

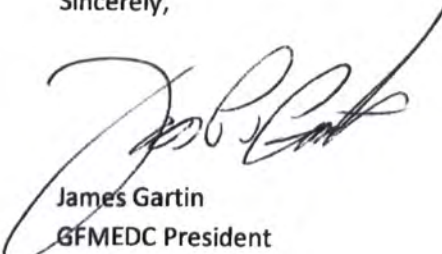
January 7, 2015

Heather Worden  
Administrative Assistant Cass County  
211 9<sup>th</sup> Street S.  
Fargo, ND 58103

Dear Ms. Worden;

Please accept my formal request to be placed on the agenda for the January 20<sup>th</sup>, 2015 Cass County Commission meeting. It would be my pleasure to update the Commission on the Greater Fargo Moorhead Economic Development Corporation's Strategic Plan which was approved by our Board of Directors in December. This plan will guide our direction over the next five years.

Sincerely,



James Gartin  
GFMEDC President

**PRIORITIES**  
FOR THE **NEXT**  
**GENERATION**  
**ECONOMY**

**CASS-CLAY  
ECONOMIC  
PLANNING  
INITIATIVE**

THE CASS-CLAY  
ECONOMIC PLAN 2015-2020

GREATER FARGO-MOORHEAD  
ECONOMIC DEVELOPMENT CORPORATION

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PRIORITIES **NEXT**  
FOR THE  
**GENERATION**  
**ECONOMY**

**EXECUTIVE  
SUMMARY**

Beginning in the spring of 2014, the Greater Fargo-Moorhead Economic Development Corporation (GFMEDC) initiated a process to update the Cass-Clay County Economic Plan. Previously adopted in 2007, that Plan identified five components necessary to becoming a destination for high growth, high wage industries. Those components were:

- Core Knowledge Infrastructure
- Entrepreneurial Infrastructure
- Telecommunications Infrastructure
- Air Service
- K-12 Science, Technology, Engineering and Math (STEM) Strategies

While each of these components remains key to the area's overall economic competitiveness, changes have also occurred and progress made. As the 2015 Cass-Clay Plan prepares to look ahead, current market conditions frame several key points. While the region is growing in population, it is not growing fast enough. There is a need to attract and grow talent in order to remain competitive. Employment and wages are increasing, but wages still lag the national average. There is a highly educated talent base with the capacity to innovate and start new businesses, but that opportunity may not be fully realized given limited access to risk capital. And finally, while the Fargo-

Moorhead region is gaining new recognition for its economic performance, employment opportunities and place-based assets, selling the region to new residents without any previous connection or experience to the region remains a challenge.

The 2015 Cass-Clay Plan recognizes that the next generation economic landscape for the Greater Fargo-Moorhead area is firmly rooted in a value-based development model. Sustainable and quality investment is attracted to and thrives in communities that can provide the talent, environment, capital and knowledge assets that drive growth. Regions that base their competitiveness on cost alone will continue to struggle as global markets swing from boom to bust. The priorities identified in the 2015 Plan reflect this commitment and offer ways to address key economic challenges.

As the lead economic development organization for Cass and Clay Counties, the GFMEDC is charged with understanding the overall economic priorities for the area and determining how best they can be addressed. The Cass-Clay plan is an opportunity to focus on what has been working, take on new tasks, and once again build on a solid foundation that has led to a more diversified and sustainable economic base.

**PRIORITY 1: Facilitate the Attraction of Talent to the Region**

- Action: Develop a Brand/Message and Conduct Market Outreach on Behalf of the Region for Talent Attraction Purposes
- Action: Form a Locally Based Tech-Council to Demonstrate Depth/Scale of Existing Employment Base and Network Young Tech Professionals

**PRIORITY 2: Encourage the Expansion and Increase the Awareness of Technical Training, Higher Education, STEM Education and Associated Career Opportunities**

- Action: Promote the connection between K-12, Technical Training and Higher Education through targeted messaging related to career opportunities
- Action: Support the proposed expansion and community/industry use and integration of the NDSCS-Fargo technical training facility
- Action: Ensure linkages to and representation of Cass-Clay economic priorities as part of the Valley Prosperity Partnership’s Working Group on Higher Education “Research Capacity and Relevancy.”

**PRIORITY 3: Advance an Advocacy Agenda and Communicate Economic Impact**

- Action: Identify, Monitor and Advocate on Key Public Policy Issues
- Action: Aggregate Impact Data and Communicate to Stakeholders

**PRIORITY 4: Leverage Existing and Emerging Regional Industry Base and NDSU Research and Technology Park resources for Business Retention, Expansion and Start-up**

- Action: Continue to focus retention and expansion activities on proven higher-growth, higher-wage industries including Manufacturing, Bio-Health Services, IT Software, Environmental Professional Services and Research, Bio-Agriculture and Bio-Energy
- Action: Identify and convene core businesses and university assets related to emerging/converging market opportunities in the areas of Embedded Systems, Precision Agriculture and Unmanned Systems
- Action: Work to ensure a full review and (where feasible) the implementation of key recommendations contained in the NDSU Research and Technology Park Strategic Assessment Report (May 2014) is undertaken

**PRIORITY 5: Continue the Development of the Region’s Entrepreneurial Eco-System**

- Action: Continue to play a supporting and sponsorship role of key programmatic activities such as 1-Million Cups and the Emerging Prairie Organization
- Action: Monitor New Business Start-up Trends, Identify and Address Gaps



PRIORITIES **NEXT**  
FOR THE  
**GENERATION**  
**ECONOMY**

**FULL  
REPORT**



## LOOKING FORWARD

Long-term economic planning initiatives provide a critical opportunity for community and economic development stakeholders to reflect upon economic conditions and collect new information and perspectives. It is a time to identify new market opportunities and trends that may require a different approach. It is also a chance time to reaffirm what many believe is happening in the economy is really happening and determine which activities currently underway are on track.

Beginning in the spring of 2014, the Greater Fargo Moorhead Economic Development Corporation (GFMEDC) initiated a process to update the Cass-Clay Counties Economic Plan. Previously adopted in 2007, that plan identified five components necessary to becoming a destination for high growth, high wage industries. Those components were:

- Core Knowledge Infrastructure
- Entrepreneurial Infrastructure
- Telecommunications Infrastructure
- Air Service
- K-12 Science, Technology, Engineering and Math (STEM) Strategies

While each of these components remains key to the area's overall economic competitiveness, changes have also occurred and progress made. The Greater Fargo-Moorhead economic area has realized overall positive employment and wage growth within key primary industry sectors. High valued educational and research assets have continued to expand, gaining greater national and global recognition. The resident population within the urban core of Fargo and Moorhead has continued to grow on the heels of significant new development projects and investment. The region's commitment to improving its place-based assets and quality urban centers has helped to create the environment that attracts the talent that fuels both small business start-ups and competitive established firms alike.

Yet national and global market dynamics have also presented significant threats to the region, including to its largest industry sector – Agriculture. A steady decrease in demand for sugar coupled with tensions in eastern European markets and diversion of rail-freight service from agricultural products towards the energy related markets has compounded the threat to one of the region's key economic producers. No business or industry sector is ever truly insulated from market disruptions whatever their source. That is why it is important for communities and economic development stakeholders to recognize the challenges and work to diversify and expand new business opportunities.

The Cass-Clay plan recognizes that the next generation economic landscape for Greater Fargo-Moorhead is firmly rooted in a value-based development model. Sustainable and quality investment is attracted to and thrives in communities that can provide the talent, environment, capital and knowledge assets that drive growth. Regions that base their competitiveness on cost alone will continue to struggle as global markets swing from boom to bust. The priorities identified in the 2015 plan reflect this commitment and offer ways to address key economic challenges.

Those 5 priorities are:

1. Facilitate the Attraction of Talent to the Region
2. Encourage the Expansion and Increase the Awareness of Technical Training, STEM Education and Associated Career Opportunities
3. Advance an Advocacy Agenda and Communicate Economic Impact
4. Leverage Existing and Emerging Regional Industry Base for Business Retention, Expansion and Start-ups
5. Continue the Development of the Region's Entrepreneurial Eco-System

The Cass-Clay plan is an opportunity to focus on what has been working, take on new tasks, and once again build on a solid foundation that has led to a more diversified and sustainable economic base.

## PREPARATION AND RESOURCES

As the lead economic development organization for Cass and Clay Counties, the Greater Fargo-Moorhead Economic Development Corporation (GFMEDC) is charged with understanding the overall economic priorities for the area and determining how best they can be addressed. The current mission of GFMEDC is to grow and diversify economies in Cass County, North Dakota and Clay County, Minnesota, by attracting, retaining and expanding primary-sector businesses. A primary sector business is one that produces and/or adds value to products and services, bringing new wealth into the community through the sale of those goods and services outside of the trade area.

Over the past several years, GFMEDC has constructed an operational plan of work that has focused in several key areas.

**Grow Your Own** – More than 80 percent of all economic growth has resulted from existing businesses. GFMEDC has directed much of its resources and expertise to ensuring the growth and expansion of the market area’s exiting primary sector companies.

**Workforce: Recruit. Retain. Develop.** – There remains a strong recognition of the need and importance in both attracting and developing human capital. GFMEDC has developed outreach and initiatives to serve all levels of the talent development and recruitment continuum.

**Raising Awareness** – The Cass-Clay region has increasingly been recognized as a top location to live and operate a business. GFMEDC staff dedicates considerable time and resources to tell that story through data analysis, public speaking, and media outreach.

**Nurturing Ideas** – Most of the now established and larger businesses in Cass and Clay Counties were home grown. GFMEDC allocates financial and staff resources to sponsor events and programs such as Start-up Weekends and Health Pitch, all of which help to grow the entrepreneurial community.

It is important that the 2015 Cass-Clay Economic Plan build upon and helps to inform this existing menu of programs and services. This planning process gave attention to what is currently underway at GFMEDC and how the stakeholder feedback and independent research reaffirms, redirects or adds to the existing plan of work.

## THE STUDY PROCESS

GFMEDC launched the planning process in the spring of 2014. Fourth Economy Consulting, a Pittsburgh, Pennsylvania based economic development consultancy, was engaged to facilitate and guide the plan development. In May of 2014, Fourth Economy completed a regional economic development action agenda for the Valley Prosperity Partnership (VPP) – an industry-led economic development partnership.

Through the VPP experience, Fourth Economy was well positioned to reference and supplement that foundational research and data collection to help inform the Cass-Clay study process. Extensive stakeholder outreach was conducted in both in Fargo and Grand Forks. More than 50 individual interviews and 12 stakeholder workshops were facilitated. Care was taken to review that information and findings to determine what was most applicable to the Cass-Clay economic area and how local priorities may intersect and support the regional agenda.

It is clear that significant alignment exists between the Cass-Clay economic priorities and those reflected in the regional agenda. It will be important for the GFMEDC to continue to engage to advance the VPP agenda.

In addition to this regional research base, Fourth Economy conducted several stakeholder interviews, administered a survey and performed a cluster analysis unique to the Cass-Clay economic area. Sixty-six business and educational leaders responded to an online survey and 16 individual interviews were conducted with industry representatives, university officials and the airport management. All data related

to the cluster analysis and a full report of the survey results have been provided to the GFMEDC for future reference.

#### 2014 PROJECT TIMELINE:

- **May:** A meeting with the GFMEDC Board to gain an understanding of each member's current economic priorities
- **May:** Individual meetings held with each GFMEDC staff member to gain understanding of staff roles, work plan responsibilities and recent history on program development and service offerings
- **May - July:** Data collection and industry cluster analysis performed
- **July - September:** Stakeholder interviews with key industry representatives
- **September - October:** Review with GFMEDC staff and management initial priorities and report/plan structure
- **November:** Prepare, review, edit draft plan
- **December:** Approve final plan

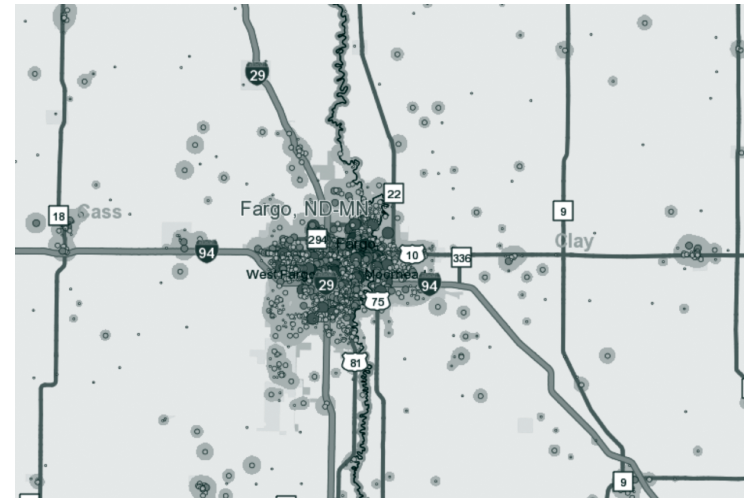
#### WHERE WE'VE BEEN: THE CURRENT MARKET CONTEXT

In order to effectively frame the Cass-Clay economic plan, it is useful to consider the priorities and proposed actions within the current market context. Many factors drive the regional market. They can also help reveal where there are key strengths, capacity and impediments to growth. Stakeholders can then think critically about the steps needed to address those shortfalls. [NOTE: Unless otherwise referenced, all wage, industry and population data was sourced through the U.S. Cluster Mapping Project. More information can be found at [www.clustermapping.us](http://www.clustermapping.us).]

#### The Market Area

Cass and Clay Counties are part of the Fargo-Moorhead Metropolitan Statistical Area (MSA). This economic area covers two states - North Dakota and Minnesota. The cities of Fargo and Moorhead are the center for both jobs

and residents. More than 80 percent of those employed in the Fargo-Moorhead area also live in Fargo-Moorhead. The map from the U.S. Census Bureau below illustrates the density of primary jobs for the Fargo-Moorhead MSA (2011). Stakeholders pointed out the labor-shed for Cass-Clay extends far beyond the primary jobs center. It is not uncommon for workers to drive from more than 1 hour away to work, which can cover between 60 to 75 miles given the topography and road infrastructure.



#### Population

While the previous economic plan projected that Cass-Clay would realize negative net-in-migration in future years, the area has actually realized a positive net new domestic residents (as a percent of the total population) in recent years. Between 2001 and 2013, the Fargo-Moorhead MSA domestic in-migration increased by 1.94 percent.

Although statistics and stakeholders affirm that the area is not attracting enough people to meet current employment demand, the area has been experiencing a positive growth in overall population. This includes the highly educated and younger residents. Between 1998 and 2013, the MSA has realized an overall growth rate of just-under 2 percent with an estimated total population of 223,490. Yet the growth rate of college age residents

(18 to 24) and younger adults (25 to 44) grew by 16 percent and 28 percent respectively – ahead of the U.S. rate of 10 percent and 26 percent for the same cohorts.

The *USA Today* reported that Fargo ranks as a top 10 Millennial-Magnet City when comparing to the U.S. ratio for the age cohort of 20 to 29 for every 100 teens. Millennials increasingly represent the talent pipeline for businesses and have demonstrated a strong entrepreneurial tendency to start new firms.

### MILLENNIAL MAGNETS

Some cities have become strong magnets for young adults. For cities over 100,000 people, the ratio shows the number of people ages 20-29 for every 100 teens. U.S. ratio = 103 to 100.

CITY	TOTAL 2012 POPULATION	PEOPLE 20-29 PER 100 TEENS
Arlington, VA	209,077	344
Cambridge, MA	105,026	303
Alexandria, VA	140,337	284
Gainesville, FL	124,981	241
San Francisco, CA	807,755	239
Seattle, WA	612,916	232
Provo, UT	133,105	223
Boston, MA	619,662	214
Fargo, ND	106,005	210
Madison, WI	234,586	210

*(Post-College Towns Brim with Youth and Jobs - April 27, 2014)*

This trend could have many positive implications for the area, not just in terms of establishing a talent pipeline, but also more independent small businesses. The “freelancer” movement is one being driven both by older professionals and Millennials alike. The Freelancers Union projects that “freelancers, independent contractors and temp workers are on their way to making up the majority of the U.S. labor force. They number 42 million, or one-third of all workers in the nation. That figure is expected to rise to 40% — some 60 million people — by the end of the decade.” Spurred by corporate downsizings or personal life preferences have led many to “go out on their own” preferring to remain an independent consultant to many clients. For the Millennials there are additional drivers such as the recognition that they can work anywhere and tend to be

less focused on wage and more focused on corporate values and impact. The Freelancer Union again highlights a recent survey from the freelancer hiring hub Elance-oDesk found an overwhelming 89 percent of freelancers prefer work flexibility to a traditional corporate career. Almost half of Millennials prioritize job flexibility over pay, according to a national survey conducted last year by Millennial Branding, a research and consulting firm, and Beyond.com, a career advisory website.

*“Freelancers...are thriving in this new marketplace, creating powerful new platforms for working and living — co-ops, credit unions, community health and wellness centers — tailor-made for millennial technology and the 21st century economy. The Era of Big Work is indeed over, and good riddance. Welcome to the Era of Meaningful Independence.”*

*Sarah Horowitz - The Freelancers Union*

Different economic development strategies and performance measures will likely need to be developed given these trends. Some to consider include:

- **Job Count:** More established companies may be more likely to hire temporary contractors rather than expand their full-time-employment (FTE) job count.
- **New Establishments:** Tracking new businesses may be more difficult if the freelancers remain independent contractors, receiving 1099 tax form income.
- **Office Space:** The need for traditional style office space may be supplemented (and is in many cases) for more flexible “week to week” leasing models to accommodate temporary teaming ramp up periods.
- **Output:** Productivity measures may begin to rise, without evidence of major capital improvements and expenditures.

The freelancer trend and its impact should be monitored by the GFMEDC on behalf of Cass-Clay stakeholders and thought given to how they may influence the overall economic trends and opportunities within the market area.

## Employment

The previous plan also cautioned stakeholders of the potential for slower employment growth. While some primary sectors have been challenged in recent years, overall growth has remained positive. The employment growth rate for the Fargo-Moorhead MSA from 1998 to 2012 was 1.97 percent, well ahead of the Nation's growth of 0.57 percent for the same period. The area economy consistently ranks among the highest of 381 metropolitan areas in vitality, according to Moody's economy.com. Gains in income and employment consistently exceed the national average, and the region has one of the lowest unemployment rates in the nation. GFMEDC's 2013 primary sector industry survey revealed an overall employment growth of four percent, or 569 net new jobs, since 2012. Capital investments were estimated at \$80 million for the year.

This positive rate and opportunity for employment in the Fargo-Moorhead MSA is at the heart of many of the area's economic challenges and priorities. The MSA has consistently had one of the lowest unemployment rates in the nation, most recently reported at 2.4 percent. Estimates of the regional workforce shortage range from 6,000 to 8,000 depending on the defined market area. The consensus is that this challenge will only be solved through a combination of skills training, talent retention and talent attraction.

## Wage Growth

Wages are a key wealth indicator and economic performance factor. Competitive wages can help to attract talent and sustain regional economies. While wage growth for the Fargo-Moorhead MSA increased by just over 4 percent from 1998 to 2012, ahead of the Nation's growth rate of just over 3 percent, the area's average annual wage of \$37,789 lags the national average of \$47,000. While the Greater Fargo-Moorhead area can claim a lower cost of living in many key categories such as housing and utilities, the difference

may not be considered enough by many to accept the lower pay scales.

## Innovation Capacity

A community's capacity to innovate, generate new ideas and create new businesses around those ideas can be a critical economic driver. This is especially true when a key emphasis has been and continues to be on creating and expanding "Home Grown" business opportunities. Several key indicators help to inform on Greater Fargo-Moorhead's innovation capacity. Labor Force Productivity of 3.82 percent for the MSA has far outpaced the national average of just over one percent between 1998 and 2013. The number of establishments for the MSA has grown by 1.5 percent since 1998, ahead of the national rate of just over 0.5 percent. Given the relatively smaller number of overall establishments in the MSA, the additional 1,199 establishments is notable.

With a strong college and university presence within the MSA, the region boasts a high percentage of advanced degree earners, with more than 35 percent of the population over the age of 25 obtaining a bachelor's degree or higher. The downside is that venture capital has become scarce in recent years. The amount of venture capital invested per \$10,000 of the MSA's GDP fell by 34 percent since 2007. While many areas experienced contractions in investment dollars during the recession of 2008 to 2010, many have experienced a rebound in recent years. This has not been the case for the Fargo-Moorhead MSA. Without investment or risk capital to fuel the new ideas, most will not advance through the commercialization process.

## National Recognition

Finally, it is useful to gain a sense of how the nation is viewing the Greater Fargo-Moorhead region. It has already been noted that Fargo is considered a high performer in attracting the Millennial cohort. Several additional accolades have been collected, many of



which are being promoted by the GFMEDC as part of their overall marketing and communications platforms.

- #2 overall among mid-sized metros by Area Development Leading Locations, June 2013
- #2 in Forbes Best Small Places for Business and Careers, August 2013
- #12 in American Institute for Economic Research ranking of the Top College Towns & Cities with populations below 250,000, 2012-2013
- #5 Milken Institute Best Performing Cities Index, 2013.
- #3 Fastest Growing Cities by NerdWallet.com
- #5 Top Cities for Economic Growth, Area Development, June 2012
- #2 in Forbes Best Places for Business and Careers, April 2012
- #1 city in North Dakota for entrepreneurial start-ups, according to Business Week

Given the planning priority to expand the talent-base and a focus on entrepreneurial creation and output, it is useful to track who has conducted the ranking and the methodology they employ to do so. Beyond the “feel good” nature of these results, rankings can offer additional data points and indicators that can inform the economic plan’s priorities and tactics. They should be reviewed regularly and analyzed to determine how best the information can be operationalized.

### WHERE WE ARE GOING: THE PRIORITIES

As the Cass-Clay plan prepares to look ahead, the market context that surrounds the plan tells us some key points. While the region is growing in population, it is not growing fast enough. There is a need to attract and grow talent in order to remain competitive. Employment and wages are increasing, but wages still lag the national average. There is a highly educated talent base with the capacity to innovate and start new businesses, but that opportunity may not be fully realized given limited access to risk capital. And finally, while the Fargo-Moorhead region is gaining new

recognition for its economic performance, employment opportunities and place-based assets, selling the region to new residents without any previous connection or experience to the region remains a challenge.

All of these points align with the stakeholder interviews and the survey findings. While there is strong recognition of the positive work GFMEDC is doing on behalf of the region’s residents and businesses, there is also a sense of urgency that without attracting and growing a talented workforce, the region risks impeding the growth of its existing industry base. In short, stakeholder sentiment was that the GFMEDC, as the area’s primary economic development intermediary, should keep doing what they are doing but apply even more attention and resources towards the priorities identified in this economic plan. In some cases these can be accomplished through the GFMEDC directly while at other times through partnerships and participation in larger coalitions.

While this plan could have listed many goals and objectives for GFMEDC to consider, Fourth Economy endeavored to challenge survey and interviewees to be specific in their responses and prioritize the key issues. A plan is most effective when it balances aspiration objectives with a realistic possibility for performance. This plan focuses on the top priorities while considering the ability for the GFMEDC to apply valued tactical responses and resources necessary to accomplish the goals within a 5-year time frame.

Many activities currently underway within GFMEDC plan of work can support these priorities. The consultants have reviewed that plan included a “work plan alignment section” within this document, highlighting current work plan items that supports the various priorities. The following sections outline those priorities and offer actions that GFMEDC and its stakeholders can consider as part of the updated Cass-Clay plan.



# PRIORITY

1

**FACILITATE THE ATTRACTION  
OF TALENT TO THE REGION**

**ACTION:**

DEVELOP A BRAND/MESSAGE  
AND CONDUCT MARKET  
OUTREACH ON BEHALF OF  
THE REGION FOR TALENT  
ATTRACTION PURPOSES

**ACTION:**

FORM A LOCALLY BASED TECH-  
COUNCIL TO DEMONSTRATE  
DEPTH/SCALE OF EXISTING  
EMPLOYMENT BASE AND  
NETWORK YOUNG TECH  
PROFESSIONALS



Human capital fuels innovation, competitive businesses and vibrant communities. It is the common thread that supports all aspects of economic development. Regions that are unable to retain and attract this fundamental ingredient for growth, will find it very challenging to remain competitive. The data supports and stakeholders recognize the attraction of talented, skilled workforce at all levels as the highest priority for Cass and Clay Counties. Ninety-five percent of survey respondents are supportive of an increased focus on attracting talent to the Greater Fargo-Moorhead region.

*“The key issue for us is hiring talent. Finding good programmers is tough. I’d rather not see an environment where local companies are recruiting each others’ talent and find a way to bring more talent into the state.”*

*Survey Respondent*

This is also a statewide priority. The North Dakota Department of Commerce (NDDC) estimates that 25,000 jobs are currently open across North Dakota with an expectation to add 76,000 jobs between 2010 and 2020. Over 60 percent of all current job openings exist outside the oil and gas counties with Fargo having the most job openings in the state outside of Bismarck (source NDDC).

Attraction from outside the region must be the focus as the talent pipeline being developed through the post secondary institutions will not be able to meet the demand – even if all of that talent was captured and remained in the local market. “If we educated and retained all of our youth, we still wouldn’t have enough workers for the jobs that we have and will see. So we also look to talent outside the state,” noted Beth Zander, former director of Workforce Development at the state Department of Commerce.

This condition is likely to be compounded in the near future, as enrollment in mid-west and upper mid-west

colleges and universities continues to decline. “The changes are occasioned by big demographic shifts. In the ‘90s, birth rates fell nationally. On top of that, lots of people migrated south and west. That all spells a decline in high school graduates in the Northeast and Midwest today,” said Brian Prescott, who directs research at the Western Interstate Commission for Higher Education.

REGION	CLASS OF 2008 (ACTUAL)	CLASS OF 2014 (PROJECTED)	% CHANGE
MIDWEST IL, IN, IA, KS, MI, MN, MO, NE, OH, WI	705,639	656,022	-7.0
NORTHEAST CT, ME, MA, NH, NJ, NY, PA, RI, VT	552,289	526,820	-4.6
SOUTH AL, AR, DE, DC, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV	1,031,773	1,051,890	2.0
WEST AK, AZ, CA, CO, HI, MT, NV, NM, ND, OR, SD, UT, WA, WY	711,636	700,086	-1.6

Source: Western Interstate Commission for Higher Education.

“You can’t grow 18-year-olds or high school graduates in a laboratory,” Prescott says. The Commission estimates there’s been a 7 percent drop in high school grads in the middle of the country just over the past six years. Within the Fargo-Moorhead MSA, Minnesota State University Moorhead recently blamed changing demographics when it announced plans to eliminate several low-enrollment programs.

**ACTION: DEVELOP BRAND/MESSAGING AND CONDUCT MARKET OUTREACH ON BEHALF OF THE REGION FOR TALENT ATTRACTION PURPOSES**

There is strong support for GFMEDC to play a role in not just marketing and advertising the region to the outside world, but to actively engage in a tactical outreach strategy and branding effort that appeals

to the right constituency. It is also important that the messaging and branding not shy away from what Fargo is known for – the weather, the movie, the people. While the region may not ever appeal to all people, no area does. But the message about Fargo, its economic opportunity, its culture and unique attributes, needs be refined and communicated. There is a story to tell. The following steps should be considered:

**A. Target Regional Ex-Pats** – The recruitment strategies for many exiting businesses target former residents and/or students. One company pointed out that “they represent your greatest opportunity to hear your message and respond offering the highest rate of RTF – return to Fargo.”

**B. Build on the Fargo Name and Make it Your Own**

– The “Keep Austin Weird” slogan and Portland Oregon’s “Keep Portland Beered” (referencing its association with a larger concentration of craft breweries) were both cited as examples of non-traditional slogans attempting to attract talent by appealing to the unique nature and character of their communities. The slogans are supported by “story-telling” and testimonials featuring many aspects of life, living and doing business in the community. A good example of a local business leading the way in both selling Fargo to attracting talent is Myriad Mobile who developed a “Why Choose Fargo” campaign. Myriad Mobile should be included and referenced in any planning effort to determine how best to build and leverage this type of messaging. <http://myriadmobile.com/why-choose-fargo/>

**C. Coordinate with the Convention and Visitors Bureau and the Chamber of Commerce** – Ensuring alignment and support with the Convention and Visitor’s bureau (CVB) and the Chamber is important. Understanding the process and background that has helped to inform the CVB branding and messaging can serve as a starting point. Ultimate ownership in the branding and outreach for talent attraction should also be determined, recognizing that the tactics and messaging for talent attraction are different from conferences and tourists – although tourism offers the opportunity to turn visitors into new residents and investors.

*Fargo is experiencing unprecedented growth and gaining national spotlight as one of the nation’s best places to live and work and one of the smartest cities in the nation.*

*So Fargo is clearly doing something right—and it has nothing to do with a woodchipper... It’s all about perception. Make a trip to Fargo and you might be shocked to hear fewer “don’t-cha-knows” than you expected. Real-life Fargo is hardly similar to what you see on screen. But that’s how the world works. People form perceptions—and misconceptions—based on what they think they know (from the media or otherwise)...*

*How does Fargo do it? By recognizing the over-the-top stereotypes of Fargoans and joining in on the joke. If you know there’s a common misconception about your brand out there, the best thing you can do is acknowledge it—then, show people why it’s not true.*

*The Huffington Post – July 3, 2014*

**D. Aggregate and Analyze Data** – This can be an important role for GFMEDC given its staff expertise and resources. Several industry stakeholders noted that they need assistance in determining where in the United States there are concentrations of former residents and students. Better understanding recruitment patterns through the university systems and surveying existing industry to determine which cities they draw talent from and if patterns exist within that data can be initial steps in helping to determine target locations and outreach strategies. GFMEDC should then report back to industry on this market intelligence.

**E. Conduct Targeted Talent Attraction Missions**  
 - With the data in hand, GFMEDC, possibly in partnership with the CVB and the Chamber, should consider hosting expat networking events in targeted locations. Advertise in those target markets and leverage social media platforms to ensure awareness of the events. Encourage local industry to participate. Use these events as an opportunity to collect names, build a database and tell the Cass-Clay / Fargo-Moorhead story.

**F. Continue to Engage in and Support the VPP Talent Attraction Agenda** - All of the actions being taken through the VPP Talent Working Group will add value to and impact the Cass-Clay economic plan and agenda. This is especially true in the areas of workforce training and internships. GFMEDC, on behalf of Cass and Clay Counties, should continue to engage in the VPP Talent Working group to determine where there are applicable intersections between the local priorities and the regionally focused agenda.

**ACTION: FORM A LOCALLY BASED TECH-COUNCIL TO DEMONSTRATE DEPTH/SCALE OF EXISTING EMPLOYMENT BASE AND NETWORK YOUNG TECH PROFESSIONALS**

Several industry representatives noted that a key challenge for them and the market areas was conveying the depth and scale of existing employment opportunities within the Information Technology (IT), Software and Manufacturing firms who rely heavily on IT support and systems. Potential talent considering employment opportunities have greater confidence in agreeing to sign-on, if they feel there are enough lateral employment opportunities if they were to lose their job or simply seek a new option. While the technology sector is strong overall in Greater Fargo-Moorhead, there is no affinity group or clearinghouse where that story is being told. Creating a local technology council is one way to help address this concern.

**A. Identify Companies for Membership in Tech Council** - With a globally recognized name, Microsoft may serve as a lead partner or charter member in this effort. While Microsoft represents one firm, their vendor network is extensive and accounts for approximately 800 employees over 25 to 30 smaller firms. It is estimated that at least 50 and 60 firms in the MSA are classified directly as IT Software/Communications sector firms. Many more are outside of this sector but have within them strong IT operational components and staffing needs.

**B. Work with Partner Organizations such as the Chamber and Emerging Prairie to Determine Appropriate Long-term Administrative Support Role for the Council** - While the reasons for forming a tech council would support the mission of the GFMEDC, operating the technology council may not. Discussions/Coordination should take place with the Chamber and Emerging Prairie to determine the level of interest and capacity in these organizations in supporting and possibly managing its membership development and events programming. Given each of their missions and operational structures, there are likely pros/cons and possible programming intersections with each. Any third-party operational scenario could be represented as “powered-by” the GFMEDC, the Chamber, Emerging Prairie or other organization. Developing a new dedicated Tech Council organization is also a possibility.

**C. Leverage Existing Programming and Networking**  
 - There are several programming activities already taking place that have a technology and innovation focus. The tech council could serve as a clearinghouse for these types of events, and as resources permit, begin to build new technology related events and networking opportunities unique to and under the tech council banner.

## 2015 GFMEDC WORK PLAN ALIGNMENT

<b>OBJECTIVE 3</b>	<b>WORKFORCE ATTRACTION AND DEVELOPMENT</b>	<b>TIMELINE</b>
Strategy A	Evaluate and execute a comprehensive national strategy to recruit new residents, including former residents, to alleviate workforce shortages in in-demand careers.	2015
	Tactic: Implement a comprehensive strategy of promoting local job opportunities in Greater FM, including the promotion of the SmartMove website, to various audiences outside of the region.	Ongoing
	Tactic: Work with university alumni associations to implement a comprehensive strategy aimed at alumni, including promotion of the SmartMove website, to the alumni of local universities.	Ongoing
Strategy B	Develop and implement an employee attraction and retention program.	Ongoing
	Tactic: Manage community tour program, provide packet of community information.	Ongoing
	Tactic: Develop and maintain the Ambassador Program.	
Strategy C	Work with local universities to develop and implement a campaign to retain university students to Fargo Moorhead.	Ongoing
Strategy E	Work with local and regional organizations that focus on workforce development.	Ongoing
	Tactic: Utilize the workforce and manufacturing committees to understand and address workforce needs including shortages of key employers and industries.	Ongoing
	Tactic: Engage manufacturing sector to participate in workforce development initiatives.	Ongoing
	Tactic: Convey identified needs to workforce council.	Ongoing
	Tactic: Maintain and build upon existing relationships with HR staff representing area employers.	Ongoing
<b>OBJECTIVE 8</b>	<b>MARKETING AND COMMUNICATIONS</b>	<b>TIMELINE</b>
Strategy A	Utilize website as a marketing and communication tool.	Ongoing
	Tactic: Continue to review and update website content	Ongoing
	Tactic: Monitor and improve Search Engine Optimization (SEO)	Ongoing
Strategy B	Utilize social media to communicate with various target audiences	
Strategy D	Utilize the Marketing Committee to develop and implement unique marketing strategies and/or to provide support to current strategies	
Strategy G	Maintain, update and develop collateral material to support all objectives. Examples include quality of life DVD, quality of life brochure and student-focused brochure.	Ongoing/ as needed



# PRIORITY

## 2

**ENCOURAGE THE EXPANSION  
AND INCREASE THE AWARENESS  
OF TECHNICAL TRAINING,  
HIGHER EDUCATION,  
STEM EDUCATION AND ASSOCIATED  
CAREER OPPORTUNITIES**

**ACTION:**

PROMOTE THE CONNECTION BETWEEN K-12, TECHNICAL TRAINING AND HIGHER EDUCATION THROUGH TARGETED MESSAGING RELATED TO CAREER OPPORTUNITIES

**ACTION:**

SUPPORT THE PROPOSED EXPANSION AND COMMUNITY/INDUSTRY USE AND INTEGRATION OF THE NDSCS-FARGO TECHNICAL TRAINING FACILITY

**ACTION:**

ENSURE LINKAGES TO, AND REPRESENTATION OF CASS-CLAY ECONOMIC PRIORITIES AS PART OF THE VALLEY PROSPERITY PARTNERSHIP'S (VPP) WORKING GROUP ON HIGHER EDUCATION "RESEARCH CAPACITY AND RELEVANCY."

Building upon the talent attraction priority, there is broad recognition of the need and importance of ensuring a long-term development of the local workforce as well. Specifically in the area of technical training and the creating awareness of the career pathways and opportunities technical skill development can provide. This includes both trade and STEM skills (Science, Technology, Engineering and Math).

The survey respondents and industry interviews called on the need for the Greater Fargo-Moorhead region to ensure an education system that educates all levels and not just tracks students only towards the university generally. They recognize that training in trades is also based on the STEM skills, and can represent critical pathways into a variety of occupations.

There is good reason for the Cass-Clay economic plan to suggest a focus on “middle-skill development” as solid pathway with much opportunity. The National Skills Coalition (NSC) note that “Middle-skill jobs, which require education beyond high school but not a four-year degree, make up the largest part of America’s and North Dakota’s labor market. Key industries in North Dakota are unable to find enough sufficiently trained workers to fill these jobs.”

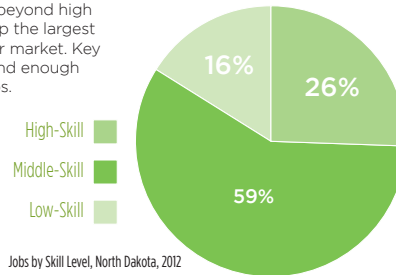
### NORTH DAKOTA’S FORGOTTEN MIDDLE

Middle-skill jobs, which require education beyond high school but not a four-year degree, make up the largest part of America’s and North Dakota’s labor market. Key industries in North Dakota are unable to find enough sufficiently trained workers to fill these jobs.

#### Demand for Middle-Skill Jobs is Strong

Fifty-nine percent of all ND jobs in 2012 were middle-skill.

Source: NSC analysis of Bureau of Labor Statistics Occupational Employment Statistics by State, May 2012.



Fifty-nine percent of all jobs in 2012 were middle-skill. Demand for middle-skill jobs will remain strong between 2012-2022.

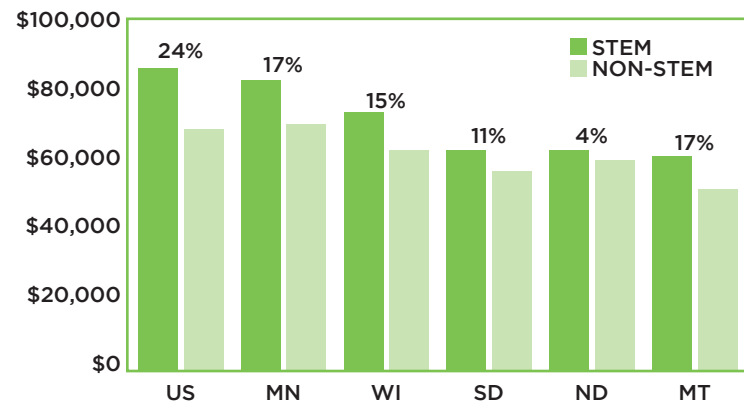
The NSC points out that using the same categories of educational attainment and applying them to the

long-term projections (2010 to 2020) reveals a similar picture. The top ten occupations that require less than a high school diploma totaled 31,290 openings, a high school diploma totaled 33,386 openings, an associate’s degree or some college totaled 12,133 openings, a bachelor’s degree totaled 7,270 openings, and an advanced degree totaled 2,269 openings. These numbers further support the idea that North Dakota will need a highly skilled labor force in the future rather than a highly educated labor force.

NSC also points out that there is also a perception issue, particularly when it comes to manufacturing jobs. Parents like the idea of manufacturing jobs and trade schools, but not for their own children. There’s still the idea that the jobs are low-paying and low-skill, when that’s often not the case. This is especially true in manufacturing that increasingly requires STEM skill sets where premiums are paid for those employees that demonstrated STEM proficiency.

### THE STEM PREMIUM

AVERAGE WEIGHTED MEDIAN WAGES AND PERCENT DIFFERENCE BETWEEN STEM AND NON-STEM OCCUPATIONS\* 2012



\*INCLUDES OCCUPATIONS WITH TYPICAL ENTRY-LEVEL EDUCATION OF AT LEAST A BACHELOR’S DEGREE SOURCE: U.S. BLS, OCCUPATIONAL WAGE ESTIMATES



**Case Study: “My State My Life West Virginia”**

“My State. My Life.” is an education initiative created to inspire students to embrace the positive future that awaits them. Formed by the Governor’s Work Force Planning Council, “My State. My Life.” fosters awareness of the educational and career opportunities available to West Virginia’s young people, helps them establish goals, and shows them helpful pathways to reach these goals. Recognizing that there is no effective “one-size-fits-all” approach to education and career planning, “My State. My Life.” is a valuable tool by which students can find the education, certification or training that is most compatible with their talents, skill sets and career goals. <http://www.mystatemylife.com>

**ACTION: PROMOTE THE CONNECTION BETWEEN K-12, TECHNICAL AND STEM TRAINING AND HIGHER EDUCATION THROUGH TARGETED MESSAGING RELATED TO CAREER OPPORTUNITIES**

GFMEDC has already adopted several work plan items that recognize the importance of STEM and career pathways through technical training. Additional value can be gained by serving as both a data aggregator and communicator for these opportunities directly to the students and parents.

**A. Aggregate the Data** - Work with both local workforce development agencies, training providers and national organizations such as NSC to assemble key data points on technical and STEM training opportunities, wage impacts and job openings. Prepare this data in an infographic format for easy communication and understanding.

**B. Outreach to Parents and Students** - A significant barrier to STEM and the skilled trades is the perception of the employment opportunities as lower paying and less desirable work environments. The data gathered should be communicated directly to parents with young students to ensure they are armed with an accurate understanding of the career opportunities and pathways. This outreach can be done either as the GFMEDC as a lead organization or in partnership with the training providers and employers. It is important that the message be delivered within the context of the region’s economic development strategy and conveys the opportunities available within the region.

**ACTION: SUPPORT THE PROPOSED EXPANSION AND COMMUNITY/INDUSTRY USE AND INTEGRATION OF THE NDSCS-FARGO TECHNICAL TRAINING FACILITY**

The North Dakota University System has submitted a \$10 million capital funding request to the North Dakota Legislature for land acquisition for the proposed North Dakota State College of Science expansion project. This expansion will permit NDSCS to expand programming and curriculum to serve a growing student population and meet several key industry sector training demands to include the high demand, high wage sectors of Information Technology, Manufacturing, Healthcare and Finance. This expansion and future development of the building could serve as center of excellence and hub for technical training opportunities and STEM career options for students considering alternatives to or different pathways towards college and universities. NDSCS officials have gathered significant market and demand data to demonstrate the importance of this project and its impact to the Cass-Clay economies.



**A. Advocate for Full Funding of the Project** - Several foundational activities have already been established between GFMEDC and NDSCS officials in support of this project. It is important that this continues with full attention and support being given to ensure its timely construction and online status.

**B. Ensure Industry and Community Engagement** - Once operational GFMEDC should play a key role in ensuring industry and community awareness of and engagement in the training center through industry advisory committees, internship opportunities and K-12 career connection programs and outreach.

**ACTION: ENSURE LINKAGES TO AND REPRESENTATION OF CASS-CLAY ECONOMIC PRIORITIES AS PART OF THE VALLEY PROSPERITY PARTNERSHIP’S (VPP) WORKING GROUP ON HIGHER EDUCATION “RESEARCH CAPACITY AND RELEVANCY.”**

Recognizing that Cass-Clay is part of the regional “Valley Prosperity Partnership” action plan, it is important that Cass-Clay not only support that regional agenda, but also through that platform work to identify and enhance programs and opportunities unique to the Greater Fargo-Moorhead economy. Fortunately many of the current objectives outlined by the VPP Research working group directly related and support most of the priorities outlined in the Cass-Clay plan to include

a specific objective to further improve the ability of the region’s research organizations to commercialize technologies developed within the Valley, including removing policy and procedural barriers to commercializing intellectual property at the state’s research institutions. Generally there is a need both at the local and regional levels to raise the awareness of the critical role of research in building and sustaining a 21st century economy. To affirm these regional linkages, it is important that the Cass-Clay Plan recognize the VPP Research Working Groups actions and provide support for their implementation: They include:

- Implement projects that are scalable and important for the entire Red River Valley Region
- Identify opportunities relevant for the North Dakota 2015 legislature, the Legacy Fund and the Minnesota legislature
- Identify catalytic projects or initiatives that have high impact in the region across several priority areas
- Support the interests and aspirations of young scientists, technologists and entrepreneurs
- Develop strong partnerships among and between the universities and business
- Emphasize projects and initiatives that build on genuine competitive advantages in industries where we already excel
- Focus on strategic, opportunistic initiatives that have measurable goals

## 2015 GFMEDC WORK PLAN ALIGNMENT

<b>OBJECTIVE 3</b>	<b>WORKFORCE ATTRACTION AND DEVELOPMENT</b>	<b>TIMELINE</b>
Strategy D	Become a national leader in STEM education reform and awareness.	Ongoing
	Tactic: Partner with STEM-focused organizations to support asset mapping of STEM activities and education at area schools and businesses.	Ongoing
	Tactic: Participate in a plan for the coordinated delivery of STEM education activities.	Ongoing
	Tactic: Support the Health, Tech & Trades Career Expo and discuss expanding this event to include other STEM-based careers.	Ongoing/ Annually
	Tactic: Support Teachers in Industry and Professors in Industry internship programs	Ongoing
	Tactic: Partner with United Way and area schools to support Education That Works initiatives.	Ongoing
<b>OBJECTIVE 5</b>	<b>BUILD REGIONAL CAPACITY/IMPLEMENT CASS/CLAY ECONOMIC STRATEGY</b>	<b>TIMELINE</b>
Strategy A	Work with local universities to promote strategic hiring and program and curriculum alignment, to work toward being nationally renowned in the target technologies.	Ongoing
	Tactic: Update as needed: course offerings at regional higher education institutions in the disciplines related to targeted technologies.	Ongoing
	Tactic: Organize a group of internal and external experts to review course offerings and faculty expertise and identify gaps that can be filled by curriculum alignment and/or strategic hiring.	



PRIORITIES **NEXT**  
FOR THE  
**GENERATION**  
**ECONOMY**

# PRIORITY

# 3

**ADVANCE AN ADVOCACY AGENDA AND  
COMMUNICATE ECONOMIC IMPACT**

**ACTION:**

IDENTIFY, MONITOR AND  
ADVOCATE ON KEY PUBLIC  
POLICY ISSUES

**ACTION:**

AGGREGATE IMPACT DATA  
AND COMMUNICATE TO  
STAKEHOLDERS

While the GFMEDC has historically advocated for business-friendly public policies and investment that ensures the safety and overall economic competitiveness for the Cass-Clay area, this planning process represented an opportunity to affirm GFMEDC's role in those activities and identified the key issues that may inform a public policy agenda moving forward. Eighty-five percent of survey respondents agree or strongly agree that "Public Policy & Issue Advocacy" should be a priority for the Cass-Clay Economic Development Plan.

The completion of this plan coincides with the start of the 64th State Legislative Assembly Convening January 2015. This is an especially important juncture. In 2009, the Legislative Assembly passed House Concurrent Resolution No. 3054, which placed the question of creating the Legacy Fund on the 2010 general election ballot. North Dakota voters approved the measure, which created a perpetual source of state revenue from the finite natural resources of oil and natural gas. Revenue from the oil boom presents an opportunity to fund infrastructure and other long-term investments. The fund has grown to \$2 billion in April and is projected to have a balance of about \$2.68 billion by January 2015. Some suggest that fund level will surpass that projection. A two-thirds vote of both houses of the Legislature will be required to spend any of the funds. No more than 15 percent can be spent per biennium. These new and growing funding sources can provide critical matching funds to address many key policy and infrastructure development issues going forward.

## **ACTION: MONITOR AND ADVOCATE ON KEY ISSUES: 1) FLOOD CONTROL, 2) AIR SERVICE AND PILOT SHORTAGE, 3) FREIGHT RAIL SERVICE, 4) IMMIGRATION REFORM, 5) BROADBAND/DAKOTA FIBER INITIATIVE**

### **1) Flood Control**

Flooding has had catastrophic impacts on the Cass-Clay economy, stressing agriculture, small businesses, damaging transportation networks and impeding housing development. There is consensus around what floods do to the economy, but tensions remain over the solution. The vast majority of stakeholders engaged as part of this planning update are in support of the Fargo-Moorhead diversion project. That project will establish permanent flood protection measures for the region. The current plan includes a 20,000 cubic feet per second, 36-mile long diversion channel with 32,500 acres of upstream staging. It is estimated that the project would protect the local economy, which generates \$4.35 billion in annual non-farming wages and over \$2.77 billion in annual taxable sales along with \$14 billion in property value. Securing the funds and bi-state support necessary to complete the diversion project and control the flooding has been identified as a public policy priority.

### **2) Air Service and Pilot Shortage**

The GFMEDC has been directly engaged in recent years working to expand air service to and from Fargo's Hector International Airport. Those activities have produced results with increased service and decreasing fares. Hector International reports that passenger traffic (enplanements) in September 2014 was 33,487, an increase of 17.8 percent over a year ago. It was the busiest September on record and the 21st consecutive month of an enplanement record being set. Average fares have also declined from the 3rd highest in the country to the 62 highest in the country per the top 200 domestic origin and destination passenger markets.

An emerging issue that could impede the airport's ability to grow its market reach is a pending pilot shortage. Ed Burkhardt, a senior flight instructor at the Minot Aero Center, said in a Washington Times story that "in the next 10 years, airlines will see large attrition as pilots reach retirement age. Replacements will come from the smaller regional airlines, which then will draw from the commuter or cargo airlines and so forth, down the line. It's a big vacuum, going up the chain."

That sentiment was echoed by officials at Hector International who noted, "the current pilot shortage will impact service to small communities as contract carriers to the main line carriers struggle to fill pilot positions. Consolidation and mergers in the industry has left a few network carriers to work with expanded air service opportunities. A number of 50 seat regional jets are in the process of being parked. This will lead to the entry of slightly larger aircraft into most markets but it could ultimately reduce frequency in a number of markets."

"The job outlook would be attractive to young people looking for a career but for the salaries. Aviation is costly to get into and starting wages for pilots interested in commercial airlines doesn't always even hit \$30,000 a year. There's potential to garner significant salaries, but it takes time," Burkhardt said.

Policy discussions should continue with local industry, the airport authority and the airlines to expand air service and frequency to key markets to such as Seattle, Atlanta and Detroit and examine the implications and preparations needed as a result of the pending pilot shortage.

### 3) Freight Rail Service

Industry stakeholders who rely on rail and those who do not, both recognized the implications that freight rail service has on local industry, especially agricultural production. Freight service that was once driven by agriculture production in North Dakota, especially the mid and eastern regions, are not be driven by energy

producers. The demand for rail freight cargo for energy has increased due to exploration of the Bakken Shale. "Just five years ago, around 400,000 barrels of oil and gas were produced each day. Now it's more than 1 million barrels a day..."The oil production adds to the track congestion that was already there," said Roger Johnson, president of the National Farmers Union in the September 2014 article. "You have to have public policy to force regulation," said Johnson who added that looking into re-regulating the railroads might be an option because there's such a lack of alternatives when it comes to choosing rail carriers.

While this is a difficult issue and one not likely solved by Cass-Clay stakeholders alone, it is important for GFMEDC to engage in regional and national partnerships to determine the trajectory of the freight rail service within the region. It is critical that greater equity in service be provided to ensure that crop product can be delivered to its target markets and customers.

### 4) Immigration Reform

Immigration reform has been raised within the broader regional VPP discussion, and is recognized by Cass-Clay stakeholders as an important but longer-term policy item. It would require strong state and federal partnerships given where the policy changes would need to occur. This is the focus of much national debate and should be monitored by Cass-Clay Stakeholders through GFMEDC's participation on the VPP.

### 5) Broadband Infrastructure

It is a common recognition that broadband/IT communications infrastructure and access is equal to roads, air and water for the modern business. Ensuring the fastest, most reliable broadband is and should be a priority for Cass-Clay. Stakeholders cited the Dakota Fiber initiative as one that should be recognized within the Cass-Clay plan and advanced as part of an overall public policy agenda item.

The Dakota Fiber is an initiative to promote low-cost, widely available, and ultra-high speed Internet access to Fargo-Moorhead and other communities in the state of North Dakota. Launched by local tech magnate Doug Burgum, the call to action was premised on the perfect storm of North Dakota’s substantial budget surplus, the relative ease of implementing infrastructure changes in a lower-population state, and the opportunity to bring cutting edge technology-focused businesses into North Dakota from states having substantial economic challenges. Burgum likened the opportunity that North Dakota currently faces to that of large companies at the peak of their performance, facing the option of either resting on their laurels or innovating and investing in the future.

Investments in expanded and higher speed broadband are continuing to be made in the region. In November 2014, Midcontinent Communications unveiled a plan to bring gigabit Internet access to homes and businesses in hundreds of communities in South Dakota, North Dakota and Minnesota. The Midcontinent Gigabit Initiative will make gigabit speeds available to approximately 600,000 homes and 55,000 businesses along a high-capacity fiber network that covers more than 7,600 miles. This type of service expansion should continue to be encouraged and leveraged for new business investment and talent development.

**A. Form or Participate on Existing Working Groups, Identify Partners, and Determine Appropriate Roles for GFMEDC** - Within a public policy and advocacy committee, working groups should be formed around each of these key issues. Timelines should be established based on specific actions and objectives within each. These issues are multifaceted and have varying degrees of impact on the Cass-Clay market area. They will require teaming with partners at the local, regional and national levels. Those partners should be identified and steps taken on how best the Cass-Clay stakeholders can contribute to advancing the agenda item. GFMEDC should identify its specific role in each issue or actions within each agenda item – do they play a lead or support/monitor/report role. GFMEDC should gain legal insights into the rules and regulations relating to the organization’s involvement in certain public policy advocacy versus lobbying activities.

**ACTION: AGGREGATE IMPACT DATA AND COMMUNICATE TO KEY STAKEHOLDERS**

Stakeholders recognized that while GFMEDC would likely play a supporting and reporting role on many of the public policy issues, a lead activity that they can provide is in helping to translate what each issue means to the Cass-Clay area in terms of economic impact. This can be accomplished either through primary and secondary research or GFMEDC may engage consultants or academic teams to conduct a formal impact study. The impact information can help convey how each of the issues outlined in this plan impacts the local economy and communicate that information to key policy makers and constituencies.

## 2015 GFMEDC WORK PLAN ALIGNMENT

<b>OBJECTIVE 5</b>	<b>BUILD REGIONAL CAPACITY/IMPLEMENT CASS/CLAY ECONOMIC STRATEGY</b>	<b>TIMELINE</b>
Strategy C	Continue to work with the Fargo Airport Authority to expand air service.	Ongoing
	Tactic: Continue to work on opening direct daily air service to Seattle, WA and Atlanta, GA.	Ongoing
<b>OBJECTIVE 6</b>	<b>MONITOR AND RESEARCH LOCAL, NATIONAL AND GLOBAL ECONOMIC CONDITIONS FOR PURPOSES OF REPORTING, FORECASTING AND DEVELOPING REGIONAL ECONOMIC STRATEGY</b>	<b>TIMELINE</b>
Strategy A	Maintain community intelligence including key areas of real estate, demographics, labor market, infrastructure and economic base/profile.	Ongoing/ monthly
Strategy B	Provide (as needed) competitor city intelligence, including cost of doing business assessment, for comparative analysis, in target industries.	Ongoing
Strategy C	Maintain economic indicator series.	Ongoing
Strategy D	Continue participation in C2ER Cost of Living Survey.	Ongoing
<b>OBJECTIVE 8</b>	<b>MARKETING AND COMMUNICATIONS</b>	<b>TIMELINE</b>
Strategy F	Implement legislative relations activities.	Ongoing
<b>OBJECTIVE 10</b>	<b>INFLUENCE STATE ECONOMIC DEVELOPMENT POLICY</b>	<b>TIMELINE</b>
Strategy A	Communicate, and provide testimony to the Minnesota and North Dakota legislatures regarding economic development, when requested.	Ongoing
Strategy B	Develop a legislative agenda for economic development policy in Minnesota and North Dakota.	Ongoing
Strategy C	Be a leader in the development of legislation that will advance our region with globally competitive programs and infrastructure.	Ongoing
Strategy D	Work with partner economic development organizations to support legislation that enhances economic growth.	Ongoing





# PRIORITY

## 4

**LEVERAGE EXISTING AND EMERGING  
REGIONAL INDUSTRY BASE  
FOR BUSINESS RETENTION,  
EXPANSION AND START-UP**

**ACTION:**

CONTINUE TO FOCUS RETENTION AND EXPANSION ACTIVITIES ON PROVEN HIGHER-GROWTH, HIGHER-WAGE INDUSTRIES. THEY INCLUDE MANUFACTURING, BIO-HEALTH SERVICES, IT SOFTWARE, ENVIRONMENTAL PROFESSIONAL SERVICES AND RESEARCH, BIO-AGRICULTURE AND BIO-ENERGY

**ACTION:**

IDENTIFY AND CONVENE CORE BUSINESSES AND UNIVERSITY ASSETS RELATED TO EMERGING/ CONVERGING MARKET OPPORTUNITIES IN THE AREAS OF EMBEDDED SYSTEMS, PRECISION AGRICULTURE AND UNMANNED SYSTEMS CASS-CLAY

**ACTION:**

WORK TO ENSURE A FULL REVIEW AND (WHERE FEASIBLE) THE IMPLEMENTATION OF KEY RECOMMENDATIONS CONTAINED IN THE NDSU RESEARCH AND TECHNOLOGY PARK STRATEGIC ASSESSMENT REPORT (MAY 2014) IS UNDERTAKEN

Industry sector data can often be challenging to interpret and find meaning for tactical planning purposes. Businesses self report their sector classifications based on standardized definitions and, as a result, variations between the definition of the “sector a business may be classified within” and the “market they actually serve” can be significant. A software company may write code that targets the health services industry, while also providing value in the bio-agricultural markets. This convergence or divergence of sectors and market opportunities compounds the data challenge. While the Cass-Clay encourages that attention be placed on both the sector data and the market opportunities that demonstrate both the capacity and potential for higher growth employment and wages.

An industry sector growth analysis was performed for the Greater Fargo-Moorhead MSA as part of this planning process. All supporting data were provided to the GFMEDC for future reference and planning. Across the various sectors analyzed there are four that stand out in the regional economy. The top four sectors and the reasons why include the following:

- **Bio-Health Services** - (The largest sector that is also generating significant job growth and paying higher wages).
- **IT Software/Communications** - (This sector has a high location quotient (LQ), steady current and projected job growth, as well as higher wages and potential alignment with emerging/niche opportunities, such as Embedded Systems).
- **Bio-Energy** - (A smaller sector, but with rapid growth potential and higher wages).
- **Precision Agriculture** - (Also a small sector, but with a high location quotient, strong growth potential and high wages).

The sections below provide both a traditional summary of the sector trends and summary based on the market opportunities these sectors may serve now or in the future.

### Traditional Industry Sector Analysis

Fourth Economy analyzed all six-digit NAICS industries in the region to identify which industries are driving overall growth. This type of data summary does not attempt to account for any unique assets or industry competencies that may exist within the Greater Fargo-Moorhead area.

TABLE 1

	2014 JOBS	2019 JOBS	GROWTH 2009-2014	GROWTH 2014-2019
All Manufacturing	10,406	11,730	15.4%	12.7%
Bio Health Services	9,216	10,522	18.3%	14.2%
IT Telecommunications	1,389	1,294	-15.1%	-6.8%
Environmental Services & Research	1,570	1,945	40.4%	23.9%
Bio-Ag	4,640	4,971	22.4%	7.1%
Bio-Energy	1,428	1,804	47.8%	26.3%

Source: All data for these tables is sourced from the BLS and EMSI, with analysis by TPMA and Fourth Economy.

There is no proven standard for critical mass in an industry, but a good rule of thumb is that 30 to 50 businesses are needed for a robust and sustainable cluster interactions. As a result the selection criteria for traditional clusters focused on those with more than 50 establishments. These clusters are also paying above average wages.

TABLE 2

	ESTABLISHMENTS	2014 AVERAGE WAGES	2014 LOCATION QUOTIENT
All Manufacturing	263	\$59,322	0.92
Bio Health Services	156	\$76,767	0.90
IT Telecommunications	56	\$59,996	0.97
Environmental Services & Research	107	\$78,648	0.82
Bio-Ag	212	\$63,915	0.86
Bio-Energy	90	\$77,691	0.58

None of these sectors has an LQ above 1.0. There are though substantial opportunities for growth in the clusters with LQs below 1.0 as the regional economy diversifies and becomes more like the U.S. economy.

The highest projected percentage growth from 2014 to 2019 includes Bio-Energy and Environmental Services. Both are smaller sectors employing approximately 1,500 in 2014.

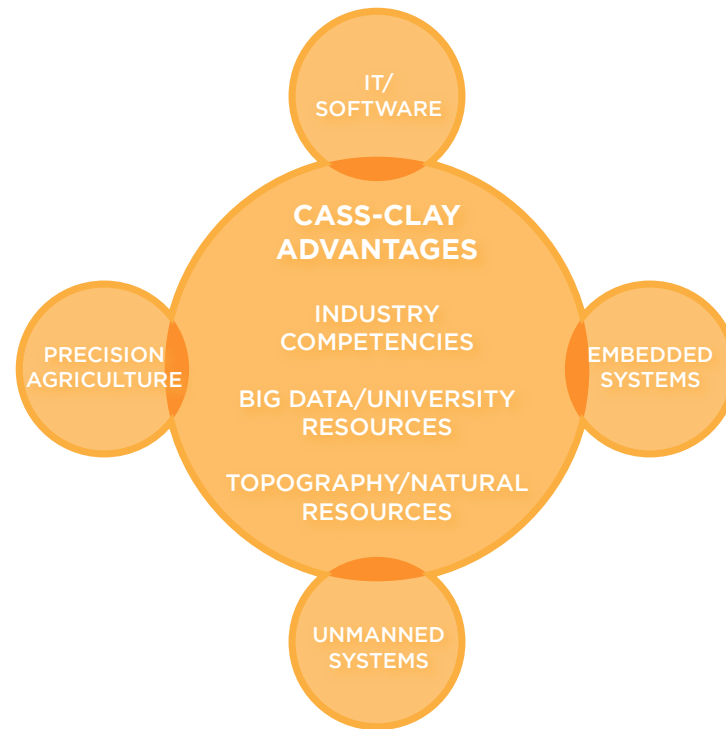
### Emerging Market or Niche Opportunities

Beyond the traditional NAICS information, it is also useful to consider how the traditional NAICS definitions may link or align with niche or emerging regional market opportunities. Regional market opportunities are revealed first by examining the NAICS cluster data and then determining what unique assets or resources exist to serve existing or emerging markets.

Regional assets can include (but are not limited to) core industry competencies (services/products/assets), natural resources or research assets. For instance, Cass and Clay Counties have a strong representation in the Information Technology, Manufacturing, Bio-Ag and Bio-Energy industry sectors. There are strong research capabilities at NDSU to support both “Big Data” and Agriculture. The region’s rich agricultural resources and relatively flat topography also differentiate Cass and Clay counties.

North Dakota’s oil and natural gas industry centered in the state’s western “Bakken” region also presents a niche opportunity for Cass-Clay businesses and research assets. Research and product development into new drilling techniques, advanced materials, well control and monitoring and geo-spatial mapping and information gathering are key market drivers that align with Cass-Clay industry competencies and research assets at NDSU.

The convergence of these factors point to unique market opportunities in which businesses within the Greater Fargo-Moorhead MSA may be currently serving and benefiting or could potentially serve given their core product line or service. They include IT-Software, Embedded Systems, Precision Agriculture and Unmanned Systems.



These market opportunity areas have a minimum of 30 establishments and as many as 143 establishments. Employment in these areas is all below 3,000 employees in 2014. They pay above average wages and are projected to growth from 2014 to 2019.

**TABLE 3**

	JOB 2014	JOB 2019	GROWTH 2009-2014	GROWTH 2014-2019
IT-Software	2,838	3,180	11.8%	12.1%
Embedded Systems	1,632	1,913	2.8%	17.2%
Unmanned Systems	1,904	2,253	1.1%	18.3%
Precision Agriculture	2,458	2,915	28.6%	18.6%

Three of these emerging clusters, IT Software, Embedded Systems, and Precision Agriculture, have location quotients above 1.0.

TABLE 4

	2013 ESTABLISHMENTS	2014 AVERAGE WAGES	2014 LOCATION QUOTIENT
IT-Software	143	\$90,429	1.96
Embedded Systems	103	\$84,406	1.16
Unmanned Systems	129	\$92,103	0.67
Precision Agriculture	34	\$69,602	2.98

FIGURE 1

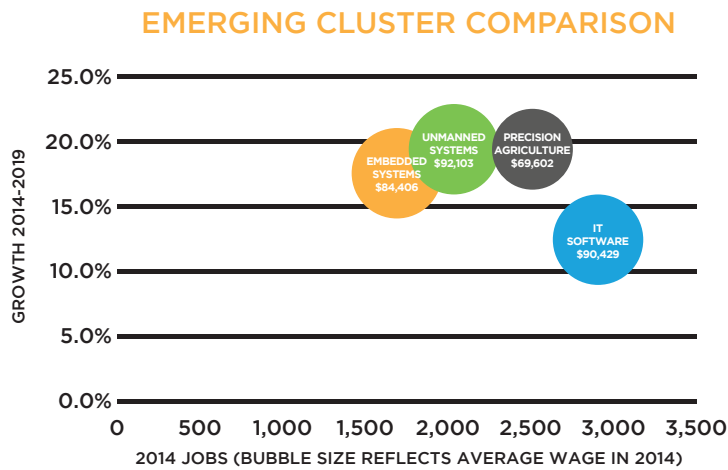


FIGURE 2

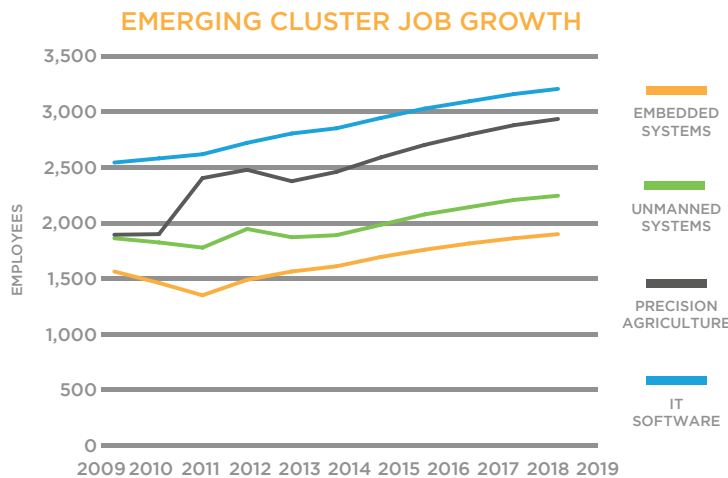
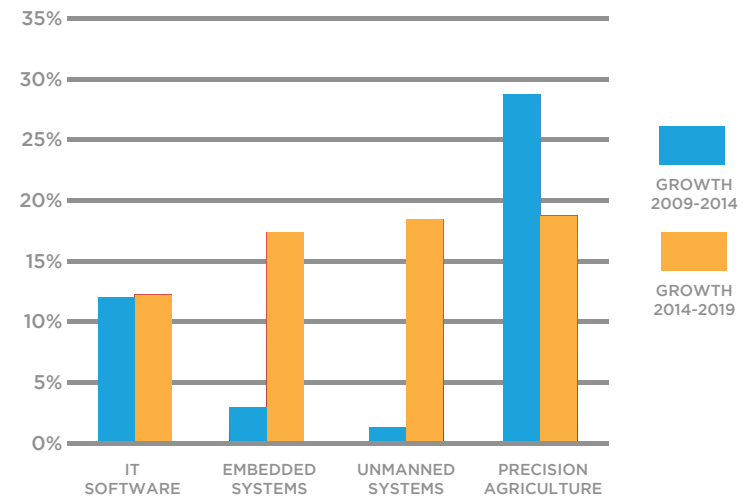


FIGURE 3



Ninety percent of survey respondents agree that the suggested market opportunities of Information Technology /Software Development, Embedded Systems, and Precision Agriculture are the most unique and impactful sector opportunities for the Greater Fargo-Moorhead region. Fewer, but still a majority, 69 percent of survey respondents agreed that Unmanned Systems represented a market opportunity for the region.

**ACTION: CONTINUE TO FOCUS RETENTION AND EXPANSION ACTIVITIES ON PROVEN HIGHER-GROWTH, HIGHER-WAGE INDUSTRIES. THEY INCLUDE MANUFACTURING, BIO-HEALTH SERVICES, IT SOFTWARE, ENVIRONMENTAL PROFESSIONAL SERVICES AND RESEARCH, BIO-AGRICULTURE AND BIO-ENERGY.**

There is common recognition and understanding of industry sectors based on the NAICS codes and growth metrics. The sectors identified through this classification contribute to the foundational job and wage growth for the Greater Fargo-Moorhead MSA and should continue to be cultivated. There are also core assets in the region that align and support these sectors.

- A. The Cass-Clay Plan encourages GFMEDC to continue to advance with their work plan items such as the business calling program, survey work and the facilitation of workforce related training grants and other resources that can be directed toward these primary sector businesses.**
- B. GFMEDC should take steps to review its current mission and expand it beyond primary sector businesses.** As sectors converge, many secondary sector businesses, such as distribution and data centers, directly support and add value to primary sector businesses. It is important to identify and determine the diverse types of businesses that are or should be within a regional market that could add value and help attract primary sector businesses. This should be a topic as part of a primary sector focus group and/or GFMEDC mission update discussion.
- C. Review NDSU Phase I Research and Innovation Strategy (May 2014) prepared by Eva Klein & Associates to determine where alignment exist between that report's recommendations and strategy suggestions and the GFMEDC industry sector development objectives.** That report recognizes that NDSU "now is one of 108 universities that the Carnegie Foundation classifieds as Research University/Very High Research. In 2012, NDSU is ranked by NSF as 128th of All Institutions. NDSU is now ranked 15th among the 50 states in Agriculture research expenditures." Many NDSU assets align with Cass-Clay industry strengths such as the Center for Computationally Assisted Science and Technology (CCAST), the Department of Agricultural and Biosystems Engineering, the National Crop Institute and the Center for Nanoscale Science and Engineering (CNSE). Together these centers and resources add value to the development of both core and emerging sectors such as advanced manufacturing, precision agriculture, unmanned systems and information technology.

**ACTION: IDENTIFY AND CONVENE BUSINESSES AND UNIVERSITY ASSETS THAT CAN SUPPORT AND GROW EMERGING/CONVERGING MARKET OPPORTUNITIES IN THE AREAS OF EMBEDDED SYSTEMS, IT/BIG-DATA, PRECISION AGRICULTURE AND UNMANNED SYSTEMS.**

Beyond the traditional analysis and the primary sector businesses that fall within those definitions, it is recommended that GFMEDC along with key industry and university partners, work to cultivate new business opportunities and expansions within emerging opportunities unique to the market area. Survey respondents viewed GFMEDC's role in supporting these opportunities as facilitating collaboration to support new business opportunities (74 percent of respondents) and marketing/promoting industry strengths and opportunities (53 percent of respondents). Based on the industry interviews and survey data, priority should be given to the development of market opportunities associated with 1) Embedded Systems, 2) IT/Big Data, and 3) Precision Agriculture.

Despite their growing use within the agriculture sector, 4) Unmanned Systems was given a lesser priority. Several market concerns were cited to include an unknown regulatory environment impacting the broad use of unmanned aerial devices (drones) and the degree to which the Grand Forks area – which recently received a national DOD UAS center for research and development designation – would complement or compete in this market space with the Greater Fargo-Moorhead area.

Beyond these valid concerns, Unmanned Systems, which include both air or land based applications, does involve significant IT/software and embedded system componentry to drive the product development. Both of which are recognized as core industry and research strengths for Cass-Clay. At least one Fargo-based company is engaged in this market opportunity, which is estimated to be a \$98 billion market. “Aerobotic Innovations, a small seven-man company built up of military pilots, software developers, and electrical engineers, has developed a game-changing software application called Botlink. Among other things, this app allows you to track your drone in real-time via radio signal and creates a visual map using the Cloud showing other aircraft in the surrounding airspace.” (EmergingPrairie.com - 11/11/14)

**A. Form a “market opportunity advisory group” made up of at least one private sector firm and key university supporting resource representative aligned with the niche market opportunities.**

Member candidates should include Appareo Systems representing Imbedded Systems, John Deere representing Precision Agriculture, Microsoft representing IT/Big Data, and Aerobotic Innovations representing Unmanned Systems. The advisory group should also include a representative from NDSU’s Center for Computationally Assisted Science and Technology (CCAST) and NDSU’s Department of Agricultural and Biosystems Engineering.

**B. Develop a market opportunity action agenda –**

Based on the feedback from the industry advisory group, a market opportunity action agenda should be developed which helps to identify additional businesses that either are currently providing a product or service within these niche market areas or could benefit from these markets. Information sessions (breakfasts, market opportunity roundtables, etc.) can be conducted to exchange information and identify the barriers and opportunities to growing these market areas, engaging existing industry or growing new niche sector companies.

*This is big. When it comes to research, scientists often generate oceans of data, which can create challenges to capture, store, analyze and understand. Standard computer systems cannot handle what is known as “big data”— high-volume, high-velocity data sets that are often in the terabyte and soon will be in the petabyte range. The National Science Foundation, in a competitive grant process, has awarded North Dakota State University a \$400,000 grant over three years to create a Data-Intensive Cyber infrastructure for Research and Education at NDSU, Fargo.*

*Newswise.com (September 2012)*

**ACTION: WORK TO ENSURE A FULL REVIEW AND (WHERE FEASIBLE) THE IMPLEMENTATION OF KEY RECOMMENDATIONS CONTAINED IN THE NDSU RESEARCH AND TECHNOLOGY PARK STRATEGIC ASSESSMENT REPORT (MAY 2014) IS UNDERTAKEN**

The NDSU Research and Technology Park is a high value economic development resource. It has served to help create a bridge between basic research and the deployment of new technologies to the market. Beyond determining the degree of alignment that may exist between priorities outlined in the Cass-Clay economic plan and the assets at the NDSU technology park, the Cass-Clay plan also encourages that a full review and implementation of the park’s Strategic Assessment report (led by Eva Klein and Associates in May 2014) also be undertaken. GFMEDC may lead this effort to determine how NDSU leadership is addressing those findings and recommendations and what resources (local or regional) should be or need to be leveraged to advance those findings.



## 2015 GFMEDC WORK PLAN ALIGNMENT

OBJECTIVE 1	RETAIN AND EXPAND EXISTING MAJOR EMPLOYERS	TIMELINE
Strategy A	Maintain visitation program for all primary-sector companies located in Cass and Clay Counties.	Ongoing
	Tactic: Call on largest 100 primary sector employers annually; call on additional employers at least every other year or on an as-needed basis; utilize CRM system to track information	Ongoing
	Tactic: Identify companies that are primary-sector; provide assistance to new and existing primary-sector companies.	Ongoing
	Tactic: Facilitate access to state programs for primary-sector businesses, such as North Dakota New Jobs Training Program, PACE loans, tax credits, etc.	Ongoing
	Tactic: Continue with outreach programming to provide information about EDC services and connect primary-sector companies to programs	Ongoing
Strategy B	Respond to situations where a company currently located in Cass or Clay County is considering relocation outside the metropolitan area.	Ongoing
Strategy C	Respond to situations where an outside company is acquiring a Cass or Clay County business.	Ongoing
Strategy D	Implement a corporate visitation plan for companies with headquarters outside of Cass and Clay County.	Ongoing
OBJECTIVE 2	ATTRACT NEW BUSINESSES TO FARGO MOORHEAD AND HELP ENTREPRENEURS START NEW BUSINESSES	TIMELINE
Strategy A	Attract business prospects by marketing the Greater Fargo Moorhead area as a location for the expansion or relocation of primary-sector companies on a targeted basis.	Ongoing
	Tactic: Evaluate and develop a marketing strategy based on Fourth Economy's Strategic Plan for 2015	Ongoing
	Tactic: Work with municipalities to develop and support their recruitment strategies.	Ongoing
	Tactic: Maintain proposal and collateral materials.	Ongoing
Strategy B	Respond to leads and requests for information.	Ongoing
	Tactic: Respond to leads generated by the North Dakota Department of Commerce and the Minnesota Department of Employment and Economic Development.	Ongoing
	Tactic: Respond to all requests for information from prospective primary-sector businesses.	Ongoing
Strategy C	Facilitate access to state programs for new primary sector businesses.	Ongoing
OBJECTIVE 5	BUILD REGIONAL CAPACITY/IMPLEMENT CASS/CLAY ECONOMIC STRATEGY	TIMELINE
Strategy B	Pursue partnerships with national and international corporations, local, state and federal officials, and foundations to facilitate job creation and develop research institutions in target technologies.	Ongoing
	Tactic: Continue to foster strategic research initiatives between the universities and private sector, focusing on commercialization and partnerships.	Ongoing
	Tactic: Hold meetings and industry sector summits with higher education and industry leaders to discuss strategies to develop talent to meet the needs of growing companies.	Ongoing





PRIORITIES NEXT  
FOR THE  
GENERATION  
ECONOMY

# PRIORITY

# 5

**CONTINUE THE DEVELOPMENT  
OF THE REGION'S ENTREPRENEURIAL  
ECO-SYSTEM**

**ACTION:**

CONTINUE TO PLAY A SUPPORTING AND SPONSORSHIP ROLE OF KEY PROGRAMMATIC ACTIVITIES SUCH AS 1-MILLION CUPS AND THE EMERGING PRAIRIE ORGANIZATION

**ACTION:**

MONITOR NEW BUSINESS START-UP TRENDS, IDENTIFY AND ADDRESS GAPS

The Cass-Clay economy has been built by home grown entrepreneurs. Ninety-one percent of survey respondents agree that supporting new business development remains a priority for the region and support GFMEDC acting as a liaison and convener to support the growth of the entrepreneurial ecosystem.

***Snapshot: Home Grown Businesses***

John Deere Electronic Solutions

Amity Technologies

Appareo Systems

Aerobotic Innovations

Discovery Benefits

(Formerly Northern Capital Trust)

Amity Technology

BNG Holdings

Myriad Mobile

Office Sign Company

Doosan/Bobcat Americas

Border States Electric

Bell State Bank & Trust

Case NH

CI Sport

Crary Industries

Great Plains Software

(Purchased by Microsoft)

Corelink Administrative Solutions

Forum Communications

RDO

Sundog

Titan Machinery

Intelligent InSites

Evolution 1

Forbes ranked Fargo #1 in 2014 as “The Best Small Places for Business and Careers.” The best small places are based on the 184 metro areas with populations less than 260,000 people. These accolades tell an important story for Greater Fargo-Moorhead, as small and new business start-ups remain the primary source for all job creation and economic development nationally. New businesses account for nearly all new net job creation and almost 20 percent of gross job creation.

The Kauffmann Foundation, the nation’s largest foundation focused on advancing entrepreneurial success, reports that, “when it comes to job-creating power, it is not the size of the business that matters as much as it is the age. New and young companies are the primary source of job creation in the American economy. Not only that, but these firms also contribute to economic dynamism by injecting competition into markets and spurring innovation...”

North Dakota overall is demonstrating a higher performance rate in many key areas of the New Economy Index (NEI). The NEI is prepared by the by the Information Technology and Innovation Foundation (ITIF), a Washington, D.C.-based think tank, which ranks U.S. states on a number of new-economy attributes. Minnesota ranked 13th on the 2012 NEI recognized for its concentration of medical device and other high-tech firms in the state. While North Dakota placed 34th in the index, The Minneapolis Federal Reserve noted that score represents considerable progress over the past decade. In 2002, it placed fourth from last among U.S. states. Moreover, North Dakota has raised its score on several new economy indicators, including job creation and destruction, venture capital investment (although the state lost ground in this measure in 2012) and educational level of recent immigrants.

**MOVIN' ON UP: ND'S RANK ON NEW ECONOMY INDEX**

YEAR	OVERALL	JOB CHURN	EDUCATED IMMIGRANTS	VENTURE CAPITAL
2012	34	22	3	36
2010	36	34	1	29
2007	37	45	18	47
2002	47	49	NOT RANKED	49

Source: Information Technology and Innovation Foundation

Stakeholders and survey respondents made it a point that while it was important to cultivate and assist new business start-ups, it is also important to “stay out of their way” as well. It is important for GFMEDC to strike a balance between supporting and offering resources, without changing the entrepreneurial eco-system that is developing organically and with the support of other organizations beyond GFMEDC. Within the start-up space, two key actions are recommended as part of the Cass-Clay Plan.

**ACTION: CONTINUE TO PLAY A SUPPORTING AND SPONSORSHIP ROLE OF KEY PROGRAMMATIC ACTIVITIES SUCH AS 1-MILLION CUPS AND THE EMERGING PRAIRIE ORGANIZATION**

GFMEDC has been a sponsor and advocate of key programs and events that serve as catalysts for the entrepreneurial eco-system throughout the Greater Fargo-Moorhead MSA. Much of this activity is in partnership with Emerging Prairie, which has become recognized a lead convener and information sharing organization. These activities should be continued as they offer reflect the appropriate role for GFMEDC and add critical value to the overall Cass-Clay economy. The Kaufmann Foundation points out that “entrepreneurs operate largely at the local level, and regions are strengthened when entrepreneurs connect with one

another. Programs created to help entrepreneurs should facilitate network formation, peer learning, and mentorships.”

***Entrepreneurial Community and Exchange***

- 1 Million Cups Fargo
- CULTIVATE.you
- DSGNX Cropped
- E-Commerce Breakfasts
- Fargo 3D Printing, Makers, and Designers
- Fargo Mobile Tech Meet-up
- Fargo-Moorhead Content Strategy
- FM Developers Group
- Hackathon Fargo
- Health Pitch Fargo
- Midwest Mobile Summit
- Red River Web Group
- Startup Drinks
- Startup Weekends
- TEDxFargo
- TEDxYouth@Fargo

**ACTION: MONITOR NEW BUSINESS START-UP TRENDS, IDENTIFY AND ADDRESS GAPS**

The Kaufmann Foundation points out that different types of entrepreneurs require different resources. A one-stop shop cannot serve all. Policymakers should consider gaps in the local ecosystem and ways in which different programs can be connected to each other. The rise of the independent contractor for instance will greatly influence many aspects of the entrepreneurial ecosystem. Through both the Cass-Clay planning effort and the region-wide Valley Prosperity Partnership, stakeholders identified two key areas where attention is needed to ensure the Greater Fargo-Moorhead MSA remains competitive for new business creation. The

Cass-Clay plan encourages stakeholders and GFMEDC to monitor emerging business start-up trends and work to address new demands and gaps as they develop.

**A. Ensure the Awareness and Availability of Incubator and Co-Working Spaces for Start-up Businesses.**

The Cass-Clay Plan recognizes the need for flexible working space and incubator support for early stage companies. Co-working spaces are increasingly in demand by both start-up and smaller more established companies. Promoting, connecting and ensuring key spaces and facilities such as CoCo, Fargo Start-up House, Lake Agassiz Development Group Business Incubator, NDSU Technology Incubator, and UND Center for Innovation, should be a key activity for GFMEDC. GFMEDC should work closely with developers to ensure that new office spaces are designed/developed to accommodate more flexible and open space working environments. Innovative leasing arrangements allowing for desk rentals supported by common space areas and services are growing in demand. Sites like Pivotdesk.com are making it easier for property owners and start-ups to connect, creating short-term leasing options.

*Businesses are dynamic. Real estate isn't. PivotDesk enables businesses to grow fluidly within the static real estate infrastructure by connecting companies with excess space to companies that need it. Flexible agreements eliminate the risk of a long-term lease, allowing entrepreneurs to offset costs so they can focus on what's most important—growing their business.*

*Pivotdesk.com*

B. Create/Provide access to additional venture/risk capital sources for technology related start-ups with a focus on local investment resources. Funding is the lifeblood of early stage innovations, ideas and the companies that are created to advance them. Stakeholders echoed this fact and encouraged the Cass-Clay Plan to make "access to capital," especially locally sourced funding and companies, another action within the overall entrepreneurial focus.

The VPP plan highlights that funding sources such as Research ND's Venture Grants program, which helps move university-developed technology into the marketplace by stimulating partnerships between North Dakota research universities and private sector businesses, is usually oversubscribed with demand outpacing the resources available. The New Economy Index noted that North Dakota's overall ranking in Venture Funding (access and deployment of funds) has fallen in recent years - this after many years of steady growth.

There are several venture capital and investment sources currently being promoted within the local and regional market area. The Valley Angel Investment Fund, which is a member of the RAIN Source Capital Fund Network, is currently being promoted through the Emerging Prairie website. The Valley Fund is an angel investment group headquartered in Grand Forks, and through the multi-state RAIN Fund Network is a multi-state network is able to share prospective deals with the network to collectively raise capital. While Emerging Prairie has also listed the Fargo-Moorhead Angel Investment Fund as a source of funding, the fund appears to be fully funded and no longer active.

Arthur Ventures is a homegrown venture fund based in Fargo. Arthur Ventures is widely recognized as a group committed to supporting local entrepreneurs by providing capital to build businesses within the region's high growth sectors. Several addition sources such as New Venture Capital Fund, Milestone Growth Fund, and Split Rock Partners are all listed as capital sources on the

GFMEDC website. Each of these funds has either a state or national level focus for deal flow and investments.

While the Cass-Clay plan recommends the continued promotion and facilitation of these funding sources, continued efforts should be made to establishing/ coordinating a local network or roundtable of potential funding sources. These can include both high-net-worth individuals interested in funding small businesses as well as established local or regional venture funds. Representatives from NDSU and Emerging Prairie should also be included to advise the group on potential investment opportunities and trends. While this group can remain informal or develop more formal operational structures, the model can allow for either individual participant investments to be made or for members to pool their investments and team on certain

opportunities. GFMEDC’s Growth Initiative Fund (GIF) represents a potential source of loan or investment dollars within this context.

The Cass-Clay plan further recognizes the importance to stay engaged with the VPP action agenda in this area. Through GFMEDC’s participation and other stakeholders from the Greater Fargo-Moorhead area, efforts should continue to implement. The VPP has identified two action steps that align with this section of the Cass-Clay Plan 1) Establishing a “Proof-of-Concept Fund” to do early-stage evaluations of the commercial feasibility of a new or improved technology, process or service that is invented and/or developed at a university, and 2) Supporting technology incubators that provide intensive entrepreneurial assistance, access to capital and state-of-the-art incubation facilities.

## 2015 GFMEDC WORK PLAN ALIGNMENT

<b>OBJECTIVE 4</b>	<b>ENTREPRENEURIAL SUPPORT AND DEVELOPMENT</b>	<b>TIMELINE</b>
Strategy A	Support entrepreneurial infrastructure development.	Ongoing
	Tactic: Support CoCo Fargo co-working space with local programming and promoting utilization of the facility.	Ongoing
	Tactic: Provide staff and office support to local entrepreneurial efforts.	Ongoing
	Tactic: Pursue funding sources at a local, state and federal level.	Ongoing
Strategy B	Foster an environment for university/industry partnership and entrepreneurship by capitalizing on the economic development capacity of university faculty, researchers and students.	Ongoing
	Tactic: Continue to work with local universities to ensure the proper pathways exist for university faculty and students to partner with business and non-profit entities.	Ongoing
Strategy C	Respond to situations where an outside company is acquiring a Cass or Clay County business.	Ongoing
Strategy D	Implement a corporate visitation plan for companies with headquarters outside of Cass and Clay County.	Ongoing
<b>OBJECTIVE 9</b>	<b>USE THE GROWTH INITIATIVE FUND TO FURTHER THE REGION’S ECONOMIC DEVELOPMENT STRATEGY</b>	<b>TIMELINE</b>
Strategy A	Administer existing loan programs.	Ongoing
Strategy B	Explore potential new funding programs that promote business development and are supportive of the economic strategy of GFMEDC and Cass/Clay Counties.	Ongoing



PRIORITIES **NEXT**  
FOR THE  
**GENERATION**  
**ECONOMY**

ACKNOWLEDGEMENTS  
AND RESOURCES



A very special thanks and recognition to the staff and Board of the Greater Fargo-Moorhead Economic Development Corporation for their continued efforts in helping to advance regional economic growth opportunities and investment. Appreciation is also extended to all survey respondents and stakeholders for providing their thoughts and guidance into the development of this plan.

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## RESOURCES

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<http://www.usatoday.com/story/news/nation/2014/04/27/charleston-millennials-college-graduates-engineers/7969963/>

### **Find the Good Life in North Dakota (ND Department of Commerce)**

<http://www.commerce.nd.gov/about/foundation/FindtheGoodLifeinNorthDakota/>

### **Midwestern Colleges Have Fewer Kids to Tap (Marketplace.org, 7/28/14)**

<http://www.marketplace.org/topics/education/learningcurve/midwestern-college-dilemma-fewer-local-kids-tap>

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<http://www.nationalskillscoalition.org/resources/publications/file/middle-skill-fact-sheets-2014/NSC-North-Dakota-MiddleSkillIFS-2014.pdf>

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<http://www.jobsnd.com/sites/default/files/FiveYearIntegratedStateWorkforcePlan.pdf>

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**Finding Long Term Solutions Together (Report) (Ilis.dhs.gov, 2009–2011)**

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<http://www.washingtontimes.com/news/2014/sep/7/north-dakota-airports-prepare-for-pilot-shortage/#ixzz3lz53LcKV>

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<http://www.latimes.com/opinion/op-ed/la-oe-horowitz-work-freelancers-20140826-story.html>

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**WEB LINKS**

City of Fargo

City of Moorhead

Convention and Visitors Bureau

Emerging Prairie

Greater Fargo-Moorhead Chamber of Commerce

Greater Fargo-Moorhead Economic Development Corporation

Minnesota Department of Economic Development

North Dakota Office of Economic Development

North Dakota State University

US Cluster Mapping Project

Valley Prosperity Partnership

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