

2011
WORTHINGTON
ECONOMIC
DEVELOPMENT
STRATEGIC
PLAN

INTRODUCTION / BACKGROUND

The City of Worthington serves as the regional center for extreme Southwest Minnesota and Northwest Iowa. With a strong agricultural economy, skilled work force, and low unemployment rates (4.7% vs. State 6.6% & Federal 9.1% - May 2011), it is not difficult to understand why Worthington has grown over the last two decades. According to the most recent Census count (2010), Worthington has population of 12,764, which is a 13.1% increase from 2000. This growth is on top of the 13% growth Worthington experienced in the 1990's. Based on the Census data, Worthington is the fastest growing community in Southwest Minnesota over the last two decades.

While the population growth has been positive for the community, it has presented some challenges. Median household and per capita incomes continues to fall further behind the state and national levels (Exhibit A). As a result, Nobles County has the 13th highest poverty rate in the State of Minnesota as of 2008. Poverty is further apparent when it comes to housing. In 2007, 20.5% of Nobles County homeowners and 48.6% of Nobles County renters spent more than 30% of their annual income towards their housing costs. At the same time, rental housing options remain limited due to the 0% vacancy rate for rental property and the lack of construction of new units (costs vs. market rate rents). The collection of all of the challenges, including socioeconomic problems, has led to the creation of a negative image of Worthington.

These indicators, as well as the results of the community survey completed in 2009 as part of the City's long range planning session, led to the creation of the following strategic plan. Prepared by the Worthington Economic Development Ad Hoc Committee, the Plan had been developed to assist the City, County, Chamber, WREDC, and any other community organization in decision making as it relates to economic development.

The Plan outlines four broad challenges (job creation, housing, community image, and community amenities) for the community to achieve within several years. These challenges are broken down to goals and objectives the Committee believes are necessary to achieve the identified challenges. These goals/objectives constitute the work plan for the Worthington Community to implement over the same period of time.

The following are the individuals who have dedicated themselves to serve on the Committee and worked diligently to produce this Plan.

Diane Schettler
Chad Nixon
Dan Greve
Amanda Walljasper
Bill Wetering
Lynn Olson
Greg Raymo
Steve Johnson
Dawn Gordon, Minnesota West Community / Technical College
Wally Onnen, Chamber of Commerce
Gary Hoffman, Worthington Water & Light Commission

Vern Leistico, Nobles County Commissioner
Brad Shaffer, ISD #518 School Board Member
Brian Hagen, Worthington Regional Economic Development Commission
Mike Kuhle, City Alderman
Scott Nelson, City Alderman

Ex-officio

Glenn Thuringer, Executive Director, Worthington Regional Economic Development Commission
Darlene Macklin, Executive Director, Worthington Chamber of Commerce
Craig Clark, City Administrator, City of Worthington
Bradley Chapulis, Director of Community / Economic Development, City of Worthington

COMMUNITY VISION AND MISSION

At the commencement of the Committee meetings, the Committee believed that it was important to establish and instill a vision and mission statement that needs to be embraced throughout the community to successfully implement this plan. Below are the vision and mission statement adopted and endorsed by the Committee.

Vision Statement

“Worthington, working with its partners, will be the economic engine of Southwest Minnesota.”

Mission Statement

“To enhance the community image and amenities to attract and retain people/families through the creation of opportunities for quality jobs, strengthening existing businesses, and encouraging new ones by providing enhanced economic resources for success.”

CHALLENGES / STRATEGIC GOALS

- Challenge: Job Creation

Goal: Increase “wealth generating” opportunities within the community.

Objective: Finish the construction / build-out of the Biotechnology Advancement Center.

Responsible Parties: City and WREDC

Timeline: Completion 2011-2012

Objective: Develop ongoing relationships with secondary educational institutions to create a skilled workforce for existing and future bioscience businesses.

Responsible Parties: WREDC

Timeline: Ongoing

Objective: Creation of an Enterprise Fund to support project development and enhance job opportunities.

Responsible Parties: WREDC, Local Businesses, WPU, City

Timeline: Ongoing

Objective: Create a Task Force to identify the transportation related opportunities that exist due to the community's location, which is at the crossroads of Interstate 90, US Highway 59, and Minnesota Highway 60.

Responsible Parties: WREDC

Timeline: 2011-2012

Objective: Conduct an annual survey to a percentage of the business community to gauge the local economy and identify any short/long term concerns within the business community.

Responsible Parties: Chamber of Commerce

Timeline: Ongoing

Objective: Develop a coordinated response system for handling business expansion and relocation opportunities.

Responsible Parties: City, County, and WREDC

Timeline: October 2011

- Challenge: Housing

Goal: To provide housing opportunities for all current and future residents.

Objective: Promote the construction of new single family dwellings within existing subdivisions through the creation of the following tax abatement program: 5 year - 100% abatement from each of the responsible parties for 5 years for each single family home constructed with an assessed market value for tax purposes of \$200,000 (excludes lot value). Abatement may not be used in conjunction with any other program offered by the responsible parties for such development.

Responsible Parties: City, County, and ISD #518

Timeline: Implementation by January 2012

Objective: Encourage and pursue the construction of student housing on MN West campus.

Responsible Parties: City and MN West

Timeline: Review Annually

Objective: Continue to support multi-family development through the utilization of the existing tools available.

Responsible Parties: City of Worthington

Timeline: Ongoing

- Challenge: Quality of Life

Goal: To position Worthington as a liveable community with amenities that attract families and business development.

Objective: Explore the Minnesota Main Street program

Responsible Parties: City and Chamber

Timeline: July 2012

Objective: Support efforts for the improvements of Lake Okabena

Responsible Parties: City, local watershed districts, Lake Okabena Improvement Association

Timeline: Ongoing

- Challenge: Community Image

Goal: Improve the Community's image internally and externally

Objective: Create a marketing campaign to promote positive and accurate information to the public.

Responsible Parties: City, County, ISD #518, WREDC, & Chamber

Timeline: Ongoing

PERFORMANCE MEASURES

The success of this plan is contingent on each party holding the others accountable. Thus, it is necessary to implement a review process. The Committee recommends Council take the necessary steps to formally make the AD Hoc Committee a permanent committee. The Committee would be responsible for the following activities throughout the life span of this plan:

- ▶ Request periodic assessments from the appropriate parties.
- ▶ Review sem-annually progress reports on the various strategic issues.
- ▶ Discuss the overall progress of the Plan's goals and objectives twice a year.
- ▶ Recommend amendments to the Plan, when necessary.

EXHIBIT A

City of Worthington
Economic Development
Ad-Hoc Committee

4/22/2010

Purpose of the Ad-Hoc Committee

- In December 2009, Council, through a similar planning process, identified the “promotion of quality job growth and tax base through economic development” as a strategic goal.
- One of the action steps outlined under this goal was to create a “blueprint” (plan) outlining the opportunities and efforts the City will need to support in its on-going pursuit of economic growth and prosperity.

Ad-Hoc Committee

- Council has appointed members with business interests in the community to assist with the creation of the “blueprint”.
- Anticipated Timeline
 - Review Economic Data (Today)
 - Identify Economic Strengths, Weaknesses, & Opportunities (May)
 - Establish Vision and Goals (June)
 - Develop Action Steps (July / August)
 - Finalize Plan (August / September)
 - Present Plan to Council (October)

What is Economic Development?

The International Economic Development Council defines economic development as a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs that facilitate growth and provide a stable tax base.

Worthington Economic Development (1999 - Present)

Business Retention / Recruitment

- TIF, Abatement, Revolving Loan Funds, Minnesota Investment Funds, Land Forgiveness, etc...

Housing

- TIF and Abatement

Redevelopment

- TIF and Abatement

Agricultural Biosciences

- Abatement, Land forgiveness, State and Local funds

Agricultural Bioscience Efforts

- Key Components:
 - Business Development / Expansion / Recruitment / Marketing
 - Reuse of Prairie Expo
 - Bioscience Industrial Park
 - Testing & Training Center
 - Annual Bioscience Conference
 - Educational partnerships
 - Youth Science Clubs

Economic Data

When looking to establish short term or long range economic goals, it is important to have an understanding of the historic economic trends of the community and the region / comparable communities. Today, the Committee will be reviewing the following data:

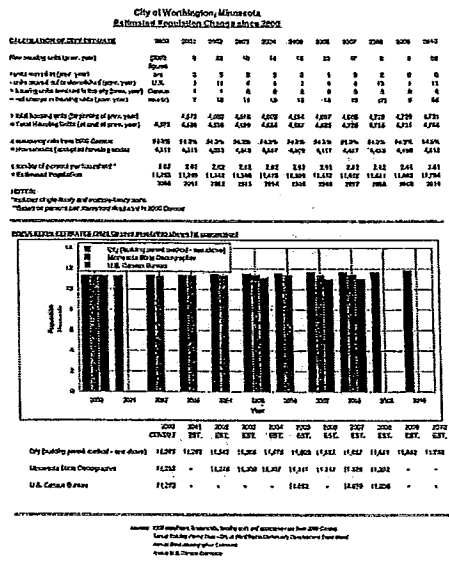
- Population Growth
- Income
- Unemployment
- Housing
- Other interesting tidbits

1990 -2000 Population Growth Rates

Worthington	13.1%
Willmar	5%
Marshall	6%
Fairmont	-3%
Albert Lea	0%
New Ulm	4%
Redwood Falls	12.3%
Pipestone	- 6.7%
Jackson	- 6.3%
Luverne	5%

2000-2008 Population Growth Rate Estimates

Worthington	1.0%
Willmar	4.0%
Marshall	3.0%
Fairmont	-2.1%
Albert Lea	1.0%
New Ulm	0.8%
Redwood Falls	-3.9%
Pipestone	-0.7%
Jackson	-2.2%
Luverne	-1.0%



2010 Population Estimate

Staff estimates the population of Worthington on January 1, 2010, is 11,796, which would be a 4.55% growth rate between 2000-2010.

Conservative estimate due to the following factors:

1. Occupancy rate of all dwellings is greater than the 94.3% calculated in 2000.
2. Persons per household calculated in 2000 is disputable.

2000 Median Household Income

United States	\$ 41,994
Minnesota	\$ 47,111
Worthington	\$ 36,250
Albert Lea	\$ 32,841
Fairmont	\$ 33,709
Marshall	\$ 37,950
Willmar	\$ 33,455

77% of State Median Household Income

68.2% of Worthington Households made less than \$50k/year

48.2% of Worthington Households made less than \$35k/year

County Median Household Income Estimates

	2000	2008
United States	\$ 41,994	\$ 52,029
Minnesota	\$ 47,111	\$ 57,318
Nobles Co.	\$ 35,684	\$ 45,499
Freeborn Co.	\$ 36,964	\$ 46,595
Martin Co.	\$ 34,810	\$ 44,101
Lyon Co.	\$ 38,996	\$ 45,984
Kandiyohi Co.	\$ 39,772	\$ 50,632

Small Area Income & Poverty Estimates – US Census
Bureau

Per Capita Incomes

	2000	2008
United States	\$ 21,587	\$ 27,466
Minnesota	\$ 23,198	\$ 30,090
Nobles Co.	\$ 16,987	\$ 21,648
Freeborn Co.	\$ 18,325	\$ 23,808
Martin Co.	\$ 18,529	\$ 25,986
Lyon Co.	\$ 18,013	\$ 23,961
Kandiyohi Co.	\$ 19,627	\$ 26,631
Worthington	\$ 18,078	

2008 Small Area Income and Poverty Estimates

Poverty Rate

United States	13.2%
Minnesota	9.6%
Nobles Co.	13.4%*

*13th Highest poverty rate in the State of Minnesota

2000 Nobles County Poverty Rate - 9.1%

Unemployment

March 2010 Unemployment Rates

United States – 10.2%

Minnesota – 8.2%

MN Counties

Nobles County – 5.6%
Rock County – 6.3%
Pipestone County – 7.2%
Murray County – 7.9%
Cottonwood County – 6.2%
Jackson County - 5.3%

MN Cities

Worthington – 5.4%
Fairmont – 8.1%
New Ulm – 7.8%
Marshall – 4.0%
Willmar – 7.5%
Albert Lea – 9.5%

Worthington / Nobles Co. Housing Statistics

2000 Median House Value – \$ 69,900 (State - \$122,000)

2008 Median House Value - \$ 76,700 (State - \$212,100)

67% of the housing units are single family detached homes

82.5% of the housing units were constructed prior to 1980

In 2007, 20.5% of Nobles County homeowners were spending more than 30% of their annual income towards their housing costs. In 2000, that number was 14%.

Worthington / Nobles Co. Housing Statistics

2004 Rental Housing Vacancy Rate – 2.3%

2009 Rental Housing Vacancy Rate – 0%

2008 Nobles Co. Median Rent - \$534 / month

In 2007, 48.6% of Nobles County renters were spending more than 30% of their annual income towards their housing costs. In 2000, that number was 27%.

Building / Construction Activities

- Since 2000, Worthington has averaged:
 - \$14,645,418 of new construction annually
 - \$ 6,423,569 was commercial/industrial activity
 - 8 new single family homes constructed annually
 - 15 new multi-family units annually

Total Assessed Valuations

CITY OF WORTHINGTON, MINNESOTA					
ASSESSED VALUE AND VALUE OF TAXABLE PROPERTY					
Fiscal Year	Agricultural Property	Residential Property	Commercial Property	Industrial Property	Total Assessed Valuation
2000	\$2,399,700	\$ 233,841,800	\$ 62,542,300	\$ 24,888,800	\$ 323,480,100
2001	\$ 2,522,800	\$ 240,386,800	\$ 64,858,500	\$ 24,467,500	\$ 332,235,600
2002	\$ 2,319,400	\$ 260,356,700	\$ 67,160,900	\$ 24,226,000	\$ 354,063,000
2003	\$ 2,484,400	\$ 258,705,000	\$ 67,829,700	\$ 25,341,800	\$ 354,360,900
2004	\$ 2,888,500	\$ 271,315,400	\$ 71,820,000	\$ 25,543,200	\$ 371,547,100
2005	\$ 3,023,400	\$ 298,822,400	\$ 77,081,700	\$ 29,781,300	\$ 408,688,800
2006	\$ 2,747,000	\$ 307,598,800	\$ 88,097,700	\$ 26,053,300	\$ 424,496,800
2007	\$ 3,502,800	\$ 335,554,500	\$ 88,746,100	\$ 24,438,200	\$ 463,241,400
2008	\$ 3,878,800	\$ 364,699,800	\$ 97,219,200	\$ 26,657,100	\$ 491,054,900
2009	\$ 3,049,400	\$ 383,623,800	\$ 91,887,600	\$ 28,831,400	\$ 485,392,200

Source: Department of Assessor, Nobles County

Other Interesting Tidbits

2000 Worthington Ethnic Race breakdown

- White 76.8%
- Hispanic 19.3%

2008 Nobles County Median age is 38.6 (2000 – 37.5)

In 2009, Prairie Elementary student population is 65% diverse.

Approximately \$250k is wire transferred out of the community through First State Bank Southwest monthly

HOMEWORK

Identify 5 economic strengths, weaknesses, and opportunities in Worthington

- Strengths – Blue Paper
- Weaknesses – Brown Paper
- Opportunities – Pink Paper

MN Dept. of Revenue

2008 Sales and Use Tax Statistics

Gross Sales

Worthington - \$472,517,943

Marshall - \$1,104,265,036

Willmar - \$1,422,450,777

2008 Population Estimates and Per Capita Income

<u>County</u>	<u>Pop. Est.</u>	<u>Per Capita Inc.</u>
Nobles	20,558	\$21,648
Lyon	25,074	\$23,691
Kandiyohi	41,123	\$26,631

ECONOMIC STRENGTHS

- Land available for expansion (4)
- School System / Community College (good 2 year school adaptable to changing training needs) (7)
- Low cost of housing
- Fairly strong financial condition (Hospital Funds) (3)
- Good Transportation / Location (8)
- Lake Okabena / Recreational Facilities & Programs (YMCA, golf, parks, etc...) (6)
- Cultural Diversity
- Meat Packing Plant (2)
- Diverse Labor Pool
- Renewable Energy
- Bio-Science Companies (3)
- Hospital / Healthcare (5)
- Retail Growth
- Airport
- Determined City / Community Leadership (2)
- Strong Agricultural Economy / Community
- Vibrant Downtown
- Diverse Industries (2)
- Existing businesses willingness to expand & grow in Wgtn.
- Banks (systems & types)
- Chamber of Commerce

ECONOMIC WEAKNESSES

- Proximity to Sioux Falls, South Dakota & Iowa (2)
- Lower wage industries (Median Income) / labor pool (4)
- Lack of restaurants / retail shopping (4)
- Language barrier / illegal immigrants (3)
- School performance / test scores (2)
- Perceived Obstructive Development Process
- Lack of unified / cooperative effort in economic development (3)
- State / Condition of Northland Mall (2)
- Lack of Housing / affordable housing (6)
- Community Perception (5)
- Money flow out of town / Financial Drain to support Diversity (2)
- Lack of large meeting center / event center (4)
- Distance from Minneapolis
- Lack of amenities (outdoor pool, etc...) (2)
- Workforce Training
- No new manufacturing / industries
- Perception that diversity can bring down quality of education available
- Lack of highly educated workforce
- Downtown area (stores that have left in last 7 years)

ECONOMIC OPPORTUNITIES

- Attract retail / outlet mall (2)
- Development of Business along new Highway 60
- Expand retirement community
- Promote / expand medical offerings (2)
- Hospital seed money
- Revitalize Downtown / downtown development (3)
- Further development of bio-science industry (4)
- Preservation and development of Lake Okabena & amenities (3)
- Revitalization or new utilization of Northland Mall
- Grow/expand wind energy & biofuels industries (2)
- Develop transportation industries
- Develop affordable housing
- Expand MnWest
- Collaboration with various entities (WREDC, County, MnWest, & ISD 518) on economic development (4)
- Continue to improve and support community appearance & amenities (2)
- Expand Entertainment base, including restuarants (2)
- Building of multi / convention center (3)
- Backing of sound, good public amenities
- Embrace diversity and assist residents to bring rest of families to Wgtn. legally
- Improve community pride / strong marketing plan (2)
- Industrial park opportunities
- Ability for existing business expansion (spin-off opportunities) & grow "wealth generating" opportunities (4)