

Planning Our Future

Making our region a better place to live and work.

THE Chamber

GRAND FORKS • EAST GRAND FORKS

202 North 3rd Street
Grand Forks, ND 58203

P.O. Box 916
East Grand Forks, MN 56721

p: 701-772-7271
f: 701-772-9238

www.gochamber.org

June 24, 2006

To the Citizens of Grand Forks, East Grand Forks, and our Region:

A few years ago, the Business-Government-Education Alliance Committee (BGEA) of our Chamber of Commerce in Grand Forks and East Grand Forks began the process of assessing and evaluating our community and region.

It has been said that successful communities have become so because of well defined priorities and strengths. If our region is to embark upon the journey of becoming one of "America's Best Communities" then it is imperative that we know where we are, where we want to be and to have a plan on how to achieve what we want.

Our goal was to compile a comprehensive list of what we are calling: Strengths, Challenges, Opportunities, and Issues, that could be used to create community awareness, dialogue and action. Quite honestly, we wanted a public report card that could be used to help measure how our region can become a better place to live, work and raise a family.

Now, after an extensive effort of candid discussion and dialogue, our committee presents this summary of their findings. We hope this document will be a benchmark by which we can assess progress and targeted priorities.

While our list is not all inclusive, it does tend to highlight those areas and issues that help make our region shine and identifies a few that we believe require additional attention. Our sincere hope is this document will be accepted by our community and region.

We invite you to review and share your comments about what is written here. In this document you will find both email addresses and mailing addresses to share your thoughts with our committee. We hope this document will be a catalyst that will create plenty of community dialogue and action. While there were many who helped create the report, we hope that it will be accepted and adopted by our region as a means to move forward.

Please join with us as we work together to make our region one of the best places in our country for doing business, raising a family and enjoying a quality of life second to none.

Sincerely,

Randy J. Newman

Randy Newman, Chair
BGEA 1993-2005
Alerus Financial

Judith N. Paukert

Judith N. Paukert, Chair
BGEA 2006
Xcel Energy



Randy Newman



Judith N. Paukert



Grand Forks - East Grand Forks SWOT Analysis

Prepared by Business Government Education Alliance A Committee of The Chamber

The Grand Forks-East Grand Forks SWOT Analysis began as a community assessment conducted by The Chamber's Business Government and Education Alliance (BGEA). The committee made a comprehensive list of our region's outstanding characteristics and its most pressing needs. The results of this analysis are in this report.

Many groups, public and private, formal and informal, are partners in the process of making our region a better place to live and work. The BGEA offers this report as a planning tool, a starting point for the dialogue that will chart the course for our future.

Regional Strengths

- Education (K-12, Higher Education, Regional Access)
- Potential for research and commercialization at UND
- Proximity to Canada
- Quality of Life, including personal safety
- Educated workforce
- Cultural and recreational opportunities and facilities
- Nationally recognized health care system

Regional Challenges

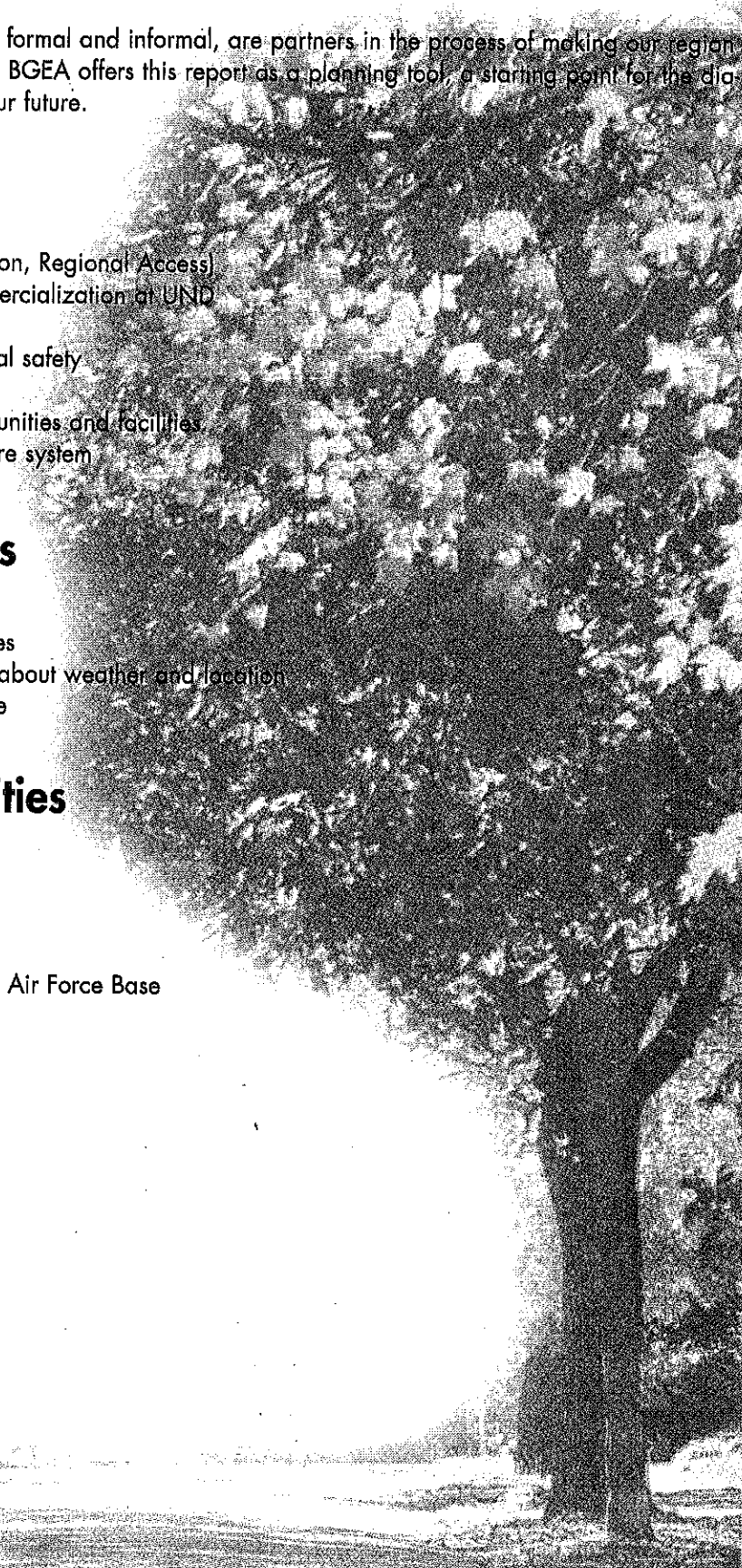
- Increase economic diversity
- Improve employment opportunities
- Overcome negative perceptions about weather and location
- Create an entrepreneurial climate

Regional Opportunities

- Intergenerational wealth transfer
- Skilled workforce
- The border
- Agriculture
- New mission for the Grand Forks Air Force Base

Regional Issues

- Population trends
- Risk and investment
- Agriculture
- Water Management
- Airline Service



Regional Strengths

Education

Schools in Grand Forks and East Grand Forks are among the best in the nation, offering easy access to numerous post-secondary educational opportunities.

Elementary and Secondary

Seventy-two percent of Grand Forks School District faculty holds a master's degree or better.

Grand Forks School District exceed the state and national averages on graduation rates, ACT scores, SAT scores and the CTBS Achievement scores.

High school graduation rates in both North Dakota and Minnesota are among the top five in the country. In East Grand Forks, the graduation rate is 94%.

North Dakota and Minnesota are the top two states in the percentage of high school graduates going on to college.

More than 90% of local students in kindergarten through fifth-grade read at or above grade level (using International metric).

Of 10th-graders tested, 85% of local students ranked in the top two quartiles nationally, in English, math, reading and science.

Phoenix Elementary and the school system have received national awards.

Northland Community and Technical College

East Grand Forks is home of Northland Community and Technical College, a comprehensive community and technical college offering certificates, diplomas, transfer courses, Associate in Arts, Associate in Science, and Associate in Applied Science degrees in more than 60 areas of study.

For the academic year ending June 30, 2004 the EGF campus of NCTC boasted a related graduate placement rate of 97.2%.

With 23 health programs, NCTC is a regional leader in health care and allied health education.

UND

The University of North Dakota provides opportunities for economic growth through commercialization of university research.

UND research awards have increased 84% in the past three years to a record high of \$83 million in fiscal year 2004.

Expenditures have increased 77% for the same

period to a record high of \$82.6 million.

At the end of fiscal year 2004, UND's research portfolio included \$300 million in active grant and contract accounts.

Seventy-one percent of awards and expenditures stem from federal sources, with most of the remaining coming from industry and institutional funding.

UND has increased its ranking from fifth to third of the 10 research universities in our five-state region.

UND's three highest funded research areas are energy and environment, life and medical sciences and aerospace.

In fiscal year 2004, UND research funds brought more than \$123 million into Grand Forks County, provided 1,261 jobs and paid more than \$2 million in local and state taxes.

UND is one of only 40 universities with both a medical school and a law school.

UND's School of Medicine and Health Sciences is perennially recognized in *US News and World Report* as having one of the top two or three programs in Rural Medicine of all 125 medical schools in the USA.

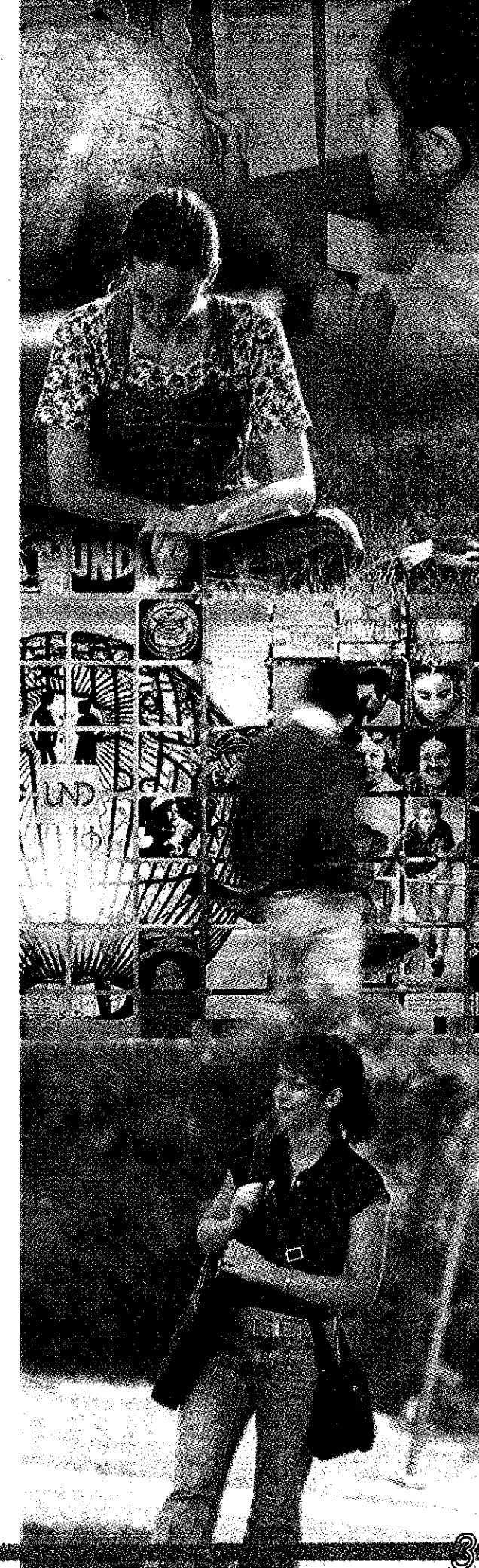
UND is one of only eight medical schools in the country to be selected by the Carnegie Foundation for the Advancement of Teaching for a study concerning the status of medical education and the best, most innovative practices in preparing the next generation of physicians.

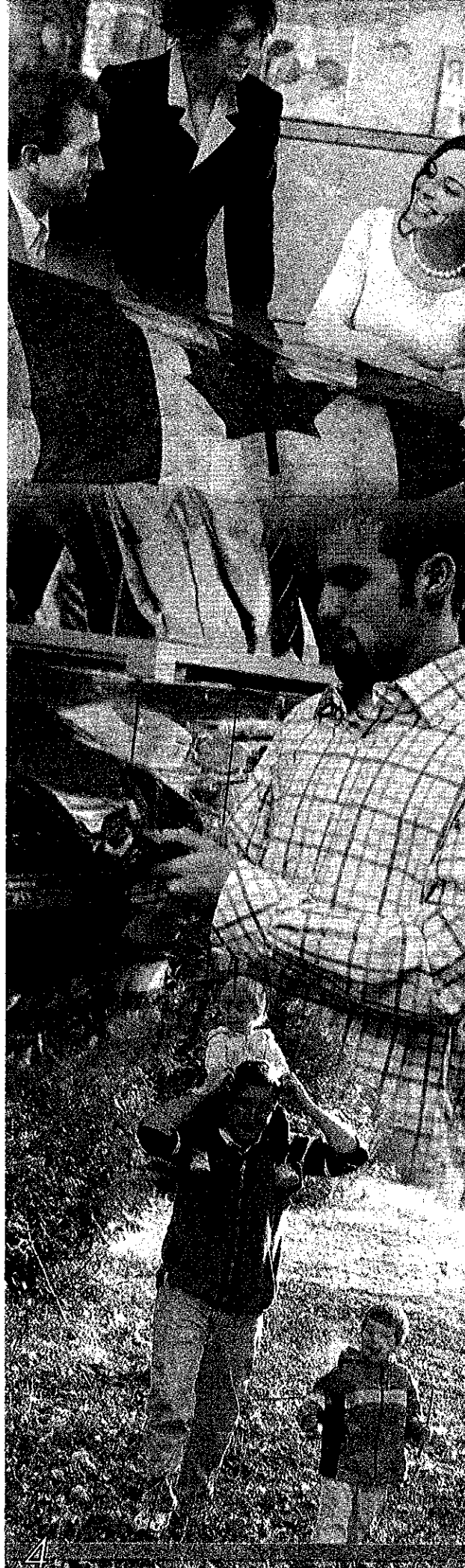
The College of Nursing has been approved to build the first federally funded public nursing research dedicated building in the country.

UND has the single most technologically complete Aerospace Science College in the U.S. and includes a glass cockpit aircraft, visual flight simulators, level 6 CRJ flight training device, aero-laptop program and digital ATC tower simulators.

UND offers more than 26 American Indian programs, including law, business, nursing and medicine.

UND's Division of Continuing Education and its offerings at a distance is one of the most comprehensive and effective units in a several-state region, providing business and industry with workforce development activities and non-traditional learning offerings.





Regional Strengths

Quality of Life

Grand Forks and East Grand Forks have an enviable quality of life. These are safe and peaceful communities.

Consider these statistics from North Dakota Attorney General Wayne Stenehjem (November 2004):

- North Dakota 2003 crime index offenses decreased 14.6% from 2002.
- Violent crimes were only 3.8% of the total index offenses reported.
- North Dakota has been rated the safest of all states for six years in a row.
- Grand Forks ranked 20th of 320 metropolitan areas rated in 2004.
- Minnesota is the 10th safest state with only 27 violent crimes reported per 10,000 people, half of the U.S. average.

Location

Proximity to Canada affords easy access to the amenities of Winnipeg and the opportunities of Canadian markets.

There are 800,000 Canadians within a two-hour drive of Grand Forks. They provide a large potential retail and tourism market.

Winnipeg, Manitoba is less than three hours away, and that city's diversified economy provides a range of opportunities.

Winnipeg is the third largest Aerospace center in Canada.

Winnipeg is home to Canada's composite technology research center.

Winnipeg hosts Canada's only Level 4 lab and currently has a close working relationship with the U.S. Centers for Disease Control in Atlanta. This presents an opportunity for UND to develop complimentary Life Sciences capability.

More than 80% of Winnipeg manufacturers sell the majority of their product in the U.S. and Grand Forks is a potential gateway for these companies.

UND has a formal cooperative agreement with the University of Manitoba and dozens of areas for cooperation have been identified.

Educated Workforce

Businesses in our community have access to a quality, educated workforce.

Two thirds of the available regional labor force has some training or education beyond high school. Forty percent of the available regional labor force has college degrees.

Three fourths of the available regional labor force has experience using personal computers, with the average experience being 7.3 years.

Cultural and Recreational Facilities

Our region has first-rate facilities and numerous opportunities for recreation, art and cultural activities.

The Greenway along the river banks in Grand Forks and East Grand Forks encompasses 2,200 contiguous acres of open, green space in the heart of Grand Forks and East Grand Forks with more than 20 miles of multi-purpose trails.

The Red River, which divides the cities of Grand Forks and East Grand Forks, is known as an excellent fishery for channel catfish. It is also home to more than 50 other species of fish including northern pike, sauger, walleye and small mouth bass. Grand Forks and East Grand Forks offer 14 outdoor parks, an indoor recreational center, 28 outdoor tennis courts, indoor racquetball and tennis courts, 11 outdoor skating rinks with warming houses, and several indoor ice arenas.

Our community has a rich culture with more than two dozen organized non-profit arts groups, a world-class museum, and other galleries; as well as studios for music and dance and theaters for dramatic performance.

The Alerus Center in Grand Forks is the largest convention, sports and entertainment facility of its kind in the upper Midwest with seating for up to 22,000 people, 145,000-square-foot exhibition area, a dozen conference rooms and a 26,000-square-foot ballroom.

The 400,000-square-foot world premier college hockey facility, Ralph Engelstad Arena (REA), seats up to 13,000, hosting hockey, family shows, ice events, concerts and basketball.

In 2004, the REA opened a 50,000 square foot expansion with a 3,300 seating capacity

that is home to the UND men's and women's basketball teams, along with UND women's volleyball.

UND's Chester Fritz Auditorium seats up to 2,400 people and is used for a variety of events including graduations, symphony concerts, lectures, workshops, Broadway shows and concerts by major stars.

The Empire Arts Center is a versatile 416-seat theater with adjacent gallery, available for public and private events, and is used for high-end theater productions, as well as video and lecture presentations.

In addition to the Greenway, the Grand Forks and East Grand Forks Park Districts operate over 50 park sites. Our park and school complexes are perhaps more evenly distributed than in any other city in America. The presence of parks in all of our neighborhoods allows some of the most accessible youth arts and crafts as well as youth sports programming of any city in America. There are 20 soccer fields, the most per capita of any city in the region. The 16-diamond softball complex is one of the largest in the region. The city's seven indoor ice rinks also rank the city among the highest per capita in the nation. In addition to these organized activities, the Park District provides disc golf course, groomed cross country ski trails and bicycle trails. There's also an authentic Japanese garden as well as other spots for tranquil recreation. For golfers, there's Kings Walk Golf Course, designed by Arnold Palmer.

The Red River Valley State Recreational Area and Campground provides riverside camping, with direct access to downtown, bike and walking paths; and other parks such as the award-winning Sherlock Forrest Playground.

Health Care

Altru Health System

- Nationally recognized for clinical and service excellence
- Nationally recognized for patient safety
- Ranked among the top 100 integrated care networks
- Employs 3,600 persons
- Annual payroll of \$152 million
- Referral hospital for 11 federally designated

critical access hospitals

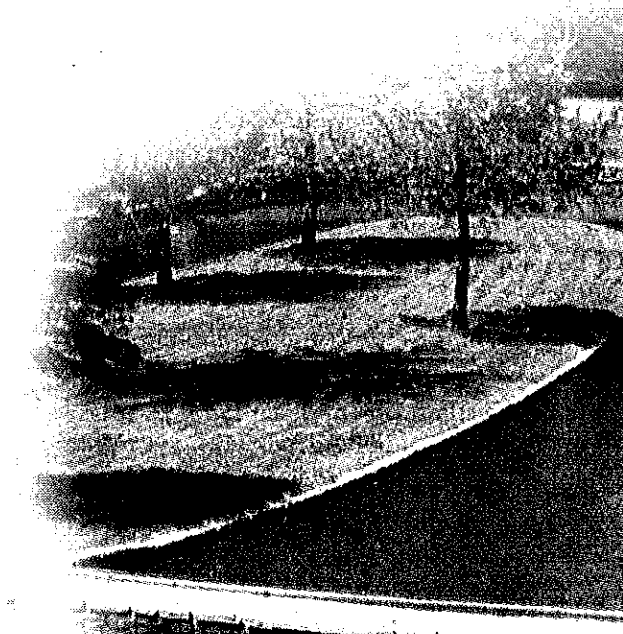
- 350,000 annual patient and care visits
- Sole Family Medicine Residency program
- Supplies region with primary care physicians
- Clinical education for Medical School and Health Care students
- Provides faculty to UND School of Medicine, College of Nursing, and Primary Therapy Care programs
- Partner with UND in Health Research

Other Strengths

Grand Forks offers other important amenities for business and residents. Among these are an array of prizewinning media outlets, abundant and inexpensive energy sources, a vibrant retail market, strong local governments and an attractive tax base.

Medical Research facilities are also an integral part of our health care community. The North Dakota Human Nutrition Research Center is one of the nation's leaders in nutrition research and has been located on the campus of UND for over 35 years.

PRACS Institute, with offices in several Red River Valley Communities, provides medical research studies on behalf of many national and international pharmaceutical companies.





Increase Diversity

The region's population is among the most homogenous in the United States. Homesteaders who settled the Red River Valley came mostly from northern Europe, especially the Scandinavian countries. Scandinavian heritage and focus on agriculture have been key drivers in the development of the region's culture, and they remain dominant elements today. Homesteading was tough, and individuals, families and communities concentrated on survival. This fostered a conservative culture that is averse to risk. This appears to suppress entrepreneurial activity and to foster an economy dependent on an influx of money rather than investment. Agricultural subsidies, defense spending and research grants are all important elements in the economy, but all are controlled outside of the region.

The Red River Valley has long had a mixture of Spanish-speaking residents, many of whom came to the area as field laborers. This population has increased in recent years, making the region's population somewhat more diverse.

Likewise, UND, Altru Health System, and the Grand Forks Air Force Base have attracted people of color.

UND's recent efforts to attract foreign students have resulted in a more diverse local population.

These developments have brought Grand Forks and the region exciting new cultural opportunities.

Improve Employment Opportunities

The region has a lack of jobs that pay well, and North Dakota has the highest rate of multiple jobholders in its labor force of any state, almost 10%. Reasons are many, including seasonal employment in agriculture and construction, low wages, limited benefits and part-time work. These elements contribute to under employment in the workforce. Many workers are better trained than the jobs available require.

Overcome Negative Perceptions About Weather and Location

Weather is a fact of life. Residents of the Red River Valley have adjusted to weather extremes, including cold, wind and winter storms. North Dakota has fewer days of lost production due to weather than any other state.

Outdoor recreation is popular and takes people outdoors in almost all conditions.

Many urban areas have weather as severe as the Grand Cities, including Minneapolis and Winnipeg. Several major urban centers are as far north as Grand Forks and experience days as short as Grand Forks in the winter. Among these are Seattle and Boston, both darker and drearier than Grand Forks in the winter – nevertheless thriving economic and cultural centers.

Create An Entrepreneurial Climate

Grand Forks increasingly embraces entrepreneurship as part of the economic development landscape – recognizing that startups and expanding ventures produce most new jobs and wealth. An entrepreneurial business climate fosters:

- innovation across economic sectors
- entrepreneurial startups
- business leadership and workforce training
- access to capital both debt and equity
- entrepreneurial infrastructure and network.

The UND Center for Innovation has been a national leader in fostering innovation and entrepreneurship. The university has received five national awards and was ranked 14th of the nation's 357 top universities entrepreneurship by *Forbes/Princeton Review* of America's most entrepreneurial colleges.

Analysis Steering Committee

- | | |
|--|--|
| Rick Duquette
City of Grand Forks | Dr. Charles Kupchella
University of North Dakota |
| Gerald Groenewold
UND Energy & Environmental Research Center | Randy Newman
Alerus Financial |
| Mike Jacobs
Grand Forks Herald | Judi Paukert
Xcel Energy |
| | Dan Schenkein
Chamber of Commerce |

Regional Opportunities

Intergenerational Wealth Transfer

A recent study by Boston College showed that North Dakota has a large amount of capital to be transferred between generations, suggesting an opportunity for entrepreneurship unprecedented in the region's history. At the same time, regional institutions have increased their capacity for research and the potential for start-up businesses has grown.

Research and Commercialization

UND has created an exciting and highly productive research environment. The university is a world-renowned center for aerospace learning, atmospheric research, space studies, computer science applications and energy and environment issues.

In 2003 members of the North Dakota Congressional Delegation helped create the Red River Valley Research Corridor linking the UND research programs and initiatives with other institutions of higher education. Private sector research programs complement the effort accessing private and Federal funding.

In 2005 The State of North Dakota initiated the Centers of Excellence program which has created a \$50 million pool of state funds available for research and commercialization initiatives.

The Workforce

UND and Northland Community and Technical College contribute significantly to the local workforce. Nearly two thirds of Northland graduates remain in the

area. UND's annual graduating class of 2,000 students provides a pool of highly qualified workers - and the pool grows annually.

The Border

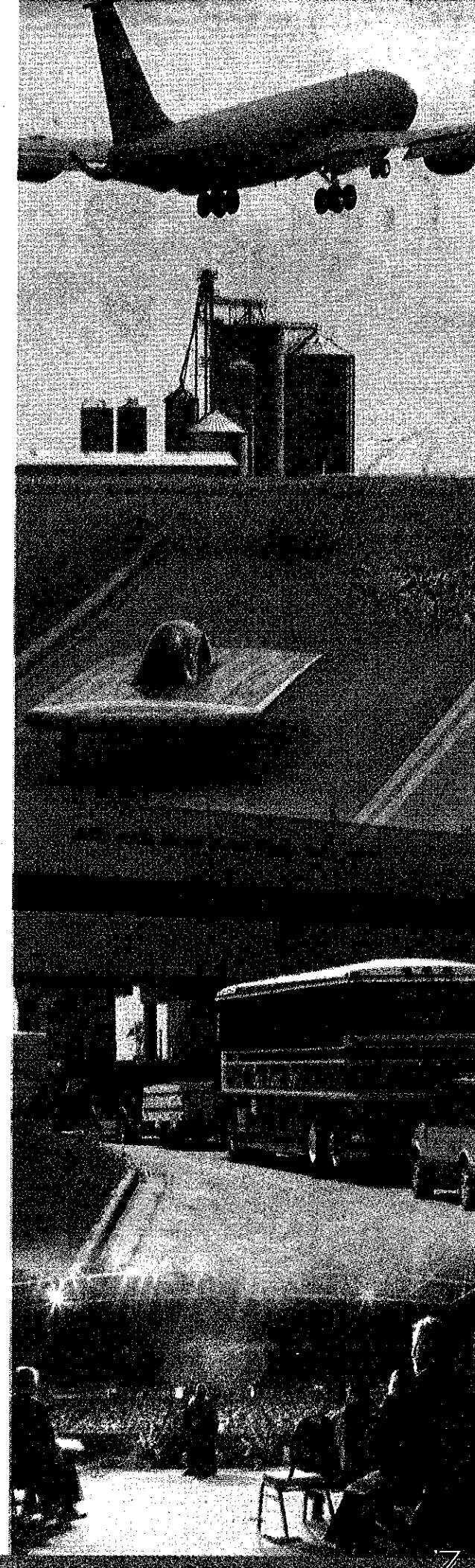
Proximity to Canada provides opportunities for development of several kinds, including tourism and retail trade. Canadian companies needing a presence in the United States might be lured to Grand Forks. Increased emphasis on border security provides opportunities to capitalize on research and testing of security devices.

Agriculture

Farming remains North Dakota's largest industry - but it isn't just farming any more. Value added processing has become a major industry in the region. At the same time, businesses have developed to apply new technologies to farming activities. Together these offer significant potential for growth.

Grand Forks Air Force Base

Grand Forks and East Grand Forks have an excellent relationship with the Air Force. Community support has helped keep the base open and active. In 2005, it helped bring an exciting new mission to the base. Efforts are underway to capitalize on the unmanned aerial vehicle mission. At the same time, the community continues to support other missions for the base, including continuing its historic role as a tanker base and adapting to new military exigencies, including staging and "surge" missions.



BGEA Committee Participants

Greg Bakke
Northeast Human Service Center

Pat Balstad
Northland Community & Technical College

Punky Beauchamp
Sacred Heart Catholic Community

Rich Becker
BacTee Systems, Inc.

George Berg
Nodak Electric Cooperative

Karl Bollingberg
Alerus Financial

Dr. Robert Boyd
UND Student and Outreach Services

Sheila Bruhn
Community Foundation

Doug Christensen
Pearson, Christensen PLLP

James Dalglish
Service Corps of Retired Executives

Tim Fairchild
American Federal Bank

Don Fisk
Insight Technologies, Inc.

James A. Galloway
JLG Architects

Greg Gerloff
Altru Health System

Hal Gershman
Happy Harry's Bottle Shop

Eric Giltner

Bruce Gjovig
UND Center for Innovation

Judd Graham
Wells Fargo

Dick Grassel
City of East Grand Forks

Al Grasser
Grand Forks Engineering Department

Peter L. Haga
City of Grand Forks

Kent Hanson
Northland Community & Technical College

James Hawley

Roger Helland
Widseth Smith Nolting

Ron Johnke
Brady, Martz & Associates, P.C.

Steve Johnson
Grand Forks Regional Airport Authority

Curt Kreun
Wonder Years 2

Mark Larsen
Edward Jones

Darrell Larson
Camrud, Maddock, Olson & Larson Ltd.

Craig Mattson
City of East Grand Forks

Dave McFarlane
McFarlane Sheet Metal

Jim Melland
Sure Foot Corporation

Dave Molmen
Altru Health System

Jim Richter
Economic Development Housing Authority

Julie Rygg
Greater Grand Forks Convention & Visitors Bureau

Dr. Mark Sanford
Grand Forks Public Schools

John Schmisek
City of Grand Forks

John Snustad
US Bank

John Staley
Grand Forks Park District

Oscar Sutherland
Community Bank Red River Valley

Klaus Thiessen
Grand Forks Region Economic Development Corporation

Jerry Youngberg
First Realty of Greater Grand Forks, Inc.

This publication sponsored by:

Alerus Financial
EERC
Xcel Energy
Nodak Electric
Grand Forks Herald
Knight Foundation

Regional Issues

Population Trends

The region has lost population since 1930. Some counties have fewer than half the residents today as in 1930. At the same time, regional centers, especially Grand Forks have grown, prompting a switch from a largely rural culture to a more urban one.

The growth rate in Grand Forks has been at 1.7% annually in recent years; in East Grand Forks, the annual growth rate has been at 2%.

In North Dakota, growth has been slower, only .05% between 1990 and 2000 census reports. Estimates suggest an increase in state population in the last two year, arresting a trend.

In northwestern Minnesota, the growth rate is estimated at 6% through 2010, compared to 10% statewide.

Lack of Investment Capital

There is a perceived lack of investment capital in the region, and North Dakota ranks 48th among the states in venture capital investment. In the 1990's, only four North Dakota businesses received venture capital funds.

Economic growth is highly dependent on public and private investment and sufficient access to capital from multiple sources. The Grand Forks Growth Fund was the first economic development fund financed by a sales tax when it was established in 1987. This fund has provided debt and equity "gap financing" to growth ventures in Grand Forks.

A top concern of growth companies is better access to equity financing, especially seed capital, angel funds and venture financing. Ensuring the availability of financing to foster the growth and expansion of venture is in the best interest of our community.

Agriculture

The Red River Valley is one of the world's finest agricultural areas and the region's farmers are some of the world's most productive. Still, environmental and economic challenges have often dealt hard blows to the region's Number One industry. The agriculture economy is dependent on the weather and climate, where too much or too little moisture and heat can significantly impact success. At the

same time, the area's farmers face increasing global competition for the markets that once were virtual monopolies for American producers. Farmers have responded in a variety of ways, by broadening the variety of crops produced, by establishing food-processing industries and by seeking new markets. Each of these areas presents challenge as well as opportunity for the region's economy.

Water Management

Water is a critical limiting resource in the region and key to economic viability. While the devastating flood of 1997 demonstrated the spring flooding potential of the Red River of the North, complementary research by the Energy and Environmental Research Center has enumerated extreme regional climatic cycles with numerous pervasive drought sometimes lasting decades. These repetitive wet/dry cycles occur in a consistent and predictable pattern. A significant drought is likely to recur within the next decade or two and poses an even more significant long-term challenge than flooding. The wise stewardship of our water resources, both in times of flooding and in times of drought, is key to a strong economy and a healthy environment in the future.

Airline Service

Improving commercial airline service is a significant challenge. Recent cuts in service have made flying for pleasure and business less convenient and have contributed to leakage of passengers to other air terminals, especially Fargo and Minneapolis. It's critical that the Grand Forks airport terminal be made more attractive and that efforts to expand service continue at an urgent level.

The BGEA Committee would appreciate any feedback about this document you'd like to share:

Please contact the committee C/O:

The Chamber, BGEA

202 North 3rd St,

Grand Forks, ND 58203

Or email them @

bgea@gochamber.org

