

## Introduction

The economic vitality of a community is critical to its long-term success. Good-paying jobs and a solid tax base are key to providing adequate funding for roads, schools, parks, snow removal, and other services and amenities that retain and attract businesses and residents.

## Demographics

The Minnesota State Demographer estimated the City of Grand Rapids population to be 11,389 in 2017. Grand Rapids Township was annexed into the City in phases between 2000 and 2010. Since 1990, the population of Grand Rapids/Grand Rapids Township has been relatively stable, ending on a high note, with 4.7% growth between 2010 and 2017 after sustaining a 2.4% loss between 2000 and 2010.

Between 2017 and 2045, the Minnesota State Demographer projects growth for Itasca County to be less than 1,500. Given these projections and historical population trends for City of Grand Rapids, the City is likely to experience slow to moderate growth. Population shifts within the county could occur (e.g. due to aging rural residents moving into the City for better access to health care) creating a higher rate of growth in the City.

## Workforce

While the population is expected to grow at a slow to moderate pace, the workforce is expected to decline about 3.3% during the decade 2020-2030 (see [Table 6.1](#)). As members of the baby boom generation exit the workforce, a smaller cohort of replacement workers (age 25-44) enter the Itasca County workforce.

The labor market is tightening throughout the Northeast MN. According to DEED, the number of job seekers per job has declined from a peak of 11/job in 2009 to .8 in 2018 in the region.

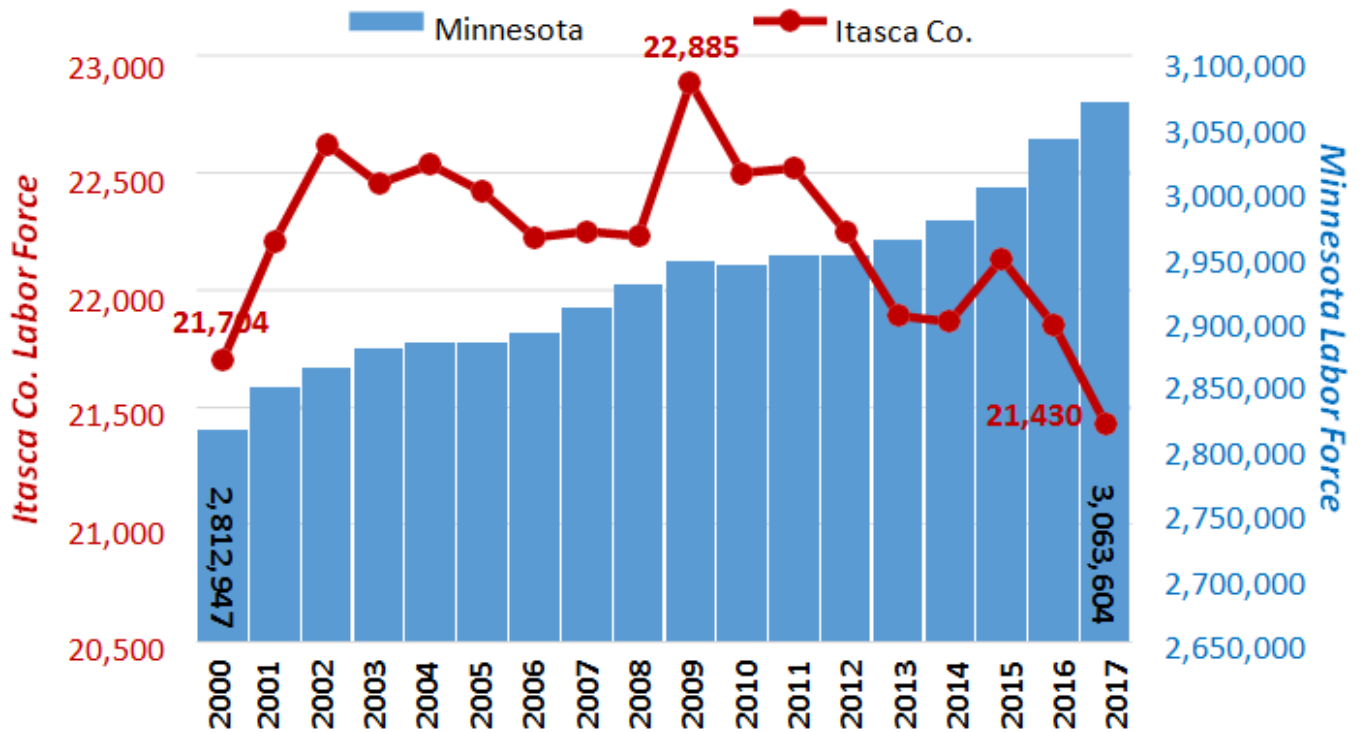
**Table 6.1. Labor Force Projections**

Itasca Co.	2020	2030	2020-2030 Change	
	Labor Force Projection	Labor Force Projection	Numeric	Percent
16 to 19 years	1,271	1,115	-156	-12.3%
20 to 24 years	2,546	2,562	16	0.6%
25 to 44 years	7,744	8,536	793	10.2%
45 to 54 years	4,134	3,890	-244	-5.9%
55 to 64 years	4,358	3,128	-1,230	-28.2%
65 to 74 years	1,090	1,071	-20	-1.8%
75 years & over	236	365	129	54.5%
<b>Total Labor Force</b>	<b>21,380</b>	<b>20,669</b>	<b>-712</b>	<b>-3.3%</b>

Source: Itasca County Labor Market Analysis, MN DEED, December 2018. Calculated from Minnesota State Demographic Center population projections and 2013-2017 American Community Survey 5-Year Estimates

As shown in **Figure 6.1**, Itasca County’s labor force has been shrinking while the state labor force has grown. During the 15 year period 2002-2017, Itasca County’s labor force showed a loss, -5.3%, while the state labor force showed a gain of 7.1%.

**Figure 6.1. Annual Labor Force Estimates**  
**Annual Labor Force Estimates**



Source: DEED Local Area Unemployment Statistics (LAUS) Program

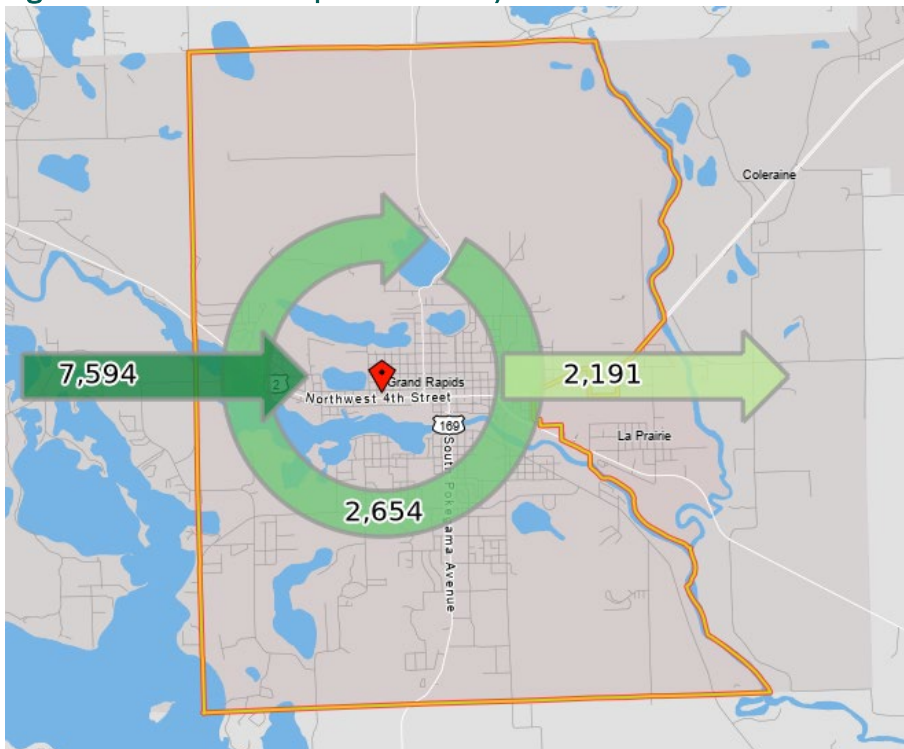
The underlying issue is demographic change and the retirement of a large cohort in the workforce – the baby boom generation. Consequently, talent attraction is a critical issue for businesses and communities across the country. Economic development is increasingly integrated with workforce development, talent attraction and attention to community development factors such as housing, parks and recreation, quality schools and health care. Rural areas face a particular challenge with the attraction of managerial, technical and professional workers because limited employment opportunities can impact the trailing spouse in two-earner households. Workforce development, talent attraction and trailing spouse issues are all considered important by area employers contacted during the economic development research process for the comprehensive plan.

## Employment Center

Grand Rapids serves as an employment center for the region. According to the US Census Bureau, 12,439 people were employed in Grand Rapids in 2017. Of these, 2,654 lived and worked in the City; 7,594 commuted into the City for employment; and 2,191 residents were employed outside the City (see [Figure 6.2](#)).

These employment characteristics – strong employment of residents and a significant inflow of workers reinforce the opportunity for Grand Rapids to serve as center for retail trade. Consumers often shop for convenience goods from grocery stores, pharmacies, hardware stores and lumber yards where they work or where family members attend school.

**Figure 6.2. Grand Rapids MN Inflow/Outflow Job Counts**



Source: U.S. Census, OnTheMap, LEHD Data

## Retail Trade Center

The City of Grand Rapids serves as a retail trade center reaching north to Effie, west to Bena, south to Hill City and Floodwood and northeast to Nashwauk. Bemidji, Hibbing and Duluth are competitive retail centers to the west, northeast and southeast respectively. The University of Minnesota Extension prepared a retail market for Grand Rapids in 2014 and identified the retail trade area as shown in [Figure 6.3](#). In addition to the trade area identified in grey, the U of MN extension researchers identified a Convenience Trade Area (red circle) with a 10-mile radius. The City has a strong “pull factor” and shows particular strength for sales in the following categories that reflect its important role in meeting the daily goods needs of area consumers: grocery stores; beer, wine and liquor stores; sporting goods stores; specialized building material dealers; full-service restaurants; automotive parts, accessories and tires stores; hardware stores, pharmacies and drug stores; sewing goods and needlework stores; motorcycle, boat and other motor vehicles; and home centers. It also shows a sales surplus, compared to national benchmarks in computer and software stores, home furnishings/furniture stores, gift, novelty and souvenir stores, optical goods, footwear and office supplies,

indicating that many people purchase these goods in the community. The research indicated that there is some leakage to other markets for clothing as well as appliances, televisions and other electronic goods.

**Figure 6.3. Retail Trade Area**

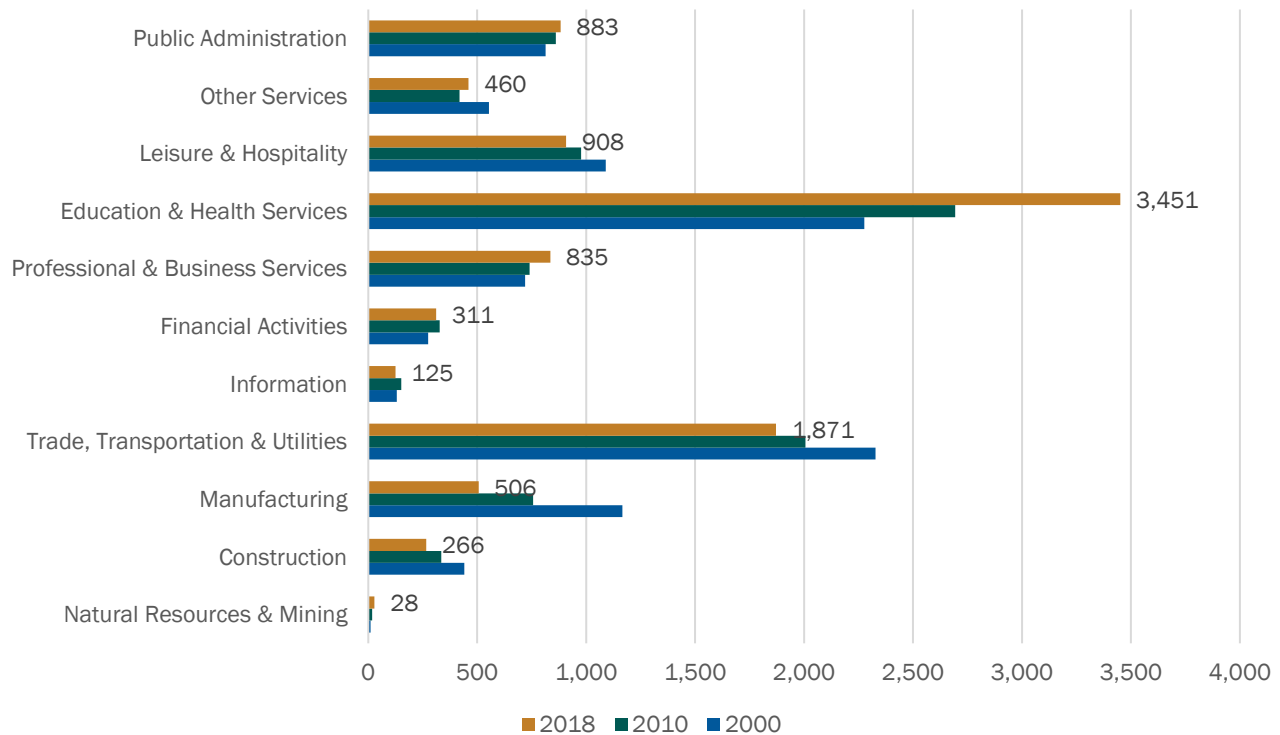


Source: University of MN Extension, January 2014

### Employment & Wages

Total employment in Grand Rapids has remained relatively constant over the period 2000-2018. However, the composition of employment has changed. Employment gains of 1,290 in Professional and Business Services, Education and Health Services offset employment losses of 1,290 in Manufacturing, Trade, Transportation and Utilities as shown in **Figure 6.4**. High wage manufacturing jobs have been replaced by lower wage jobs in other sectors, most notably health care.

**Figure 6.4. Employment by Industry**



Source: Quarterly Census of Employment and Wages

Table 6.2. Average Weekly Wage

	Average Weekly Wage 2018
Natural Resources & Mining	\$2,307
Construction	\$1,013
Manufacturing	\$1,626
Trade, Transportation & Utilities	\$693
Information	\$734
Financial Activities	\$1,032
Professional & Business Services	\$534
Education & Health Services	\$761
Other Services	\$522
Public Administration	\$1,146

Source: Quarterly Census of Employment and Wages, 2018

Table 6.3. Employment Change

	2000	2010	2018	Change 2000-2018
Natural Resources & Mining	11	17	28	17
Construction	440	335	266	-174
Manufacturing	1,166	757	506	-660
Trade, Transportation & Utilities	2,327	2,006	1,871	-456
Information	130	151	125	-5
Financial Activities	274	328	311	37
Professional & Business Services	719	740	835	116
Education & Health Services	2,277	2,693	3,451	1,174
Leisure & Hospitality	1,090	977	908	-182
Other Services	553	419	460	-93
Public Administration	814	860	883	69
<b>Total Employment</b>	<b>9,801</b>	<b>9,283</b>	<b>9,644</b>	<b>-157</b>

Source: Quarterly Census of Employment and Wages, 2000, 2010, 2018

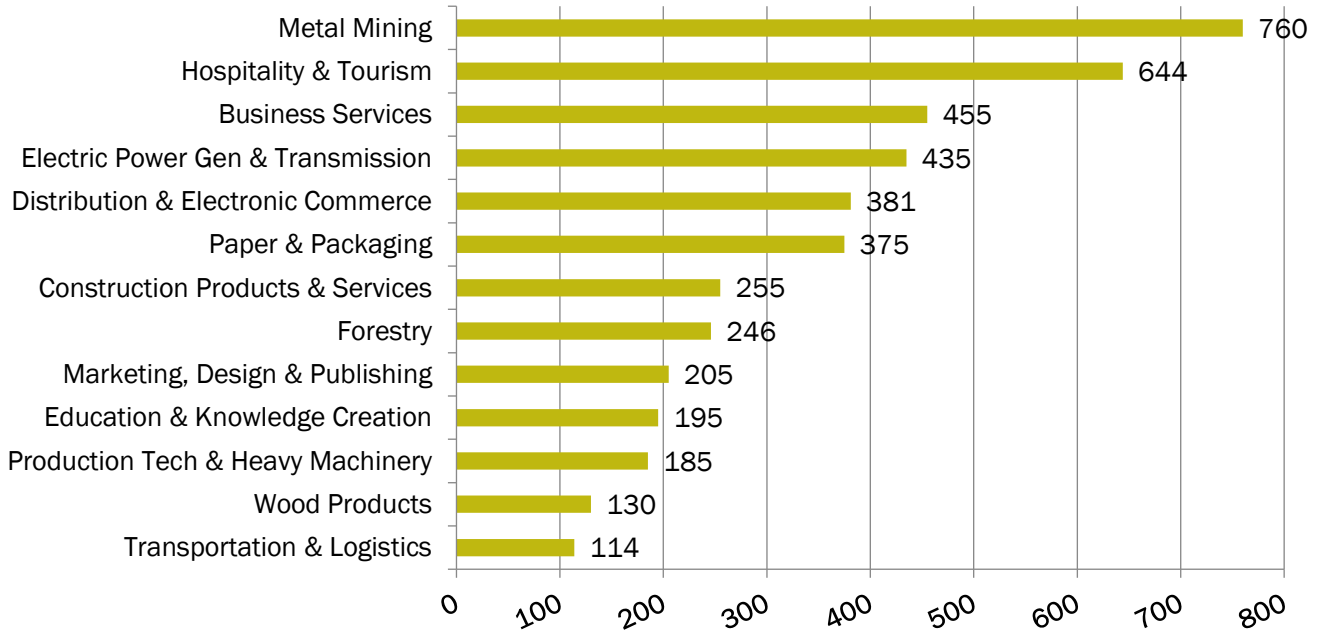
## Employment Characteristics

Local economies are characterized by businesses in “traded industry clusters” and “local clusters”.

Businesses **in traded clusters** serve markets in other regions or nations. Traded cluster industries in Grand Rapids include hospitality and tourism, business services, distribution and e-commerce, paper and packaging, manufacturing, paper processing, transportation and utilities, and tourism. Wages are typically higher in traded cluster businesses.

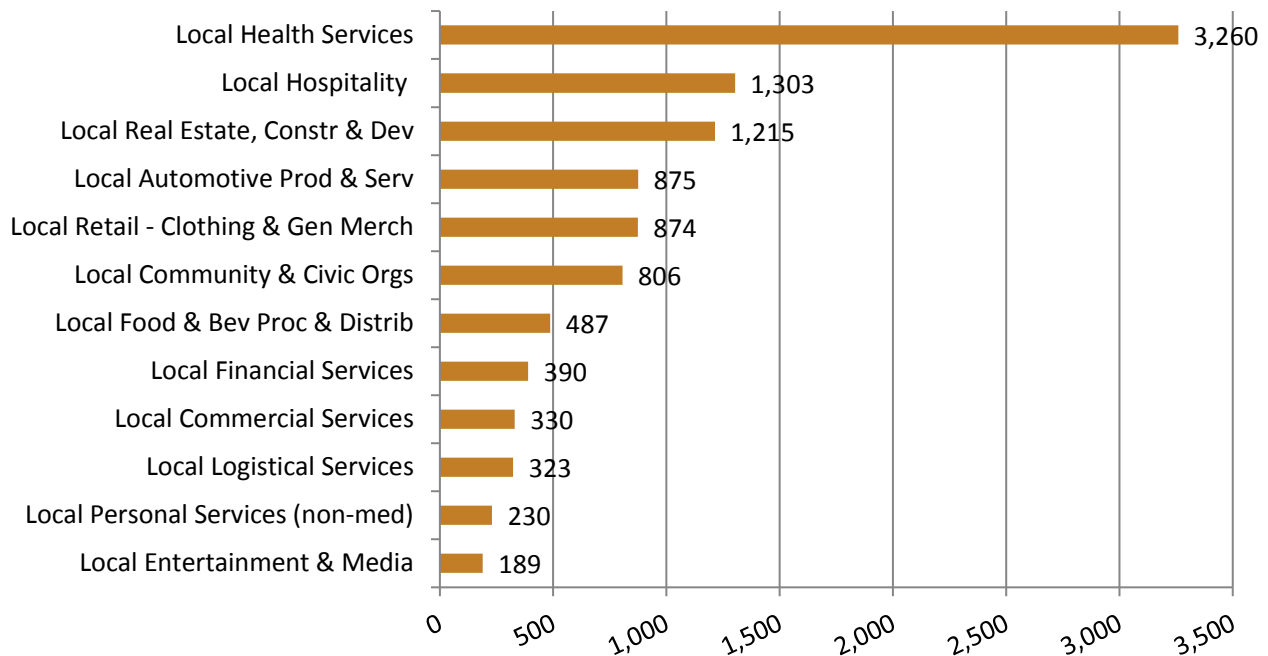
**Local cluster** businesses sell products or services primarily to the local market. Examples include health care, education and retail businesses such as grocery stores, hardware stores, lumber yards and pharmacies.

**Figure 6.5. Itasca County Employment by Traded Cluster, 2016**



Source: US Cluster Mapping Project

**Figure 6.6. Itasca County Employment by Local Cluster, 2016**



Source: US Cluster Mapping Project

Table 6.4. Major Employers in the City of Grand Rapids

	Product/Service	Approximate Number of Employees
ISD #318	Public education	650
Grand Itasca Clinic and Hospital	Health care	526
Itasca County	Government	431
UPM Blandin Paper Mill	Paper mill	240
Grand Village Nursing Home	Skilled care nursing home	250
Arrowhead Promotion and Fulfillment Co.	Promotion and fulfillment processing	220
Wal-Mart Stores, Inc.	Discount retail	183
Minnesota Diversified Industries	Assembly and packaging solutions	172
ASV Holdings	All season vehicle manufacturing	153
City of Grand Rapids	Government	148
Target Corporation	Discount retail	148
MN Department of Natural Resources	Government	135

Source: City of Grand Rapids Website and 2019 Comprehensive Plan employer interviews

## Industrial Land

City staff updated the industrial land inventory for Grand Rapids and other area communities in 2019. The City and GREDA have been involved with the development of six industrial parks and have sold a total of 129.4 acres to 29 businesses since 1969. (see Table 6.5). The average industrial land absorption per year for the period, 1969 to the present, was 2.59 acres per year. For the period, 1992 to the present, absorption was 3.62 acres per year.

Table 6.5. Previously Developed City/GREDA Industrial Property

Plat	Plat Year	Total Acreage	# of Businesses
Industrial Park One	1969	31.8	17
Industrial Park Two	1992	31.7	4
Industrial Park East	1999	5.2	1
Industrial Park East 1st Add.	2001	32.2	2
Airport S. Industrial Park - Phase 1	2007	6.7	3
GREDA IEIP	2010	21.8	2
<b>Total</b>	–	<b>129.4</b>	<b>29</b>

Source: GREDA, 2018

GREDA currently owns 19 serviced industrial sites, totaling 32.4 acres, detailed in Table 6.6. Based on the historic absorption rate 1992- present, the City controls a 9 year inventory. The average site size is 1.7 acres. Based on an assumption of 4.1 acres per business, the City has sufficient inventory for 7 businesses.

**Table 6.6. Current Inventory of GREDA Owned, Undeveloped, Industrial Property with Utilities**

Plat	Plat Year	Total Acreage	# of Sites
Industrial Park East	1999	14.5	8
Airport S. Industrial Park - Phase 1	2007	9.8	5
Airport S. Industrial Park - Phase 2	2009	8.1	6
Airport Road Site	--	20.0	1
<b>Total</b>	--	<b>52.4</b>	<b>20</b>

Source: GREDA, 2018

Itasca Economic Development Corporation and a private party own an additional 223 acres of industrial property (Itasca Eco-Industrial Park) without sewer and water utilities, detailed in [Table 6.7](#).

**Table 6.7. Current Inventory of Undeveloped, Industrial Property with no Utilities**

Site Description	Total Acreage	# of Sites
Privately owned, IEIP Site (Grand Rapids)	134.5	1
IEDC - IEIP Site (Cohasset)	63.5	1
<b>Total</b>	<b>223.0</b>	<b>2</b>

Source: GREDA, 2018

The market for industrial land in Grand Rapids will be influenced by the availability of property in Cohasset and Coleraine which are located within 10 minutes of Grand Rapids. These two communities have a total of 5 sites with 12 acres of serviced land available. In addition, Cohasset owns an additional 250 acres of un-serviced land in an expansion area.

**Table 6.8. Current Inventory of Privately and Publicly Offered Industrial Sites in Surrounding Communities**

Site Description	Total Acreage	# of Sites
Cohasset Industrial Park w/Utilities	2.7	1
Cohasset Industrial Park Expansion Area	250.0	18
Coleraine Eagle Ridge Technology Park	7.5	3
Coleraine Industrial Park	1.8	1
<b>Total</b>	<b>262.0</b>	<b>23</b>

Source: GREDA, 2018

Based on the existing inventory of industrial sites in Grand Rapids and Cohasset, there is no immediate need to purchase additional land for future industrial expansion. The City will want to consider extending utilities to un-serviced GREDA-owned sites to meet market demand.

### Economic Development Framework

The Grand Rapids Economic Development Authority (GREDA) plays the primary economic development role in the City. The City and GREDA often collaborate on development related initiatives with local and regional partners, including the Grand Rapids Area Chamber of Commerce, Visit Grand Rapids, Itasca Economic Development Corporation (IEDC), Iron Range Resources and Rehabilitation (IRRR), Area Partnership for Economic Development (APEX), the Northspan Group, Inc. and the MN Department of Employment and Economic Development.



## Economic Development Successes, Issues and Opportunities

Development issues and opportunities serve as the foundation for crafting the community’s economic development strategy and priorities. Economic development successes, issues and opportunities identified through an analysis of data and input from the Grand Rapids Economic Development Authority, the comprehensive plan steering committee, interviews with employers and economic development allies (e.g. IEDC, chamber, IRRRB, APEX) are summarized as follows.

### Successes

Grand Rapids is perceived as forward-thinking and diversified, especially when compared with other areas of Northeast Minnesota. Community members are proud of recent investments in the new elementary school, the Reif Center update, medical district investments, the collaboration on the new “Y”, the Keisler Wellness Center, commercial rehabilitation projects in the US 169 corridor and downtown, residential developments and the collaboration on arts, culture, recreation and entertainment. These investments and collaborative activities differentiate Grand Rapids and help the community attract young talent. The expansion of ASV, Arrowhead Promotions and the attraction of ACC Manufacturing and Swan Machine are considered important additions to the community’s economic base. Successes identified in the retail sector include downtown projects completed with the storefront loan and DEED Small Cities Development Program funds. Specific commercial redevelopments/developments noted include: Thousand Lakes, Culver’s, L&M Supply, Aldi’s, Hardee’s, Sawmill Inn and the brewpubs.

### Strengths

#### Attractive diversified regional center and tourism destination

Grand Rapids role as a diversified regional center – including a good industrial base, the county seat, community college, medical center, retail hub, small local businesses and state government offices – is seen as the foundation for the community’s future, helping it weather the economic ups and downs of a natural resource-oriented region. The area’s lakes, outdoor recreation opportunities and tourism industry play a valuable role in introducing people to Grand Rapids. The businesses and amenities that serve visitors provide quality of life benefits enjoyed by residents and help attract talent to the community. The community is considered desirable and attractive, drawing more young people than other range communities. Community resources like the well-regarded school district, Blandin Foundation, Blandin leadership program, YMCA, Grand Rapids Area Library, good broadband infrastructure, KAXE, Reif Center, ice arena and trails differentiate Grand Rapids. Throughout engagement, Grand Rapids was described it as “magnetic – people want to live here”. The area convention and visitors bureau, Visit Grand Rapids, is recognized for effective marketing and cultivating a positive image for the community.

#### Quality workforce

In addition to its good industrial base, the quality of the workforce was recognized by management with experience outside the region. The workforce was described as “one of the best anywhere, technically literate and easy to motivate...just a little guidance, they will take it and run.” Another described it as “skilled and dedicated, with a great work ethic”.

#### Leadership and culture

Good leadership and a culture of caring for each other are identified as cultural characteristics underlying Grand Rapids success. The collaborative, caring spirit of the community is illustrated by an innovative partnership between the City, the YMCA, eldercare and healthcare organizations and the new Keisler Wellness Center. The City is recognized for effective partnerships with economic development allies and its capacity to put together financing packages needed to make complex development and redevelopment

projects happen in a rural regional center. The Blandin Foundation and a broader culture of philanthropy in the community are perceived as central to the quality of life in the community.

### **Good planning, infrastructure and development support**

Internal and external stakeholders recognize the City for good planning and infrastructure investments including roads, schools, water and sewer, broadband and land for commercial/industrial development. The community's inventory of industrial sites, including the former Ainsworth "megasite" are recognized as important assets along with sites zoned for commercial development. The City's capacity to support revitalization of commercial properties is valued. The Commercial Building Improvement Loan and Small Cities grants through GREDA and other local incentives are considered important strengths critical for redevelopment. Developers who understand the Grand Rapids market are considered an asset to the community. They invest in the community, own property long-term and care about their real estate and the community overall.

## **Weaknesses/challenges/threats**

### **Location and transportation infrastructure**

Grand Rapids location and transportation are considered Grand Rapids' primary disadvantages.

- The distance from major markets creates high freight costs for manufacturers.
- The distance and the lack of four-lane roads between the community and Minneapolis-Saint Paul (180 miles), Duluth (80 miles) and Bemidji (70 miles) are considered barriers to development.
- This challenge is compounded by the lack of commercial air service to Grand Rapids. The nearest scheduled service is in Hibbing, 45 minutes away. Additional options are available in Duluth and Bemidji, each approximately 1.5 hours away.
- An aging fixed base operator (FBO) facility at the airport is perceived by some to create a poor first impression of the community, for those who arrive by private plane.
- Grand Rapids is served by BNSF Railway Co. The lack of a competitive rail service provider affects the rates and quality of service experienced by shippers in the community.
- The community lacks local public transportation.
- The lack of ridesharing options (e.g. Uber, Lyft) impacts residents and visitors to the community.

### **Workforce and Talent Attraction**

Challenges to attracting and retaining a capable workforce sufficient to meet employers' needs is a challenge across the country as the baby boom generation retires. Smaller communities in rural areas face particular challenges because two-career households are much more typical than they were in the past. Smaller communities offer fewer employment options to both members of the household. This is especially a problem with the recruitment of managerial, technical and professional workers. Finding rewarding employment for the "trailing spouse" can be challenging.

The lack of affordable housing affects many small communities because the cost of new construction often exceeds market values in the community. An aging housing stock and a lack of rental opportunities limits growth and the ability to attract talent. One employer noted the lack of moderately priced housing, condos or townhomes. Another noted, "We need housing that's affordable for good people in lower wage jobs - bank tellers, resort staff and retail jobs." Some employers consider the lack of temporary housing for people who move to town from out of state to take employment to be problematic. There are almost no options available. One employer indicated that it works out better if someone moves to the community in the fall and can rent a winterized cabin on the lake until spring. But that's not a reliable option, because you recruit throughout the year.

The community is considered friendly to people who move into the area, but not inclusive. Consequently, social life can be challenging for newcomers, impacting the ability of businesses to retain recruits. This challenge apparently impacts a broad range of newcomers, but is especially challenging for single people.

The lack of available, reasonably priced childcare limits workforce participation. This is a problem that affects Grand Rapids and communities throughout Greater Minnesota. It is particularly challenging for health care and forest products processing plants and others that operate 24/7.

While the technical aptitude, skills and work ethic of workers in the area are exceptional and valued by employers, competition from the cyclical mining industry can create challenges for manufacturers, who find workers leave them when high-wage jobs are available in mining. Similarly, drivers and loggers leave the forest products industry for similar jobs in the mining industry.

Grand Rapids has a unique opportunity to draw on its September 2019 recognition in USA Today as one of the '50 Best Places to Live in the US' and build a more robust talent attraction initiative.

### **Downtown and retail challenges**

Although there are vacancies and the business mix has changed in downtown Grand Rapids, the community has been reasonably successful in securing reinvestment and updating facades. However, community members are concerned about empty storefronts, Central Square Mall and Central School. They place a priority on downtown revitalization.

Downtown areas have been challenged since the advent of the shopping mall in the late 1950s. Retail formats have transformed from historic "Main Street" shops that are typically deep and narrow with limited parking, to shopping malls and "retail boxes" surrounded by parking lots, often located on a major highway near the edge of town. The trend toward on-line shopping and ever-faster, often-free delivery is disrupting the retail sector. The large aging baby boomer generation is expected to purchase fewer goods and more services. Younger generations express less interest in acquiring things and more interest in experiences than previous generations. In response to these trends, many shopping malls and other retail centers are in the process of changing their business mix and use of space to provide more opportunities for people to gather, engage in activities and entertainment.

Historic downtown areas, often viewed as the "heart of the community", often struggle in the transition to finding a new niche. Services businesses such as legal and accounting firms, title companies, dentists, chiropractors, eye clinics and salons are able to use historic storefront spaces productively. In many cases they choose to own the property also. These types of businesses generate sufficient revenue to maintain the buildings in good condition. Parking demand for staff and customers typically works well with limited on-street parking and possibly alley parking. Accessibility can be a concern, particularly for those in health care related businesses. Some communities have worked successfully with these property owners to create rental housing opportunities in upstairs apartments. However, these types of services businesses don't bring "shoppers" to a commercial district.

It is challenging with independent business and property owners to be strategic about tenant mix. But a strategic tenant mix benefits business owners, property owners and the community in the long term. Property owners and cities have successfully identified districts that concentrate businesses that can benefit each other – concentrations of outdoor and arts-oriented businesses, breweries with adjacent restaurants or space for food trucks, restaurants and bars near theaters and bowling, coffee shops adjacent to bookstores, yoga and fitness studios near health food stores. A collective focus on the customer and the customer experience is important to revitalization efforts.

Some businesses in communities with a limited tourism season are able to develop an on-line sales presence to supplement storefront sales. Promotion of this model and related technical assistance can help develop or preserve visitor-oriented shopping areas.

The commercial corridor on US 169 has seen investment over the past decade. But retailers have begun pulling back recently. The closure of Herberger’s and Shopko stores nationally has been challenging for many communities. Attempts at retail attraction locally face headwinds with changes underway in the retail sector nationally. Grand Rapids developers have pursued some retail businesses, but find that the community’s population threshold is below the market requirements of some businesses the community would like to attract. Consequently, larger nearby markets like Duluth and Bemidji draw shoppers from Grand Rapids.

### **Loss of high paying jobs with good benefits**

The loss of high paying jobs with good health care benefits (e.g. Blandin Paper, Magnetation) has ripple effects in the community. Fewer employees with good health care benefits has a negative impact on the health care system in the community. The baby boomers who retired from Blandin have financial resources and good benefits, which are still supporting the local economy, but their economic contribution will wane over the next 10 – 20 years.

### **Loss of visitor amenities and meeting rooms**

The tourism industry was described as stronger in Grand Rapids when Quadna Mountain and Sugar Hills attracted winter visitors to the community. There’s a perceived decline in the number of tourism-oriented businesses over many years. Most recently the community experienced the closure of the Sawmill Inn, a hotel with dining and meeting rooms. Redevelopment of the property is underway.

### **Competitive Business Climate**

Community leaders spoke about the challenge of providing the amenities people want, and the importance of maintaining a competitive business climate with regard to taxes, utility rates and regulation. The City of Grand Rapids adopted and enforces the Minnesota State Building Code. It is illegal for cities with a population over 5,000 to repeal the state building code. Some townships and cities in the area have not adopted the state building code and this creates some confusion. It was noted through engagement that cold temperature and snow removal are business expenses over which a business owner has no control – adding to the challenge of doing business in the North Country.

## **Opportunities**

Community and economic development stakeholders identified many opportunities for strengthening Grand Rapids economic vitality. They are organized into the following topic areas.

- Talent attraction
- Workforce development
- Development and redevelopment
- Economic diversification
- Forest products and mining
- Visitor infrastructure
- Leadership development
- Transportation infrastructure

### **Talent attraction**

A variety of Grand Rapids area employers need to attract talent from outside the area to manage or grow their operations. Many of these positions are managerial, technical and professional. Communities and employers across the country are working together on talent attraction.

There is significant interest in being more aggressive on talent attraction. The City and IEDC have participated supported the creation of NORTHFORCE website, which serves as job connection website for Northeast Minnesota (e.g. job posting, resume posting). There is interest in providing additional information about the Grand Rapids area as a place to live for people relocating or considering relocation to the community. Existing community websites target other audiences – Visit Grand Rapids targets visitors and the City website is oriented to existing residents. Attraction/relocation websites focus on prospective residents and promote the community as a place to live, work and play.

An interview participant suggested creating programs to reach young people who grew up in the Grand Rapids area and went away to attend college/university to encourage them to return home in their late 20s or early 30s. Another person interviewed focused on exploring and creating a better system for talent attraction. “Who do we need to attract? Where are we posting? How do we recruit people who aren’t looking for a job? How can we use social media effectively to support talent attraction?”

Other rural communities are facing similar talent attraction challenges. The Brainerd Lakes Area Development Corporation created the Key Recruitment Program, a fee-for-service and membership program designed to help businesses in the Crow Wing County area find top-notch candidates to fill key professional positions. The program was funded by BLAEDC, the Blandin Foundation and four founding business members. The program has proven successful over several years and is highly regarded by the business community.

Some communities have developed relocation support systems that involve community leaders and human resources professionals. Such networks provide assistance to identify career opportunities for the spouse of an individual being recruited to a community. Co-working sites and support for entrepreneurship may also help a “trailing spouse” find a rewarding career path in the community. Relocation support networks can be designed to welcome individuals and families and help them make social connections tailored to their personal interests to help retain them in the community. Employee recruitment and turnover are expensive, so businesses consider community relocation support programs to be a good investment.

There appears to be a need for temporary housing for relocating professionals. The extent of the market should be explored with employers who are involved with external recruitment. If demand is relatively small, it may be possible to integrate appropriate housing options into other housing or hospitality projects and help ease the transition for individuals and families.

Housing market studies that are updated on a regular basis help guide development and encourage successful investment. Multi-family senior housing was identified as an option that may be attractive to seniors, freeing up single-family homes for younger families. There is interest in supporting investment and development of sites in Grand Rapids for high-demand market segments. Community and economic development stakeholders suggested that workforce housing is a current need.

The creation of additional childcare capacity can help attract existing residents to participate in the workforce and can factor into relocation decisions. The lack of childcare is a barrier to labor force participation, especially in rural areas of Minnesota. Community support for childcare options may be needed to overcome market challenges.

### Workforce development

Itasca Community College and the Grand Rapids School District are well-regarded partners in workforce development for the community and can help retain young people in the community and put them on a path to skilled employment in the area. There was strong interest in innovative models. School districts that have created exceptional school-to-work programs in partnership with area employers include Hutchinson and Alexandria, MN. Paynesville recently completed the first year of an entrepreneurship program at the high school level; the new program was fully enrolled and is supported by the Paynesville Area Community Foundation.

An interview participant indicated an interest in establishing a satellite relationship with a college like St. Scholastica or St. Thomas, possibly in Central School, with a focus on programs to support entrepreneurship, engineering and liberal arts. The City of Apple Valley has successfully co-located satellite operations of several educational institutions in its former City Hall to make higher education options more accessible “south of the river” in the metro area.

### Development and redevelopment

Cities typically play an important role in stimulating physical development and redevelopment opportunities. The following sites and areas are considered priority sites for Grand Rapids over the next 1-10 years.

- Downtown Grand Rapids
- Central School
- Former School Sites (Forest Elementary)
- Former Kmart Site
- 20 acre site near Walmart/Home Depot
- Sawmill Inn
- Former Ainsworth Site (Itasca Eco-Industrial Park)
- Former Ray’s Marine Site
- DC Manufacturing
- Residential development sites – market opportunities for workforce and senior housing



Downtown seemed to be the greatest concern to most people. The efforts to date involving the state Small Cities Development Program and local loan funds are highly regarded. Façade improvements are valued, but one interview participant wondered if there is a need for more financial support to address deeper code issues, such as compliance with ADA accessibility laws, upgrade of electrical and HVAC systems, etc. There is also interest in “activation” of downtown.

Recent examples of downtown activation include:

- Sculptures, sidewalk poetry and murals installed by the Grand Rapids Arts and Culture Commission
- The “First Friday Arts Walk” has enjoyed success in recent years
- The recent addition of a brewery and wine-bar downtown

Activation typical involves creation of engaging design features and cultivating a business mix and events that draw people downtown for activities. The events may be sponsored by businesses, non-profits or the community.

On the industrial front, there’s periodic demand for warehouse space and inadequate capacity. It is difficult for developers to build or buy and hold speculatively. However, it is also important to be able to move quickly. When orders come in, businesses often need to expand capacity quickly. Grand Rapids could consider options like a multi-tenant warehouse or a “paper spec” warehouse. Communities work in advance on “paper spec” buildings with developers to speed approval processes and avoid the risk of a vacant building. Advance work by the City and developer includes identifying shovel ready sites, designing prototype buildings in several sizes (e.g. 30,000, 50,000 and 70,000 square feet), maintaining current cost estimates and preparing prototype financing packages and lease rates. This can reduce construction timeframes by several months. The incentive of time can be as important to some businesses as a financial incentive from a community.

### **Arts and Culture**

Arts and Culture is a vibrant component of life in Grand Rapids. Throughout engagement efforts, the success of public art and the arts and culture movement were highlighted for their support of community culture and sense of place. Connections were also drawn between public art and economic development. The Creative MN report, published in 2015, specifically explore the impact of arts and culture on Grand Rapids. According to the report, the arts and culture sector has spurred \$5.1 million in economic impact within the community. That is an imp of \$467.38 per resident. In 2015 a total of 139 jobs were tied to the arts and culture sector and generate \$3,244,000 in household income. Additionally, 54 individuals volunteered for over 2,600 hours across three organizations – valued at \$58,878. It was also estimated that the arts and culture sector hit an audience of over 86,000 people in 2015 – that is nearly 8 times the number of residents in Grand Rapids. Between the Creative MN data and the input gathered throughout the planning process, arts and culture efforts provide a larger opportunity for economic growth within Grand Rapids.

### **Economic diversification**

Community members are interested in economic diversification. A participant noted, “The economy will be more stable long term with 10 small businesses with 40-50 jobs than 2 businesses with 200-300 jobs. Small businesses not dependent on mining or forestry are ideal, because they would be less vulnerable to the ups and downs.”

There’s a recognition that it can be challenging to recruit manufacturing jobs to Grand Rapids because of the distance to market and transportation infrastructure. Diversification into business and professional services that can be “transported” via the internet have expanded into Bemidji, Duluth and other communities in Northeast Minnesota. These types of businesses are considered a potential opportunity for Grand Rapids. Examples of these types of businesses include insurance company or financial services back offices; software development and tech support operations; marketing and communications firms; consulting; and planning, engineering and ecological services firms.

Grand Rapids has some unusual assets that may differentiate the community for the right business. The former Ainsworth site, a “megasite”, is approximately 135 acres. It is served by rail and heavy duty electrical.

It's possible to extend City services to the site. In addition, Grand Rapids has excess wastewater treatment capacity, which could be attractive to certain businesses, most likely a forest products processing operation.

Entrepreneurship and small business development can help diversify the local economy. The internet and shippers like FedEx and UPS enable many small businesses in remote locations to access national and global markets. The internet and shipping/delivery services can also help local artists and tourist-oriented retailers reach a broader customer base year-round.

There is interest in local food and beverage businesses (e.g. distilleries, breweries). These small businesses can be attractive to visitors, residents and have the potential to export higher value food and beverages to markets outside the community.

### **Forest products and mining**

Due to the closure of the paper mill in Sartell, oriented strand board (OSB) operations and the downsizing of Blandin Paper, the timber harvest in the Grand Rapids region has diminished. Several community members knowledgeable about the forestry industry indicated that there is an abundance of resource available in the area and a need for increased harvesting to encourage regeneration and diversity.

Grand Rapids has the potential to host a next generation forest products processing operation when market conditions are right. UPM/Blandin owns of 188,000 acres of forest land that can't be developed or broken up, which could supply operations involved with bioplastics, biomaterials or biofuels. Several people suggested that the community needs to encourage expansion of biomaterials and fuels in Grand Rapids, particularly while the logging infrastructure is in place in the region.

There is also potential to for additional mining activity in the Greater Grand Rapids area. Projects that have some potential include reactivation of the former Magnetation facility and the stalled Essar steel project. The community and region have a strong history in mining that has contributed to economic development. Between the location of headquarters and services and employees locating to Grand Rapids throughout the years, the mining industry has helped shape the community. While the extraction of mining resources within Grand Rapids is limited to costs and industry technologies, the mining industry should continue to be viewed as an economic development opportunity.

### **Visitor infrastructure**

Several people identified an opportunity to create more for visitors and summer lake families to do when they are in the area. Currently the Forest History Center, Judy Garland Museum and local theater are the primary "rainy day destinations" for visitors. Additional options suggested that could attract the next generation include hiking and mountain biking facilities, canoe trails and family-friendly activities like miniature golf.

Hotels in the area report that they are often at capacity and there is limited meeting room and banquet space. A market study could clarify market conditions and encourage investment. A hotel could be strategically located or co-located to stimulate additional business or visitor activity.

### **Leadership development and volunteer engagement**

Leadership development is important to one seasoned community leader who has learned, "We can't look to state or federal government – must drive our own prosperity locally." Community leaders spoke regularly about the value of Blandin's leadership development program and the need to engage and cultivate the next generation of volunteers and leaders. InterCity Leadership visits were identified as an important way to help community leaders envision new ways to enhance the community and strengthen its economy.



There is interest in engaging multiple generations in volunteer and leadership activities. Recent retirees from the metro area living in the lakes area around Grand Rapids are perceived as an asset that could be cultivated. Young people who have returned to the community seem to want to help and be engaged. Communities or chambers frequently support and encourage social organizations for emerging leaders that offer professional development, networking opportunities and an introduction to City, county and non-profit organizations serving a community.

### Transportation Infrastructure

Transportation infrastructure investments are expensive and take years....and even decades to come to fruition. While it typically takes a long time, noted one community leader, “You have to start sometime or it will never happen.”

Three transportation investments were identified during the research process.

- Establish a corridor coalition to advocate for 4-lane access to Grand Rapids
- Diversify rail service providers in the area to get competitive pricing
- Plan for and build frontage/backage roads in the commercial area along on US 169

### Goals and Objectives



As noted within Chapter 3, goals and objectives were developed for each plan element in support of the 2040 Vision and Guiding Principles. The goals and objectives defined within

these chapter should be considered as economic development decisions are considered.

**Goal** – Statement of a desired vision (i.e., what is the future of the various elements within).

**Objective** – Statement of a defined action or policy that provides guidance in achieving the established goal.

**Goal 1: Create jobs and income.** The City’s economic infrastructure sustains the City’s households and the households of many people in surrounding communities. Building the City’s economic base is not an end in itself, but rather is a primary component for achieving many of the community’s goals. Creating economic opportunity for current and future residents is a primary Comprehensive Plan goal.

- Ensure that job creation efforts include high-wage/high-quality jobs.** In order to support and sustain their households, residents need to have economic opportunities that pay a good wage and provide benefits that households need. While not all jobs need to be high-wage, the City should emphasize the creation of high-wage, high quality jobs through its programs and policies.
- Enable the retention and expansion of existing businesses.** Creating jobs by expanding existing businesses is the most productive way to expand economic opportunity. Grand Rapids Economic Development Authority members will be actively engaged in business retention activities, particularly for higher wage employment opportunities. The City will partner with other economic development organizations to coordinate retention/expansion activities and ensure efficient use of resources.
- Recruit new businesses and support entrepreneurs that add jobs and income opportunities.** Businesses in other regions looking for expansion opportunities and entrepreneurs who create new businesses can contribute to creation of jobs and income opportunities. The City should take strategic actions that encourage outside investment in Grand Rapids and entrepreneurship from within the community.

**Goal 2: Enhance the local quality of life.** A vibrant economic base should provide for a high quality of life for residents and visitors. A high quality of life simultaneously encourages outside investment in Grand

Rapids and supports the attraction of talent to the community. Taking steps to improve quality of life is thus both an important goal and a key strategy for meeting other economic development goals.

- a. **Provide affordable housing opportunities.** Housing that is safe, affordable, connected to the community is essential to maintaining residents' quality of life. The City will work to ensure that a range of housing options is available in the local market and will consider how well affordable workforce housing is located relative to job centers. The City will work with governmental, non-profit, and private entities to accommodate the variety of incomes and household types in Grand Rapids.
- b. **Develop a thriving downtown.** The downtown is more than a collection of businesses. More than any other place, the downtown is the symbol of the community, the place that visitors and residents alike think of as the heart of the City. The City will treat the downtown as critical economic infrastructure and recognize the relationship between the downtown and the rest of the community in land use, infrastructure, and economic development activities.
- c. **Better utilize the River as an economic asset.** The Mississippi River centers and defines much of Grand Rapids. The River is an economic, natural resource, and cultural asset to the community. The City will encourage economic use of and redevelopment along the River that also protects its natural and cultural significance.
- d. **Support arts, recreation, and educational assets.** Grand Rapids' lifelong educational system, recreational assets, and artistic venues is important to attracting and retaining talent. The City recognizes both the substantial quality of life implications of these assets and the economic benefits of investments in education, recreation, and the arts.
- e. **Encourage a mix of local services and retail goods adequate to meet regional demand.** Quality of life is enhanced when City residents, residents of nearby communities, and visitors have a diverse mix of retail and service options to meet their needs. Grand Rapids can strength its role as a regional retail and service center by enhancing the quality of life for residents of the region. The City will encourage a diverse range of retail and service businesses to improve quality of life.

**Goal 3: Build the City's economic sustainability.** An economic base that is fraught with risk and uncertainty is not sustainable over time. Improving economic sustainability means reducing risks associated with known economic cycles and regional economic uncertainties. Economic sustainability also requires understanding and addressing the relationship between the City's economic base, workforce, social and neighborhood assets, and natural infrastructure.

- a. **Increase diversity of economic base.** The City's industrial economic base is closely associated with natural resource industries and specific national markets. Encouraging investment in industries that are independent of these cycles and markets will lower risks associated with economic cycles. The community's broadband infrastructure is a competitive advantage that can enable businesses to bring outside revenue into the community without transportation considerations. Business services that address external markets, such as insurance company back office operations, software development and customer service operations will be targeted as a potential market.
- b. **Support talent development and attraction.** Changing demographics are expected to constrain the labor force locally, regionally and statewide in coming years. Support initiatives that develop local talent for area industries, attract talent to the area and retain older workers in the labor force.
- c. **Improve utilization of local resources, assets, and goods.** The City and region have valuable resources with economic value. Use of local resources rather than equivalent non-local resources makes the region's economic infrastructure more productive and less subject to forces beyond the City's control. The City will strive to improve economic sustainability through improved utilization of local resources.
- d. **Support the City's historic competitive strengths, including established heavy industry and manufacturing.** Economic sustainability requires that the City understand and support its competitive strengths. Natural resource industries, particularly the paper and pulp industry, will remain critical to creating economic opportunity for current and future residents.

- e. **Support investment in regional assets such as medical services.** The 2003 Plan helped usher in the integration and expansion of medical services into the medical campus. Supporting this economic infrastructure helps maintain the City’s position as a regional economic center.
- f. **Support investments with tourism value.** The hospitality and tourism industry serves several valuable talent retention and attraction functions. It introduces people to the City of Grand Rapids who may consider moving their residence or business to the community. Visitor-oriented businesses and amenities like restaurants, meeting rooms, trails, and retail establishments typically improve the quality of life in the community and are valued by area residents and businesses.

## Implementation Strategies



The implementation strategies defined within the following pages provide specific actions and measures that the City can deploy to meet the goals and objectives of this chapter. The strategies identified in the following table should be reviewed on a regular basis to ensure that the City continues

to take action towards its desired future. Additionally, this list should be updated and modified as strategies are accomplished.

**Implementation Strategy –**  
Defined action or measure that the city will work towards to achieve the goals and vision of the Comprehensive Plan.

Implementation Strategy	On-Going Action	Short Term Action	Long Term Action	Responsible Parties
<p><b>Business Retention/Expansion</b></p>	<p>Continue to monitor changes in the market and efforts needed for existing business retention and opportunities for expansion.</p>	<p>Support and participate actively in business retention and expansion programs with partners citywide, with an emphasis on primary sector businesses. Work to sustain businesses in their existing spaces, or to find new appropriate space for businesses looking to expand.</p>	<p>Same as Short Term Action</p>	<p><b>Primary:</b> Community Development <b>Secondary:</b> Economic Development Authority (EDA)</p>
<p><b>Market Research, Marketing and Promotion</b></p>	<p>Continue to support actions that market Grand Rapids' identity in regional and statewide markets, particularly in key tourism and targeted industry markets.</p>	<p>Consistent with the desired mix of land uses as discussed in the Comprehensive Plan, engage in direct marketing and solicitation of private development interest to create value on property that Grand Rapids Economic Development Authority (GREDA) controls.</p> <p>Refresh promotional efforts to market GREDA industrial parks and vacant commercial properties. Support marketing and recruitment efforts of others for new industrial tenants to the Eco-Industrial Park.</p> <p>Identify retail gaps and recruit businesses that meet market needs/opportunities.</p> <p>Partner with <i>Visit Grand Rapids</i> to commission a hotel and meeting space market study.</p>	<p>Encourage public and private sector entities to refresh branding and marketing goals on a regular basis.</p>	<p><b>Primary:</b> Community Development <b>Secondary:</b> Economic Development Authority (EDA)</p>

Implementation Strategy	On-Going Action	Short Term Action	Long Term Action	Responsible Parties
<p><b>Funding and Financing</b></p>	<p>Continue to develop ongoing funding and support for GREDA in order to assure ongoing implementation of economic development goals.</p>	<p>Seek more funding (such as the Small Cities Development Program) to expand and create programs enhancing/ rehabilitating existing commercial buildings, and market the programs to an expanded target area, consistent with the Comprehensive Plan.</p> <p>Review financing tools available to support entrepreneurs, existing industries and attract targeted industries with area lenders and economic development professionals. Identify challenges and gaps. Consider creation of funds that address the challenges and gaps (e.g. technology loan fund).</p>	<p>Same as Short Term Action</p>	<p><b>Primary:</b> Community Development <b>Secondary:</b> Economic Development Authority (EDA)</p>
<p><b>Downtown Revitalization</b></p>	<p>Continue support for events and temporary land uses in the downtown that create community-gathering places and activate the downtown, such as the farmers market, musical activities and the art crawl.</p>	<p>Promote and assist private investment interest in privately held priority sites identified within the <i>Downtown Redevelopment Master Plan</i> and <i>Riverfront Framework Plan</i>.</p> <p>Prepare an updated downtown revitalization and riverfront plan.</p> <p>Consider methods of facilitating public realm investments.</p> <p>Seek partners in developing new artistic and cultural assets.</p> <p>Enhance vitality of Central School block.</p> <p>Consider an area plan focused on improvements to the public realm and private commercial redevelopment along US Highway 2 corridor.</p>	<p>Same as Short Term Action</p>	<p><b>Primary:</b> Community Development <b>Secondary:</b> Housing and Redevelopment Authority (HRA), Engineering</p>

Implementation Strategy	On-Going Action	Short Term Action	Long Term Action	Responsible Parties
<p><b>Real Estate Development and Revitalization</b></p>	<p>Continue to link economic development initiatives to the Comprehensive Plan goals and objectives, including consistency with the Future Land Use Map and the policy preference to support and create high quality, high wage jobs.</p> <p>Maintain an up-to-date website that promotes GREDA capabilities, including available sites, incentive programs, research and Grand Rapids community assets.</p>	<p>Apply for Minnesota "shovel ready" certification from DEED for Industrial Park East.</p> <p>Aggressively market Block 5 (city-owned site, formerly Northern Recycling).</p> <p>Support reestablishment of an industry at the former Ainsworth site.</p> <p>Work with county and regional partners to address the MN Power site and other significant sites.</p> <p>Address lack of industrial building inventory. Consider creating "paper spec" industrial building options (e.g. 30,000 square feet, 50,000 sf, 80,000 sf) to provide greater certainty and reduce development timeframes for prospective users. Evaluate market potential for multi-tenant warehouse/production space. Explore how other communities have used non-profit and for-profit development corporations to invest in industrial real estate. Based on this research, develop an implementation strategy appropriate for Grand Rapids market and investment conditions.</p>	<p>Implement recommendations of the updated Downtown Revitalization and Riverfront Plan.</p>	<p><b>Primary:</b> Community Development</p> <p><b>Secondary:</b> Economic Development Authority (EDA)</p>

<p><b>Diversification</b></p>	<p>Recognize the components of the existing market and identify areas for diversification.</p>	<p>Recognize the components of the existing market and identify areas for diversification.</p>	<p>Investigate competitive opportunities to use Grand Rapid’s information and communications infrastructure to develop businesses that have a state, regional or national market, including business services such as insurance company back office operations, software maintenance and development, customer service operations, sales and consulting operations, and micro-office (home-based or co-work) service businesses.</p> <p>Support continual investment in medical technology, training, and marketing to enhance Grand Rapids position as the regional center for medical services.</p> <p>Create programs or other support to ensure that opportunities for entrepreneurs (capital, space, technical assistance, etc.) match the evolution of markets.</p>	<p><b>Primary:</b> Community Development <b>Secondary:</b> Economic Development Authority (EDA)</p>
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**Diversification  
(Continued)**

Recognize the components of the existing market and identify areas for diversification.

Recognize the components of the existing market and identify areas for diversification.

Encourage existing businesses to meet the evolving demand for services and goods that accompanies the demographic changes occurring in Grand Rapids and the market opportunities associated with a new generation of potential visitors.

Work with State and local partners to identify under-used local resources and facilitate entrepreneurial efforts to treat waste products as a resource, including waste heat and waste materials from industrial operations. Consider opportunities for programs supporting new markets such as bio-energy.

Support manufacturers' efforts to diversify product lines and create products that address diverse markets to provide greater stability through various economic cycles.

**Primary:**  
Community Development  
**Secondary:**  
Economic Development Authority (EDA)



Implementation Strategy	On-Going Action	Short Term Action	Long Term Action	Responsible Parties
<p><b>Workforce</b></p>	<p>Continue to monitor employment rates and unfilled positions across various sectors</p>	<p>Work with DEED regional labor market analyst to identify existing and anticipated skills shortages in the Grand Rapids area.</p> <p>Support initiatives that strengthen retention of existing talent, including retention of older workers in the labor force and engagement of young people in leadership and community development. Long-term implementation strategies are described below.</p>	<p>Work with the School District and Itasca Community College to develop additional educational infrastructure to support existing and emerging industries.</p>	<p><b>Primary:</b> Community Development</p> <p><b>Secondary:</b> Economic Development Authority (EDA)</p>

Implementation Strategy	On-Going Action	Short Term Action	Long Term Action	Responsible Parties
<p><b>Policy and Infrastructure to Support Economic Development</b></p>	<p>Promote and support the continued work of the Grand Rapids Economic Development Authority.</p> <p>Collaborate with the Itasca EDC on regional economic development efforts.</p>	<p>Promote and support the continued work of the Grand Rapids Economic Development Authority.</p> <p>Collaborate with the Itasca EDC on regional economic development efforts.</p>	<p>Explore options for getting 4-lane access to Grand Rapids. Establish a coalition to advocate for transportation improvements to Grand Rapids.</p> <p>Recognize the City’s arts, recreation and entertainment assets as a critical component of meeting economic development and talent retention/attraction goals. Consider programs to encourage artistic and cultural entrepreneurs, reduce seasonality and extend the season for the visitor industry.</p> <p>Continue to prioritize high quality, high wage jobs in economic incentive programs. Consider opportunities for additional regulatory efficiencies to minimize barriers to business expansion</p>	<p><b>Primary:</b> Community Development</p> <p><b>Secondary:</b> Economic Development Authority (EDA)</p>