



RAEDI

Economic Development Strategy

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Facilitated and prepared by



Economic
Development
Services, Inc.

Acknowledgements

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RAEDI Economic Development Strategy

Background and purpose

Rochester Area Economic Development, Inc. (RAEDI) engaged its public and private sector partners in a strategic planning process focused on understanding area economic development challenges and opportunities and organizing effectively to achieve community goals. Peer communities were examined to provide insights into how the Rochester area might organize to meet current and emerging economic, community and workforce development challenges in an efficient, integrated manner.

A steering committee consisting of RAEDI’s executive committee, Olmsted County, and the City of Rochester was actively engaged in shaping the planning process. It included an analysis of the economy, surveys, interviews, and focus groups with public, private, and non-profit stakeholders. The research and planning process was led by Janna King, CEcD, EDFP with Economic Development Services, Inc.

Approach

The RAEDI Economic Development Strategy recognizes that the economic vitality of a community requires the traditional economic development functions associated with business retention, expansion, and attraction. But this alone is not enough. Cultivating innovation and entrepreneurship is critical for keeping pace with the dynamic changes in science, technology, and society. Workforce availability and skills are consistently among the most critical factors in nearly every business location and expansion decision. To succeed, communities must focus on developing, attracting, and welcoming a diverse workforce with the skills needed by area employers. The community must be able to attract and retain a broad spectrum of talent – it must be a place where people *choose to live*. Community development – including housing, childcare, schools, health care, parks and recreation, shopping, dining and entertainment, development sites, and the overall quality of life and quality of place are necessary for the community, its businesses and economy to thrive.

Success requires active stewardship and engagement of the public, private and non-profit sectors year in and year out. Each sector brings valuable insights, relationships, expertise, and capabilities needed to successfully address the community’s ever-evolving economic opportunities and challenges. There’s LOTS to do, so a strategic plan and clear definition of roles and responsibilities are essential. It is important for policymakers on public and non-profit boards to be actively engaged, commit to regular communication, create accountability, and support staff with execution of the plan.



Rochester Area Economic Development, Inc.

Vision

The Rochester area cultivates a healthy economy by providing a welcoming community environment that supports the growth and attraction of a diversity of businesses and talent.

Mission

Lead and support economic, community and workforce development initiatives that grow and diversify the greater Rochester area economy.

Core Values – *We live these values everyday*

Integrity

We adhere to the highest level of honesty, respect, and ethics in all that we do.

Teamwork

Economic development is a team effort. We work effectively with public, private, and non-profit partners to strengthen the area economy.

Innovative

We encourage creativity and unique approaches to economic development and growth. We adapt to advance economic progress.

Inclusive

We honor the diversity of our community and workforce, and build on the insights, skills and capabilities that emerge from respectful inclusion.

Strategic and results driven

We assess community needs and opportunities, identify priorities, and focus human and financial resources on achieving results.

Strategy #1: Business growth and diversification

Lead initiatives to support the retention, expansion, attraction, growth, and diversification of businesses and employment opportunities in the Rochester area. Foster a vibrant entrepreneurial ecosystem.

Strategy #2: Development sites, infrastructure, and place-making

Support and partner with local governments and the development community to create the physical places and community amenities that attract businesses, build tax base, and draw a capable, productive workforce to the area.

Strategy #3: Talent attraction, retention, and development

Partner to make the Rochester area a magnet for a talented productive workforce by ensuring the availability of quality, affordable childcare, diverse housing options, career and technical education, quality of life amenities and a welcoming community.

Strategy #4: Organizational Processes and Communication

Maintain strong board and staff capacity, organizational systems, and teamwork with the public, private, and non-profit partners to provide economic development leadership for the Rochester area.

RAEDI's Evolving Role

Since its creation in the mid-1980's, RAEDI has built a successful track record of economic development leadership for the Rochester area. Regional, economic, social, and technological changes necessitate an evolving role for all pro-active development organizations. Strategic planning processes are critical to helping communities adapt to change and align resources to meet evolving challenges and opportunities. The RAEDI strategic planning process involved intensive listening through surveys, interviews and focus groups to understand how the organization can best meet the emerging goals of the community. Over seventy-five representatives of the private sector, Olmsted County, Rochester, and nearby communities were active participants in identifying the following roles for RAEDI.

Lead

- Play a **leadership** role in developing and coordinating implementation of the area's public-private economic development **strategy**.
- Work with all partners to create a supportive environment for **entrepreneurship, business retention, expansion, and attraction**.
- Serve as the **"front door" for economic development** and coordinate a response with all appropriate partners to meet business needs.
- Serve as the lead economic development **information resource for the Rochester area**.
- Serve as a leader in economic development **marketing for the greater Rochester area**; collaborate with other organizations involved with marketing area assets.
- Provide **financial packaging** expertise and ensure that the area maintains a competitive array of financing and incentive tools.
- Serve as a **trusted convener and problem solver**, bringing together the public, private, and non-profit sectors to address emerging economic development challenges and opportunities.

Support and Partner

- Partner with local communities, chambers, and other organizations to implement **proactive business retention strategies**.
- **Partner with the City of Rochester** on economic development initiatives, focusing on activities outside Destination Medical Center area, and partnering within the DMC area to add value.
- **Partner with Olmsted County** to diversify the area economy, support the county's development and redevelopment projects, and development opportunities in investor cities - Byron, Chatfield, Pine Island and Stewartville and other Olmsted County communities.
- **Support** economic development initiatives that strengthen **the four-county Metropolitan Statistical Area**.
- **Play a supportive role in talent attraction and development**.
- **Play a supportive role in community development issues like housing, childcare, transportation, and infrastructure**, by sharing information relevant to business and talent attraction, and advocating for changes needed to ensure community competitiveness.

Four Development Strategies

The Four Development Strategies and goals are long term and will take several years to accomplish. Activities, which are listed below the goals, are identified with icons that indicate phasing.

- ★ First steps
- Early action – research, evaluation, and putting new systems in place that will serve RAEDI and the community long term
- ➔ Mid-term – sustained commitment will require additional staff
- ✚ Longer term

Strategy 1: Business growth and diversification

Lead initiatives to support the retention, expansion, attraction, growth, and diversification of businesses and employment opportunities in the Rochester area. Serve as the front door for business prospects. Foster a vibrant entrepreneurial ecosystem, including an emphasis on historically disadvantaged groups, including women, the BIPOC community, and veterans.

Goal 1-1: Business Retention and Expansion. Establish and support a well-organized, consistent approach to business retention for base businesses in Rochester, Olmsted County and area communities that includes a combination of business visits, industry cluster support and other approaches to connecting with and supporting area employers.

- ★ Analyze recent facility closures addressing such questions as: What are the facts? What can be learned about area competitiveness and industry trends? What are the lessons for future competitiveness?
- ➔ Implement business retention visitation program to base businesses in the City of Rochester involving the city, private sector and utilities.
- ➔ Support small cities with business retention and expansion as requested.
- ➔ Create partnerships to establish systems to better link Black, Indigenous, and People of Color (BIPOC), women, disabled, and veteran-owned businesses with area businesses and procurement professionals with on-line systems, regular networking opportunities, financing, and other techniques.
- ➔ Maintain strong relationships with economic development partners including DEED, Southern Minnesota Initiative Foundation, Enterprise Minnesota, Southeast Minnesota Capital Fund, CEDA, utilities, and other resources.
- ✚ Establish an industry cluster initiative for key clusters in the area (e.g., agricultural processing, metal fabrication, wood, information technology). Undertake one cluster initiative at a time; start a new one every 12-18 months as the previous one enters a maintenance phase.
- ✚ Work with Olmsted County and area communities to develop a plan that addresses disaster preparedness and disaster response for businesses and the area economy.

Goal 1-2: Marketing. Lay the foundations for excellence in the Rochester area’s capacity to respond to business prospects and to reach out to target markets. Create and execute a marketing strategy with area partners.

- ★ Update RAEDI website and marketing materials, creating an attractive, welcoming on-line presence. Provide robust, up-to-date, on-line information on area advantages, the economy, financing tools, buildings, and sites (including public sites), development-related resources, businesses assistance resources, support for accompanying talent and work from home transplants, and quality of life.
- ★ Develop updated prospect handling understandings with DMC, Rochester, Olmsted County, small cities; establish simple systems for file sharing, coordinated messaging, consistent data & information.
- Develop an updated marketing strategy. Review and refresh target markets for the Rochester area with a post-COVID lens; update marketing strategy with DMC, CEDA and others; include Mayo supply chain reshoring opportunities (emerging in response to COVID); work with utility partners on data center opportunities.
- Encourage cities to create efficient teamwork to coordinate approval processes and provide as much speed and certainty as possible to development projects. Support cities as requested by providing models (e.g., Owatonna) and problem-solving dialogue with the development community.
- RAEDI will meet quarterly with its city investor partners - Rochester, Stewartville, Byron, Pine Island, and Chatfield - to create and execute a plan to market area strengths in life sciences, information technology, agribusiness and other target sectors to potential site selectors and remote workers.

Goal 1-3: Entrepreneurship. Continue to support on-going entrepreneurial projects and partners including the Collider, Idea Studio, Mayo Clinic Business Accelerator, the Small Business Development Center (SBDC) and Service Core of Retired Executives (SCORE). Work with partners to develop a comprehensive approach to address the unique needs and opportunities of BIPOC entrepreneurs and to support entrepreneurs in a diversity of industries.

- Evaluate additional on-line, financial, real estate and in-person approaches for supporting entrepreneurs. Identify priority systems for the Rochester area and implement.
- Strengthen systems for supporting BIPOC, women and veteran entrepreneurs (assess needs, develop solutions, implement, evaluate, refine).

Goal 1-4: Financing and Incentives. Develop more and deeper sources of funding, financing, and incentives to support business start-ups, expansions, and attractions.

- ★ Work with Olmsted County to establish a county-wide Economic Development Fund.
- Develop a unified tax abatement application for Olmsted County and cities in the county to streamline the process for businesses. Support the cities and county in updating their policies.
- Identify unique business financing issues for BIPOC, women and veteran-owned businesses. Identify and create tools that enable these populations to establish and grow successful businesses.
- Continue to foster and support the \$2 million Southern Minnesota Capital Fund. Assist in raising an additional \$3-5 million in capital for a new fund.

Goal 1-5: Economic Development Center. Create an economic development center that brings together organizations with a priority for base businesses and serves as the front door of economic development for the greater Rochester area.

- ★ Explore physical space options and potential partnerships.

Strategy 2: Development sites, infrastructure, and place-making

Support and partner with local governments and the development community to create the physical places and community amenities that attract businesses, build tax base, and draw a capable, productive workforce to the area.

Goal 2-1: Development ready sites. Ensure that the Rochester area can consistently present a competitive inventory of business park sites appropriate for the region's industry clusters and target industries.

- Partner with Olmsted County to analyze industrial development sites throughout the county including the history of land absorption, availability, future potential, and redevelopment opportunities. The analysis should address the following: Is adequate land reserved for industrial development long term in areas with good transportation and infrastructure access? Are there near term development needs and opportunities? What are the job and tax base development implications? Identify priority areas for development, property control and development strategies.
- Work with partners to secure DEED shovel ready certification of priority sites to provide speed and certainty to national and international prospects.

Goal 2-2: Development Intelligence. Strengthen a shared public and private understanding of real estate development trends, challenges, and opportunities through research, planning, and communication. Use this information to stimulate investment.

- Support Olmsted County in conducting a study of the Seneca site and the adjacent Graham Park including economic development, fiscal, tax base, and community development considerations.

in the area? What opportunities exist to transition displaced workers and others in low wage jobs to higher paying positions with high vacancies? What education/training resources are needed to support? Where can those resources be accessed?

- ➔ Actively promote talent development initiatives including School to Work, WDI, Future Forward, internships, Bridges to Employment, career and tech ed, and other initiatives. Identify all resources on the RAEDI website and actively promote in RAEDI communications with businesses and the general public.

Goal 3-2: Talent attraction, remote worker attraction, support for accompanying talent. Develop on-line and interpersonal systems to attract talent, attract and support remote workers, and accompanying talent.

- ➔ Collaborate with Mayo Clinic to build on their accompanying talent initiatives and expand to support other employers in the Rochester area. Consider using a fee for service model.
- ➔ Partner with the Diversity Council to thoughtfully integrate equity and inclusion into all talent attraction, retention, and development initiatives. Actively integrate BIPOC perspectives into committees, task forces and strategy development.
- ➔ Expand talent attraction, remote worker attraction and accompanying talent support initiatives.
 - Develop on-line and interpersonal systems to attract and support remote workers and accompanying talent.
 - Create attractive co-working spaces.
 - Promote through social networks and businesses.
- ➔ Stimulate the creation of effective systems to welcome people to the Rochester area through partnerships with non-profits and/or small business(es). Systems should be designed to attract and retain talent by paying attention to individual and family needs and interests, connecting people with other people and resources, and cultivating a warm and welcoming community culture.

Strategy 4: Organizational Processes and Communication

Maintain strong board and staff capacity, organizational systems, and teamwork with the public, private, and non-profit sectors to provide economic development leadership for the Rochester area.

Goal 4-1: Funding and staffing. Identify human, technology and financial resources needed to implement the plan. Clarify long term human resource needs and training. Identify on-going operating costs as well as one-time special project investments. Secure funding from the public, private, and philanthropic sectors to successfully implement the strategic plan. Commitments of at least 2-3 years should be made to support on-going operating costs for new initiatives that will require additional staff.

- ★ Agree on partner roles (e.g., RAEDI, DMC, City of Rochester, Olmsted County) for all initiatives and prospect handling processes. Communicate new roles & the plan to all stakeholders.

- ★ Work with funders and partners to create accountability through clear roles, goals, and timelines and accountability measures.
- ★ Develop a plan for partnerships, staff, and consulting support to achieve near and long-term goals.

Goal 4-2: Strategic planning. Use the strategic plan to inform priorities for financial resources and staff time. Review strategic plan progress quarterly. Update the plan annually in dialogue with the executive committee and key stakeholders. Time the update to inform partner budget processes.

- ★ Reach out to all stakeholder groups to share the strategic plan, new roles, and initiatives.

Goal 4 -3: Communication with stakeholders and the community. Maintain quarterly or semi-annual dialogue with all key stakeholder governing boards. Prepare an annual report each year that highlights accomplishments, performance measures for the past year and strategic goals for the upcoming year. Identify strategies to communicate effectively with the general public.

Goal 4-4: Measure performance and impact. Measure performance relative to strategic plan goals. Measure the impact of successful development projects. Secure feedback from customers, stakeholders, and investors to inform continuous improvement.