



November 2016

Introduction

The Pembina County Business Retention and Expansion (BR&E) program was implemented as a direct result of extensive strategic planning efforts in 2014 and early 2015 by the Pembina County Job Development Authority (JDA) and was funded by a USDA Rural Development Rural Business Development Grant (RBDG), the Pembina County JDA and the Red River Regional Council (RRRC). With the input of more than 50 community and business leaders throughout the county, several general business development strategies and essential action steps were identified and outlined in the Pembina County 2015-2020 Strategic Plan Implementation Workbook, including creating a firm foundation for more strategic business development within the county. The business retention and expansion piece of this focuses on encouraging existing local businesses to remain in the community and/or expanding their operations and workforce.

Maggie Suda was hired by the RRRC in September 2015 to lead the project. Pembina County was the pilot for this program, using carefully selected businesses and a professional data collecting/measurement tool (Synchronist Business Information System). The program was implemented in three phases. Phase I included primary sector businesses (manufacturing), Phase II included agriculture, tourism and financial businesses and Phase III included healthcare, international trade, retail/service and education businesses. Based on the success and value of this effort, the RRRC may attempt to implement throughout Region IV.

Scope of Work

The approved scope of work for the project is outlined below:

- Execute subscription to the Synchronist Suite with Blane Canada.
- Receive training, customize Synchronist Suite, and load initial data set with Blane Canada on the Synchronist Suite.
- Schedule and conduct a minimum of 15 one-on-one interviews with the primary sector companies within Pembina County utilizing the Synchronist PRIME tools. Identify expansion opportunities and companies at risk, provide assistance to companies, document community problems, and establish personal relationships.
- Complete data entry from company interviews into the Synchronist Suite and conduct analysis both on an individual and from the entire portfolio based on key performance indicators. Analysis will evaluate growth potential, value to the community, risk of leaving or downsizing.
- Develop targeted strategies to address issues and opportunities identified and begin implementation.
- Identify retail, tourism, and service companies and organizations that contribute to the quality of life in Pembina County.
- Schedule and conduct a minimum of 15 one-on-one interviews with convention, retail, tourism, and local businesses to gain insight on these important sales tax generators and their growth potential utilizing the Synchronist CRTS tools.

- Complete data entry from the CRTS interviews and again assess issues and opportunities.
- Develop targeted strategies to address issues and opportunities identified and begin implementation.
- Throughout this process – two key questions will be addressed:
 - How company needs are being met by the community as a place to do business?
 - What risks could cause each business to fail, downsize, or leave the community?
- Provide bi-monthly reports to the Pembina County JDA Board of Directors on completed and scheduled tasks.
- Develop and recommend strategies to the Pembina County JDA Board of Directors to incorporate into its priorities, action plans, and program development.
- Utilize Pembina County JDA as a pilot project to develop this comprehensive business retention and expansion initiative to eventually execute through Walsh, Nelson, and Grand Forks Counties (Region IV).
- Meet all programmatic, financial, and reporting requirements from USDA Rural Development in a timely manner.

Project Funding

The BR&E program had a total project budget of \$57,500 from three different sources. The RBDG \$30,000 obligation date was August 12, 2015 and funding ended September 30, 2016.

Task	USDA RBDG Funds	PCJDA Funds	RRRC Funds	Total Project Costs
Synchronist Business Information System Subscription		\$3,700	\$2,500	\$6,200
Training, prepare, travel, conduct interviews, report	\$30,000	\$11,300	\$10,000	\$51,300
TOTAL PROJECT	\$30,000	\$15,000	\$12,500	\$57,500
Source of Funds:	52%	26%	22%	

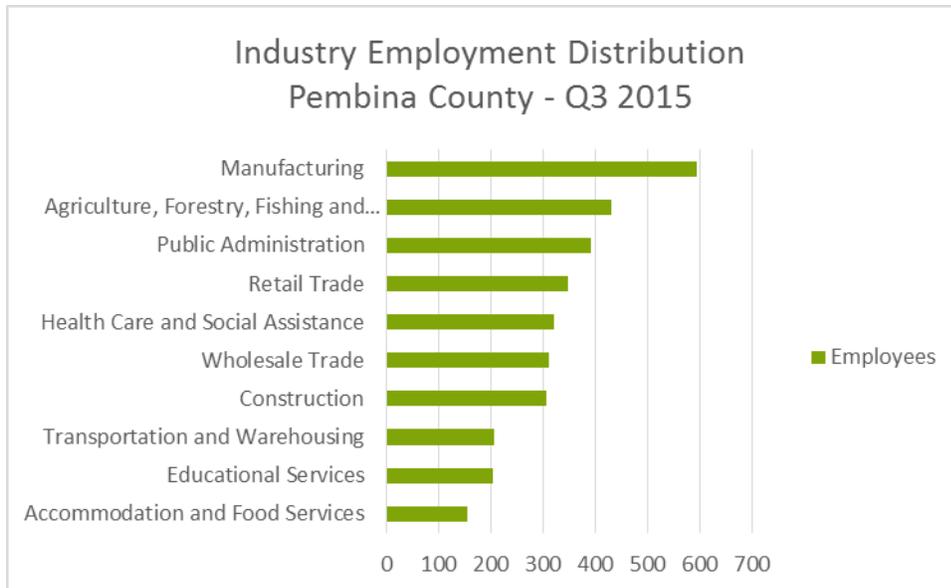
BR&E Program Goals

The BR&E program was planned with five specific goals in mind:

1. Build relationships with business owners and/or upper management.
2. Identify companies with plans to expand.
3. Identify companies at risk of closing, leaving the community or downsizing.
4. Identify company and community problems.
5. Provide assistance and make connections.

Phase I – Manufacturing (14 total meetings)

Manufacturing was selected as the targeted business sector for Phase I as it is the lead industry in the county providing more than 600 jobs. Manufacturing is often referred to as “primary” or “base” sector as it is fundamental to all other business sectors.



Suda met with 14 manufacturing businesses between November 9, 2015 and January 11, 2016. Dawn Keeley, RRRRC/JDA and Mary Houdek, Job Service North Dakota sat in on several of the initial business meetings. Houdek shared relevant information on programs offered through Job Service that provide funding assistance to offset training costs like Workforce 20/20.

Phase II – Agriculture, Tourism, Financial (17 total meetings)

Suda and Keeley held a conference call with JDA Board Members Corene Vaughn and Kathy Stremick on December 4, 2015 to gain input and develop a strategy for subsequent phases of the project as well as gain insight and approval on the list of potential participants for Phase II. It was decided that Phase II would focus on agriculture, tourism and finance, as those are some of the larger industries in Pembina County.

Suda met with 17 Phase II businesses between December 22, 2015 and February 3, 2016. Rachel Morrison, Director, Cavalier Area Chamber of Commerce sat in on the Cavalier based business meetings as her schedule allowed.

Phase III – Healthcare, International Trade, Retail/Service and Education (18 total meetings)

Suda and Keeley regrouped with Vaughn and Stremick on January 25, 2016 to develop a list of potential participants for the third phase of the project. The group agreed to focus on healthcare, education, retail/service businesses, especially those in need of a succession plan and parcel/brokerage businesses located near the Canadian border. One of the goals with the parcel/brokerage businesses was to try and identify Canadian businesses that frequent the U.S. that could potentially open an office in Pembina County. Due to confidentiality clauses with customers, no potential Canadian businesses were identified during the business visits.

Updates on the BR&E program were prepared and provided to the JDA and the RRRRC at the bi-monthly board meetings throughout 2015 and 2016. Suda also presented an overview of the program at the inaugural Regional Mayors Caucus, held January 27, 2016 in Park River, and the Cavalier Area Chamber of Commerce board meeting on March 17, 2016. Program overviews have also been shared with

state/federal partners who may be able to assist in developing action steps to address needs identified including Senator Heidi Heitkamp and Ryan Taylor, ND State Director USDA Rural Development.

A detailed list of the businesses that participated in the BR&E program is outlined below and photos of the businesses can be found in the appendix.

BR&E Participating Businesses

Location	Phase I – Manufacturing (Meeting Dates: 11/9/15-1/11/16)	Phase II – Agriculture, Tourism, Financial (Meeting Dates: 12/22/15-2/3/16)	Phase III – Healthcare, International Trade, Retail/Service and Education (Meeting Dates: 2/8/16-4/13/16)
<i>Cavalier</i>	K-Line Agriculture Midway Seed Woodside Industries	Cedar Inn Citizens State Bank Midwest CPS - Crop Production Services Icelandic State Park North Star Community Credit Union Pembina County Historical Museum Ramsey National Bank United Valley Bank	Behm's Plumbing Inc. Cavalier School District Mayo Construction Co. Pembina County Memorial Hospital True Value Wayne's Variety Wedgewood Manor
<i>Crystal</i>		Simplot Grower Solutions	
<i>Drayton</i>	American Crystal Sugar	CHS Grain Elevator KodaBank	Altru Clinic Drayton J&D's Riverview Market Sterling Carpet One Floor & Home
<i>Mountain</i>		221 Melsted Place Olafson Agrarian Enterprises	
<i>Nече</i>	Arrow Industries Bordertown Retail Systems CVR Industries Enduraplas Rimco		North Border School District
<i>Pembina</i>	Motorcoach Industries		D & K Grocery GHY USA Inc. Mike's Parcel Pickup UPS Supply Chain Solutions U.S. Customs and Border Protection
<i>St. Thomas</i>			St. Thomas School District
<i>Walhalla</i>	B.L. Industries Food First and SweetPro North Border Enterprizes	Choice Financial Forestwood Inn Sanctuary Guest House & Eatery Walhalla Ag Service	Nature's Best Flowers & Greenhouse

Findings

Some common trends were uncovered as a result of the 49 on-site business visits including:

- **Pro-business** – The cities of Pembina County offer tax and land incentives for new businesses.
- **Location** – Pembina County is located in the middle of the agriculture hub and is close to the Canadian border.
- **Quality of Life** – Positive, safe, friendly, welcoming, peaceful; Northeastern North Dakota is a hidden gem – full of beauty and history.
- **Education** – Strong school systems.
- **Labor** – There is an overall lack of skilled and unskilled workers throughout the county due to an aging and decreasing population.

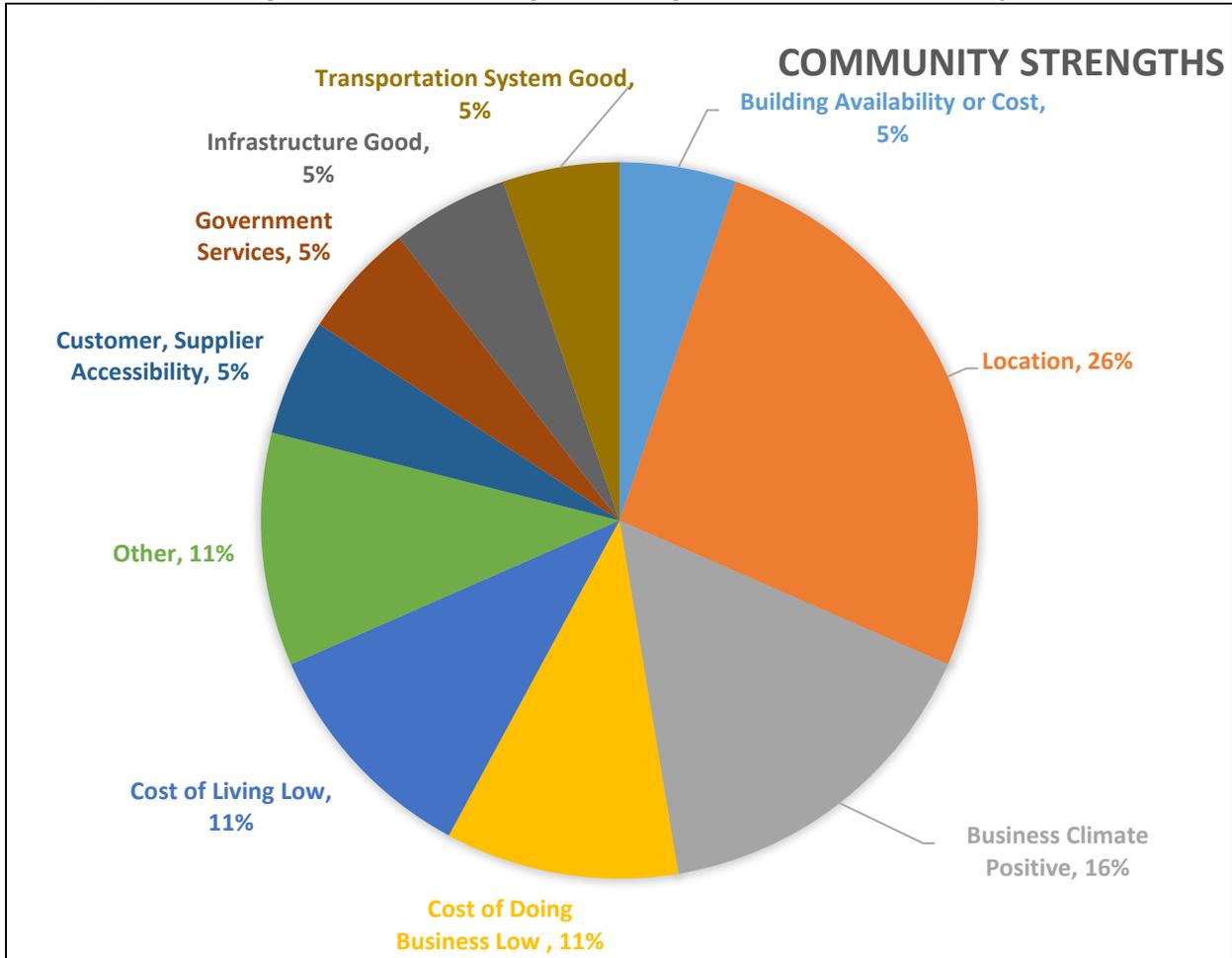
- There were more than 60 job openings among the 14 participating manufacturers at the time of the on-site meetings. Approximately 40 of the job openings were at Motor Coach Industries.
- **Daycare** – Most of the communities are in need of licensed child care. Lack of child care makes it difficult for both parents to work, thus reducing the available labor pool.
- **Flood Insurance** – The cost of flood insurance is high, making it harder for potential employees to purchase a home.
- **Communications and Technology** – Phone service and internet speed are an issue, even with the recent upgrades to fiber.
- **Cell Phone Coverage** – Cell phone reception is very poor, especially around Neche. Many businesses must use cell phone boosters.
 - 911 calls in Neche have been intercepted by Canada and were unable to be transferred back over the border.
 - Verizon installed a tower on the Motor Coach Industries property in Pembina in spring 2016. It is supposed to block the Canadian signal and increase reception for the surrounding areas.
- **Housing** – There is a lack of quality housing available and lack of affordable housing options making it hard to attract workers if they can't find a place to live.

There have also been several business specific needs identified including new equipment and infrastructure updates that would have a direct impact on business growth and/or the cost of doing business.

Synchronist Reports

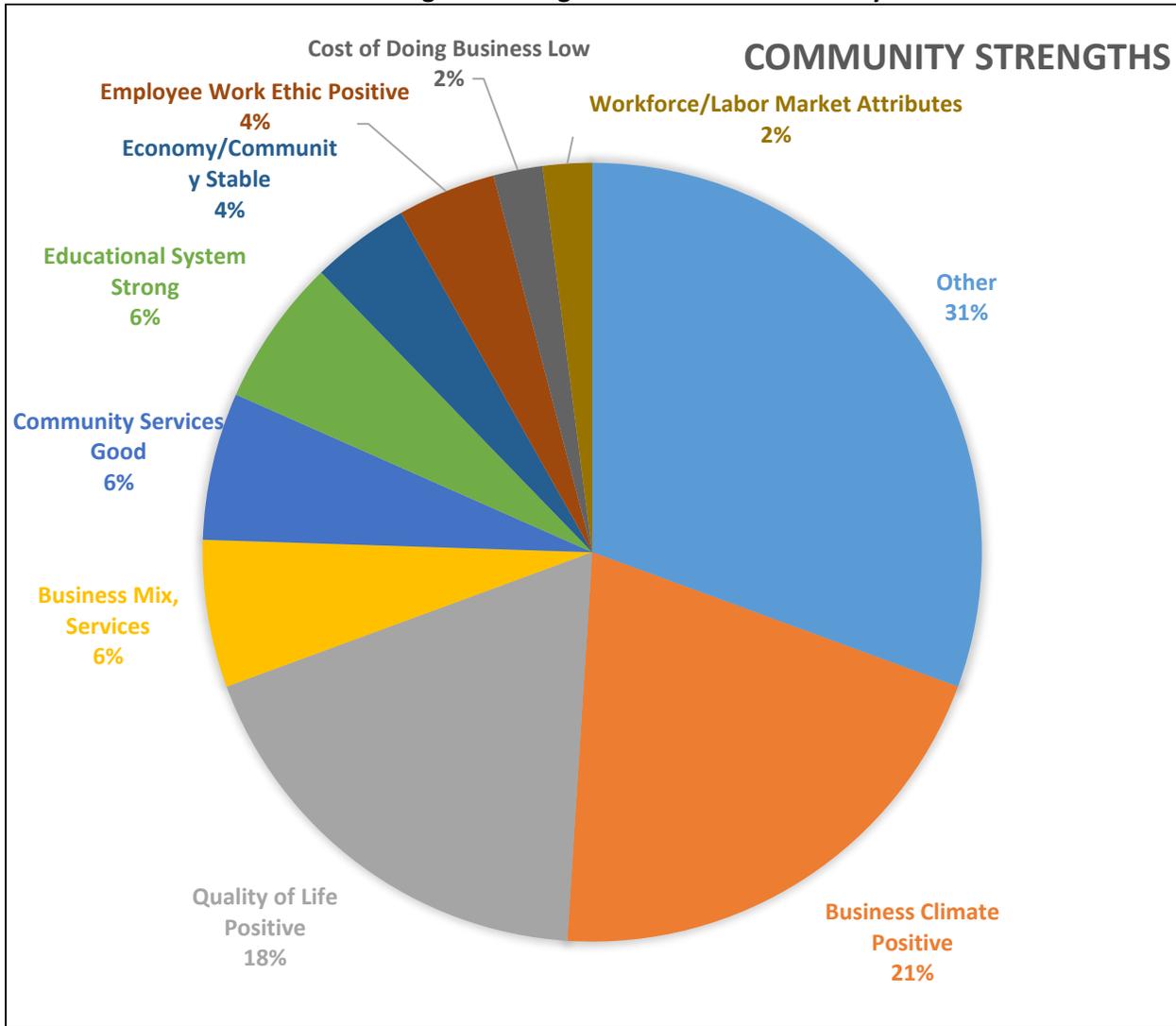
Below are some examples of charts created from the community strengths and weaknesses responses and the percentage of manufacturing businesses with plans to expand within the next three years.

PRIME (Manufacturing): What are the strengths of doing business in the community?



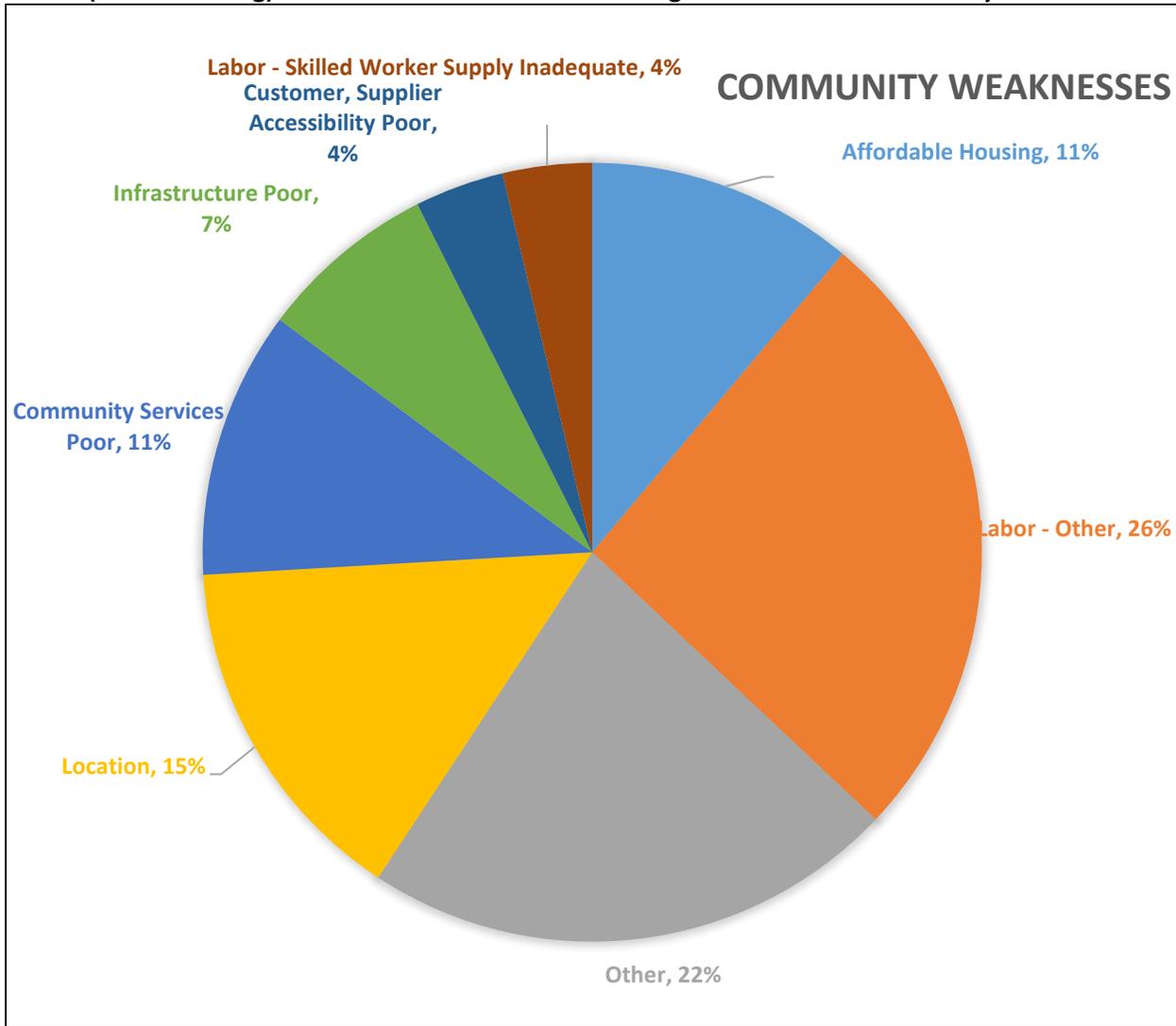
“Location” was the number one community strength identified by the 14 manufacturing businesses at 26%. “Positive business climate” came in second at 16% followed by “cost of living low”, “cost of doing business low” and “other” all tied for third at 11%. “Other” included good relationships with financial partners including local banks and the RRRC.

CRTS Businesses: What are the strengths of doing business in the community?



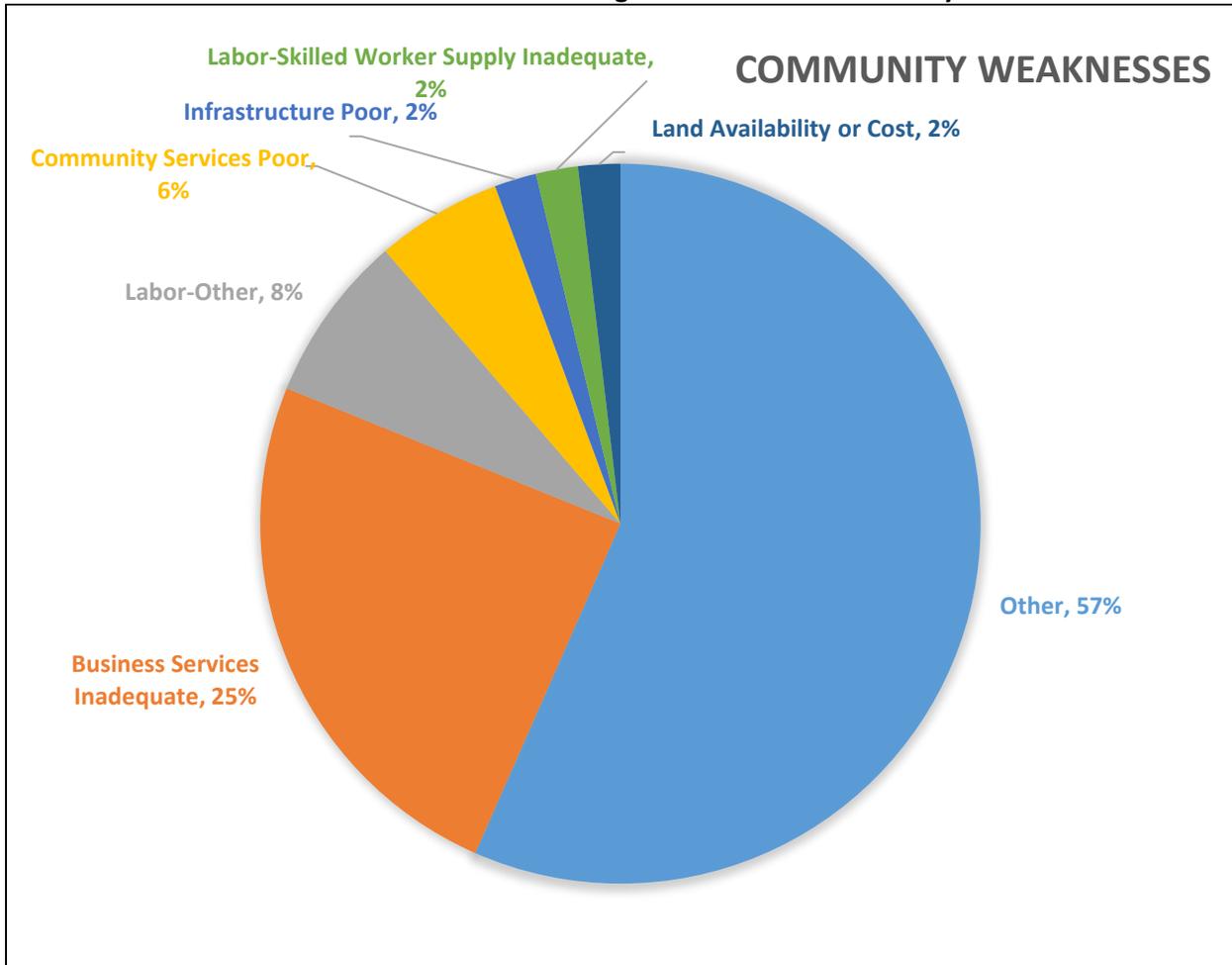
“Other” was the top strength of doing business in the community as identified by the 35 CRTS businesses coming in at 31%. Most answers in this category included location and loyal customers. “Business climate positive” came in second at 21% followed by “quality of life” positive at 18%.

PRIME (Manufacturing): What are the weaknesses of doing business in the community?



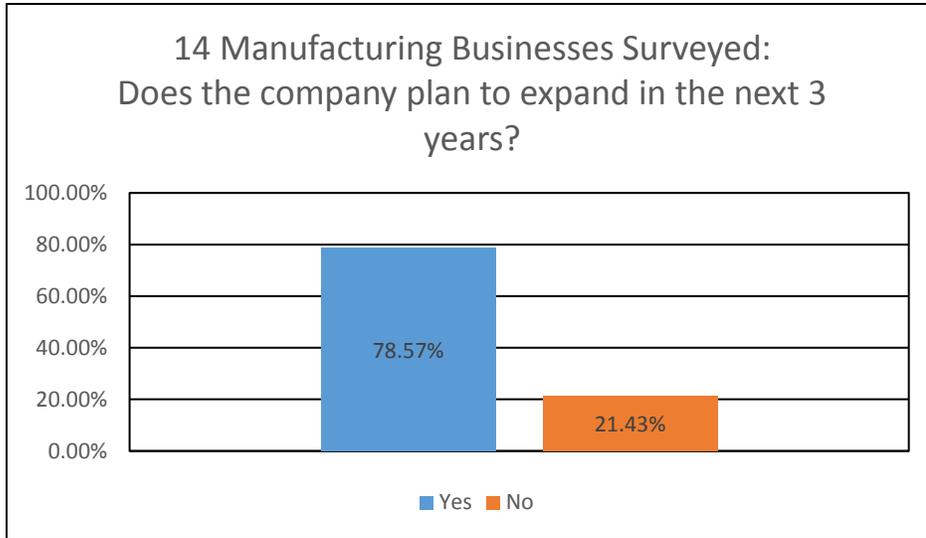
When asked about the weaknesses of doing business in the community, the 14 manufacturing businesses ranked “labor-other” highest at 26%. The detailed answers include: labor pool is too small, shortage in all areas of labor, and need help hiring the right people. “Other” ranked second at 22% and includes: declining population, high flood insurance, and only one daycare or the only daycare closed. “Location” came in third at 15%.

CRTS Businesses: What are the weaknesses of doing business in the community?



The CRTS businesses were asked the same question regarding the weaknesses of doing business in the community and 57% answered “other”, which includes: location (town is land locked, so there is nowhere to expand), retail services are inadequate, lack of housing, younger people don’t shop local, and low population. “Business services inadequate” came in second at 25%, followed by “labor-other” at 8%.

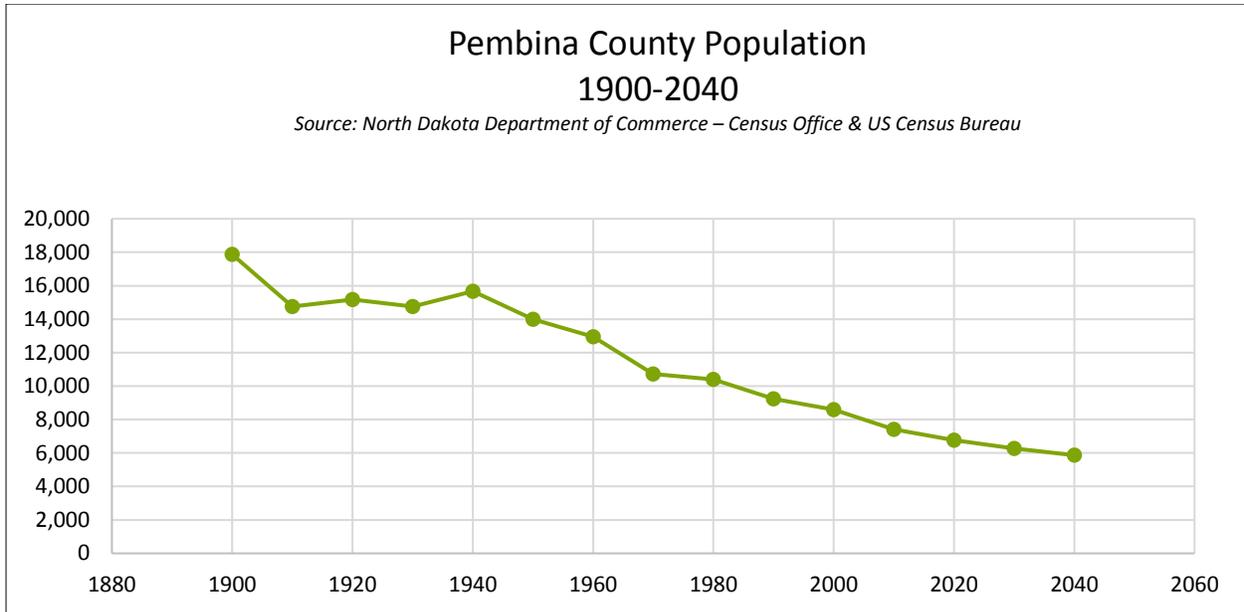
The chart below reflects almost 79% of the 14 manufacturing businesses we interviewed intend to expand within the next three years. This will include the addition of a minimum of 49 new jobs for the county with an estimated budget of \$5,250,000.



Pembina County Statistics

The county data available from the North Dakota Department of Commerce, US Census Bureau and ChildCare Aware ND helps support the findings from the business interviews.

Pembina County has an aging population and has seen a steady decline since 1940. The age 65 and over population increased 7.5% from 2010-2014, whereas the under 18 population decreased 4.2% during that same time. The current population of the county is estimated at 7,052 and by 2040, the population is estimated to drop down to 5,866. This is a 20.2% decrease. The county has a shrinking labor pool that needs to be addressed immediately.

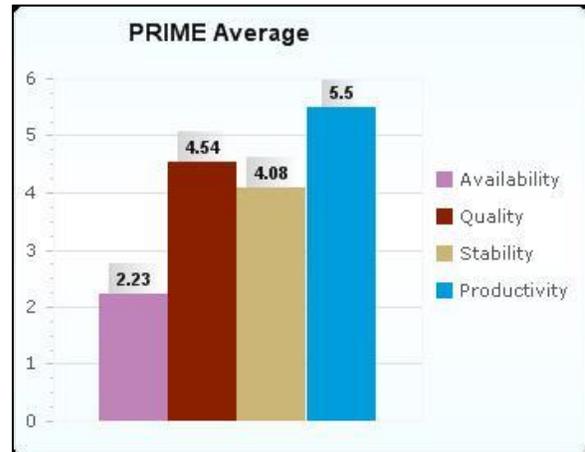
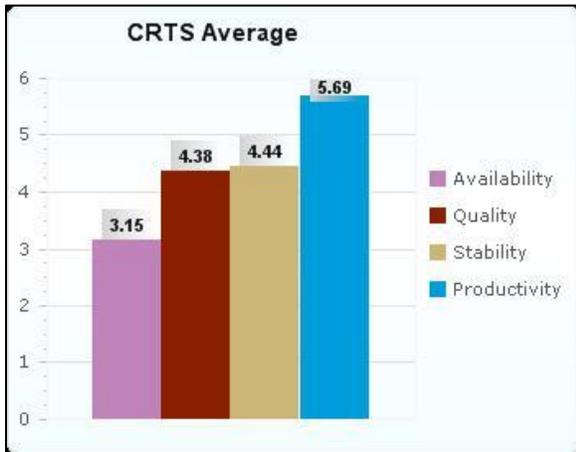


Pembina County Demographics

Age Range	2010	2014	% Change
Under 18	21.6%	20.7%	-4.2%
18-64	58.3%	57.7%	-1.0%
65 and Over	20.1%	21.6%	7.5%

Source: United States Census Bureau

Workforce Evaluation



The CRTS and PRIME businesses were asked to rank the workforce on a 1-7 scale with 1-low, 4-average and 7-high. Availability ranked lowest at 2.23 and 3.15 meaning there is a lack of workers available. Quality and stability both ranked average ranging from 4.08 to 4.54. Productivity ranked above average at 5.5 and 5.69, meaning the workers that are available are quite productive.

Child Care

The county is also experiencing a child care shortage. Walhalla recently lost their only licensed provider. Currently, there are only enough providers within the county to supply 36.2% of the potential demand. We would like to see this percentage grow closer to 50% within the next couple of years. A lack of child care means fewer parents able to contribute to the county's workforce.

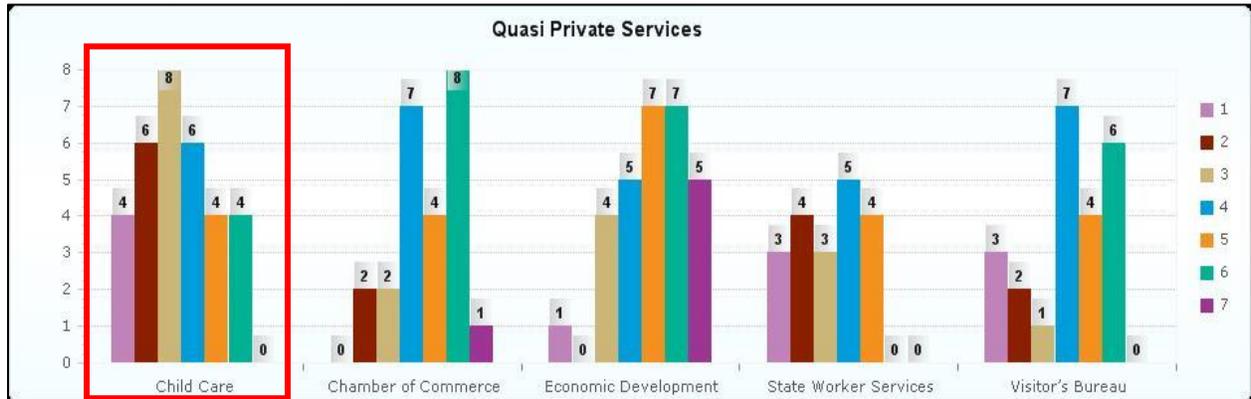
Pembina County Child Care Profile 2015

Kids ages 0-12 in Pembina County	1,057
Kids 0-12 potentially needing childcare due to working parents	759
Capacity of state-licensed child care programs	275
Percent to which supply meets potential demand	36.2%

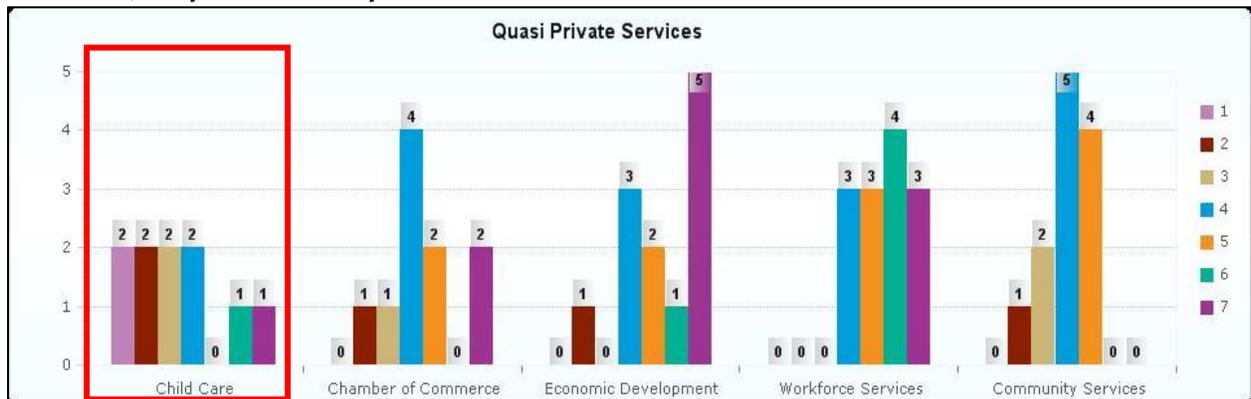
Source: ChildCare Aware ND

The Synchronist survey also asked the respondents to rank the quality of community services on a 1-7 scale with 1-low, 4-average and 7-high. Child care was included as a community service. Seventy-five percent of the CRTS businesses and 80% of the PRIME businesses ranked the quality of child care average (4) or below average (1-3). Many of the business ranked child care this way due to the lack of child care versus the overall quality. These findings help support the ChildCare Aware data that there is not enough child care available in Pembina County.

CRTS – Quality of Community Services



PRIME – Quality of Community Services



Goals Accomplished

We are pleased with the results of the BR&E program and have accomplished all five goals as follows:

1. Build relationships with business owners and/or upper management.
 - We have been engaging the BR&E participants in many other ways including:
 - Several participants either attended, were special guests, and/or provided décor/food for the Pembina County JDA Annual Meeting and 25th Anniversary Celebration held July 14, 2016.
 - Most of the BR&E participants attended or were guests at the Senator Heidi Heitkamp roundtables held March 29, 2016 in Cavalier and Walhalla.
 - Five of the 14 manufacturing businesses participated in the first Pembina-Walsh youth Manufacturing Day event held October 5, 2016.
 - All the manufacturing businesses will be invited to attend the quarterly Northeast Manufacturing Group meetings along with the Walsh County manufacturers. The first meeting was held on October 27, 2016 at Motor Coach Industries in Pembina.
 - We will be organizing group trips to Bismarck on December 1, 2016 for a Manufacturing Focus Group/legislative session as well as February 13, 2017 for a statewide MFG DAY at the Capitol.
2. Identify companies with plans to expand.
 - We have been following up with at least two companies that are planning on expanding their businesses and adding employees.
 - We are also working with a Canadian manufacturer that is expanding their business into Pembina.
3. Identify companies at risk of closing, leaving the community or downsizing.
 - A few of the manufacturing businesses mentioned they may leave Pembina County in the future, but none had immediate plans of closing or leaving the community.
 - There are several retail businesses throughout the county that are looking to sell their businesses, but they have not expressed interest in receiving help with their succession planning. Many of them need assistance with getting their financials in order.
4. Identify company and community problems.
 - Several community problems have been identified including child care and housing. The RRRRC implemented a Housing Rehab project in Cavalier and completed rehabilitation of 16 homes with a total investment of \$253,000 with a project completion of fall 2016. We recently assisted with project development and grant writing for the new Pembina daycare, the only licensed daycare in a community with hundreds of manufacturing jobs. In fall 2016, they were awarded a grant from Polar Communications that will allow them to double their capacity from 15 to 30.
 - Most company problems identified had to do with workforce. The JDA is focusing efforts on youth and tourism to try and stabilize the population/workforce issues that have been going on for more than 70 years.
5. Provide assistance and make connections.
 - A Northeast Manufacturing Group has been organized to allow the 14 manufacturing businesses to connect with each other and share ideas.
 - We make sure to share relevant information with the BR&E participants as it becomes available including training opportunities, conferences, trade shows, etc.

What's Next? Phase IV – Begin Addressing Needs Identified

In May 2016, we submitted a USDA Rural Development Rural Business Development Grant (RBDG) application on behalf of the JDA for \$30,000. The application was approved late July 2016. The grant funds will be used to assist with the implementation of Phase IV as outlined below.

Work on projects that will have a direct impact on business growth/cost of doing business, such as initial steps identified below:

- Schedule follow up meetings with the companies who identified specific needs and provide enhanced technical assistance, including funding source research, financial package structuring, grant writing services, etc. Focus on the 78.57% that intend to expand within the next three years. Some of these projects may include:
 - Purchase of a new crane and equipment for K-Line Agriculture so they can implement production of the Speed Tiller in the U.S.
 - Increase the water supply into the Enduraplas building to enable installation of a sprinkler system. This will significantly decrease their fire insurance premium.
 - Extend natural gas to Motor Coach Industries so they can increase production of the compressed natural gas coaches.
 - Upgrade powder coating system at Bordertown Retail Systems.
- Develop systematic approach to cultivate new, innovative workforce and entrepreneurship pool to include:
 - Create a Northeast Manufacturing Group with the 14 BR&E manufacturing businesses as the core.
 - Identify younger ambassadors or “rising stars” within each business to represent the industry.
 - Identify specific training for Pembina County manufacturers which may include Lean Manufacturing, which has the potential to create higher efficiencies and have a nearly immediate impact on profitability.
 - Host a youth “Manufacturing Day” (October 5, 2016) with Walsh and Pembina County 7th grade students to educate and create interest for careers in the manufacturing industry, ultimately attracting and recruiting younger workers to the industry and county.
 - Plan and implement Marketplace for Kids 2017 in partnership with Cavalier Public Schools and North Valley Career and Technology Center.
- Share possible daycare business models with communities without adequate daycare, develop action plans and identify possible funding sources.
- Convene meeting with Polar Communications to discuss customer concerns.
- Convene roundtable of interested cities, developers and contractors to educate on need and available resources to support housing development.
- Engage discussions with companies, school districts, social services and North Dakota Job Service to discuss available existing resources as well as possible new ideas to address labor shortage.
- Consider developing a marketing campaign promoting northeastern North Dakota as a quality place to live and work.

APPENDIX

Phase I Businesses



Phase II Businesses





Phase III Businesses

