

ECONOMIC DEVELOPMENT AUTHORITY  
**2018 ANNUAL REPORT**

FEBRUARY 12, 2019  
PREPARED BY: LINSEY PREUSS  
ECONOMIC DEVELOPMENT COORDINATOR

**FAIRBORN**  
T.M.



## FAIRMONT ECONOMIC DEVELOPMENT AUTHORITY

### Board of Directors:

- Andy Noll, First Farmers & Merchants National Bank President; FEDA President
- Bill Crawford, Preferred Capital Management Consultant; FEDA Vice President (Retired 12/18)
- Rich Johnson, Culligan Water Conditioning Owner; FEDA Secretary/Treasurer
- Tom Hawkins, Hawkins Chevrolet Dealership Owner/Fairmont City Councilor; FEDA Board Member
- Amy Long, Mayo Clinic Health System – Fairmont Administrator; FEDA Board Member
- Bruce Peters, Peters Insurance Agency Owner/Fairmont City Councilor; FEDA Board Member
- Wendy Voss, 3M Human Resources Manager; FEDA Board Member

2018

2019

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- Amy Long, Mayo Clinic Health System – Fairmont Administrator; FEDA Vice President
- Rich Johnson, Culligan Water Conditioning Owner; FEDA Secretary/Treasurer
- Tom Hawkins, Hawkins Chevrolet Dealership Owner/Fairmont City Councilor; FEDA Board Member
- Mike Wubbena, Financial Controller at Preferred Capital Management, FEDA Board Member
- Bruce Peters, Peters Insurance Agency Owner/Fairmont City Councilor; FEDA Board Member
- Chantill Kahler Royer, CFO at Kahler Automation; FEDA Board Member

## ECONOMIC DEVELOPMENT AUTHORITY

### Mission Statement:

**We support the successful growth and pride of the Fairmont area businesses and citizens.**



# Thoughts from Linsey

Not only did FEDA work with a total of **80 businesses** in 2018, we have also moved the needle on very important issues such as **child care, workforce and housing**, and we will continue to do so with our strong partnerships in 2019. Significant investments were made in both commercial and residential real estate which speaks volumes about the **continued strength** and confidence in the economy of the Fairmont area.

Looking forward, 2019 already promises to be another **strong year of growth** in both economic and community development with the construction of the new Adventure Playground, the renovation of the old Lincoln School by Southern Plains Educational Cooperative and other significant investments expected to be made by Mayo Clinic Health Systems, Lakeview Methodist Health Care Center, Great Plain Transportation Services and Hawkins Chevrolet.

We want to **thank our partners and supporters** for their leadership and involvement as we look forward to **continuing our work in 2019 and beyond.**



**Linsey Preuss**

Economic Development Coordinator  
lpreuss@fairmont.org  
507-238-3925



# Core Activities



**1 Business Assistance:** FEDA staff is available to advise area businesses on an array of business topics. Additionally, FEDA staff can assist businesses with building/site searches, provide financial assistance and answer questions pertaining to business start-up, expansion or relocation. This year, the Economic Development Coordinator consulted with 42 entrepreneurs and existing businesses on potential projects, compared to 34 in 2017. A number of those businesses did move forward with their projects and some even utilized FEDA's Revolving Loan Fund.

**2 Business Visits:** Business visits are an integral component of any economic development strategy. These visits identify new opportunities for businesses in the community, build positive business relationships and forewarn of business conditions that could lead to workforce decline or facility closure. Information conveyed during these visits is confidential, yet vital to determine the support FEDA can offer. In 2018, FEDA staff and board members made 38 business visits compared to 42 visits in 2017.

**3 Business Incubator Building:** The Incubator Building, located at 426 Winnebago Avenue, Fairmont, is owned and operated by FEDA. This building provides office suites and work areas for seven businesses, currently operating at full capacity. In 2018, activity included one tenant moved out and another tenant took over the space.

**4 Building/Site Inventory:** When a business considers relocating, one of the first steps is to examine available site/building information. City staff regularly monitors and updates Fairmont's site/building inventory to ensure accurate, up-to-date information. Additionally, Fairmont is home to a 17+ acre industrial site that is Shovel-Ready Certified by the State of Minnesota. This certification allows Fairmont to have a competitive edge over other locations. Industries and businesses seeking relocation save time and money by selecting Shovel-Ready sites as planning, zoning, surveying, title work, environmental studies, and public infrastructure engineering is completed prior to listing the site as available. Fairmont also has a virtual building design pre-approved for permitting to speed-up a business relocating to our community.

**5 Business Attraction:** To capture the largest return on our business attraction investment, FEDA is a member of the MN Marketing Partnership. Attendance at national and international trade shows are expensive and time consuming, yet this membership allows for the promotion of Fairmont at nearly 30 annual events. Trade show participation in 2018 included Site Selector's Guild Spring Conference, Consultants Forum Winter Conference, a Familiarization Tour to Chicago to visit with a number of site consultants and Agricultural Utilization Research Institute (AURI) conference. Additionally, staff participated in the CoreNet Midwest Program which allows FEDA to create and maintain relationships with metro-based real estate investors and agents. National marketing has taken hold in the Minnesota Magazine and the Business Xpansion Journal as well as a direct mail campaign to over 150 consultants and site selectors nationally.

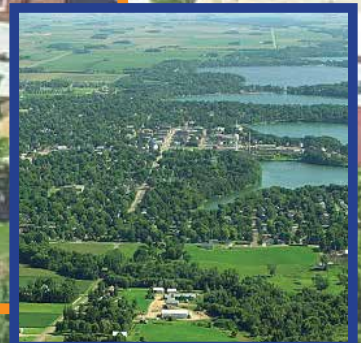
**6 Revolving Loan Fund (RLF):** FEDA manages revolving loan funds of about \$1.7M. The RLF is a gap financing tool primarily used for development and expansion of small businesses. The interest and principal payments from these loans is used to issue new loans. FEDA is currently administering and servicing 20 loans and is able to make new loans to qualified businesses.



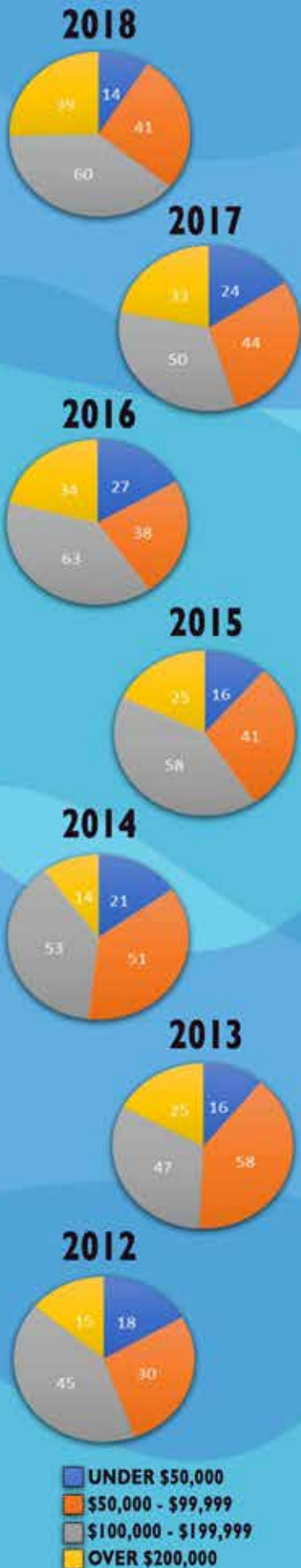
# About Fairmont

Fairmont features an expansive industrial park, with MN Shovel-Ready certified sites, accessible by plane, rail, and interstate travel. Our convenient location is just one of the many reasons businesses choose to locate to Fairmont. With over 780 businesses, including; Mayo Clinic Health System – Fairmont, Hy-Vee, Walmart, Fairmont Foods, 3M, Avery Weigh-Tronix, ADS Hancor, Green Plains, CHS, Kahler Automation and a host of others, our strong industrial and commercial sectors confirm Fairmont as a business-friendly environment.

Fairmont is also family-friendly; fostering growth, sustainability, and diversity to build a viable community. With affordable housing, quality public and parochial education options, highly-ranked healthcare facilities, and an abundance of community assets that promote well-being, Fairmont is a beautiful place to call home.



# Home Values

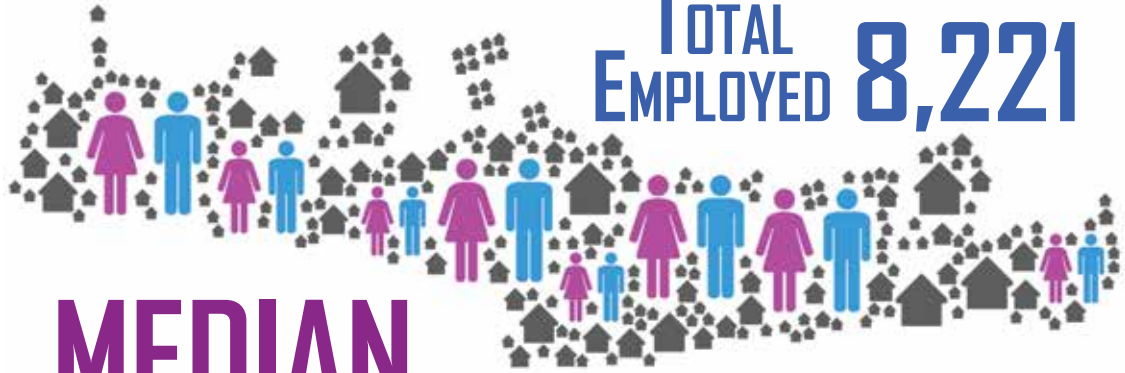


# Demographics and Employment

Population **10,430**



TOTAL EMPLOYED **8,221**



**MEDIAN HOME VALUE**

**\$122,911**

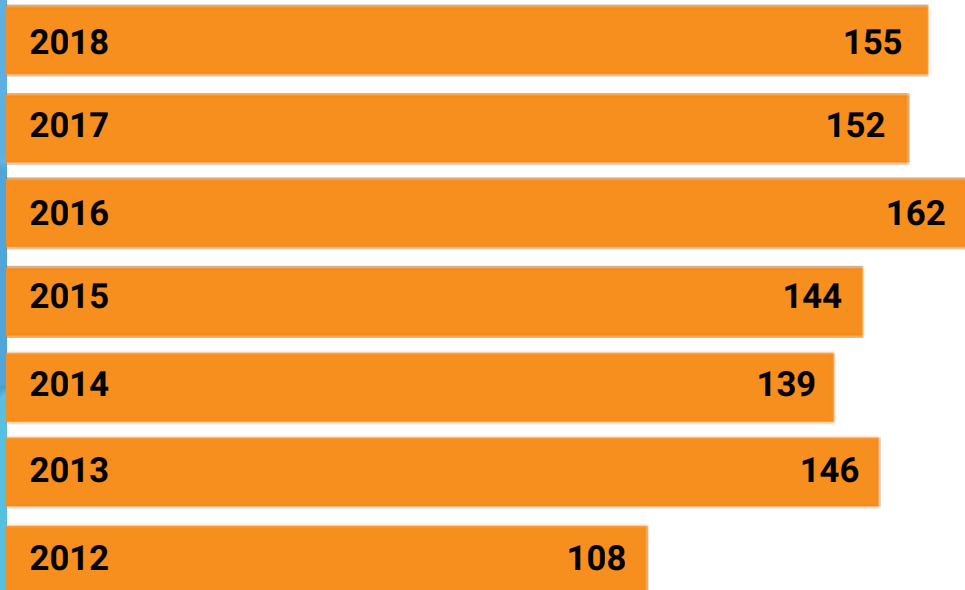
**2016 Households**

**4,706**

**\$48,141 Median Household Income**

Source: ESRI 2018-11-01

# Home Sales



## Most Valuable Permits in 2016

Name	Address	Valuation*	Description
Gold Cross	800 Medical Drive	\$ 1,200,000	New Ambulance Facility
Ingleside	2811 Roland Ave	\$ 2,112,000	Addition
Mayo Clinic Health Systems	800 Medical Drive	\$ 586,000	Pharmacy Remodel

## Most Valuable Permits in 2017

Name	Address	Valuation*	Description
Fairmont Realty Group, LLC	First Street and Prairie Ave	\$ 931,000	Townhomes
Zierke Built Manufacturing	1500 Winnebago Ave	\$ 580,000	Building Renovation
Fairmont Foods	905 E 4 <sup>th</sup> Street	\$ 3,000,000	Expansion

## Most Valuable Permits in 2018

Name	Address	Valuation*	Description
McDonalds	2217 State Street North	\$ 1,600,000	Demolition & Complete Rebuild
MidAmerica Distributing	1215 State Street North	\$ 818,938	Remodel for Tractor Supply
Hawkins Chevrolet	1411 E Blue Earth Ave	\$ 750,000	New Auto Body Shop

Source: Fairmont Building Permit Reports

\*These values represent the investment in property/building improvements only. They do not represent total investment with regards to machinery, equipment, etc.



## Residential Construction

In 2018, the City issued 283 residential permits which is right in line with 2017 when 284 residential permits were issued. When examining the past three years, residential permits are being pulled for larger projects, such as new builds, or major additions or alterations compared to maintenance permits like roofing, windows/doors and siding. New residential, single family home construction activity has doubled compared to just a few short years ago.



## Commercial Development

Fairmont issued 40 commercial building permits in 2018 which is 5 more than we saw in 2017, and closely following suit of the 41 issued in 2016. The total value of commercial building permits in 2016 was \$6,000,000, \$5,200,000 in 2017, and \$4,750,000 in 2018, indicating continued growth. City staff anticipates that 2019 could be the strongest year since 2016 when considering building projects since a number of businesses are planning to make considerable investments.

# Special Projects

**New Industrial Park Development:** FEDA obtained a real estate purchase option for a 38-acre parcel of bare developable land at the intersection of Bixby Road and I-90. This site provides maximum accessibility and visibility to Interstate 90. In 2018, FEDA negotiated and executed easements and completed the preliminary infrastructure engineering which allows the risk of project complications to be reduced drastically. The City of Fairmont will submit a grant application in 2019 to help with actual infrastructure costs as the next step to certify the site shovel ready.



**Whitetail Ridge:** In collaboration with Fairmont Area School ISD 2752, a housing development with twenty residential lots evolved. The school-owned site was sold to the City of Fairmont for \$1 with the agreement that the district would receive \$10,000 with each lot sold. The City invested \$1.4 million into building the infrastructure, such as streets, utilities and sidewalks. As of December 31, 2018, eight of the twenty lots have been sold.

**Child Care:** As FEDA became aware of the inadequate supply of quality affordable child care in Fairmont and Martin County, a Child Care Committee was formed. FEDA applied to First Children's Finance (FCF) and was chosen to participate in the Rural Child Care Innovation Program. FEDA enlisted a 'Core Team' and began working to create local strategies to address the challenge of rural child care in Fairmont through the lens of rural economic development. A Town Hall meeting was held in November. Work will continue in 2019, as we have engaged a determined group of people who will address this important local issue.





**Fairmont Comprehensive Plan:** In August, 2018 the City of Fairmont launched a Comprehensive Plan Update and established a Steering Committee to work alongside City Staff and WSB and Associates to create a vision for the future growth and development of Fairmont. FEDA staff plays an active role in the Comprehensive Plan process by attending steering committee meetings and collaborating with City Staff behind the scenes.

Specifically, FEDA staff will ensure the Comprehensive Plan reflects FEDA's mission— to support the successful growth and pride of Fairmont businesses and citizens and that is also provides for a variety of economic activities within the community. When complete, the Comprehensive Plan will validate Fairmont's economy and project the most likely areas of economic growth.



**Fairmont Area Life:** Businesses are getting more creative in workforce retention and attraction. The Fairmont Area Life team has been working on ways to help communicate local career opportunities we have in Martin County. In 2018, FAL launched a CareerWise flyer with the intent of informing high school students and their parents of the in-demand jobs in our area as

well as employer sponsored tuition reimbursement programs, on-the-job training, apprenticeship and internship opportunities and even job shadowing. That's right, there are local businesses that will help pay for college and/or offer free training for a position that earns a career wage! CareerWise is being disbursed at local high school events and used as a tool by school staff. The goal of Fairmont Area Life is to support local businesses by supporting workforce retention and attraction.

**Small Cities Development Program (SCDP) Grant:** Between 2017 and 2018, FEDA, in partnership with Minnesota Valley Action Council, spent nearly \$400,000 (\$397,131) to help rehabilitate homes in the target area (south of Blue Earth Ave and east of Albion Ave, Fairmont) pending the owners' income qualifications. Rehabilitation priorities focus on health, safety, and weatherization projects. Any money not spent before December 31, 2018 would have been required to be turned over to the state of MN. In 2019, FEDA will work to submit another grant application targeting another geographical area of the city.

**Opportunity Zones:** As requested by FEDA and the Martin County EDA, Governor Dayton designated a census tract that is located in the City of Fairmont as an Opportunity Zone. Opportunity Zones are a new community development program that was established by Congress in the Tax Cut and Jobs Act of 2017 to encourage long-term investments in low-income communities. Investors are eligible to receive a temporary tax deferral for capital gains invested in an Opportunity Fund and a permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in a qualified opportunity zone fund if the investment is held for at least 10 years.

# FEDA Partnerships

**AgriGrowth:** FEDA became a member of AgriGrowth in 2017 to extend business recruitment efforts within the agribusiness industry. AgriGrowth offers FEDA great networking opportunities and hosts several events representing a broad spectrum of food systems and agriculture.

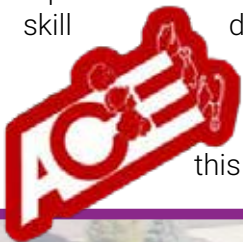


## **Fairmont Area Chamber of Commerce:**

FEDA has been a long-time partner of the Fairmont Chamber of Commerce collaborating on numerous projects and co-sponsoring events such as the Community Calendar, Martin County Leadership, Fairmont Area Life and the Area Career Exploration Fair. FEDA staff also actively participates on the Ambassadors committee and regularly attends Bureau 14.

## **Area Career Exploration (ACE) Committee:**

For the past 9 years, the ACE committee has organized and sponsored the Area Career Exploration Fair. This event encourages area high-school juniors and seniors to interact with businesses, nonprofits, and higher-education representatives to discuss career exploration, job training, skill development and job opportunities available in our area upon high school/college graduation. FEDA is proud to support and be a financial partner in this worthwhile event.



**Greater Minnesota Partnership:** Participation in this organization ensures FEDA is devoted to advocating for economic development policies and resources that benefit Greater Minnesota.



## **Minnesota Department of Employment and Economic Development (DEED):**

FEDA staff works closely with DEED to discuss potential projects, access state funding and maintain our Shovel Ready certification.



## **Minnesota Marketing Partnership:**

This public-private partnership works to develop a broad-based marketing initiative to promote Minnesota at local, regional and national venues. Participation in this program allows FEDA to leverage marketing dollars and increase Minnesota's visibility to site selectors and corporate real estate managers regionally, statewide and nationally. Our City Administrator is a founding member and is active on the Executive Committee, which develops the Marketing Action Plan and sets the budget.



& many more to build in 2019...

**Minnesota Valley Action Council (MVAC):**

FEDA works with MVAC to administer the SCDP housing rehabilitation program which ended December 31, 2018.



**Small Business Development Center:**

FEDA partners with the Small Business Development Center to provide customized support to businesses throughout their entire life cycle – from the initial planning stage to the launch of a business and through the challenges of growth periods.



SOUTHERN MINNESOTA INITIATIVE FOUNDATION

Collaborating for Regional Vitality

**Southern Minnesota Initiative Foundation:**

The Southern Minnesota Initiative Foundation provides loans to businesses for the creation and support of jobs and provides grant opportunities to organizations. SMIF has been a financial partner to some of our local businesses such as the Butcher Block.



**GREENSEAM**

**Green Seam:** The goal of this organization is to develop the South Central Region of Minnesota into an area of ag business prominence and be the premier ag business epicenter in the United States - the most diverse, balanced and sustainable. The Green Seam Business Development Committee researches and inventories businesses and facilitates ag business development throughout the region. The Fairmont City Administrator is an active member of the Business Development Committee.

**Southern Minnesota Workforce Council:**

The South-Central Workforce Council provides administration and oversight of workforce development within the nine-county coverage area with a mission to develop and maintain a quality workforce. Preuss serves as Chair of the Workforce Development Committee and as the only board member representing economic development and the interests of local business.



**Region Nine Community and Economic Development Committee:**

Our Economic Development Coordinator sits on this committee, which oversees the Comprehensive Economic Development Strategy (CEDS) document. This document discusses the economic development strategy of the entire region and enables our ability to access federal funds.



**Visit Fairmont:** The Economic Development Coordinator sits on the Visit Fairmont Board to ensure collaboration and cooperation in the mission of enhancing the economic vitality of the Fairmont area.



