Wendy Larsen, 1st United Bank
Mike Lewis, City of Faribault, Police
Department
Tim Madigan, Faribault City Administrator
Todd Markman, Wells Fargo

Ann Meillier, Brushwork
Darlene Meillier, State Bank of Faribault
Mike Monge, City of Faribault, Fire
Department
Mary Nagel, Buckham Memorial Library
Ray Navarro, Marathon Multimedia
Julie Olson, Minnesota Workforce Center
Dave Pearson, Xcel Energy
Trevor Putrah, K G P Telecommunications,
Inc.
Kyle Rasmussen, Cannon Valley Clinic
Erin Sellner Ward, Sellner Manufacturing
Company
"Red" Skjeveland, Retired
Ron Spies, Independent School District 656
Angela Storch, United Way of Faribault,
Inc.
Mike Sveen, MCF Faribault
Nancy Swenson, Allina Medical Clinic,
Faribault
Steve Underdahl, Professional Contractors,
Inc.
Amy Valek, Faribault Public Schools
Jay Valentyn, Cedar Lake Electric, Inc.
Tim Wayland, ABC Companies
Steve White, People's Electric
Amy Williamson, Legacy Land
Development Company
James Wolf, District One Hospital
Troy Zabinski, Met-Con Companies

Volunteer Visitors

In addition to the Task Force members, the following people also participated in the firm visits:

Linda Aman, Faribault Tire and Auto
Michelle Anderson
Pete Bachrach, ABC Companies
Brad Breyer, Wells Fargo
Cindy Brough, Donn Johnson ChFC CLU
Jenny Campbell
Brian Coleman, The Work Connection
Marsha Culhane, Legacy Land Development
Mike Dietsch
Joe Donkers, Edina Realty
Mark Douglas, Faribault Jewelers
Don Edel, People's Electric
Julie Fillipi, Fillipi Ace Hardware
Mike Ford, Faribault Farm and Home

Julie Fox, Fox Productions
 Mary Freiborg, South Central Technical College
 Doug Frydelund, Retired
 Marcus Hendrickson, Xcel Energy
 Michael Heselton, Heselton Construction
 Helen Hoffman, Developer
 Roger Jerrow
 Krista Johnson
 Kim Johnson, City Planner
 Larry Jones, Wells Fargo
 Chris Kitzman, State Bank of Faribault
 Tony Langerud, State Farm Insurance
 Jean Larson, 1st United Bank
 Gary Lazarz, Jim and Joe Clothing Co.
 Scott Markman, Treadway Graphics
 Heather Mier, ABC Companies
 Sara Morris, Faribo Credit Union
 Dean Nagel, Free Lance Photographer
 Mary Navarro, Navarro Chiropractic
 Mark Noren, St. Luke's United Church of Christ
 Ann Pleskanko, Faribault Senior Citizens Center
 Beth Sammon, United Way
 Bradley Schmitz, State Bank of Faribault
 Gene Severson, Retired
 Tom Shea, Southern Minnesota Initiative Foundation
 Donna Slinger, Orthopedic and Fracture Clinic
 Jon Speckhals, Harry Brown's Family Automotive Center
 Elaine Sveen, MN Academy for the Blind
 John Tobin, South Central Technical College
 Sharon Velske, Farmers Insurance Group
 Todd Voge, Faribo Credit Union
 Lori Warner, Chamber of Commerce
 Ruth Zoubek, KGP Telecommunications

Firms Visited

Ninety-one firms were visited. The community greatly appreciates their willingness to help the community understand their needs. Their survey responses are confidential yet it is important to credit their participation by listing their names here in Table 1.

Table 1

1st United Bank
ABC Bus Companies, Inc. Corporate Office
Allina Medical Clinic - Faribault
American Express Financial Advisors
Archambault Brothers Disposal
Brazil's Barber Shop
Burkhartzmeyer Shoes
Cable Connection & Supply Co.
CAKO Development Corp.
Cannon Valley Clinic - Mayo Health System
Cedar Lake Electric, Inc.
City of Faribault
Crown Cork & Seal Company, Inc.
District One Hospital
Donn Johnson ChFC CLU
Edina Realty Title, Inc.
Edward Jones
Elliott Sellner Certified Planner CFP LPA
Erickson Furniture
Faribault Daily News & Faribault Area Shopper
Faribault Dental Care
Faribault Foods, Inc.
Faribault Garden Center
Faribault Harley Davidson
Faribault Print Shop
Faribault Rental
Faribault Tire & Auto
Faribault Transportation Co., Inc.
Faribault Woolen Mill
Fette Electronics
Fillipi Ace Hardware
Frana Construction
G & N Landscaping
Genova Minnesota
Golf At the Legacy
Gramse Plaster & Stucco Co.
Gray Companies, Inc.
Halvorson Farms
Harry Brown's Family Automotive Center
Heartman Insurance
Hoffmann Printing
Hy-Vee Food Store
ISD 656-Faribault Public Schools
J Scott Braden, P.A.
Jennie-O Turkey Store
Jim & Joe Clothing Company
Jim Keilen Plumbing & Heating
Jo Ann Fabrics & Crafts
K & G Mfg. Inc
K D H L / Power 96
K G P Telecommunications, Inc.
K-Bar Industries
Land O Lakes, Inc.

Luiken's Heating & Air Conditioning
Marathon Multimedia
McQuay International
Mercury Minnesota
Met-Con Companies
Minnesota State Academy for the Deaf
MN Correctional Facility - Faribault
MRG Tool and Die Corp.
People's Electric
Peppermill Neighborhood Grill & Bar
Peterson & Peterson Attorneys
Phone Station, Inc.
Pleasant Manor, Inc.
Primera Foods
R. J. Dwyer Inc
Randy's Frozen Meats
Reese, Winter & Associates Ltd.
Reineke Real Estate
Rice County
River Bend Business Products Co.
Roberd's Lake Resort
Rose's Flower Cart
Rust Consulting, Inc.
Sage Electrochromics Inc.
St. Lucas Care Center
Sammon Home Improvement
Schurhammer & Johnson, P.A.
Sellner Manufacturing Company
Shattuck-St. Mary's School
Sparcks
Star Trophy & Engraving
State Bank of Faribault
The Broaster
TJ's Home Improvement
Treadway Graphics
Viratec Thin Films, Inc.
Wells Fargo Bank
Wholesale Tire

BREI Certified Consultant

Earl Netwal served as the Certified BR&E Consultant to the project. This includes coaching and advising the local Leadership Team; conducting training sessions with the Leadership Team, Task Force, and volunteer visitors; and facilitating quarterly implementation meetings when the Task Force moves into implementation.

Research Review Panel

The panel reviewed the tabulated survey results and suggested potential actions that might be taken by Faribault leaders in response to local firm concerns. The participants were:

Faribault BR&E Task Force:

- Chuck Ackman, Mayor of Faribault
- Kymn Anderson, Faribault Chamber of Commerce and Tourism
- Jim Hartshorn, Community Development Director
- Larry Jones, Wells Fargo Bank
- Gary Kindseth, G.A.K. Associates
- Steve Underdahl, Architects Plus
- James Wolf, District One Hospital

University of Minnesota:

- Michael Darger, BR&E Strategies Program
- Vernon Eidman, Applied Economics
- Katherine Fennelly, Humphrey Institute of Public Affairs
- Nancy Hegland, University of Minnesota Extension Service – Rice & Steele Counties
- Laura Kalambokidis, Applied Economics
- Earl Netwal, Certified BR&E Consultant

Minnesota, Federal and Regional Agencies:

- Gregg Bongard, U.S. Farm Service Agency
- Sue Draayer, Work Force Development, Inc.
- Carrie Hanson, Work Force Development, Inc.
- Dentley Haugesaug, Minnesota Dept. of Trade and Economic Development
- Darlene Heiskary, Minnesota Dept. of Economic Security
- Steve Reckers, Minnesota Planning

Faribault's Economic Profile

An economic profile of Faribault was prepared for use by the Task Force at its

September 12 retreat. This profile gave an overview of population, income, and employment trends in Faribault, comparing it with other communities. The profile is included in the Faribault Research Report, which is available for review at Faribault Area Chamber of Commerce, or from a Task Force member.

Briefly, Faribault is a fast-growing town poised for growth in an “emerging urban” county, near to the Twin Cities. Most of the growth in the 1990s was composed of minority immigrants, particularly Hispanics. A strong growth in food processing industry accounts for this in-migration. The prevalence of these lower-wage positions helped hold Faribault’s per capita personal income growth to a rate lagging the state and most of its neighbors.

Faribault BR&E Survey Results

Following are the results of the survey of 91 firms by Faribault community leaders during April through June of 2002. The firm characteristics are summarized first followed by priority projects selected by the Task Force. Survey results related to those projects are included in this summary. Additional survey results including four strategic themes are in the Research Report.

Characteristics of Firms Visited

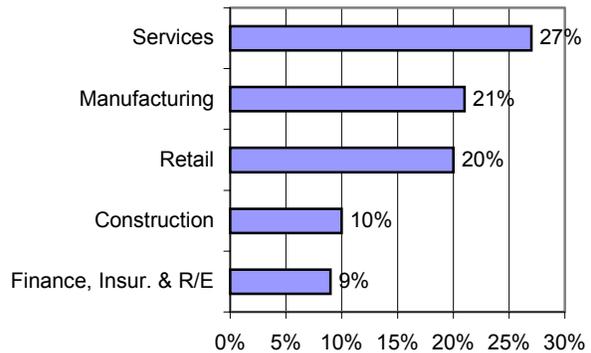
The firms visited represent a sample of about ten percent of the businesses in Faribault (~900 firms, as estimated by the Leadership Team). Of the 110 firms targeted, 91 completed the visits for an excellent 83 percent response rate.

Seventy-four percent of the surveyed firms are locally owned. The largest numbers of firms are closely held corporations (54 percent), public corporations (16 percent) and proprietorships (15 percent).

The types of firms in the visited sample fell into several categories. In order of decreasing size the largest categories were:

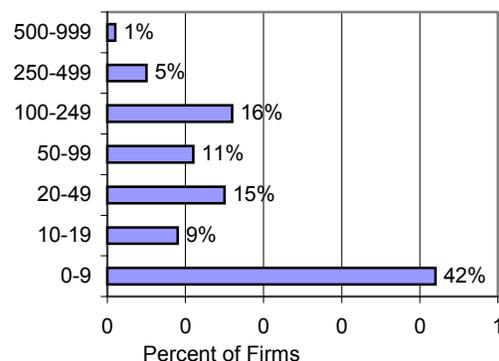
services (27%), manufacturing (21%), retail (20%), construction (10%), and finance, insurance and real estate (9%). See Figure 1.

Figure 1: Types of Firms -- Largest Categories, Faribault, MN 2002



These firms employed between 4,119 and 9,448 full-time people and 1,377 part-time people. Forty-two percent of the firms are clustered just below, at or just above the 50-99 full-time employee range (see Figure 2). Yet another 42 percent of firms are in the 0-9 employee range. A reasonable estimate of the median (i.e. the midpoint) number of employees may thus be about 15. A reasonable estimate of the mean (average) number of employees is 74. Compared to the median estimate of 15 this shows the skewing effect that the larger employers (e.g. six firms had 250+ full-time employees) had on the sample. The mean number of part-time employees was 15.8 with a median of only three.

Figure 2: Firms by Employee Count, Faribault, MN 2002



Overview of BR&E Projects for Faribault

Profits are the key to the retention and expansion of firms. While the owners of a firm might be attracted to an area because it is a nice place to live or to raise a family, a firm can only survive if it makes a profit (revenues exceed costs). The same is the case for businesses that start in the community. The owners may be loyal to the community, but if they cannot make their business profitable they will close or move it; they do not have a choice.

In a market economy, making a profit is the responsibility of the firm management and its employees, not community groups, local or state governments. However, the actions of these groups can sometimes help firms become slightly more profitable. The priority projects outlined below are aimed at helping firms become more profitable and thus be able to survive and grow in the community.

Faribault BR&E Priority Projects

The following five priority projects were selected at the ½ day retreat September 12th:

1. Promote Faribault as a Place to Live and Work
2. Improve the Physical Appearance of Faribault
3. Create an Incubator/Mentorship Program for Hispanic/Minority Entrepreneurs
4. Define and Formalize Economic Development Roles in Faribault
5. Business Community Weighs in on Comprehensive Land Use Plan for Faribault

Priority Project #1: Promote Faribault as a Place to Live and Work

Labor availability is a continuing problem in many areas despite the increase in unemployment rates over the last year. Faribault is no exception to this problem. One of the most effective means of increasing profitability is to improve labor productivity. Higher labor productivity allows firms to pay higher wages, which in turn reduces turnover and makes it easier to attract new workers. The Task Force has chosen to respond to this issue by promoting Faribault as a place to both live and work.

Related Survey Results

Firms were asked whether they had difficulties getting workers in various labor categories. Figure 3 summarizes the responses. Table 2 shows the firms' rating of community services. Although not many were rated good to excellent (i.e. above 4), all twenty were rated as "above average". There is a consistency here that could be the basis for a promotion of the community.

Figure 3: Percent Firms with Recruiting Problems, Faribault, MN 2002

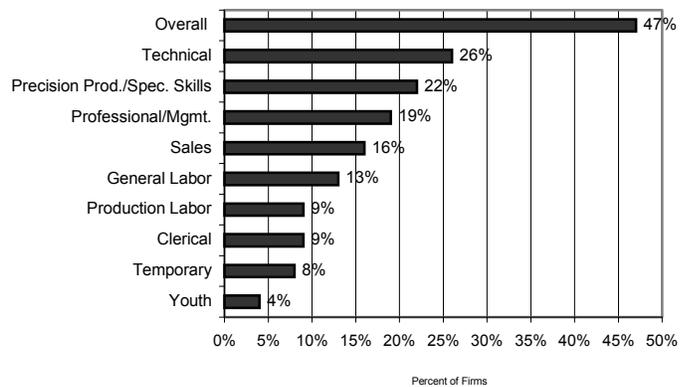


Table 2
Ratings of Community Services
 (listed in descending order of scores)

Excellent =5, Good =4, Average = 3, Poor =1
 Very Poor = 1

Community Service	Average	Top 6
Fire Protection	4.30	4.33
Emergency Medical Services	4.22	4.17
Local Chamber of Commerce	4.22	4.67
Financial Institutions	4.13	4.40
Health Care Facilities	4.10	4.33
Community College	3.98	4.40
Police Protection	3.94	4.00
Water and Sewer	3.80	3.80
Electricity Cost Reliability	3.78	3.67
Solid Waste Disposal	3.78	4.20
Natural Gas Cost & Reliability	3.70	3.80
Public Schools	3.64	3.83
Telecommunications Services	3.57	4.17
Child Care	3.48	4.00
Local Economic Devel. Corp.	3.48	2.75
Code Enforcement	3.46	3.75
Street Maintenance/Drainage	3.46	3.33
Available Land	3.32	4.00
Available Building Space	3.28	3.50
Zoning and Permitting	3.18	3.25

Project plans from the team:

This project deals primarily with the issue of being able to attract technical, skilled and professional/management employees to our community. It is our desire to understand why people who work in Faribault don't choose to live here and why some people choose to live in Faribault but work in other communities. We believe there are many significant and understandable reasons. Our task will be to find out if there are any compelling reasons for not living or working in Faribault that we can work to change, therefore making Faribault the choice for both work and living. Once the initial task is understood, our Task Force can take on the challenge to overcome the issues through promotion and awareness.

The project team assigned to complete this project has met to structure the project and begin outlining its objectives. It is

composed of several individuals all of whom have a vested interest in the topic. Members include: Dave Balcom, Keith Dixon, Jeanette Hammond, Kathleen Jansen, Todd Markman, John Marston, and Mike Sveen. For more information or to offer assistance please contact one of them.

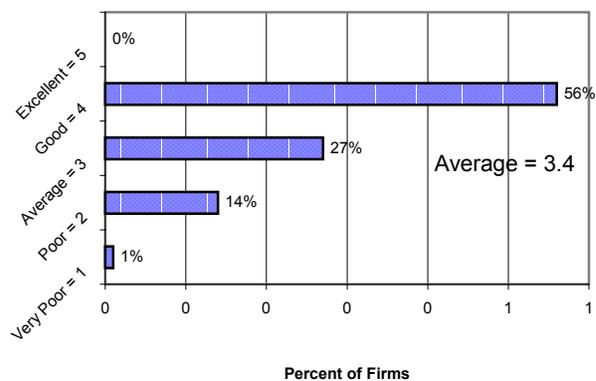
Priority Project #2: Improve the Physical Appearance of Faribault

The survey revealed several areas where the firms desired physical improvements to be made to the community. The Task Force prioritized physical appearance as the most important area to focus on now.

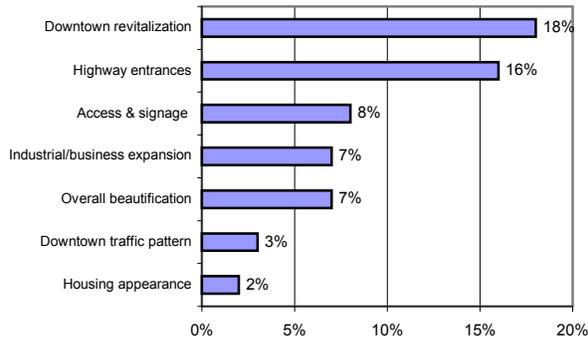
Related Survey Results

To this author it was striking that zero percent of the 91 firms gave Faribault an excellent rating on physical appearance. See Figure 4. In the University's other BR&E projects there were usually at least a few firms willing to rate their community appearance as excellent. With 74 percent of the firms locally owned one might expect local pride to exert itself even more. Yet it didn't happen. Meanwhile, 86 percent claim that beautification is important to them. Far fewer businesses volunteered beautification as their overall priority, yet the issue still was one of the leading issues in the catchall question at the end of the survey. See Figure 5. So the Task Force has somewhat of a business "mandate" to start a beautification program.

Figure 4: Characterize Faribault's Physical Appearance, 2002



**Figure 5: What Improvements Are Needed?
Faribault, MN 2002**



Project plans from the team:

The overall goal of the team is to improve the corridors/gateways to the city, specifically:

- Highway 60/Fourth Street
- Highway 21/Lyndale Avenue

The first priority will be to beautify boulevards, medians and ditches. Identified tasks toward this priority include these:

- a. Attempt to obtain available grant funds – city to identify.
- b. Have businesses get involved and take responsibility.
- c. Enroll professional gardeners, gardening groups, & landscapers (e.g., GROWS group).
- d. Design thematic approach(s) (e.g. natural landscaping vs. the manicured look). Publicly label natural landscaping to inform persons that the look is intentional so the public will not think it is just unkempt.
- e. Improve maintenance of curb lines and gutters.
- f. Coordinate all plans and activities with MnDOT and all other agencies with jurisdiction.

The second priority is to schedule the first Saturday in May as a major workday for firms/businesses to beautify a designated area. The team intends to arrange a prize to recognize the best effort.

Other team ideas, as yet not prioritized, include:

- Improving the appearance of the mall from the freeway;
- Upgrading the K-Mart building/site;
- Doing something about the dilapidated houses on Fourth Street;
- Weighing in on the rebuilding of Grant Street (i.e. street light selection, etc.);
- Seeking ways to put the Pathfinder Sign System in place, including the monument signs (community destination signage);
- Developing or refining a broad plan for community beautification.

Team members include: Lynn Erickson, Arlie Freiborg, Dave Hellmich, Tim Madigan, Ray Navarro, Joanne Olson, Bill Pye, and James Wolf. For more information or to offer assistance please contact one of them.

Priority Project #3: Create an Incubator/Mentorship Program for Hispanic/Minority Entrepreneurs

Faribault has experienced an astonishing (from an outsider’s point of view) increase in Hispanic/Latino population as well as racial minorities since 1990. These new immigrants (new to Minnesota and to the U.S.) have arrived to be employed in food processing industries in Faribault. Minority persons now comprise about one out of every six residents and that number is rising (e.g. last year’s Kindergarten class in Faribault was 29 percent minority). They constitute the majority of the population growth that occurred 1990-2000. The Task Force acknowledged this demographic phenomenon by creating a priority project that will focus on assisting those minority persons inclined to go into business.

Related Survey Results

There were no specific questions on diversity or new populations in the survey instrument. In retrospect, it would have been strategic to do so. Nevertheless, the survey did reveal some insights in the open-

ended question responses (too much detail to publish in this summary). Thirty percent of the firms noticed growth in the city and were generally positive about it. Twenty-three percent have noticed the increased minority population. A third of those citing the increased cultural diversity saw some difficulty or problem related to it. On the other hand, a quarter of the firms saw it as a positive thing. The rest of the firms noticing the cultural diversity were neutral. Interestingly, 12 percent of the overall firms saw no changes or nothing significant.

Project plans from the team:

Diversity in Faribault is a strength to our community and the overall business climate. The Faribault Diversity Coalition was created with the objectives of "promoting respect and understanding of all culture in our community".

Our team’s mission is to provide the opportunity for the development of small, minority and immigrant owned businesses in Faribault.

BRE will look to create an information network that assists Hispanic/minority entrepreneurs to open new businesses in Faribault. BR&E will explore creating a building incubator that provides affordable space and services for these new enterprises to flourish.

Team members include: Dan Burns, Wendy Larson, Julie Olson, and Tom Shea. For more information or to offer assistance please contact one of them.

Priority Project #4: Define and Formalize Economic Development Roles in Faribault

In order to survive businesses must determine how to increase their profitability and lower their costs. However, the community can serve as a link to resources that can help firms make those positive changes happen. The community can also reduce bottlenecks to expansion that cost

time and money, and tax a firm’s patience. To help firms more efficiently and effectively, the Task Force decided to define and formalize the economic development process in Faribault.

Related Survey Results

It is clear from the survey results that there is a good deal of concern among the firms that Faribault become more active in economic development (see Table 3). Or at least that Faribault become more successful at it. There were several positive comments about Faribault in an economic development context. But there were also some concerns that certain development projects and opportunities are going elsewhere because of a lack of coordination and aggressiveness. Given this concern the Task Force decided to establish a team that will design a more formal economic development process.

**Table 3
What Should We Work on to Help All Businesses to Prosper & Grow**

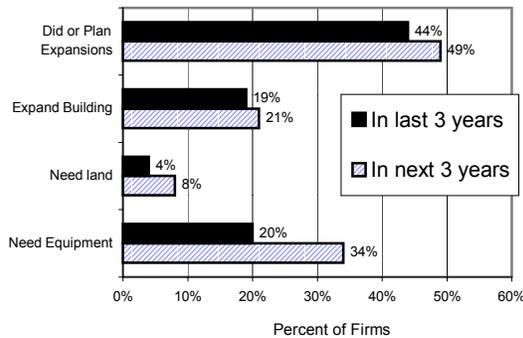
(Open-ended responses were aggregated loosely and listed in descending order of frequency. Only categories with more than 5 responses.)

Category	# firms
Attract/expand industry	14
Attract/expand business (variety, more restaurants)	12
Affordable housing	7
City show concern, appreciation to business, improve customer service	7
Improve/strengthen K-12 education	7
Improve image, cleanliness and appearance of Faribault	6
Promote Faribault, grow the city	6
Promote, revitalize and improve traffic flow of downtown	6
Improve/strengthen technical education	5
Limit/reduce taxes	5
Improve labor pool	5

Twenty-six of the firms (29%) plan expansions that will result in an aggregate increased employment of 442 jobs (see Figure 6). This is at least a ten percent increase in the employment of the firms. Another 19 firms predict additional

employment but did not specify an additional headcount. Seven+ firms need more land, 19+ need to expand their buildings and 31+ will invest in more equipment. On the downside, nine percent indicated that they expect to consolidate or relocate their facility in the next three years.

Figure 6: Firms Expanded or Will Expand, Faribault, MN 2002



Project plans from the team:

With a high number of firms showing that they will be expanding in the near future, it is important that the community improve its economic development process. Economic development is defined very broadly here to include all types of business development including commercial and industrial, existing and new.

In this project the community will define, clarify and formalize the economic development roles in Faribault. The initial list of players includes: the City of Faribault (Community Development, Administration, Planning, Engineering), EDA, Faribault Chamber of Commerce, Faribault Industrial Corporation, bankers, developers, land owners, community leaders, South Central Technical College, Minnesota Department of Trade and Economic Development, Steele-Waseca Power, Xcel Energy, and others. The project team will define the resources that can be utilized in achieving economic development as well as define the overall process of dealing with economic development opportunities so that they can

be handled in a timely, improved and responsible manner.

The initial step in the project will be to identify all the various players (besides the aforementioned) that the community has available to promote and facilitate economic development. Once known, each player’s role will be within the process defined to insure that there is a strong communication network within the group. The first team meeting identified a need to establish a lead group of individuals to serve as the initial contact for business members of this group who will work with the business to identify the other players and resources that their request may require. Other concepts discussed include: developing a well documented process with a resource manual that can be utilized by everyone, having different processes for different types of inquiries (existing vs. new businesses) and developing a marketing approach and process to target selected businesses to locate in Faribault. Once defined the players, the resources and the process need to be marketed appropriately to the entire community so that all economic development opportunities can utilize the new system and provide maximum benefits to the business making the inquiry.

The Project Team members for this project are: Mike Brown, John Carlander, Jim Hartshorn, Layton Hoysler, Gary Kindseth, Brian Knutson, John Marston, Vern Steffens, Trevor Putrah, and Steve Underdahl. To become a member of the project team or for more information please contact one of the members.

Priority Project #5: Business Community Weighs in on Comprehensive Plan

This project was conceived and proposed at the Task Force retreat during the discussion of Strategy Four in the Research Report (see Chapter 3 in the Research Report, pp. 23-28). It calls for involving the business community in the land use planning for

Faribault (i.e. “comprehensive plan”). This plan will shape Faribault growth and development for years to come.

Related Survey Results

Two business climate survey questions seem pertinent to this project. The revised comprehensive plan will influence business perceptions of these issues over time. First, Figure 7 shows the ratings the firms gave when asked about business climate in Faribault and in Minnesota. Ten firms gave Faribault an excellent rating and only two gave scores below average. In contrast, Minnesota received only two excellent ratings and 16 below average.

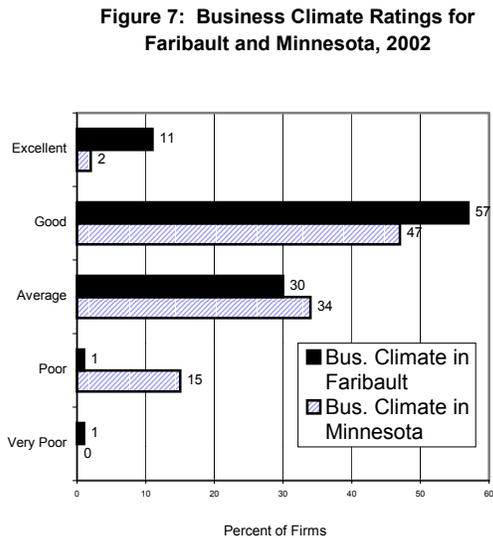


Table 4 presents the business climate factors viewed by the firms as the top strengths and weaknesses in Faribault. The weaknesses can be divided into two categories, those that Faribault has relative little control over (i.e. state taxes and worker compensation rates) and those that it may have more ability to manage (i.e. available skilled labor and housing cost and availability).

**Table 4
The Top Strengths & Weaknesses of Faribault Business Factors**

(% ranked by firms in top 3 strengths or weaknesses)
Factors Seen as Strengths % of firms

1. Highway Accessibility	35%
2. Proximity to Major Markets	26%
3. Worker Stability	17%
Factors Seen as Weaknesses	
1. State Taxes	16%
2. Worker Compensation Rates	15%
3. Availability of Skilled Labor	12%
4. Housing Cost and Availability	11%

Project plans from the team:

Work Plan: The work group has evaluated various alternatives to accomplish a very broad objective. Definitive action plans have not been established, however, we are working on a process for review of the comprehensive plan and how the business community can be involved. There are three objectives we wish to accomplish:

1. education
2. soliciting input
3. involving the business community in the approval process.

The following summarizes initial ideas to accomplish our objectives.

Education: The work group has met with city planning staff to become familiar with the current draft plan. We need additional time to educate the work group on the contents of the plan and to identify key components and policy directions included in the plan. Our goal is to be an informed group that will share the contents of the plan with the business community. The approach to educating and informing the business community has yet to be finalized, but our thoughts include: holding a comp. plan

informational meeting, direct mailing fact sheets to area business, and working with city staff on a video program for public access television. An informed business community can help shape the plan and future growth of our community.

Input: How to gather the thoughts and ideas of the business community could take several forms. We have discussed the concept of using the Task Force members or chamber as our sounding board in a formal meeting. A survey of business on their thoughts and ideas on key elements of the plan could be undertaken. Establishing an email list or bulletin board where the business community can share ideas could be established.

Involvement: The last element is mobilizing the business leaders to be involved in the public approval process. The process will establish policy direction that will guide the growth of the city. We hope to use tools established in the earlier phases to keep people informed of timelines. Nag people to take part in the meetings (if we accomplish our first two objectives we hope nagging is not necessary). Given the diverse interest of the business community a written recommendation on all plan facets may not be possible. Therefore, involvement in the public process will be critical in influencing community directions.

The project team includes: Kymn Anderson, Dan Behrens, Larry Harn, Jay Valentyn, and Troy Zabinski. For more information or to offer assistance please contact one of them.



The Task Force selected the priority projects. This summary report was written by Michael Darger, from the University of Minnesota Department of Applied Economics, with editorial assistance from Kymn Anderson of the Faribault Area Chamber of Commerce. Elaine Reber, of the Department of Applied Economics, and

several Task Force members also contributed to the report. This publication is available in alternative formats upon request. Please contact Michael Darger at 612-625-6246.

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