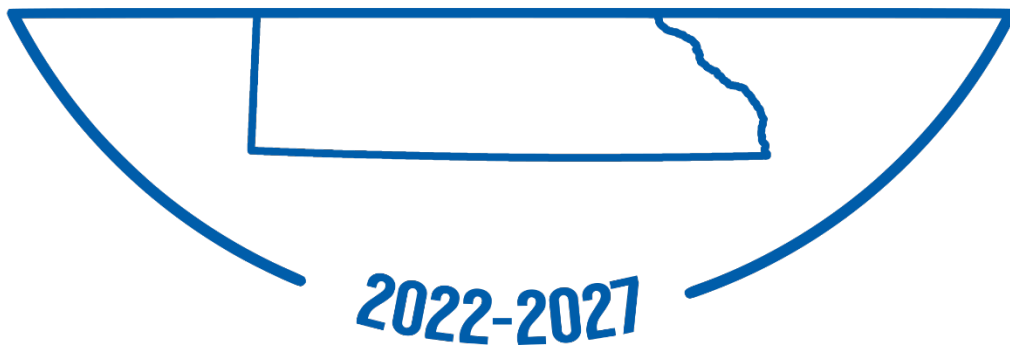




COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY



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I. INTRODUCTION

The Arrowhead Regional Development Commission (ARDC) is a multi-disciplined planning and development organization serving the Northeast Minnesota counties of Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis. Minnesota established regional development commissions in 1969 to assist in multijurisdictional issues, coordinate resources to meet jurisdictional needs, and coordinate planning activities within the regions.

The mission of ARDC is to serve the people of the Arrowhead Region by providing local units of government and citizens groups a means to work cooperatively in identifying needs, solving problems, and fostering local leadership.

The U.S. Economic Development Administration (EDA) designated ARDC as the planning organization for the Economic Development District (EDD) for Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis Counties of Minnesota. The EDA requires the Comprehensive Economic Development Strategy (CEDS) to maintain Economic Development District designation for the region and projects to qualify for EDA assistance. ARDC is responsible for completing a new CEDS every five years and helping develop EDA funding requests for infrastructure, technical assistance, and planning projects consistent with the CEDS.

What is the CEDS?

The CEDS is a strategy-driven plan for regional economic development. Economic development planning – as implemented through the CEDS – is a cornerstone of the U.S. Economic Development Administration's (EDA) programs and successfully serves to engage community leaders, leverage the involvement of the private sector, and establish a strategic blueprint for regional collaboration. The CEDS follows EDA guidelines to focus on the region's unique conditions, advantages, and challenges.

The CEDS is required for the Economic Development District designation and for projects to qualify for EDA assistance. EDA has invested almost \$40 million in public works, economic adjustment, and planning grants in Northeast Minnesota over the past 25 years. EDA investments have leveraged another \$40 million in public matching funds stimulating many millions of dollars in private investment and private sector jobs in every county in the region.

Framework

The Four Cornerstones

The ten Economic Development Districts that make up the Minnesota Association of Development Organizations (MADO) created DevelopMN to align strategic economic development efforts throughout Greater Minnesota. DevelopMN identified four cornerstones for prosperous regions and communities that are a template for the Northeast Minnesota

CEDS: Human Capital, Economic Competitiveness, Community Resources, and Foundational Assets.

Important Concepts

Resilience, sustainability, and equity are essential lenses to view the CEDS. These concepts are woven throughout the CEDS planning process, vision, goals, and strategies.

Resilience is the ability to avoid, withstand, and recover from economic shifts, natural disasters, pandemics, the impacts of climate change, etc.

In its simplest form, sustainable progress means ensuring that our actions today will provide us with the kind of life we want to live in the future (New Jersey Future n.d.).

The value-added of the concept of sustainability, above and beyond the social, economic, and environmental concerns that make it up, forces us to recognize links and trade-offs rather than dealing with each concern independently. To achieve sustainability, we need to sustain our economy, protect our environment, and achieve our social goals—ideally without trading off one goal for another (Hecht 2007).

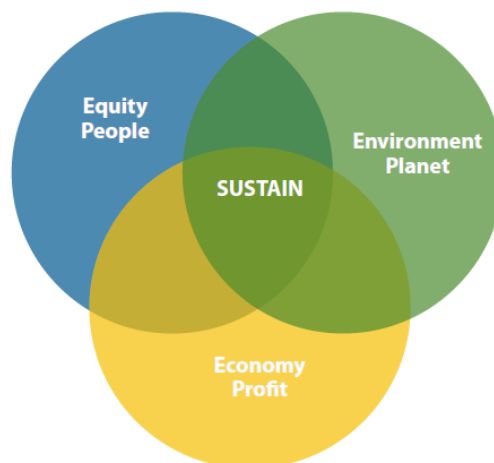


Figure 1. The Three E's of sustainability. Credit: Wayne Feiden.

Equity is defined as "just and fair inclusion into a society in which all can participate, prosper, and reach their full potential. Unlocking the promise of the nation by unleashing the promise in us all" (American Planning Association). The CEDS supports economic development planning and implementation projects that advance equity across underserved populations and geographies.

ARDC attempted to reach as many communities as possible across every part of the region, but the participants were not perfectly representative of the overall population. Residents from households earning \$50,000 or less made-up 11.9 percent of participants versus 45.4 percent of the regional population. Residents with a high school education or less made-up 3 percent of the participants despite making up 35 percent of the regional population. Participants identified

as American Indian, Black or African American, Hispanic, Latino, Asian, or 2+ races made up 6 percent of the participants versus making up 7.2 percent of the population.

We were able to run cross-tabulations on responses from each of these groups to identify what they felt were essential contexts and activities. The following summary of responses from this category is illustrative of the participants' views and should not be construed to represent their communities wholly.

BIPOC Responses

Black, Indigenous, and People of Color (BIPOC) ranked alignment of marketing efforts and business retention and expansion higher than the overall survey group. They also rated diversity, equity, and inclusion activities such as enhancing cultural fluency opportunities and providing BIPOC leadership and capacity programs as more important. Advancing renewable energy and waste reduction, welcoming communities, and enhancing outdoor recreation were also more important to the BIPOC community.

The equitable expansion and advocacy for broadband and progressing local food systems were the highest-ranked priorities by the BIPOC community, receiving the support of 67 percent and 80 percent, respectively. These were the only items to receive majority support from the whole survey group or the four cross-tabulated groups (business, BIPOC, lowest education, lowest income).

Lowest Education Level

The lowest education level responses represent the .4 percent of respondents without a high school degree and the 2.6 percent of respondents with only a high school degree. Respondents from this group rated natural resource development and COVID business retention and recovery higher than the overall group of survey respondents. They also ranked workforce training, technical trade skills, and public and higher education as more important issues. Aiding health equity initiatives, enhancing cultural fluency opportunities, local food systems, and collaboration was also more important to this group than the whole. This group did not respond to survey questions about Foundational Assets.

Lowest Income Level

This group comprises the 1.9 percent of respondents with household incomes less than \$25,000 and the 10 percent of respondents with household incomes between \$25,000 and \$50,000. This group ranked livable wages, small business development, and regional economic development coordination higher than the overall group. Community health, comprehensive workforce training, and enhancing cultural fluency opportunities were also important. Local utility services, advancing renewable energy and waste reduction initiatives, and providing active transportation education and investment were ranked more highly by this group.

Public Engagement

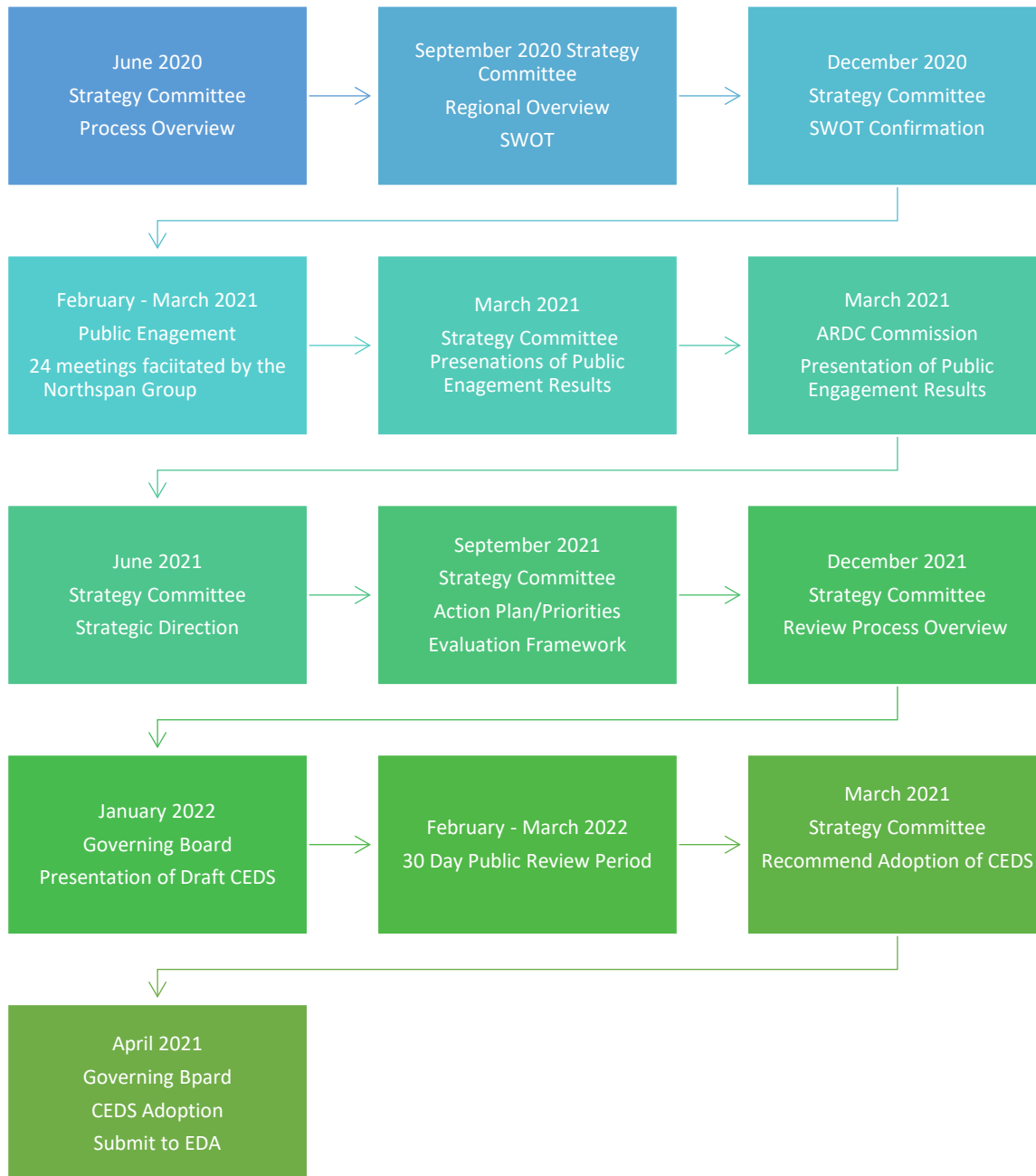
For the 2022-2027 CEDS, ARDC expanded its public participation process to include 24 engagement sessions. ARDC worked with the Northspan Group to develop, facilitate, document, and analyze the process. While all engagement sessions were conducted virtually due to the Covid-19 pandemic, there were targeted sessions to all seven counties, plus additional sessions directed at small and large businesses in the region. Upon registration for the sessions, participants completed a survey that allowed aspects of the vision they would like to see in 3-5 years and innovative actions that would move the region toward the vision.

Facilitators compiled all survey responses for the engagement sessions and led participants through a series of guided focused conversation questions that underscored survey themes and added further insights. Engagement session participants reflected upon and augmented the survey responses with hundreds of additional comments that the group facilitators then captured and coded into a consistent format.

Three hundred seventeen community members registered for a session, 87% or 276 responded to the survey, and 70% or 222 attended the engagement sessions. The survey and engagement sessions drew out over 2,250 comments regarding potential context directions and strategies for the CEDS. These comments were categorized into the four CEDS cornerstones.

The context directions included 1,299 responses, with 31% relating to economic competitiveness, 29% to human capital, 23% to foundational assets, and 17% to community resources. The strategies included 954 responses, with 35% related to economic competitiveness, 31% human capital, 18% foundational assets, and 16% community resources.

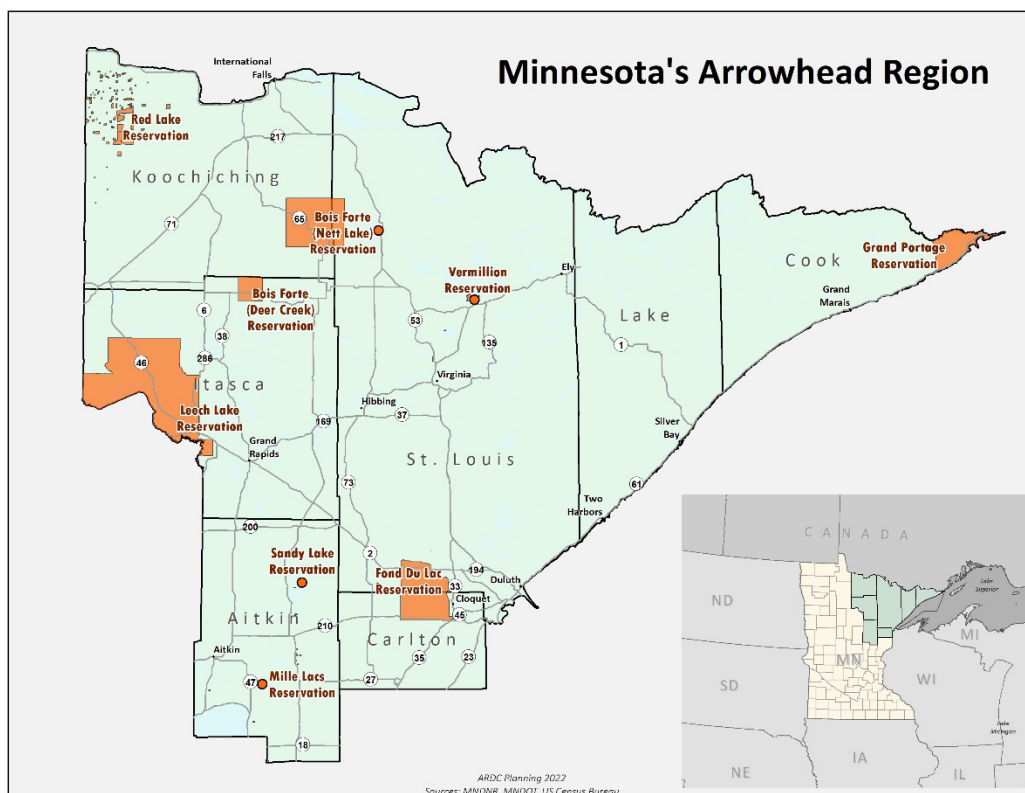
Process Timeline



II. SUMMARY BACKGROUND

Geography

Northeast Minnesota covers 19,946 square miles, approximately 23% of the state's land area. The region, commonly known as the Arrowhead Region because of the shape its seven counties make on a map, is among the most beautiful and geographically diverse areas of Minnesota. Bordered on the east by Lake Superior and Wisconsin, to the north by Ontario, Canada, it is blessed with a wealth of scenic beauty and natural resources. Rivers, lakes, and forests dominate the landscape. The traditional economy of the region is built around natural resources while having also developed high-quality education, health care, and human services.



Demographic and Economic Brief

The Strategy Committee met in September 2020 to review regional demographic and economic profiles. This section provides a quick overview of the takeaways from that meeting. A larger Minnesota Department of Employment and Economic Development regional profile exploring the Northeast Minnesota labor market, including employment, unemployment, wages, occupations, and industries through 2020, is available at: <https://mn.gov/deed/data/regional-lmi/northeast-lmi.jsp>

Demographic Brief

325,716

2020 US Census Population

The region's population decreased by 509 over the last 10 years and is projected to decrease by 369 over the next five

29,334

Racially Diverse People

Racial diversity in the region is low. The national average for an area this size is 128,796 racially diverse people.

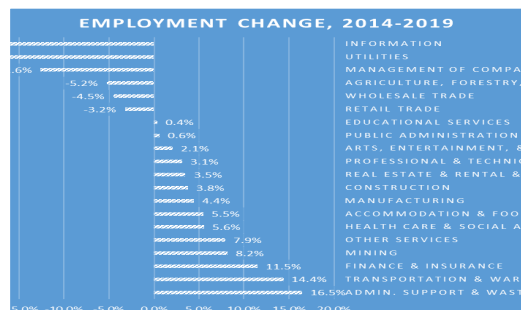
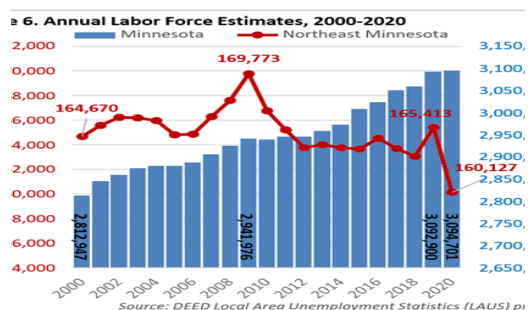
Top heavy age structure will limit overall population growth

Missing young families and their kids

Age imbalance is slowly improving

Migration shed is regional and the region is attracting people

Workforce Brief



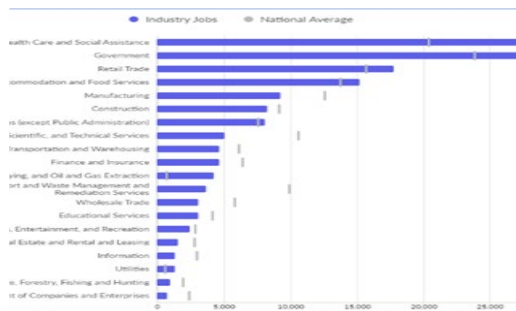
Labor force has dropped to lowest levels in 20 years

Marked by higher concentration in lower-wage sectors

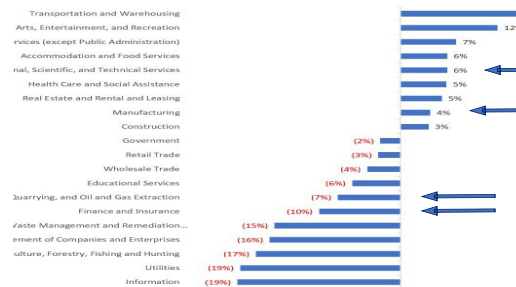
Wages competitive for "blue collar" but less competitive for "white collar" occupations

Trailing in educational attainment but strong in talent production

Industry Brief



Job Growth By Sector in ARDC Region, 2014-2019



Above average: Utilities, government, health care, retail, accommodation and food, forestry and mining

Below average: manufacturing, professional services, finance and insurance, transportation and warehousing, corporate HQ

Growth driven by: health, accommodation and food, manufacturing, trans/warehousing, construction, local services, retail, professional services

COVID Pandemic Briefs (2020)

Situation still uncertain

Hospitality focus could leave region vulnerable- but could become a strength in age of car travel and outdoor recreation. Retail back to summer 2019 levels

Health care vulnerable, but also a strength

White collar: Professional services looking good, finance/insurance not

Major impacts on mid-skill and lower-skill occupations, how does that impact workforce strategy

Questions for Economic Development

1. Manufacturing and supply chain -> reshoring potential
2. Potential to attract knowledge workers from major centers
3. Accelerating automation
4. Return to local?

Regional Clusters

The Strategy Committee has identified key target industry groups that have shown clustering or the potential for clustering in the region.

1. New Energy Production, Manufacturing and Servicing
 - a. Key subsectors: Biomass, solar, wind, and potential green energy and chemical spinoffs.
2. Regional Creative Clusters
 - a. Key Subsectors: Computing system design and development, architecture, engineering, technical services, technology.
3. Advanced Manufacturing
 - a. Key Subsectors: Transportation manufacturing, large item manufacturing, parts of machinery manufacturing, many subsectors of most manufacturing sectors.
4. Mature Manufacturing
 - a. Key Subsectors: Machinery manufacturing, nonmetallic mineral product manufacturing, printing and related manufacturing, printing and related manufacturing, fabricated metal product manufacturing.
5. Timber, Wood, Paper and Spinoffs
 - a. Key Subsectors: Forestry, wood product manufacturing, paper manufacturing, and furniture manufacturing.
6. Mining
 - a. Key Subsectors: Iron ore mining, non-ferrous mining.
7. Medical Services and Biomedical/Biotechnical Spinoffs
 - a. Key Subsectors: Ambulatory care hospitals, residential care, and social assistance.
8. Transportation and Logistics Support
 - a. Key Sectors: All modes of transportation and logistics distribution centers and breaking bulk, and transportation-related education and research.
9. Arts, Entertainment, Recreation and Visitor Industries (Tourism)
 - a. Key Subsectors: Outdoor recreation, visitor services, accommodations, arts, and entertainment

Regional Assets



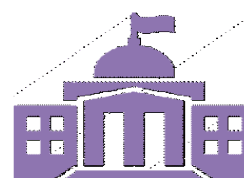
- 63 % of the region's land are public lands
- 1 National Wilderness area – BWCAW
- 1 National Park – Voyageurs
- 1 National Monument
- 2 National Forests – Superior and Chippewa
- 19,946 sq. miles
- 23% of the state's land area
- 26 State Forests
- 16 State Parks
- 23 County Parks



- 34 school districts
- 2 universities
- 1 private college
- 10 community/technical colleges
- 9 environmental learning centers



- Population (2020 Census): 325,716
- 57 % of Minnesota's forest land
- 4,621 miles of shoreline
- 43% of Minnesota's peatland
- 25% of Minnesota's lake and river access
- 25% of Minnesota's resorts
- 5 commercial ports
- 13,650 miles of highway
- 2nd largest metro area in the state



- 7 counties
- 70 cities
- 180 townships
- 4 Indian Reservations

Broadband

Broadband is a critical element of the region's prosperity. It is necessary for successful businesses, education, health care, and services. However, many areas of the region do not have broadband access. Only three of the region's counties are in the top half for broadband service. The region's Reservations rank better except for Bois Forte.

Area	Ranking	2026 Goal 100/20 Mbps	Household Density	Providers	Worked with Blandin	Received MN Grant(s)
Counties	(of 87)					
Cook	16	94.50%	1.41	3	Yes	No
Lake	19	93.32%	1.93	7	Yes	No
Itasca	29	86.65%	6.54	10	Yes	Yes
Koochiching	60	72.85%	1.57	6	Yes	Yes
St. Louis	69	79.49%	12.36	19	Yes	Yes
Aitkin	78	52.96%	3.7	11	Yes	Yes
Carlton	79	52.08%	15.92	13	Yes	Yes
Reservations	(of 11)					
Grand Portage	3	94.24%	0.006		Yes	No
Leech Lake	6	78.99%	0.27		Yes	No
Mille Lacs	7	72.54%	0.33		Yes	Yes
Fond du Lac	8	66.40%	0.1		Yes	Yes
Bois Forte	11	0.00%	0.01		Yes	Yes

Source: Minnesota Broadband Profiles, 2021, Blandin Foundation, blandinfoundation.org

III. SWOT ANALYSIS

<p>STRENGTHS: Internal factors that give our region, communities, and businesses an advantage over others</p> <ul style="list-style-type: none"> • A network of economic and community development professionals • Collaboration across industry sectors and levels • Relationships with education partners • Institutes of higher education (with a variety of choices) • A region-specific tool for workforce retention and attraction (NORTHFORCE) • A network of entrepreneurs • Access to capital (banks and non-banks) for entrepreneurs • An industrial base • A workforce with adaptable skillsets • History of resilience • Presence of non-profits and foundations across region • Natural resources that aid industry and quality of life • Ongoing investment in outdoor recreation infrastructure • Robust transportation infrastructure • Attractive quality of life factors (i.e. arts, culture, nature) • Increasing knowledge about how to market our region 	<p>WEAKNESSES: Internal factors that place our region, communities, and businesses at a disadvantage relative to others</p> <ul style="list-style-type: none"> • A projected loss in population due to aging • Generational leadership gap • A lack of following through and addressing identified issues • A lack of racial/ethnic diversity • Geographic disparities in childcare access • Geographic disparities in broadband internet access • Geographic disparities in education • Geographic disparities in wage • Geographic and socioeconomic disparities in health • Culture of "settling" and not striving for higher value • Difficulty with change and thinking differently • Difficulty with making new ideas and new people feel welcome • Difficulty retaining youth and talent • Students who train here but are unable to stay here • Gaps in the entrepreneurship ecosystem (startup capital) • A gap in the technology sector (startups) and technology training • A lack of affordable housing • A perceived decline in the quality of public K-12 education • A discrepancy between our region's perceived self and its presenting self • An issue with our region's past still defining our behavior
<p>OPPORTUNITIES: External factors that our region, communities, and businesses could capitalize on to our advantage</p> <ul style="list-style-type: none"> • Collaboration between regional institutes of higher education • A regional network that can create an approach to try new things, tackle specific projects, and share intelligence • Available space for people to spread out and work remotely • Transitions in leadership due to aging • Communities showing renewed interest in community development efforts • Interest from young professionals to return to the region and start service-type and nature-based businesses • Interest from young professionals to participate in local economies • Increasing demand to utilize local supply chains • Diversification of our economic base • Cultural changes in consumerism (i.e. online shopping) • Cultural changes in working (i.e. remote work) • Greater opportunity to be a warehousing and distribution hub (food, natural resource-based, etc.) with new infrastructure • Former industrial land available for new use • Implications of climate change (changes to environment, seaway port, recreation, and population [climate refugees]) • New investments in health care infrastructure and opportunities for new health care to emerge because of them • Attractive outdoor recreation opportunities • An ability to take control of our region's narrative • COVID-19, an excuse to evolve quickly and to connect in new ways with partners and small businesses 	<p>THREATS: External factors that could create challenges for our region, communities, and businesses</p> <ul style="list-style-type: none"> • A projected loss of population and implications to our region's political power • Transitions in leadership due to aging • A lack of engagement with and from citizens • People taking to social media instead of engaging with their elected officials and government processes • Apathy Disillusionment • Divisiveness • Changes in views about higher education • Disinvestment in higher education • Competitive higher education opportunities luring young talent away from the region • A decline in the quality of public K-12 education • Perception of not being business friendly • Perception of being prone to unionization • A decline in our region's historic industries (i.e. paper, mining) • A culture necessitating broadband internet access and geographic gaps in broadband internet service • Global competition • A rapidly changing world • An accelerating automation industry (education needed in short term and the outcome of lost jobs in long term) • Federal and state regulations restricting growth • A lack of full control over policy, regulations, and investment decisions that impact our region • Polarized opinions about how to use our natural resources/environment • Gentrification of Duluth's waterfront, taking away from needed space for port use • The closing of blast furnaces on the Great Lakes (MN iron impacts) • Implications of climate change (changes to environment, seaway port, recreation, and population [climate refugees]) • A reputation of entitlement • An issue of being defined by our past

IV. STRATEGIC DIRECTION AND ACTION PLAN

VISION STATEMENT

To help create more prosperous, resilient, diversified, and inclusive economies and communities across Northeast Minnesota.

This section sets an overarching CEDS vision, provides regional context to the four cornerstones, and sets goals and strategies to address the region's economic and community development needs. The subcategories, goals, and strategies flow from the SWOT and top priority responses collected through extensive community engagement. Many overlap and support the Minnesota Association of Development Organizations (MADO) DevelopMN plan for Greater Minnesota and align with other regional community and economic development efforts. Each is also reviewed, supported, and derived by economic and demographic data and direction from the Strategy Committee.

Strategy Committee Interest Areas:

EDA guides that the action plan should include a wide range of activity types (housing, transportation, broadband, environmental, sector-specific or cluster asset-leveraging efforts, etc.) and must be clearly linked to the goals and objectives from the strategic framework. A limited number of activities with the highest priority and potential for regional impact should be identified and described. The Strategy Committee worked in small groups to select a few activities for each of the four cornerstones as areas of interest for the Committee for the region.

These are not simply a list of projects. Nor are they exclusively activities that EDA alone could potentially support.

Economic Competitiveness Cornerstone

Strategy #1: Understand/Support incumbent and emerging business/industry to be more competitive by supporting innovation, sustainability, and value-added products.

Performance Measures:

- Increased growth in GDP per capita
- Increase speed to investment

Strategy #2: Develop a holistic capital and consulting support program(s) to support the growth of businesses that have the most significant potential to scale.

Performance Measures:

- Businesses consulted and dollars infused
- Companies surpassing revenue targets (growth to next stage)

Strategy #3: Accelerate the growth of start-ups in the region by providing an ecosystem to help innovators and entrepreneurs.

Performance Measures:

- Number of computer and math occupation jobs
- Number of scalable tech startups

Human Capital Cornerstone

Strategy #1: Support & Engage in Welcoming Community programming.

Performance Measures:

- Measure representation and retention of marginalized communities - qualitative and quantitative measures

Strategy #2: Ensure widespread affordable and accessible high-quality child-care.

Performance Measures:

- Gap between childcare supply and demand in the region
- Improved accessibility, affordability of childcare

Foundational Assets Cornerstone

Strategy #1: Finish building out equitable broadband expansion with policies that bridge critical connections, enhances competition, and supports the effort.

Performance Measures:

- Increase in communities/people/organizations served by affordable high-speed internet.
- Presence of state policy that requires and identifies standards for accessible, affordable high-speed internet.

Strategy #2: Work with communities and community organizations to address diverse housing needs (with emphasis on affordability) and implement local funding and policy solutions.

Performance Measures:

- Increase in housing units by type and by community
- Increase in the number of communities that have implemented local funding and policy solutions
- Decrease in the number of cost-burdened households

Community Resources Cornerstone

Strategy #1: Improve the quality of life of the region and its communities.

Performance Measures

- Improvements in public perceptions of safety
- Decrease in incidents of domestic violence
- Reduction in the incidence of crime by community
- Drop in the incidence of hate crime
- Increased investments in arts and culture in our region's communities
- Improved recreation opportunities for youth and families
- Increased voter turnout
- Increase in the number of volunteers

Strategy #2: Reduce disparities in health for all the region's citizens.

Performance Measures:

- Decrease in food insecurity
- Reduced demand at regional food banks
- Decreased distance to the nearest medical provider

Economic Competitiveness

Making Northeast Minnesota an attractive environment for growth is critical to creating jobs, improving living standards, and financing necessary public services. Economic Competitiveness requires communities to develop and link all available assets to support innovation and encourage business growth.

(1) Economic Development Collaboration

This context focuses on many longstanding functions of economic development, including the recruitment of new businesses to the region and meeting with existing businesses to help them maintain or grow their operations. It includes assisting businesses to access funding, including through non-traditional lending tools, and encourages collaborative work between economic development partners to ensure unified efforts and make deals happen. Northeast Minnesota has enjoyed modest business growth since 2017, adding approximately 400 businesses over that period. This trend represents a steady growth rate given the region's population but still lags much of the rest of Minnesota.

Goal: Economic Development Organizations will collaborate to develop and support programs, projects, and organizations that effectively support the CEDS.

Strategies:

1. Maintain an active CEDS Strategy Committee to ensure the CEDS remains a guide for economic development in the region.
2. Improve access to business development funding by evaluating current funding opportunities and identifying gaps in the existing ecosystem.
3. Promote regional collaboration through existing organizations and programs such as APEX, AGA, IREA, and Northland Connection to improve coordination and leverage partner organizations' strengths.
4. Align and support regional marketing and attraction efforts through regular meetings and coordinated campaigns by regional economic development partners such as APEX, DIRRR, Northland Connection, utilities, and cities and counties.
5. Evaluate the short-term and long-term economic changes created by the COVID-19 pandemic and other factors and reorient service models to respond to evolving trends.
6. Identify and develop data sources that can support economic development activity in the region.
7. Identify successful high-impact programs that can be adapted to meet regional needs.

Evaluation Framework/Performance Measures:

- A. The documented increase in state and federal funding for economic development projects in the region.
- B. Increased information-sharing across regional marketing efforts documented in partner processes.
- C. Needed data sources are accessible.
- D. CEDS Strategy Committee plays an active role in annual CEDS updates.

2) Business Development

Our economy is a mix of traditional and emerging industries, large and small businesses, urban and rural. The region's success depends on strengthening existing industries, diversification, and supporting entrepreneurs and small businesses. This context emphasizes the importance of small and start-up businesses to economic growth. It emphasizes creating an ecosystem to support entrepreneurs as they navigate the challenges of launching new businesses and providing resources to the small businesses that sustain the vitality of our communities. According to data from StatsAmerica 2.0, Northeast Minnesota's innovation economy is lacking, as the region falls in the lowest quartile nationally for business formation. Start-up activity is especially weak in the technology sector, which the Intelligent Communities framework suggests is vital to the future of regional economies.

Goal: Encourage and support business, business development, and entrepreneurship leading to a diverse and resilient economy.

Strategies:

1. Coordinate business development activities across traditional focus areas: business retention and expansion (BRE), attraction, and start-up encouragement.
2. Identify opportunities for import substitution and potential reshoring by analyzing gaps in regional business supply chains.
3. Assist industries in meeting sustainability goals and other future competitiveness needs.
4. Assist industries and businesses recovering from the COVID-19 pandemic by identifying business needs and facilitating access to foundational, local, state, and federal assistance.
5. Expand Innovate 218, the Launch Minnesota regional hub, to provide comprehensive support to start-ups in northeast Minnesota.
6. Leverage existing resources and explore new models to increase and broaden access to capital, including equity investments, to encourage innovation and entrepreneurship.

7. Create new or expanded programming that directly serves underrepresented entrepreneurs and small business owners.
8. Support activities that focus on start-ups and small businesses with the most significant potential to scale through tailored investment from regional funding sources.
9. Evaluate and develop an ecosystem(s) to support sustainable and scalable innovation and digital (or leave out innovation and digital, be more general) economies in rural and urban areas.
10. Support innovation, incubation, acceleration, makerspaces, and similar centers.
11. Expand activities to support underrepresented entrepreneurs and small business owners.

Evaluation Framework/Performance Measures:

- A. There is a steady increase in the number of businesses using Innovate 218 and related programming.
- B. Increase in proportion of regional jobs that earn a living wage.
- C. Increase in the number of businesses based in the region.
- D. The documented increase in the number of underrepresented entrepreneurs and small business owners using start-up and small business programming.
- E. Demonstrated job growth in small businesses that have received support to scale up their operations.
- F. Increase in documented BRE visits in Grow Minnesota! database.
- G. Increased employment in the innovation and digital economy.

3) Built & Natural Environment Context

This context emphasizes the responsible use and reuse of the region's existing natural and built environment. It explores the redevelopment of existing properties, investigates the potential use of natural resource-based economic opportunities, and recognizes the implications of looming environmental challenges, including the effects of climate change. It recognizes the complex interactions between humans and their environments and the need to navigate the challenges of competing visions. A regional location quotient analysis shows that natural resource-based sectors of the economy remain among the strongest concentrations of employment in Northeast Minnesota relative to the state and nation.

Goal: Support the sustainable development of industries and communities.

Strategies:

1. Proactively plan for climate change.
2. Help our communities and businesses transition to sustainable, affordable, and reliable energy.
3. Help our communities, businesses, and workers recover from negative impacts of achieving energy and other sustainability goals (e.g. closures of coal power plants).
4. Embrace sustainable development throughout our economy and community.
5. Work with state and federal partners to promote redevelopment of underutilized properties.
6. Sustainably managing forest and water resources for a healthy ecosystem, economic growth, and protection of climate change.
7. Plan regionally and locally to ensure communities have the necessary properties for development opportunities.
8. Develop a regional strategy to support value-added development of traditional industries.

Evaluation Framework/Performance Measures:

- A. Development of a value-added development program.
- B. Amount of investment in redevelopment projects (brownfields, etc.)

(4) Policy Context

This context recognizes the importance of a predictable policy environment for economic growth. It emphasizes timeliness and transparent processes that businesses can follow to begin operations without encountering unexpected roadblocks or costs. It also captures the role of policymaking in helping to ensure residents of the region attain livable wages. Data from StatsAmerica Innovation 2.0 suggests Northeast Minnesota has very low growth in earnings per worker and relatively low wages. However, these challenges are offset somewhat by a lower cost of living. This context cuts across all cornerstones and contexts.

Goal: Advocate for public policy and programs that support the CEDS Vision.

Strategies:

1. Support timely and predictable policymaking (or regulations).
2. Work with communities in the region to identify policy barriers and implement fixes.

3. Educate and inform policymakers and elected officials about regional economic and community development issues.
4. Advocate for equitable public policy.
5. Produce a State of the Northland economic report to highlight success, opportunities, and challenges.
6. Develop new approaches and policies to rural fiscal policy.

Evaluation Matrix/Performance Measures:

- A. Produce a State of the Northland economic report
- B. Increase in the number of State bonding projects funded
- C. Improved regional ranking in StatsAmerica Innovation 2.0

Human Capital

Developing, retaining, and attracting talent is critical for Northeast Minnesota to sustain and grow our businesses and communities. Tracking the characteristics of the labor force and the needs of employers, and creating strategies for alignment between the two, are the foundation for this cornerstone. This cornerstone also addresses the barriers that must be overcome to implement successful education and workforce development programs, including access to childcare and transportation.

(1) Education & Skills Context

This context recognizes the centrality of the education and workforce systems in preparing people for jobs in northeast Minnesota. It begins with an emphasis on exposing students to an understanding of the complete array of options available to them while in K-12 education and builds connections between business and higher education to align training opportunities and a holistic curriculum with workforce needs. It also includes the workforce development infrastructure that supports job seekers throughout their lives. The Arrowhead region enjoys high school graduation rates exceeding 90% and one of the highest concentrations of associate degrees of any region in the country but lags somewhat in higher education attainment.

Goal: Work for inclusive and equitable quality education, workforce training, and lifelong learning opportunities for all.

Strategies:

1. Analyze and evaluate the short-term and long-term labor force changes created by the COVID-19 pandemic and other factors and reorient service models to serve the most impacted groups and respond to new trends.
2. Grow career pathway opportunities for workers.

3. Support early childhood development.
4. Adopt service models to serve persons with labor market barriers.
5. Increase use of state and federal monies to support regional workforce efforts.
6. Align higher education and regional workforce training systems with existing and emerging needs of industries.

Evaluation Framework/Performance Metrics:

- A. Increased state and federal investment in regional workforce training.
- B. Increase persons with labor market barriers and COVID-19 impacted workers participating in higher education, workforce training, or returning to the workforce.
- C. Increase in family-sustaining jobs.

(2) Growth Context

This context aims to grow the workforce through intentional efforts to attract and retain talented individuals. It focuses on marketing efforts and seeks to streamline attempts to encourage people to move to the area to fill jobs and take advantage of the quality of life. It also connects students with employment opportunities in the region to retain them after graduation. This growth is vital to the economy's future in Northeast Minnesota, as its population and labor force have been largely flat over the past decade. A large population nearing retirement age further pressures the regional workforce and makes talent attraction and retention key for business vitality.

Goal: Grow and attract a workforce that will help the of the region prosper.

Strategies:

1. Form sectoral partnerships between educators, work force developers, employers, and other strategic partners to identify needs, train, and place workers in high-quality jobs.
2. Collaboratively market the region and communities and industries to establish a place brand and attract new or returning residents and workers.
3. Support welcoming community programming.
4. Analyze and evaluate how to retain students in the region.
5. Analyze and evaluate how to increase labor force participation.
6. Expand the labor force participation of adult workers including older people to make up for the shortage of new workforce entrants.

7. Support the use and expansion of worker visa programs in areas with a limited workforce.

Evaluation Framework/Performance Measures:

- A. Increase in students staying in the region after graduation
- B. Formation of sectoral partnerships
- C. Labor force growth
- D. Labor force participation
- E. Start-up of welcoming communities' programs

(3) Diversity, Equity, and Inclusion Context

This context recognizes the vital role of a welcoming and inclusive community. It sees diversity in the region as a strength and seeks to uplift the voices of both newcomers to the region and members of groups that have been excluded from participation in the economy for too long, including BIPOC populations, the disabled community, and the elderly. It acknowledges the barriers many of these groups have faced and recognizes that the regional economy cannot work for everyone and will struggle to grow if it does not work to build a more welcoming culture. While Northeast Minnesota remains 92% white, its population of color has grown over time, and immigration has played a vital role in stabilizing the state's population.

Proposed Goal: Incorporate Diversity, Equity, and Inclusion into economic and community development activities to create opportunities for all.

Strategies:

1. Grow welcoming, inclusive communities
2. Address barriers for underrepresented communities
3. Increase quality, livable wage jobs and meaningful, equitable work
4. Increase opportunities for people to build wealth
5. Diversify regional leadership through leadership and capacity building
6. Enhance cultural fluency opportunities
7. Advance DEI policies

Evaluation Framework/Performance Metrics:

- A. Start-up of welcoming communities' programs

- B. Documented increase in number of underrepresented entrepreneurs and small business owners using start-up and small business programming
- C. Increase persons with labor market barriers and COVID19 impacted workers participating in higher education, workforce training or having returned to the workforce
- D. Increase in livable wage jobs relative to all jobs
- E. Documented increase in leadership diversity

(4) Supports Context

This context brings forward a holistic understanding of economic development and acknowledges that a stable foundation for the region requires health and well-being in all aspects of people's lives. It acknowledges that community health is central to residents' ability to thrive and contribute to their societies. It also recognizes an ongoing crisis due to a shortage of childcare that places burdens on families and limits workforce participation. The Robert Wood Johnson Foundation's 2020 County Health Rankings place five of northeast Minnesota's seven counties in the lowest quartile in the state for health outcomes, with the remaining two counties in the next-lowest quartile. 2020 regional childcare data showed a deficit of over 4,000 slots necessary to serve all children under 5 with two working parents, or a need for 43% growth in available slots.

Goal: Remove barriers to participation in the economy and community and improve the ability to lead a healthy life.

Strategies:

1. Ensure widespread affordable and accessible high-quality childcare following the framework laid out in The Economic Impacts of the Childcare Shortage in Northeastern Minnesota and by responding to new issues raised by the COVID-19 pandemic.
2. Ensure access to transportation and other support services needed to gain an education or workforce skills.
3. Build on the significant research, policy, and program work that is already underway.
4. Aid health equity initiatives.

Evaluation Framework/Performance Metrics:

- A. Reduction in childcare availability gap.

Foundational Assets

Northeast Minnesota communities require proactive and collaborative approaches to address infrastructure needs in a cost-effective manner. Managing the access to, maintenance,

replacement and growth of these assets are key to preserving and maintaining communities and providing for growth opportunities.

(1) Transportation Context

This context acknowledges the vitality of regional transportation infrastructure to its economic success. It includes the highways, ports, and airports that form the backbone of the logistics network that supports regional growth. It also recognizes the need for a variety of modes of transportation, including public transit and active transportation, to move people and accommodate their diverse needs. Northeast Minnesota is home to three commercial airports, the largest freshwater port in the world, four Class I railroads, and an extensive highway network that connects all corners of the region.

Goal: Develop and maintain a sustainable, resilient, economical, and integrated regional transportation system that supports the region's economic competitiveness and health of its communities.

Strategies:

1. Support development and maintenance of regional road and trail networks by partnering with public agencies to plan, program and complete transportation enhancement and maintenance projects.
2. Support efforts to implement the Northern Lights Express (NLX) passenger rail connection between Duluth-Superior and the Twin Cities.
3. Continue partnerships with public agencies (i.e., Minnesota Department of Transportation District 1, Duluth Seaway Port Authority) to maintain and enhance the regional network of freight infrastructure for safe and efficient transport of goods.
4. Partner with the Northeast Minnesota Regional Transportation Coordinating Council (RTCC) and its human services partners to support development of infrastructure (i.e., bus garages, depots) that supports public and commercial transportation services in the region.
5. Participate in transportation planning and project scoping efforts on state and local levels to support enhancements for and investment in designated walking and biking infrastructure where contextually appropriate.
6. Identify incentives for coordination between transportation providers
7. Assess the current internal capacity of transportation providers/modes to contribute to the objectives.
8. Support electric vehicle infrastructure.
9. Increase 'park and ride' locations.

10. Ensure mobility options for all.
11. Support transportation systems development that serves long term economic development needs.
12. Reduce maintenance and carbon costs of the transportation system.
13. Enhance public transportation access and sustainability.
14. Prepare our communities for growth by encouraging investment in key freight facilities (water, rail, air and highway).
15. Invest in alternate and active transportation modes to improve mobility options, community health, quality of life, and environmental sustainability.

Evaluation Framework/Performance Metrics:

- A. Increase in efficiency of regional freight transportation due to enhancement and continual maintenance of the regional highway system and the Duluth-Superior Port.
- B. Decrease in number of severe injuries and fatalities on roadways in northeast Minnesota.
- C. Increase in number of roadway projects to "right-size" overbuilt highway infrastructure.
- D. Increase in frequency of public transit services in northeast Minnesota.
- E. Increase in social service programs and businesses that provide transportation services in northeast Minnesota.
- F. Increase in public transit services and businesses that provide transportation between northeast Minnesota cities and the Twin Cities.
- G. Increase in mileage number of designated infrastructures for walking and biking (i.e., on-street bike lanes, safety shoulders, sidewalks/side paths, trails), especially in socioeconomically distressed communities.
- H. Decrease of damage to shoreline transportation infrastructure due to increase in investments toward shoreline preservation infrastructure.

(2) Utilities Context

This context recognizes the importance of stable and reliable utilities for economic success. It underscores the centrality of affordable and reliable broadband access for success in the modern economy and captures the value of cost-effective maintenance and expansion of existing utility infrastructure. The Blandin Foundation's county broadband rankings show considerable divergence among Northeast Minnesota counties, with three ranking among the more connected in the state, particularly for rural areas, and several falling among the worst

served. The region also lags in up-to-date infrastructure, with dated systems that require updates and many residents off municipal utilities, and only four of Minnesota's 35 certified Shovel Ready sites.

Goal: Develop and maintain sustainable, resilient, economical utility systems that support the region's economic competitiveness and health of its communities.

Strategies:

1. Support equitable broadband expansions & advocacy.
2. Advocate for equitable broadband and public utilities funding at both state and federal levels.
3. Promote digital literacy and adoption programs.
4. Support equitable and resilient improvements and expansions of local utilities.
5. Work with localities to identify capital improvements plans to prioritize needs and identify funding.
6. Support asset management assistance and training for local communities.

Evaluation Framework/Performance Measures:

- A. Increase in communities/people/organizations served by affordable high-speed internet.
- B. Increase in communities meeting water quality standards and capacity needs.

(3) Housing Context

This context emphasizes the importance of quality housing at affordable prices that meets the varying needs and preferences of residents. It recognizes the role of stable, reliable housing for residents' well-being and seeks to confront some of the barriers that limit its development and affordability. Data from Minnesota Realtors shows home sales prices in the Duluth metro and North Shore markets running at 70-80% of prices statewide and at less than half of the statewide average on the Iron Range, though this is in some cases reflective of the types of housing available in these regions that may not meet contemporary demands.

Goal: Expand housing affordability and quality across the region.

Strategies:

1. Enable communities to develop housing that meets the needs of their community.
2. Maintain and preserve existing housing.
3. Build housing units where their demand exists.

4. Work with communities and community organizations to understand housing needs and implement local policy fixes.
5. Build on the significant research, policy, and program work in housing accessibility that is already underway.

Evaluation Framework/Performance Metrics:

- A. Increase in housing affordability.
- B. Number of communities that have implemented local policy fixes.
- C. Increase in housing supply that meets community needs.
- D. Decrease in food insecurity
- E. Reduced demand at regional food banks
- F. Decreased distance to the nearest medical provider

Community Resources

Northeast Minnesota communities seek to maintain their heritage and the assets that support them. Community Resources includes topics that balance the preservation and improvement of local social, cultural, and natural assets that are critical for the future.

(1) Quality of Life Context

This context emphasizes the value of creating welcoming, vibrant communities that reflect the area's authentic strengths. It seeks to invite all residents into the civic life of their communities and encourage the arts and creative culture as both an economic development tool and a builder of community. It also includes the region's considerable outdoor recreation assets. The leisure and hospitality industry sector, which includes jobs focused on outdoor recreation, has a very strong location quotient in northeast Minnesota. According to the Arrowhead Regional Arts Council, the region is second among Minnesota regions in economic impact of the arts, arts-generated income, creative job density, and total audience, despite being fourth among the regions in population.

Goal: Improve the quality of life of the region and its communities through asset-based development strategies that build on natural strengths and amenities.

Strategies:

1. Build welcoming communities.
2. Provide creative culture/economy funding & training.
3. Enhance outdoor recreation investments.

4. Enhance arts and culture investments
5. Support smaller communities to develop strategies to improve QOL and economy.

Evaluation Framework/Performance Measures:

- A. Participants in welcoming communities' programs
- B. Start-up of creative culture/economy programs
- C. Number of communities assisted with QOL strategies and investments

(2) Health Context

This context sees healthy communities as sources of both community vitality and economic growth. It includes local food systems and agriculture as an emerging area of focus, recognizes the community challenges posed by a lack of health equity, and seeks local solutions to these problems. The Robert Wood Johnson Foundation County Health Rankings' food environment index places most Northeast Minnesota counties in the lowest quartile of the state in a combined measure of food security and access to healthy foods and in overall health.

Goal: Improve the overall health of the region's people and reduce health disparities.

Strategies:

1. Improve food security.
2. Improve access to healthy foods.
3. Improve local food systems and food sovereignty.
4. Provide parks and recreation opportunities for all users.
5. Reduce health disparities across the region and population.
6. Expand access to healthcare.
7. Expand pedestrian and bicycling transportation alternatives where contextually appropriate.

Evaluation Metrics/Performance Measures:

- A. Increase in farmers markets, CSAs, community gardens, and farms
- B. Decrease in food insecurity
- C. Reduced demand at regional food banks
- D. Decreased distance to the nearest medical provider

(3) Engagement Context

This context seeks to build bridges within communities and encourage broader regional participation in planning for the future of the economy. It seeks to build cross-sector connections and bring groups together behind a common future rather than remaining in narrow silos or leaving individuals feeling disconnected from regional decision-making. Voter turnout in Northeast Minnesota typically lands just under Minnesota's very high rates of turnout and runs ahead of the national average, while statewide, Minnesota has one of the highest rates of volunteerism in the nation.

Goal: Improve collaboration and civic engagement to include more residents to make community and economic development more responsive to community needs.

Strategies:

1. Provide easily accessible and equitable ways for residents to participate.
2. Address barriers to participation including childcare, time, place and format of meetings.
3. Empower residents by involving those closest to the issues.
4. Develop success metrics and provide transparency through follow-up and progress reports.

Evaluation Framework/Performance Measures:

- A. Increase in the percentage of Rural Pulse respondents who felt ownership of their community and an ability to contribute to it.
- B. Increase in diversity (age, gender, race) of community leaders.



COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY



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