

## **A G E N D A**

**NORTH MANKATO CITY COUNCIL WORKSHOP  
MONDAY, OCTOBER 7, 2013  
NORTH MANKATO COUNCIL CHAMBERS  
6 P.M.**

1. Call the meeting to order.
2. Recommendation of Future Operation of Riverbend Recycling Center.
3. Recent Economic Reports to be Shared by Mayor Dehen.
4. Adjourn.

# **M E M O R A N D U M**

**TO:** *Mayor and Council Members*

**FROM:** *John Harrenstein, City Administrator*

**DATE:** *October 4, 2013*

**SUBJECT:** *Future Operation of Riverbend Recycling Center.*

Attached is a memo from Foth Infrastructure and Environment, LLC regarding future operation of the Riverbend Recycling Center.



## Memorandum



Foth Infrastructure & Environment, LLC  
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October 4, 2013

TO: John Harrenstein, City Administrator (City of North Mankato)

CC: Warren Shuros, Client Team Leader (Foth)

FR: Dan Krivit, Project Manager (Foth)

RE: Foth Memo Report:  
*City of North Mankato's Riverbend Recycling Center -  
Alternatives for Future Operations*

Foth Infrastructure & Environment, LLC (Foth) was retained by the City of North Mankato to conduct an independent analysis of the City's Riverbend Recycling Center. The scope of this review was to analyze current operations, costs and revenues and make strategic recommendations for improvements in future operations.

### **Executive Summary**

Foth understands the City's goals for moving forward include the following:

- ◆ Continue to provide high quality recycling services to North Mankato residents and Nicollet County residents.
- ◆ Continue to support and attain the recycling objectives of Nicollet County consistent with the County's Solid Waste Management Master Plan.
- ◆ Utilize current state-of-the-art recycling technologies available in today's marketplace to make Riverbend Recycling Center more cost-effective.
- ◆ Continue to providing the "24/7" drop-off services for North Mankato and Nicollet County Residents per the existing agreement with Nicollet County.
- ◆ Develop a complete plan and process for transitioning to single-stream recyclables collection for North Mankato residents.
- ◆ Optimize operations at Riverbend Recycling Center.

*The information contained in this memorandum is considered privileged and confidential and is intended only for the use of recipients and Foth.*

To accomplish the goals listed above, Foth analyzed the Riverbend Recycling Center's current operations, costs, and revenues. Foth also carefully reviewed the City's operating agreement with Nicollet County and, together with City staff, met with County officials. Opportunities were discussed to both enhance efficiencies and maintain standards for the drop-off services at Riverbend.

Together with City staff, Foth developed four future alternatives for processing and marketing of the traditional residential recyclables (e.g., from curbside recycling and County drop-off boxes) at Riverbend:

1. No significant change (i.e., "status quo"), but with optimization of operations to reduce costs and enhanced materials sales to increase revenues (e.g., improved revenue sharing).
2. Direct haul of single-stream recyclables to a local, third-party recyclables transfer facility.
3. Transfer of recyclables in single-stream form (i.e., without any sorting or processing other than potential densification) from Riverbend Recycling Center to a third-party materials recovery facility (MRF).
4. Contract for management and operation of Riverbend Recycling Center to a third-party recycling company that has the qualifications and experience to process and market residential recyclable commodities.

Foth understands the City intends to reduce net operating costs at Riverbend as much as possible while still maintaining the same standard of recycling service that residents and businesses have come to expect over the recent years. Using this deliberate approach, Foth recommends that the City of North Mankato pursue a four-part strategy:

1. Maintain and strengthen the partnership with Nicollet County for recycling services and program design. As required by the existing City – County operating agreement, renegotiate a new operating agreement including maintaining and improving drop-off services at Riverbend.
2. Begin to prepare for a transition to single-stream curbside recyclables collection in North Mankato through the development of request for proposals (RFP).
3. Reaffirm the importance of Riverbend Recycling Center as a drop-off facility for residents and businesses. Assess the peak demand times and days of the week. Begin planning for more streamlined operations.
4. Consider contracting with one of the two local recycling vendors that have the facility capacity to receive and transfer the City's curbside recyclables. This consideration could come through simultaneous negotiations, but only after first consulting with County officials.

## **Proposed City Decision Criteria**

Foth suggests that the City may wish to consider the following decision criteria as a means to chart out the best path forward for Riverbend Recycling Center:

- ◆ Continue to partner with the County.
- ◆ Keep the change to single-stream transfer/processing/marketing as simple as possible.
- ◆ Partner with a local private company for direct haul from the curbside recycling route to the vendor's facility to avoid additional costs of sorting or transfer operations at Riverbend Recycling Center.
- ◆ Find the "best value" to the City. That is, find the least cost solution with the highest value proposition.

Foth understands that the City is interested in reducing its net operating costs as much as possible while still maintaining the same standard of recycling service that County and City residents and businesses have come to expect over the recent years.

## **Methods of Analysis**

On August 15, 2013, Foth staff conducted a facility site inspection and tour of Riverbend Recycling Center to document the current operations. As part of this visit, Foth also participated in several meetings throughout the day with various City personnel, recycling service providers, and Nicollet County officials. The City Administrator organized and facilitated these meetings.

City staff directed Foth to complete the cost analysis of the existing facility operations and provided a series of budget data and reports from Riverbend Recycling Center. City staff also directed Foth to conduct a series of informal requests for preliminary price quotes from prospective recycling contractors that could transfer, process and/or market the City's recyclables in single-stream form. Three potential new operating scenarios were developed and communicated by Foth to the prospective vendors.

## **County Financial Assistance**

Nicollet County and the City of North Mankato entered into an agreement in October 2003 for the City to own and operate a recyclables materials recovery facility. The City agreed to finance the construction of the Riverbend Recycling Center through the sale of \$1.4 million in general obligation utility revenue bonds as issued in April 2004. The County agreed to support the facility with annual payments to the City of \$64,000 per year for ten years for a total payment of \$640,000. The City



agreed to pay the balance of the bond debt and operations of the center through a combination of revenue sources including:

- ◆ Net revenues from the sale of recyclable materials (after payment of additional transportation and processing costs).
- ◆ Municipal solid waste and recycling collection fees charged directly to residents by the City.
- ◆ General ad valorem taxes as determined by the City Council.

The County also agreed to support the operations of Riverbend Recycling Center originally through annual payments of \$78,000 per year and then adjusted in 2009 to \$89,232 per year. In August 2009, the City and County agreed to adjust the County's annual payment to reflect current operations and future plans for a period of five (5) years through 2014. The City and County are scheduled to meet again by July 2014 to determine the amount of the annual County payment adjustment for the third five-year period ending December 31, 2019.<sup>1</sup>

### **History and Current Operations of the Riverbend Recycling Center**

In 2004, the City constructed Riverbend Recycling Center to process source separated, residential recyclables. The City and County considered Riverbend Recycling Center to be an essential part of a larger recycling and solid waste management system.



The City has historically contracted with Hansen Sanitation for refuse and recycling services. The City charges its residents and then pays Hansen under contract.

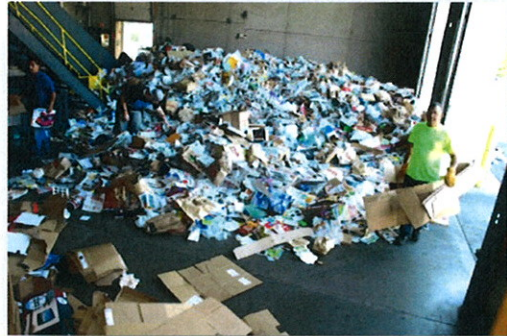
Curbside recycling and drop-off services at Riverbend Recycling Center were originally designed to be fully source-separated whereby residents were required to separate into the following material categories:

- ◆ Newspapers
- ◆ Cans
- ◆ Glass (separated into three colors)
- ◆ Plastic

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<sup>1</sup> For more details, see the amended City - County operating agreement for the materials recovery facility as approved by both bodies in August 2009.

The City eventually switched to “two-stream” commingled recycling such that residents were required to separate “paper” materials (e.g., newspapers, magazines, cardboard, etc.) from “rigid containers” (e.g., cans, glass and plastics). Today, Hansen unloads the materials into a single tipping floor area at Riverbend Recycling Center.



The City is in the process of considering a formal change to “single-stream” recycling but has not yet made any official announcement about this potential change.



The County has established a series of recycling drop-off sites via roll-off canisters around the County for other residents to deposit their recyclable materials. These rural recycling locations are not staffed and are accessible 24 hours per day, 7 days per week.

The County’s drop-off canister locations include the cities of:

- ◆ Nicollet\*
- ◆ Klossner
- ◆ Noresland
- ◆ St. Peter\*

*\* Hansen Sanitation pulls the full canisters from the County’s Nicollet and St. Peter drop-off sites to unload at Riverbend Recycling Center.*



In addition to the traditional residential recyclables listed above, residents and businesses can also drop off the following materials at the Riverbend Recycling Center:

- ◆ Office paper
- ◆ Textiles
- ◆ Clothing
- ◆ Corrugated cardboard
- ◆ Scrap metal
- ◆ Electronics
- ◆ Appliances
- ◆ Fluorescent light bulbs

## **Summary of Current Costs and Revenues**

Attachment 1 displays a summary of the current net operating costs of the Riverbend Recycling Center using 2012 actual expenses and materials sales revenues. The subtotal of City personnel costs were \$68,920 or about \$57 per ton based on a nominal average of 1,200 tons per year. MRCI WorkSource temporary labor was about \$128,996 or about \$107 per ton. The total expenses related directly to operations of the Riverbend Recycling Center were \$277,981 or about \$232 per ton. These costs include both the costs of processing traditional residential recyclables from curbside plus the materials from the drop-off program.

The City's net material sales revenue for 2012 (for the traditional recyclables only; not including appliances) was reported as \$123,366 or about \$103 per ton. Net operating expenses after subtracting out materials sales revenue was about \$154,615 or \$129 per ton (before any other County or City revenues or expenses are considered).

However, as discussed above, both the City and County support the facility with fees charged to residents. The County has been providing a debt service payment support of \$64,000 per year (or the equivalent of about \$53 per ton) through 2014. The County has also been providing support in the form of an operating payment of \$89,232 per year (or the equivalent of about \$74 per ton). A County operating payment is currently scheduled to go 2019. After 2014, the net cost of the current operations (after factoring the current County operating payment only) can be estimated at about \$55 per ton. But it is important to note that these are operating costs plus County operating support payments only and do not include the cost of debt service on the facility or City revenue support from the City's solid waste and recycling fund or other funds.

## **Potential Recyclables Processing/Marketing Contractors**

As directed by City staff, Foth contacted four prospective vendors that could potentially provide recycling transfer/processing/marketing services. The City's intent was to solicit informal statements of interest in contracting with the City and begin to receive price quotes for transfer/processing/marketing alternatives. The four prospective recycling contractors were (in alphabetical order):

- ◆ Dem-Con (Shakopee)
- ◆ LJP (North Mankato)
- ◆ Republic (Inver Grove Heights)
- ◆ Waste Management (Mankato)

Only two vendors have local facilities capable of receiving the City's recyclables directly from the residential curbside routes: LJP in North Mankato and Waste Management in Mankato. Dem-Con and Republic do not have local facilities.

A summary of the current Riverbend Recycling Center operations, recyclables characterization and City objectives were provided to each of the four vendors. The responses were received by Foth and should remain confidential information until such



time as the City and County decide on a clear path forward. The lowest price quote was for scenario #2 (direct haul). The quoted prices were approximately \$100 less per ton compared to current net operating expenses.

### **Potential Next Steps**

The City should immediately renew its operating agreement with Nicollet County for the Riverbend Recycling Center. The City could prepare for a transition to single-stream curbside recyclables collection in North Mankato through the development of request for proposals (RFP). The City should further explore the option of joining the City of Mankato in drafting and releasing a joint RFP for trash and recyclables collection services. If such a two-City, joint RFP is released, each City should retain its rights to select and contract with its own collection service provider.

The City could consider contracting with one of the two local recycling vendors that have the facility capacity to receive and transfer the City's curbside recyclables. This consideration could come through simultaneous negotiations, but only after first consulting with County officials.

**Attachment 1  
Current Operating Costs**

	Actual 2012	2012 \$ per Ton
<b>EXPENSES</b>		
<b>Personnel:</b>		
City staff wages	\$56,233	\$47
City staff benefits	\$12,687	\$11
<b>Subtotal of City personnel costs</b>	<b>\$68,920</b>	<b>\$57</b>
MRCI WorkSource (temporary labor)	\$128,996	\$107
<b>Supplies:</b>		
Office supplies	\$3,365	\$3
All other supplies	\$29,254	\$24
<b>Services, charges, utilities, rental, other:</b>		
Auditing, accounting, software	\$3,695	\$3
Utilities (not including electric)	\$19,503	\$16
Electric	\$10,897	\$9
Rentals, Misc	\$13,352	\$11
<b>TOTAL EXPENSES</b>	<b>\$277,981</b>	<b>\$232</b>
<b>REVENUES:</b>		
Materials sales revenue	\$123,366	\$103
<b>NET OPERATING EXPENSE</b>	<b>\$154,615</b>	<b>\$129</b>



## news release

### FOR IMMEDIATE RELEASE

**contact:** Shelly Megaw, (507) 381.0404  
smegaw@greatermankato.com

### **Cost of Doing Business Lower in Greater Mankato**

Mankato, MINN (September 25, 2013) – The Cost of Doing Business in Greater Mankato is lower than the national average and competitive with other MSAs in the Upper Midwest. According to Moody's Analytics 2012 North American Business Cost Review, the Mankato-North Mankato Metropolitan Statistical Area, has an overall Cost of Doing Business index of 81, which means it is 81% of the national average (or 19% below the national average). This gives the Mankato-NorthMankato MSA the **5<sup>th</sup> Lowest Cost of Doing Business among the 29 MSAs in the Upper Midwest** states of Minnesota, Wisconsin, Iowa, North Dakota and South Dakota. Complete data for all 29 MSAs is available at [greatermankato.com/cost-doing-business](http://greatermankato.com/cost-doing-business).

In Moody's analysis, four factors contribute to the overall Cost of Doing Business - Cost of Office Rent, Energy Costs, State & Local Taxes and Unit Labor Cost (which received the highest weighting). The Mankato-North Mankato MSA ranks in the top 50% or higher for all four factors among the 29 other Upper Midwest MSAs:

	<b>Rank</b>	<b>Index</b>
<b>Cost of Office Rent</b>	1	45
<b>Energy Costs</b>	7	86
<b>Unit Labor Cost</b>	13	99
<b>State and Local Taxes</b>	14	104

The impetus for looking into the region's "Cost of Doing Business" came from the Mankato-North Mankato MSA's 10<sup>th</sup> place ranking on Forbes Best Small Metros for Business and Careers list, which included the 184 MSAs in the nation with populations less than 250,000. In studying the details of the exceptional ranking, Greater Mankato Growth found that of the 12 metrics Forbes utilized, Cost of Doing Business was weighted higher than other factors, with the Mankato-North Mankato MSA ranking 41st. To learn more about the region's Cost of Doing Business, GMG went to the same source utilized by Forbes – Moody's Analytics.

Greater Mankato Growth, along with the Regional Economic Development Alliance, also wanted to be able to communicate to businesses the value of locating in the region. "When businesses look at Cost of Doing Business, they sometimes look at isolated factors," said Jonathan Zierdt, President & CEO of Greater Mankato Growth. "However, Moody's comprehensive approach, provides a more complete picture of the actual Cost of Doing Business and its positive contribution to the success of businesses here."

**About Greater Mankato Growth**

Greater Mankato Growth (GMG) is committed to advancing business for a stronger community. As the Chamber of Commerce and Economic Development organization serving the regional marketplace, GMG advances business through: existing business support, new business growth, business promotion, talent development, public affairs, community marketing, visitor attraction and servicing and civic engagement. Greater Mankato Growth, Inc. also includes two LLCs: Visit Mankato, which focuses on visitor attraction and servicing, and the City Center Partnership, LLC, which focuses on development in the City Center.

**About the Regional Economic Development Alliance**

In 2009, the Regional Economic Development Alliance (REDA) began with a progressive group of communities and counties joining together with Greater Mankato Growth in business attraction and development efforts. REDA participants include Eagle Lake, Lake Crystal, Le Sueur, Madison Lake, Mankato, Saint Peter and Blue Earth County. By working together, the group is able to efficiently provide regional and individual city and county information to businesses interested in the Greater Mankato marketplace. As a result of promoting the individual strengths of each community, along with the combined assets of the regional marketplace, all experience collective success.

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## GDP Marketplace Highlights

Based on 2012 Gross Domestic Product (GDP) data released by the Bureau of Economic Analysis, Real GDP rose by 4.1% (\$146 million) from 2011 to 2012 in the Mankato-North Mankato Metropolitan Statistical Area (MSA). This rise in Real GDP confirms the economic growth foreshadowed in previously released economic indicators that point to the region's continued growth.

The Bureau of Economic Analysis compiles GDP and Real GDP for the country, states and metropolitan areas. Real GDP adjusts for inflation and is calculated in 2005 dollars. This eliminates the rise in cost of goods and services and only presents the change in production. The Mankato-North Mankato MSA led all Minnesota-based MSAs for GDP growth and ranked 43<sup>rd</sup> among the 384 MSAs nationwide (top 11%).

Total Real GDP All Industries		
MSA	% growth/loss 2011 - 2012	National Rank
Mankato-North Mankato, MN	4.1 %	43
St. Cloud, MN	4.0 %	50
Minneapolis-St. Paul-Bloomington, MN-WI	3.9 %	55
Rochester, MN	3.6 %	67
Duluth, MN-WI	-2.0 %	368

### Private Sector/Public Sector Comparison

Real GDP for the Private sector increased by 4.8%, again the highest growth of any Minnesota-based MSA. The Public (Government) sector remained steady at its 2011 GDP levels. Aggregating the Public and Private sectors together results in Total Real GDP growth of 4.1%.

Private Sector Real GDP	
MSA	% growth/loss 2011 - 2012
Mankato-North Mankato, MN	4.80 %
St. Cloud, MN	4.60 %
Minneapolis-St. Paul-Bloomington, MN-WI	4.25 %
Rochester, MN	3.86 %
Duluth, MN-WI	- 2.27 %

Public (Government) Sector Real GDP	
MSA	% growth/loss 2011 - 2012
St. Cloud, MN	.13 %
Minneapolis-St. Paul-Bloomington, MN-WI	.01 %
Mankato-North Mankato, MN	0 %
Rochester, MN	0 %
Duluth, MN-WI	-.37 %

# Specific Industry Highlights for the Mankato-North Mankato MSA

## Private Goods Producing

In addition to manufacturing, private “Goods Producing” includes such industries as agriculture, mining and construction. Manufacturing rose 8% (\$47 million). Durable goods make up 92% of the rise in manufacturing (\$43.5 million). Durable goods include wood, metal and electronic manufacturers. Nondurable goods such as food, clothing, and paper increased by \$3.5 million.

Private Goods Producing industries Real GDP	
MSA	% growth/loss 2011 - 2012
St. Cloud, MN	8.82 %
Minneapolis-St. Paul-Bloomington, MN-WI	5.97 %
Mankato-North Mankato, MN	5.67 %
Rochester, MN	5.31 %
Duluth, MN-WI	-2.16 %

## Private Service Providing

Real GDP for private “Service Providing” industries grew by 4.37%. Service Providing includes such industries as the trade industries (wholesale and retail), leisure/hospitality and information. The Mankato-North Mankato MSA’s growth in service providing industries is 13% higher than the next highest MSA (Minneapolis-St. Paul-Bloomington). As of August 2013, service providing industries make up 81.2% of the Mankato-North Mankato MSA’s total employment, according to the MN Department of Employment and Economic Development.

Private Services Providing industries Real GDP	
MSA	% growth/loss 2011 - 2012
Mankato-North Mankato, MN	4.37 %
Minneapolis-St. Paul-Bloomington, MN-WI	3.87 %
Rochester, MN	3.45 %
St. Cloud, MN	2.79 %
Duluth, MN-WI	-2.30 %

### *Private Service Providing High Performers*

#### Trade

Trade, which includes wholesale and retail trade, rose by 17.91%. Wholesale trade represented the largest portion of the overall GDP growth, increasing by \$77 million – 53% of the entire economy. Wholesale trade growth includes different industries in different regions. When reviewing the businesses classified as having a primary NAICS (North American Industry Classification System) code associated with “wholesale trade,” one industry stands out in the Mankato-North Mankato MSA: Agribusiness. There was an influx of \$172 million (23.3% growth) of agricultural income in 2011 (from 2010 to 2011) within the MSA. A significant portion of these funds were likely reinvested in capital improvements resulting in purchases from wholesale Agribusiness.

Trade (wholesale and retail trade) Real GDP	
MSA	% growth/loss 2011 - 2012
Mankato-North Mankato, MN	17.91 %
St. Cloud, MN	5.94 %
Rochester, MN	5.02 %
Duluth, MN-WI	3.14 %
Minneapolis-St. Paul-Bloomington, MN-WI	NA

## Private Service Providing High Performers (con't)

### Leisure and Hospitality

Real GDP for leisure and hospitality grew by 7.69% (\$7 million). This includes food services, hotels, and entertainment industries. This rate of growth led all Minnesota MSAs and was more than double the national rate (3.5%). Leisure and hospitality makes up 10% of the MSA's workforce according to the MN Department of Employment and Economic Development.

Leisure and Hospitality Real GDP	
MSA	% growth/loss 2011-2012
Mankato-North Mankato, MN	7.69 %
Rochester, MN	5.62 %
Duluth, MN-WI	3.58 %
Minneapolis-St. Paul-Bloomington, MN-WI	2.29 %
St. Cloud, MN	2.05 %

### Information

The information industry grew by 12% (\$23 million). Information includes publishing, telecommunications, and data processing services. Information makes up 3% of the MSA's workforce according to the MN Department of Employment and Economic Development.

Information Real GDP	
MSA	% growth/loss 2011-2012
Rochester, MN	32.06 %
Mankato-North Mankato, MN	12.43 %
St. Cloud, MN	9.09 %
Duluth, MN-WI	6.74 %
Minneapolis-St. Paul-Bloomington, MN-WI	1.89 %



For more information on doing business in Greater Mankato, visit [greatermankato.com](http://greatermankato.com) or contact:

Greater Mankato Growth  
Greater Mankato Business Development Center  
1961 Premier Drive, Mankato, MN 56001  
507.385.6640 | [info@greatermankato.com](mailto:info@greatermankato.com)

## Competitive Cost of Doing Business

Based on **Moody's Analytics 2012 North American Business Cost Review**, the Cost of Doing Business in the Mankato-North Mankato Metropolitan Statistical Area (MSA) is lower than the national average (represented by an index value of "100"). With an index value of 81, the Mankato-North Mankato MSA's Cost of Doing Business is 81% of the national average (or 19% below the national average), giving it the **64<sup>th</sup> Lowest Cost of Doing Business among all 384 MSAs in the U.S.** and putting it in top 17% nationally. The Mankato -North Mankato MSA is also competitive with other MSAs in the Upper Midwest, with the **5<sup>th</sup> Lowest Cost of Doing Business among the 29 MSAs in the Upper Midwest** states of Minnesota, Wisconsin, Iowa, North Dakota and South Dakota. For more information, visit [greatermankato.com/cost-doing-business](http://greatermankato.com/cost-doing-business).

Upper Midwest MSA	Overall Cost of Doing Business	
	Rank	Index
Rapid City SD	1	66
Sioux Falls SD	2	69
Sioux City IA	3	74
Bismarck ND	4	79
<b>Mankato-North Mankato MN</b>	<b>5</b>	<b>81</b>
Ames IA	5	81
Iowa City IA	5	81
Dubuque IA	8	82
Waterloo IA	8	82
Des Moines IA	10	83
Fargo ND	10	83
Grand Forks ND	10	83
La Crosse WI	13	84
Cedar Rapids IA	13	84
Eau Claire WI	15	87
Duluth MN	16	88
Green Bay WI	16	88
Janesville WI	16	88
St. Cloud MN	19	89
Appleton WI	19	89
Racine WI	19	89
Fond du Lac WI	22	90
Sheboygan WI	23	92
Rochester MN	24	94
Madison WI	24	94
Oshkosh WI	24	94
Wausau WI	24	94
Milwaukee WI	28	95
Minneapolis-St Paul MN	29	99



# Breaking it Down

In Moody's Analysis, four factors contribute to the overall **Cost of Doing Business - Cost of Office Rent, Energy Costs, State & Local Taxes and Unit Labor Cost**. The Mankato-North Mankato MSA ranks in the top 50% or higher for all factors, compared to the 28 other Upper Midwest MSAs.

Upper Midwest MSA	Cost of Office Rent		Energy Costs		State & Local Taxes		Unit Labor Cost	
	Rank	Index	Rank	Index	Rank	Index	Rank	Index
<b>Mankato-North Mankato MN</b>	<b>1</b>	<b>45</b>	<b>7</b>	<b>86</b>	<b>14</b>	<b>104</b>	<b>13</b>	<b>99</b>
Ames IA	19	61	17	95	6	91	4	89
Appleton WI	13	57	13	90	22	107	23	107
Bismarck ND	10	56	4	76	3	85	7	94
Cedar Rapids IA	24	67	17	95	6	91	6	93
Des Moines IA	27	74	1	63	6	91	9	97
Dubuque IA	7	54	17	95	5	90	7	94
Duluth MN	21	64	6	80	14	104	20	106
Eau Claire WI	10	56	11	88	19	106	17	104
Fargo ND	13	57	2	74	6	91	9	97
Fond du Lac WI	10	56	26	107	22	107	19	105
Grand Forks ND	7	54	2	74	12	92	12	98
Green Bay WI	19	61	13	90	22	107	15	103
Iowa City IA	9	55	17	95	6	91	5	92
Janesville WI	2	49	26	107	27	108	17	104
La Crosse WI	4	53	11	88	17	105	14	102
Madison WI	26	71	23	102	22	107	20	106
Milwaukee WI	23	66	24	104	27	108	28	113
Minneapolis-St Paul MN	29	80	7	86	17	105	29	119
Oshkosh WI	25	70	26	107	19	106	20	106
Racine WI	16	58	24	104	22	107	15	103
Rapid City SD	4	53	15	91	1	65	1	71
Rochester MN	28	77	7	86	13	103	23	107
Sheboygan WI	13	57	26	107	27	108	26	109
Sioux City IA	3	50	17	95	4	86	3	79
Sioux Falls SD	16	58	5	78	1	65	2	75
St. Cloud MN	18	59	7	86	14	104	25	108
Waterloo IA	4	53	17	95	6	91	9	97
Wausau WI	21	64	16	92	19	106	27	110

Source: Data compiled by Greater Mankato Growth from Moody's Analytics 2012 North American Business Cost Review



For more information on doing business in Greater Mankato, visit [greatermankato.com](http://greatermankato.com) or contact:

Greater Mankato Growth  
 Greater Mankato Business Development Center  
 1961 Premier Drive, Mankato, MN 56001  
 507.385.6640 | [info@greatermankato.com](mailto:info@greatermankato.com)



**Agenda for SITE SELECTOR GUILD FAM TOUR  
Visit to Economic Development Region 9, Greater Mankato Area  
September 11, 2013**

**10:45am Arrive at GMG offices (1961 Premier Drive, Suite 100, Mankato, MN)**

**11:00am – Noon Overview of Economic Development Region 9**

Review of the demographic, labor, education, healthcare, transportation and major industries of the total region and the Mankato/North Mankato MSA and the Micropolitan information for the cities of Fairmont and New Ulm.

**Noon – 1:00pm CEO Presentations at GMG Offices & lunch (1961 Premier Drive, Mankato)**

12:00-1:00pm Mayo Clinic Health System –

Brian Gager - Administrator, Dr. Wedzina - Physician

(Company to supply information on their operations here and elsewhere)

**1:00 – 1:15 pm Drive to Kato Engineering from Eastwood Industrial Park. Highlight: retail areas, Highway 14, Rasmussen College, ADM, intersection with Highway 169.**

**1:15 – 2:30pm Tour of Kato Engineering a division of Emerson Industrial Automation**

Kato Engineering (2075 Howard Drive, North Mankato) presentation of company as part of Emerson. Tour of the facility.

**2:30 – 3:00pm Drive Tour of South Central College, Minnesota State University, Mankato with delivery to Johnson Outdoors**

**3:00 – 4:00pm Tour of Johnson Outdoors Distribution Center**

Johnson Outdoors (Power Drive in Eastwood Industrial Park)

**4:00 – 4:30pm CEO Presentation at GMG Offices**

4:00-4:30pm Rosen Industries – Tom Rosen, CEO, Fairmont, MN

(Company to supply information on their operations here and elsewhere)

**4:30 – 5:30pm Drive-by Tours of EI Microcircuits, Kato Cable, future sites for Imperial Plastics & Wal-Mart Distribution Center, MTU OnSite Energy, Nortech, Verizon Wireless, Mayo Clinic Health Systems, Mankato Clinic, CHS, Horizon Milling, Ridley and Dotson in route to Olive's restaurant. \* Stop at Mankato Brewery\***

**5:45 – 6:45pm Dinner at Olive's & Discussion of Livability & Regional Retail Study**

Inside the Hilton Garden Inn, 20 Civic Center Plaza, Mankato

**6:45 – 7:00pm Wrap-up, Thank You and Send-Off**

Jonathan Zierdt & Mike Humpal recap day



## news release

### FOR IMMEDIATE RELEASE

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smegaw@greatermankato.com

### Greater Mankato Growth releases GDP Details

Mankato, MINN (October 2, 2014) – In September, the Minnesota Department of Employment & Economic Development (DEED) made an [announcement](#) on the state’s high growth in Gross Domestic Product (GDP) between 2011 and 2012, along with the performance of Minnesota’s five Metropolitan Statistical Areas (MSAs). Based on data from the U.S. Department of Commerce Bureau of Labor Statistics (BLS), DEED reported that the MSA with the highest GDP growth in the state was the Mankato-North Mankato MSA (which includes all of Blue Earth and Nicollet counties).

Total Real GDP All Industries		
MSA	% growth/loss 2011 - 2012	National Rank
Mankato-North Mankato, MN	4.1 %	43
St. Cloud, MN	4.0 %	50
Minneapolis-St. Paul-Bloomington, MN-WI	3.9 %	55
Rochester, MN	3.6 %	67
Duluth, MN-WI	- 2.0 %	368

Following this announcement, Greater Mankato Growth analyzed the Bureau of Labor Statistics data to gather more information on the MSA’s significant GDP growth from 2011 - 2012. Greater Mankato Growth’s report is based on Real GDP data, which adjusts for inflation and is calculated in 2005 dollars, eliminating the rise in cost of goods and services and presenting only the change in production. “We are often asked to explain what is driving the growth in our economy and this report allows us to speak to that with greater insight,” said Greater Mankato Growth President & CEO Jonathan Zierdt.

#### Real GDP Highlights from the Report include:

- The Private Sector is mainly responsible for overall growth in Real GDP. The Private Sector had Real GDP growth of 4.8% and the Public (Government) Sector remained steady at its 2011 GDP level. Aggregating the Public and Private sectors together generates the Total Real GDP growth of 4.1%.
- Private “Goods Producing” increased 5.7%, putting it in the middle of the Minnesota MSAs. Within this sector, Manufacturing stood out with an increase of 8.0%.
- Private “Service Providing” increased 4.4%, leading the state.
- Private “Service Providing” high performing industries, included:
  - Wholesale and Retail Trade increasing 17.8%
  - Information increasing 12.4%
  - Leisure and Hospitality increasing 7.7%

To view the full Mankato-North Mankato MSA GDP Report, visit [greatermankato.com/economy](http://greatermankato.com/economy).

**About Greater Mankato Growth**

Greater Mankato Growth (GMG) is committed to advancing business for a stronger community. As the Chamber of Commerce and Economic Development organization serving the regional marketplace, GMG advances business through: existing business support, new business growth, business promotion, talent development, public affairs, community marketing, visitor attraction and servicing and civic engagement. Greater Mankato Growth, Inc. also includes two LLCs: Visit Mankato, which focuses on visitor attraction and servicing, and the City Center Partnership, LLC, which focuses on development in the City Center.

**About the Regional Economic Development Alliance**

In 2009, the Regional Economic Development Alliance (REDA) began with a progressive group of communities and counties joining together with Greater Mankato Growth in business attraction and development efforts. REDA participants include Eagle Lake, Lake Crystal, Le Sueur, Madison Lake, Mankato, Saint Peter and Blue Earth County. By working together, the group is able to efficiently provide regional and individual city and county information to businesses interested in the Greater Mankato marketplace. As a result of promoting the individual strengths of each community, along with the combined assets of the regional marketplace, all experience collective success.

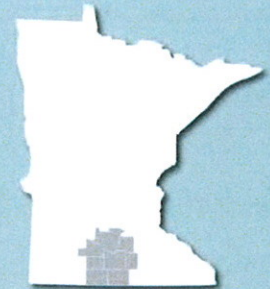
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# south central MINNESOTA

THE SITE FOR SUCCESS

South Central Minnesota is a site for business and personal success. The 9-county region includes two micropolitans (Fairmont and New Ulm) and the Mankato-North Mankato Metropolitan Statistical Area (MSA) – recently named 10th in the nation on Forbes list of Best Small Metros for Business & Careers. The MSA region (known as Greater Mankato) includes the core cities of Mankato and North Mankato, surrounded by many other vibrant communities including Saint Peter, Le Sueur, Lake Crystal, Eagle Lake and Madison Lake. As a result, businesses and residents throughout the area have access to “bigger city” services and amenities, along with the option to live or operate their business in a more intimate location. And regardless of the site, success is assured in South Central Minnesota.



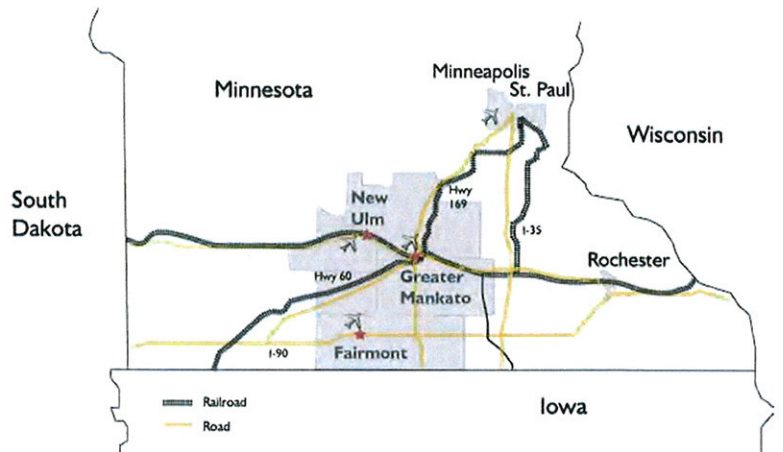
## Demographics & Workforce

South Central Minnesota as a whole has had steady population growth. The population for the entire region was 231,407 in 2012, a 4% increase since 2000. The Mankato-N. Mankato MSA had a 2012 population of 98,020, a 14% increase since 2000. The area has a strong workforce, with a healthy balance of employees available and individuals employed. With employers reporting high productivity, motivation and low absenteeism, the quality of the workforce is an important reason why businesses locate in South Central Minnesota.

	South Central MN	Mankato - N. Mankato Metro	New Ulm Micro	Fairmont Micro
Population 2012	231,631	98,020	25,425	20,477
Projection 2020	238,305	104,066	25,436	20,145
High school Attainment	90.49%	93.10%	89.40%	88.70%
College Attainment	32.79%	41.57%	27.33%	29.26%
Avg. Weekly Wage 2012	\$696	\$707	\$662	\$674
Labor Force 2013	133,230	57,351	15,771	11,654
Unemployment 2013	6,473	2,565	730	576
Unemployment % 2013	4.9%	4.5%	4.6%	4.9%

## Location & Transportation

One of the primary advantages of South Central Minnesota is its accessible location. Set in the heart of southern Minnesota, the area is accessible to not only this region, but also the Minneapolis-St. Paul area and the global marketplace. South Central Minnesota's highway accessibility, coupled with an abundance of trucking services based here, provide a variety of options for the movement of goods. Access to rail lines is also a benefit of South Central Minnesota. Air service is also readily available, with three airports serving the region with charter services and hangar space. The Fairmont Municipal Airport has two runways with the longest being 5,500 feet, and the New Ulm Municipal Airport has a 5,401-foot runway. The Mankato Regional Airport has two all-weather runways, including a 6,600-foot runway that enables large aircraft (up to a 737) to utilize the facility. Add to this the Minneapolis-St. Paul International Airport just a short distance away, and you have a region ready to meet the transportation needs of any business.



# Key Industries & Major Employers

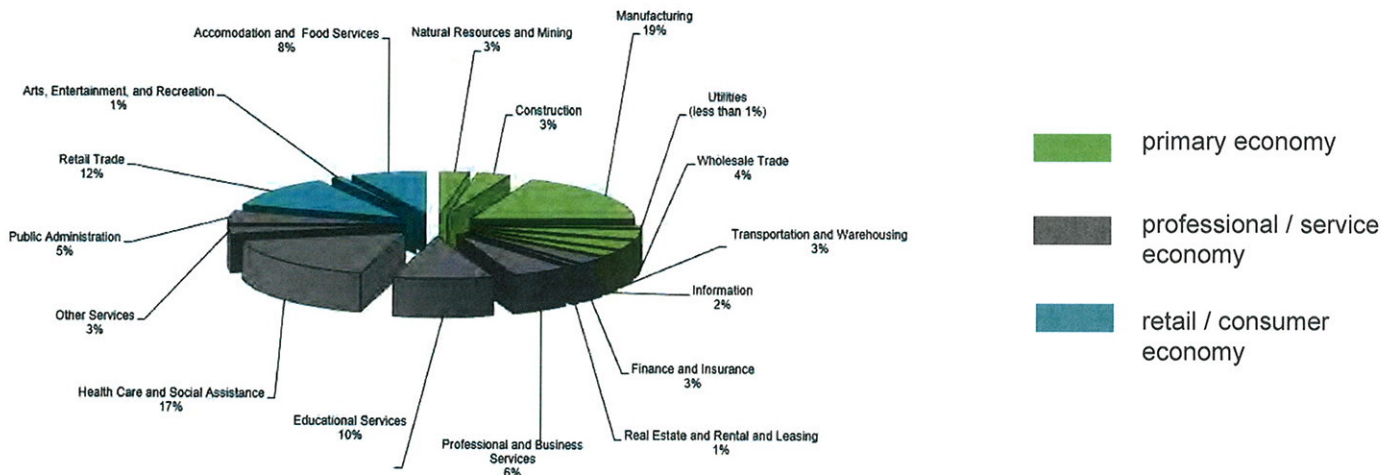
South Central Minnesota's strength comes in its industry diversification, serving as a geographic hub for:

- **Manufacturing:** Strong presence in Metal Manufacturing & Fabrication, Power Generation Manufacturing, Electronic Manufacturing Services, Renewable Energy, Printing, and Warehousing Distribution
- **Agribusiness:** Production as well as processing and other agriculture related business
- **Health Care:** Regional headquarters for Mayo Clinic Health System and Mankato Clinic, with a combined total of 29 clinics and hospitals throughout South Central MN, as well as many other highly skilled independent medical and specialty clinics offering residents a variety of accessible health care options
- **Education:** Seven colleges, with a total annual enrollment of more than 27,000 students

The region's current major employers, shown below, come from all these sectors. Future major employers coming to the area include a 420,000 square foot Wal-Mart Foods Distribution Center (300 employees) and a 124,000 square foot Imperial Plastics facility (125 employees).

## Industry Diversification

Business Payroll Distribution by Industry for South Central Minnesota



## Major Employers

- |                          |                             |                            |                            |
|--------------------------|-----------------------------|----------------------------|----------------------------|
| 3M Company               | Creation Technologies       | Kato Engineering Inc.      | Parker Hannifin            |
| ADM                      | Davisco Foods International | Kerry Ingredients          | Ridley                     |
| Alumacraft               | Devinish Nutrition          | Kraft Foods                | Rosen', Inc                |
| Armour-Eckrich Meats     | Emerson Network Power       | Le Sueur Cheese Co.        | Saint Peter State Hospital |
| Avery Weigh-Tronix, LLC. | Fairmont Foods of Minnesota | Le Sueur, Incorporated     | Seneca Foods               |
| Bic Corporation          | Gustavus Adolphus College   | Mankato Clinic, Ltd.       | Taylor Corporation         |
| Bio Fuel Energy          | Hancor                      | Mayo Clinic Health System  | Tony Downs Foods Co.       |
| Brown Printing           | Hickory Tech Corp           | Michael Foods              | Unimin                     |
| Cambria                  | Itron, Inc.                 | Mico                       | US Foods                   |
| CHS, Inc                 | Johnson Outdoors            | Minnesota State University | Velaro Renewable           |
| Coughlan Companies       | Kahler Automation           | MRCI                       | Verizon Wireless           |
|                          |                             | MTU Onsite Energy          | Wells Concrete             |

## Higher Education & Talent Surplus

South Central Minnesota is home to eight higher education institutions, with a total enrollment of more than 27,000 students. A recent study by the largest of these institutions, Minnesota State University, Mankato revealed that while 20% of graduates stay in our region, 50% would like to stay, if opportunities were available. The result is a significant talent surplus. A 2012 study of the talent surplus coming from the five higher education institutions in the Mankato-North Mankato MSA, showed an excess of more than 3,000 graduates annually, who could be particularly attractive to companies looking to build back office, shared service or call center operations. The highest concentrations of these surplus graduates came from the fields of education, health sciences, engineering and business support services (financial, accounting, marketing).



## South Central MN Higher Education Institutions

School	Location	Highest Degree	Enrollment
Minnesota State University, Mankato	Mankato	Doctorate	15,709
South Central College	N. Mankato	Associates	6,761
Gustavus Adolphus College	Saint Peter	Bachelors	2,519
Martin Luther College	New Ulm	Bachelors	777
Rasmussen College	Mankato	Bachelors	650
Bethany Lutheran College	Mankato	Bachelors	612
Presentation College	Fairmont	Bachelors	200
MN West Community & Technical College	Fairmont Campus	Associates	150

For more information on building and expanding in the region, contact:



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