

Chapter 6: Economic Regional Center

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Photo credit: GBAJPB



Photo credit: True North Bemidji

VISION

The Greater Bemidji Area will focus on creating economic prosperity, enrich the creative economy, and support local business as the core of a diversified economy providing well-paying jobs, quality shopping, and entertainment opportunities.

Introduction

Economic development is determined by the community's ability and capacity to act and innovate to respond effectively to changing circumstances. The end product of economic development is an improved quality of life for residents. This section will examine two aspects vital to economic development in the Greater Bemidji Area: its workforce and business climate. The Greater Bemidji Area actively works to promote the development of the region. The City of Bemidji has a large, established industrial park with available space. The Greater Bemidji Area puts significant effort into supporting retail and commercial businesses through its focus on tourism, and it is well-positioned for future growth. The community has a diverse economic base and a strong workforce.

Economic Development

Workforce

Job growth often stems from businesses already located within the community. Blane, Canada Ltd. research

indicates that “an urban/suburban community will average 76% of their growth from existing employers. A rural community is even more dependent on internal growth” (Canada, 2012). The Greater Bemidji Area's four leading industries include educational services, health care and social assistance, retail trade, and manufacturing. **Table 7** identifies the leading industries employing the Greater Bemidji Area's workforce and compares them to the county (see page 4).



Photo credit: Kraus Anderson

Employment and Occupation

Employment statistics provide a picture of the economic health and wellbeing of a community. These numbers are based on an employed population that is 16 years of age and older. The leading industries for the Greater Bemidji Area include:

- Educational services, health care, and social assistance – 33.64%
- Retail Trade – 13.74%
- Arts, entertainment, recreation, accommodation, and food – 12.06%

Approximately 34% of Greater Bemidji Area's population is employed in the educational services, health care, and social assistance category, likely due to the presence of:

- The Sanford Hospital as a regional health care destination,
- Clinics, nursing homes and assisted living facilities,
- Independent School District 31, and
- Three college campuses.



Photo credit: GBAJPB

The Greater Bemidji Area and surrounding region is a big draw for year-round tourism and recreation. This provides a boost for slightly higher employment numbers in the retail, entertainment, recreation, accommodation, and food industries.

Table 7: Industry Category for Employment and Occupation, 2015

Industry Category	Greater Bemidji Area	Beltrami County	Minnesota	United States
	Percent	Percent	Percent	Percent
Agriculture, Forestry, Fishing, Mining	1.27%	2.56%	2.32%	1.96%
Construction	5.83%	7.26%	5.54%	6.19%
Manufacturing	6.99%	7.62%	13.54%	10.41%
Wholesale Trade	1.82%	1.87%	2.88%	2.72%
Retail Trade	13.74%	12.87%	11.26%	11.55%
Transportation, Warehousing, and Utilities	3.90%	4.40%	4.58%	4.96%
Information	1.93%	1.58%	1.84%	2.12%
Finance, Insurance, Real Estate, Rental/Leasing	2.70%	3.30%	7.17%	6.57%
Professional, Scientific, Management, Administration, and Waste Services	5.70%	5.07%	9.77%	11.03%
Educational Services, Health Care, Social Assistance	33.64%	31.84%	24.79%	23.15%
Arts, Entertainment, Recreation, Accommodation, and Food	12.06%	11.46%	8.41%	9.60%
Other Services, Except Public Administration	4.74%	4.57%	4.53%	4.94%
Public Administration	5.68%	5.59%	3.36%	4.80%

Source: US Census Bureau, ACS, 2011-2015

The Greater Bemidji Area has significantly less jobs in the manufacturing industry as compared to Minnesota and United States. To continue the growth of the community it will be important to find ways to increase jobs in this industry category.

Industry Location Quotient Analysis

Location quotient analysis is a ratio that can compare the economy of a local area to that of a regional area. It is a way to quantify industry clusters and analyze the economic uniqueness of an area. Industries that have a high-location quotient are typically export orientated industries or industries that are bringing monies into the community and not just circulating within the community (see **Table 8**).

$$\text{Location Quotient} = \frac{(\% \text{ of Local Employment in Industry})}{(\% \text{ of Compared Employment in Industry})}$$

The accepted economic theory is that a location quotient that is greater than 1.0 would indicate that the local area is producing more of a good or service than is essentially needed. A location quotient greater than 1.25 is required to begin classifying an industry as a true exporter. Identifying these high-location quotients can help analyze a community's competitive advantages. A location quotient that is significantly less than 1.0 can also help identify economic areas that need to be developed in order to meet the current demand (see **Table 8**). **Table 8** represents the location quotient analysis comparing the Greater Bemidji Area to the country, state, and county industry category.

Table 8: Location Quotient

Industry Category	LQ - USA	LQ- State	LQ-County
Agriculture, Forestry, Fishing, Mining	0.6	0.5	0.5
Construction	0.9	1.1	0.8
Manufacturing	0.7	0.5	0.9
Wholesale Trade	0.7	0.6	1.0
Retail Trade	1.2	1.2	1.1
Transportation, Warehousing, and Utilities	0.8	0.9	0.9
Information	0.9	1.1	1.2
Finance, Insurance, Real Estate, Rental/Leasing	0.4	0.4	0.8
Professional, Scientific, Management, Administration, and Waste Services	0.5	0.6	1.1
Educational Services, Health Care, Social Assistance	1.5	1.4	1.1
Arts, Entertainment, Recreation, Accommodation, and Food	1.3	1.4	1.1
Other Services, Except Public Administration	1.0	1.0	1.0
Public Administration	1.2	1.7	1.0

Source: US Census Bureau, ACS, 2011-2015

Top Three Industries

1. Educational Services, Health Care, Social Assistance

With three different college campuses, a large school district, and a regional hospital all in the Greater Bemidji Area, it is no question that a higher percentage of employed people are in this industry.

2. Retail Trade

The retail trade industry is your general shopping industry, including groceries, clothing, books, electronics, etc. A high-location quotient in this industry solidifies the Greater Bemidji Area as being a regional center. Surrounding populations come for miles to purchase goods from the Greater Bemidji Area retail stores.

3. Arts, Entertainment, Recreation, Accommodation, and Food

The arts, entertainment, recreation, accommodation, and food industry is better described as the Greater Bemidji Area service industry. This includes restaurants, lounges, hotels, arts, and recreation. These services thrive off the continuously expanding tourism industry.

Continue Building the Framework

• Supporting Business

Supporting business growth by promoting the expansion of existing business as well as keeping an attractive environment for new business is the surest way to continued economic growth. Specifically, targeting existing and new key economic growth areas allows support strategies to work to their greatest potential.

• Supporting Workers

The continuous investment in creating a diverse workforce, including skills and education, is important for growth as well as new business startups.

• Support Quality of Life

Continuous support of area business and employees directly improves the quality of life throughout the region. Providing opportunities for businesses to thrive, ample recreation opportunities, diverse modes of transportation, and promoting aesthetically pleasing green infrastructure improvements all can improve the quality of life.

- **Smart Growth Economic Development**

By supporting business, workers, and an increased quality of life, a region will continue to grow economically. Increased business will increase more opportunity; increased opportunity will increase the available workforce. Increased quality of life will provide further incentive for businesses and workers to choose the Greater Bemidji Area.



Source: Framework for Creating A Smart Growth Economic Development Strategy: A Tool for Small Cities and Towns

Economic Development Programs and Organizations

When businesses, workers, and an increased quality of life all improve the Greater Bemidji Area, it will continue to grow economically with support of the Greater Bemidji, Inc. Greater Bemidji, Inc. (<https://greaterbemidji.com>) is comprised of investors from the Bemidji Chamber of Commerce, Bemidji Development Corporation, City of Bemidji, Beltrami County, Sanford Health, education institutions, and private enterprises.

Greater Bemidji, Inc. has four key areas of focus: (1) growing, attracting, and retaining talent; (2) supporting entrepreneurs; (3) promoting the region as a great place to live, work, and grow a business; and (4) improving the region's business climate. The following initiatives are examples of the “outside-the-box” work the Greater Bemidji is willing to do to support new and expanding businesses in the region:

- 1-2-3 Start-Up- A guide to starting or expanding a business here, along with a commitment to work with you to navigate the system;
- Minnesota Innovation Institute- Greater Bemidji's own training center focused on meeting the talent

needs of the region's current and future employers;
and

- LaunchPad- Greater Bemidji's work to make the region the #1 start-up community in the Upper Midwest.

Education Attainment

Table 9 provides education attainment information for individuals 25 years or older. The Greater Bemidji Area has a comparatively “less than high school graduates” population than Beltrami County, and is comparable to state of Minnesota numbers. The Greater Bemidji Area has approximately 6% lower “high school graduate or equivalent” than the county, state, and country. The Greater Bemidji Area, State of Minnesota, and Beltrami County have similar percentages with “some college or associate degree” ranging from 31.3% to 32.4%, all above average compared to the United States. The Greater Bemidji Area includes 30.8% of residents with a “bachelor's degree and higher” well above Beltrami County at 23.5%, and moderately above the state average of 27.4%. The most concerning number of this analysis is the lower

amount of “high school graduate or equivalent” residents. It is imperative that this plan have goals to ensure opportunity for the youth of the Greater Bemidji Area to promote growth of a healthy community.



Photo credit: Class Report

Table 9: Educational Attainment for Persons 25 Years of Age and Older, 2010

Category	Greater Bemidji Area		Beltrami County		Minnesota		United States	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than high school graduate	1,145	12.9%	3,765	16.6%	381,345	12.1%	35,715,625	19.60%
High school graduate or equivalent	2,131	23.9%	6,512	28.6%	912,672	28.8%	52,168,981	28.63%
Some college or associate degree	2,887	32.4%	7,125	31.3%	1,002,246	31.7%	49,864,428	27.37%
Bachelor's degree or higher	2,739	30.8%	5,346	23.5%	868,082	27.4%	44,462,605	24.40%

Source: US Census, Decennial Census 2010

Tourism

The Greater Bemidji Area has a strong foundation for tourism, but always has room to grow. There is a wide variety of attractions that bring people from across the country to visit the Great Bemidji Area. The City of Bemidji is the first city on the Mississippi River, and is home to Paul Bunyan and Babe the Blue Ox. There are also 400 fishing lakes within a 25-mile radius of the City of Bemidji.

Economic Regional Center Strengths

- Several established local businesses.
- Sufficient services and goods to support workforce (healthcare, shopping).
- High quality of life attracts workforce (recreation, amenities, events).
- Community attracts and accommodates tourism trade.
- Diverse business base (industry, commercial, retail, tourism).
- Many state, county, and federal government agencies are in the Greater Bemidji Area, creating many jobs.
- Strong Arts, Culture, and Entertainment linked to downtown through winter and summer events.
- A continuously developing entrepreneur culture.
- Bemidji Regional Airport has the fourth most enplanements out of all Minnesota airports.
- Bemidji State University and Northwest Technical College are aligning current programs with current workforce needs.

Economic Regional Center Challenges

- A skills gap exists in the current available workforce.
- Increasing need for workforce housing
- A majority of new development projects are producing jobs with low wages.

Economic Regional Center Objectives and Strategies

Objective 6.1: Enhance and Maintain a Strong, Diversified, and Sustainable Local Economy

Encourage diversity within Downtown Bemidji to continue to enhance “mixed-use” opportunities and provide character and uniqueness. Expand Downtown with community input to ensure needs for commercial and residential space are adequately distributed throughout new development.

1. **Support the quality of life as a regional competitive advantage.** Outdoor recreation, arts and culture, and entertainment need to be supported to keep our economy and workforce

growing. Maintain the story as a place that has opportunity for all.

2. Encourage a diverse workforce through promoting internship and education programs.

An educated workforce is a boost for any economy. The Greater Bemidji Area will continue to promote and encourage programs that can enhance the existing workforce or increase the workforce.

3. Promote our lake-oriented culture through year-round events.

Community events in the Greater Bemidji Area provide a great boost for the local economy, supporting new events and preserving existing events is important to many businesses. Preserving and maintaining access to area lakes and rivers is important for maintaining a healthy tourism attraction and the existing quality of life.

4. Support arts, culture, and active living initiatives that can bring an economic boost to the area.

The Greater Bemidji Area prides itself on being a pedestrian-friendly community, with a strong appreciation for public art and a history of embracing its culture. The Greater Bemidji Area will continue to support initiatives that enhance opportunities for these important activities.



Photo credit: GBAJPB

Objective 6.2: Promote and Maintain the Status of an Economic Regional Center

The Greater Bemidji Area has become an economic regional center for northern Minnesota. The community will continue to provide the amenities for shopping, recreation, and entertainment that keep jobs and people coming to the area.

- 1. Promote the expansion of diverse industries in the region.** The Greater Bemidji Area will allow for a variety of land use types for commercial and industrial uses, ensuring a diverse and stable economy.
- 2. Grow the existing skilled labor industry, including healthcare and technology, and encourage new industries to locate in the Greater Bemidji Area.**
The growth of the community requires that the opportunity for the expansion of skilled labor industries is always available, including sufficient land as well as an available workforce.
- 3. Promote coordination among development organizations and existing businesses to continue economic growth.** The business community will continue to work together to

expand and improve economic opportunity for the Greater Bemidji Area. The Mayflower building LaunchPAD has become an asset for expanding economic opportunities for current and new local entrepreneurs and continuing to support the success of this organization is important for the future.

- 4. Establish an awareness of natural hazards that could impact economic growth.** The Greater Bemidji Area understands that natural hazards, including wildfire could impact the potential for economic growth in the area and will make proper land use decisions to ensure a diverse resilient economy.