

ITASCA *project*

**Regional Economic
Development Entity**

July 12th, 2010

Agenda

- Itasca Job Growth Overview
- REDE Discussion

Itasca Introduction

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What is Itasca?

An employer-led alliance to drive regional efforts to keep the Twin Cities' economy and quality of life competitive with other regions

Who is Itasca?

50-plus cross-sector community leaders

- Primarily private sector CEOs
- Handful of public sector leaders: the Governor, the Mayors of Minneapolis and St. Paul, Chair of the Met Council, the leaders of the University of Minnesota and MNSCU
- Leaders of major foundations and United Way

Itasca Project Priorities



Job Growth Task Force

Objective:

To develop **strategies** and **policies** to promote the **retention**, **creation**, and **attraction** of quality jobs in the Twin Cities Region



Job Growth Task Force

Co-Chairs:

Ken Powell
Marilyn Carlson Nelson

General Mills
Carlson

From the Business Community:

Doug Baker
Andy Bessette
Jon Campbell
Jennie Carlson
Mark Eustis
Kathee Tesija
Michael Gorman
Steve Hemsley
Randy Hogan
Dave Mortenson
Glen Nelson
Russ Nelson
Chris O'Connell
Cathy Schmidt
Gary Stern
Jean Taylor
Kathy Tunheim

Ecolab
The Travelers Companies
Wells Fargo
US Bancorp
Fairview Health Services
Target
Split Rock Partners
United Health
Pentair
Mortenson Construction
GDN Holdings
Neslon, Tietz & Hoye
Medtronic
Stahl Construction
Federal Reserve (retired)
Taylor Corporation
Tunheim Partners

Job Growth Task Force

From the Higher Education Community

Karen Himle	University of Minnesota
Jim McCormick	MNSCU

From the Non-Profit/Business Organization Community

Yvonne Cheung Ho	MEDA
Carleen Rhodes	St. Paul Foundation
Hussein Samatar	African American Development Assoc

From the Regional Council of Mayors

Elizabeth Kautz	Mayor, City of Burnsville
Stan Harpstead	Mayor, City of Arden Hills

Job Growth Project Team

Allison Barman, Leslie Holman	McKinsey & Company
Kathy Schmidkofer	General Mills

A self-assessment of key factors driving job growth identified a clear area of opportunity – improving process levers

- MSP above peers and national average
- MSP around average
- MSP below average

Proposed focus

	Job growth factors	Assessment	Supporting Facts
Environmental Levers	Cost of doing business	●	<ul style="list-style-type: none"> • Minnesota's corporate tax is third highest in the nation at 9.8% • MN ranks 41st in overall tax climate • Minnesota's unionization rate is at 15.9% relative to 12.5% nationally
	Quality of life	●	<ul style="list-style-type: none"> • Ranked #1 on Sperling's best places, #2 on Forbes Best U.S. Cities to earn a living, and #2 in Next Cities: Hotspots for young, talented workers
	Human capital	●	<ul style="list-style-type: none"> • 36.8% of Twin Cities residents have a bachelor's degree relative to 27.5% nationally
	Infrastructure	●	<ul style="list-style-type: none"> • MSP average commute time of 24 minutes is at the US average and average commute time via public transportation is better than US average • Broadband penetration of 56% is middle of the road relative to peers
	Innovation and start-up activity	●	<ul style="list-style-type: none"> • Ranks 22nd in number of entrepreneurs per thousand residents • At 26 deals venture deals in 2007, MSP lags top innovation hubs
Process Levers	Strategic vision	●	<ul style="list-style-type: none"> • Currently, various economic development entities operate with varying visions • ED pursued at a sub-regional level • Historically limited coordination of sector focus
	Retention and expansion efforts	●	<ul style="list-style-type: none"> • Grow MN coordinates visits with local chambers • Partnership between DEED and Grow MN
	Attraction efforts	●	<ul style="list-style-type: none"> • Sub-regions within MSP often compete for business rather than coordinating efforts
	Marketing efforts	●	<ul style="list-style-type: none"> • Limited outreach efforts on regional basis, with most outreach coming from city entities such as the Capital City Partnership

Where those findings led us: Job Growth Initiatives

Objective: Fuel Quality Job Growth

Create new companies
and start-ups

Retain, expand, and
attract existing companies

Key Itasca Initiatives

- Support and enhance the productivity of the region's entrepreneurship ecosystem
 - Establish a **Business Bridge**
 - Institutionalize working relationships between the **University of Minnesota** and the **Private Sector**
- Launch a Regional Economic Development Entity (REDE)
 - Public and private partnership
 - Scope of Activities
 - Region's ED vision and strategy
 - Branding and marketing
 - Retention and expansion
 - Attraction

Rationale

- Region's entrepreneurial activity slowing in recent years
- Prominent and critical gaps in funding availability, entrepreneurship culture, and regulations
- Opportunity to bundle and promote core assets
- Other regions are aggressively competing for jobs, while Twin Cities frequently not in consideration set

Regional Economic Development Discussion

External interviews confirm that an opportunity for coordinated economic development efforts exists in the Twin Cities

Site Selection Consultants say . . .



You probably have lost a significant amount of corporate prospects due to a lack of a regional agency.

The Twin Cities stands out in this country like a sore thumb for not having a regional program.

I can't even remember the last time the Twin Cities was on the radar.



Local Business Leaders say . . .



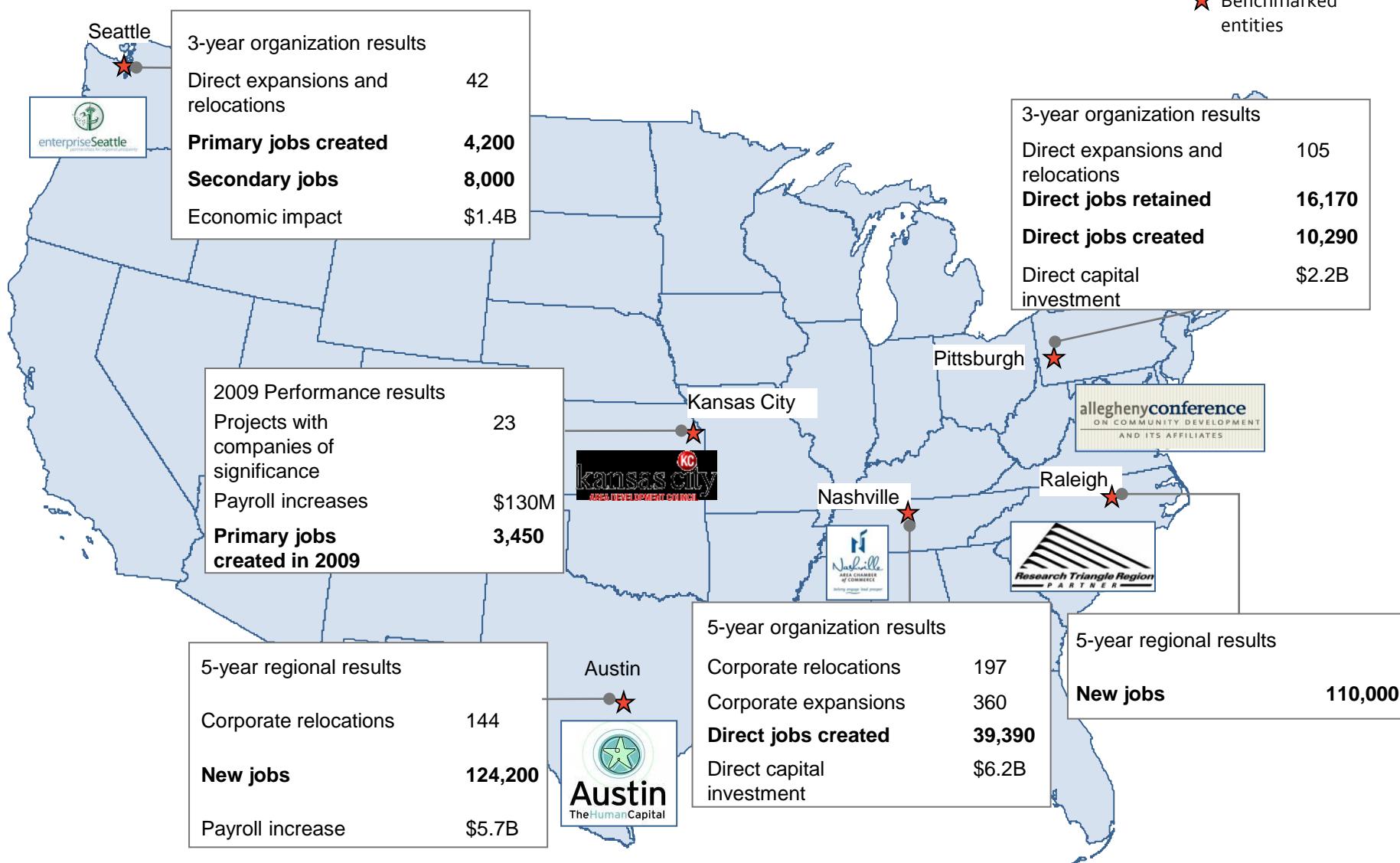
When Iowa wants to steal somebody, it's easy. They get their governor on the phone and have the coordinated resources to do whatever it takes. We don't have that.

Minnesota gets dominated by almost every other state because we have no one hit team, one organization, in economic development. Nothing's coordinated, it's a mess . . .

There isn't one common voice (public or private) that speaks to job creation or owns it.



Action can not be delayed as many of our competitors are actively and successfully pursuing regional economic development efforts



Launch a Regional Economic Development Entity (REDE) whose high-level mission is focused on driving job growth in the Twin Cities Region

Description *REDE is a nonpartisan organization dedicated to sustainable, quality job creation in the 13-county Minneapolis-St. Paul MSA region which is the result of a public-private partnership*

Primary REDE Activities

Set strategic regional vision	Brand and market the region	Retain current businesses	Attract & expand businesses
<ul style="list-style-type: none">▪ Develop the regional strategic vision for economic development▪ Define the tactical economic development agenda to guide resource prioritization	<ul style="list-style-type: none">▪ Create regional brand to reflect strategic vision▪ Market the region's vision and brand internally to align regional stakeholders▪ Market the region to external site consultants, companies, and potential employers	<ul style="list-style-type: none">▪ Conduct local business check-ups and solve company specific problems▪ Connect businesses to, and raise awareness of, state and local resources	<ul style="list-style-type: none">▪ Serve as main contact for site consultants▪ Provide one-stop shop for regional data, permit processes, real estate information, etc.▪ Serve as project manager for local expansions and new attraction efforts▪ Connect companies with local resources and incentive programs

REDE Led

REDE Led

Partner with Grow MN

REDE Led

REDE success will rely upon strong governance bodies, a robust investor base, and tight working relationships with other area EDOs

Roles of REDE stakeholders

*Representation will
70/30 private/public in
line with investment mix*

**Investors
(Unlimited)**

**Board of
Directors
(40-50)**

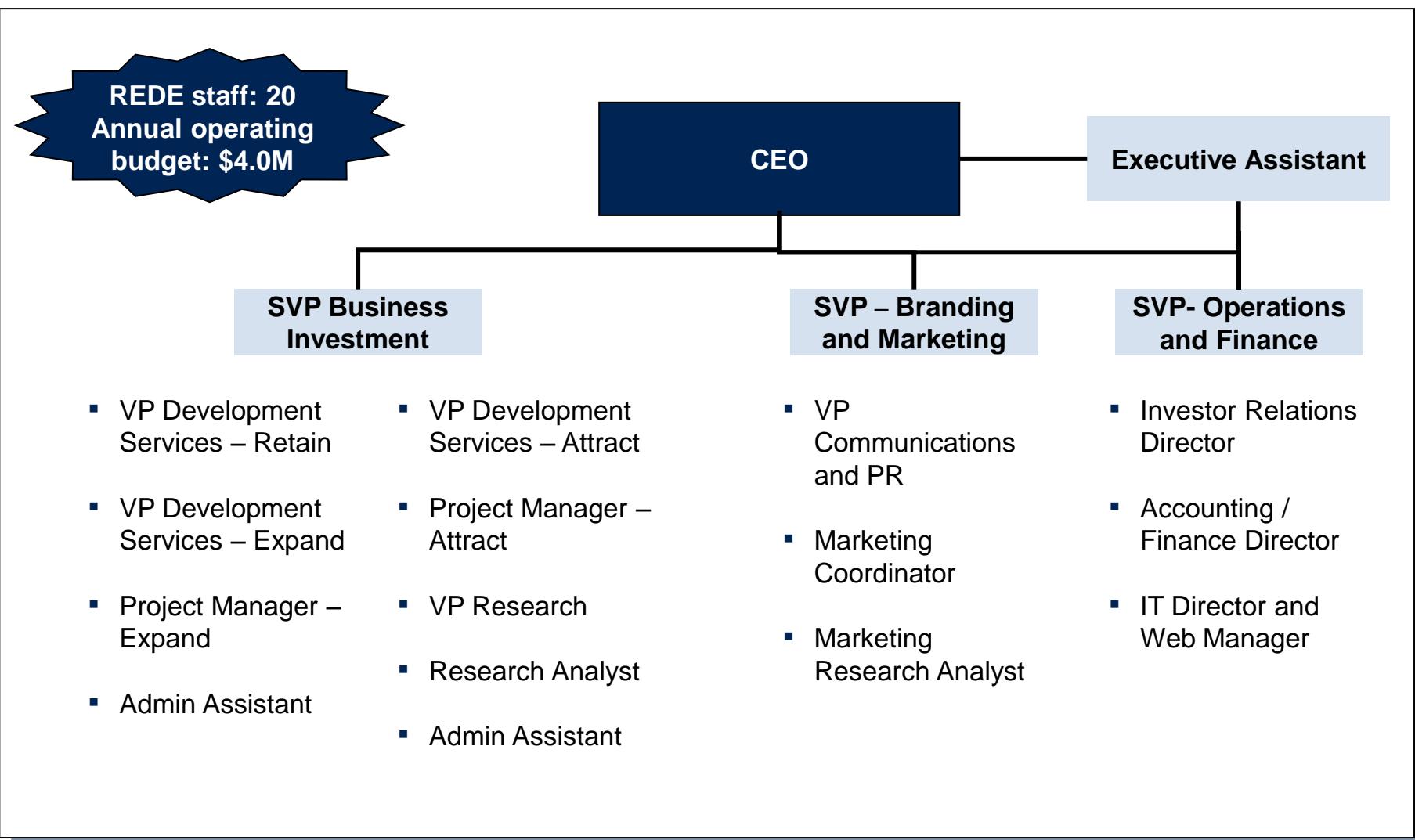
**Executive
Committee
(12)**

CEO

**REDE
Staff**

Partner Advisory Council
Economic development practitioners
(e.g. cities, counties, chambers, workforce boards, SBDC's)

The REDE organization structure at full capacity



REDE will deliver value to public sector investors

REDE to deliver value through:

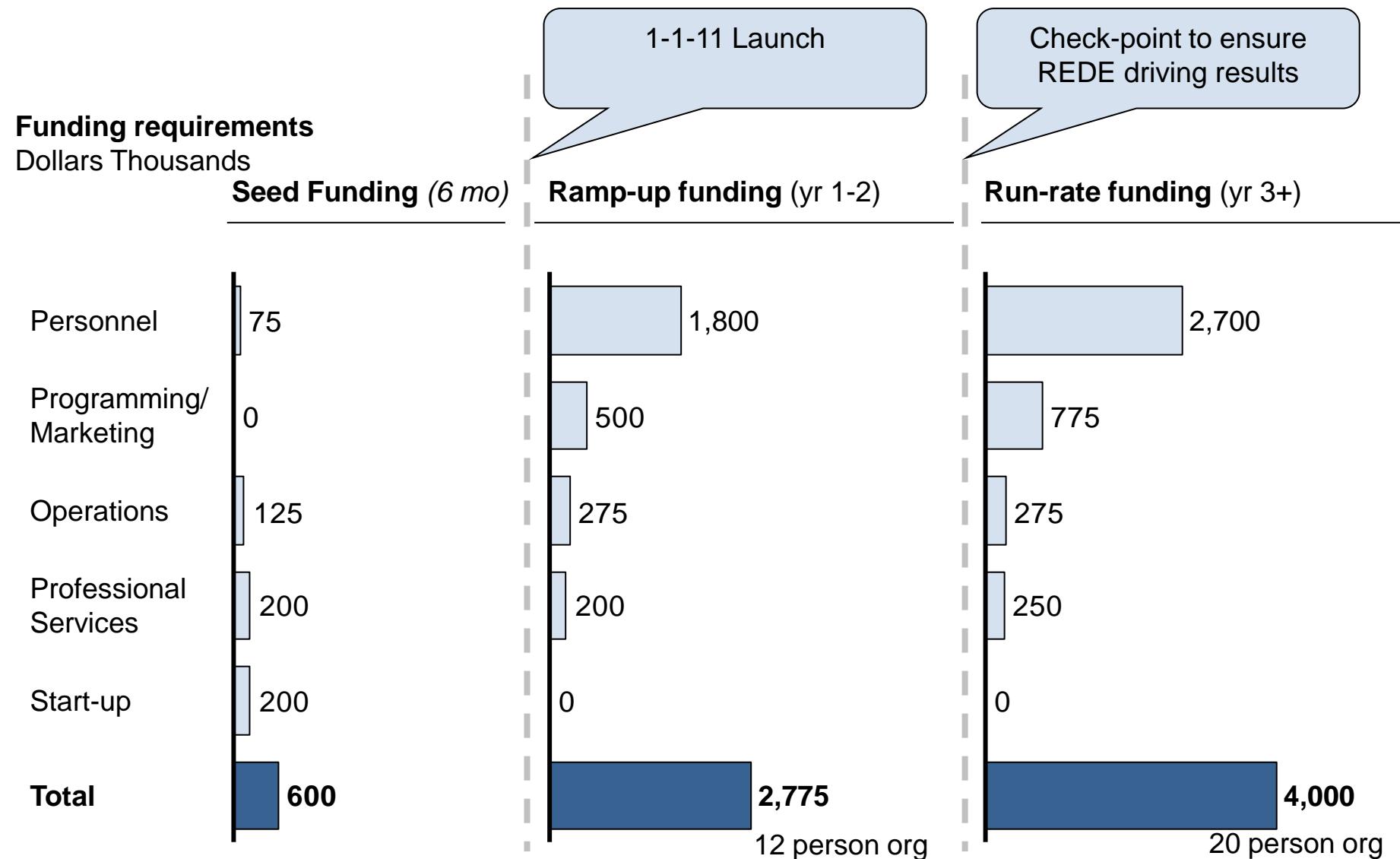
- **Increasing the value of existing commercial properties** and/or support development of new commercial properties as more businesses expand and move to the Twin Cities Region
- **Increasing the value of existing residential properties** and/or drive construction of new residential properties to meet the needs of a growing workforce in the Twin Cities Region
- **Increasing population** leading to increased vehicle registrations and future construction needs
- Building a positive regional brand image, which will translate into **positive municipal brand images**



To be successful REDE requires support from stakeholders



REDE funding and operations will be staged over three horizons



*Note: Budget reflects reduced head count and operating expense synergies

Public funding tiers are based on population bands

Cities		Counties	
Population tier	Investment amount Dollars	Population tier	Investment amount Dollars
300,000+	150,000	650,000+	150,000
250,000- 300,000	125,000	500,000- 650,000	125,000
200,000- 250,000	100,000	350,000- 500,000	100,000
150,000- 200,000	75,000	250,000- 350,000	75,000
100,000- 150,000	50,000	150,000- 250,000	50,000
50,000-100,000	25,000	75,000-150,000	25,000
20,000-50,000	10,000	Up to 75,000	10,000
Up to 20,000	5,000		

Conclusion

- *The Twin Cities has many assets, however we must define and pursue a deliberate course of action to maintain our region's competitiveness and high quality of life*
- *A Regional Economic Development Entity (REDE) will bring a coordinated approach to retention, expansion and attraction of businesses to the region resulting in accelerated job growth.*
- *To be successful, the REDE will require commitment and support from both public and private partners throughout the Twin Cities Region*
- *How can you help? Champion the REDE !*