

Five Thriving Minnesota Communities: *International Falls*

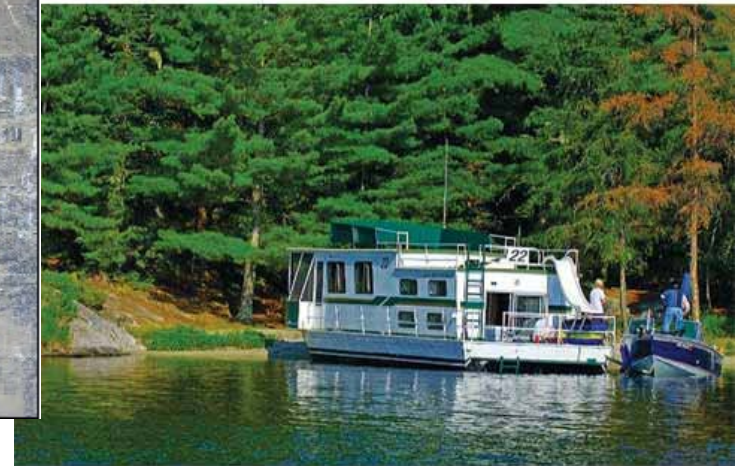
Donna Koren, Senior Management Consultant

James Jarvis, Senior Management Consultant



Management
Analysis
& Development

International Falls/INL



March 2012

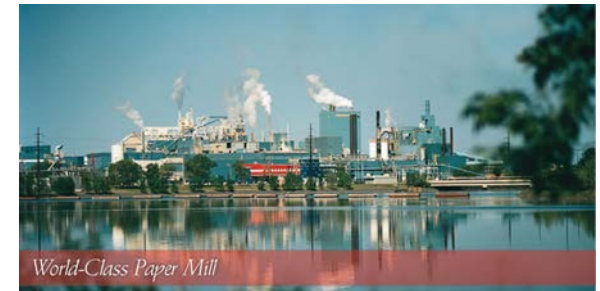
Management Analysis & Development
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Industry

Koochiching County

477 firms employ 5,150 workers

- Manufacturing (20%)
 - Paper plant (80-85%)
- Leisure and hospitality (13.5%)
- Smaller science & technology and location-specific niches, in and around International Falls



Statistics from DEED 2011 analysis

March 2012

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Cold Science & Tech

- University of Minnesota's neutrino lab (NOvA) – 15 thousand-ton “far” detector
- Collaboration with Fermi National Laboratory (Batavia, IL), US DoE, 180 scientists in 28 institutions across the United States, Russia, Germany, and Rio de Janeiro
- Construction and first research phase through 2020



Lake of the Woods Water Quality Forum

- Annual Spring symposium on the Lake of the Woods and Rainy River watershed
- Incubator for collaborative work and partnerships among government agencies, universities and citizen groups to focus science and policy attention on the watershed
- Participants include local, national, and international scientists and natural resource managers



A Cold-in Opportunity

- Multinationals seek cold, secure locations to build data centers, “server farms” (\$9.3 billion projected in US in 2012)
- Minnesota recently enacted tax incentives for companies to locate server farms in the state



Hot Spot: Cold-weather testing

- Mid-November through mid-March
- Approx. **450** automotive and other vehicle company engineers, executives, staff, related suppliers
- National (“Big 3”) and international (Korea, Germany, UK) customers
- Established cold-weather testing facilities in the International Falls area



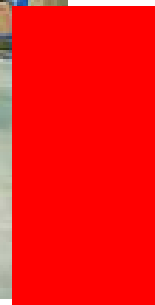
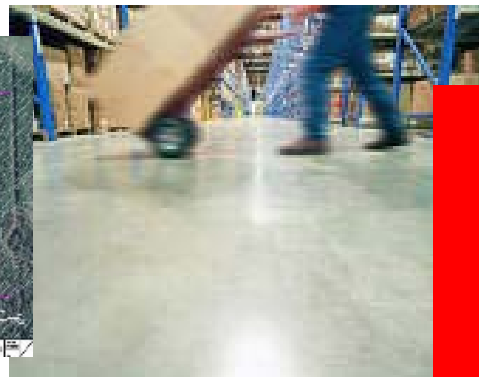
Boise Inc.

- Paper company with facilities throughout the US and in North America and Europe, processing mill in International Falls
- \$2.1 billion in sales (2010)
- 4,100 employees total (2010); approx. 850/International Falls
- Product managers, technical representatives and other executives and staff fly to and from INL to meet with customers and to other company locations



Commerce Flow

- One of Minnesota's three Foreign Trade Zones
 - Financial advantages for warehousing, importing, and exporting
 - 700 acres, including two business parks that also are JOBZ tax-free sites
- Closest access point to all of NW Ontario



Transportation, Infrastructure & Support

- Second-busiest international rail port of entry in North America
 - BNSF Railway runs through Falls westbound to Winnipeg
- Expanding connection to interstate highway system and gateway to Canada
- Government and private sector investment for high-speed connectivity
- Active economic development authority facilitating business-friendly environment



Eco-adventures and Leisure

- National and international anglers' mecca – to the popular Rainy Lake, Lake of the Woods and points north
- Point of access for canoeing, kayaking, hiking, camping *and* up-scale resorts in Minnesota and Canada
- Voyageurs National Park
 - 2010: 255,000 visitors
 - 2009: 222,000 visitors



and for Kids...

- Camp Kooch-i-Ching (est. 1925) provides premier canoeing and wilderness experiences for children 8 – 18
- Located on pristine, 600-acre Deer Island on Rainy Lake
- Campers, their families, counselors and staff fly in from 40 states and 5 countries
- Total revenues – \$2.5 million (2010)



photo: Jennifer Olson



Resort Industry

- Resort season: June – mid-September
- Dozens of resorts in the International Falls catchment area on Rainy Lake and Lake of the Woods, in Minnesota and Ontario
- Families and businesses fly in to vacation or retreat on houseboats, in cabins, resorts & lodges



Air Service Survey - Hospitality

*In CY 2011, approx. how many total guests from **other states and other countries** did your resort host?*

Number of guests	Number of hospitality survey respondents	Range of guests
0 – 100	2	51 - 125
200 – 1,000	2	702 - 1,350
1,000 – 2,000	4	5,004 - 7,000
approx. 4,000	1	approx. 4,000

N=9, including 2 ground transportation services and 1 charter plane service. Response categories from survey combined for reporting purposes.

Traveling from: 30 states, Australia, and Germany

Autumn and Winter Traffic

- Outbound: Arizona, Las Vegas, Florida, Mexico, and other points south, for golfing, gambling, and sun
 - From Air Service survey: respondents want direct flights to Las Vegas and Arizona destinations
- Inbound: Hunting and winter sports tourism
 - Hunting: bear, moose, geese, grouse, deer, ducks
 - Full-service resorts, cottage rentals, campgrounds or hotels and motels; outfitters and guides
 - Snowmobiling, snow shoeing, ice fishing and skating

Freeze yer Gizzard Blizzard Run & Icebox Days

- 5-day festival and 10K, nationally and internationally recognized (Lifetime TV, MSNBC, Travel Channel, Runner's World, etc.)
- 300 runners from across the United States and Manitoba and Ontario
- Over three decades of growth and success



Air Service Survey: Leakage

- Business owners/representatives reported taking about as many flights from **other airports** as they did from INL, in calendar years 2010 and 2011. (N=25)
- Telecommuters/other business travelers also leaked at relatively high percentages (N=12)
- 65% of leisure travelers who flew **1-5** times in 2011 originated at a non-INL airport at least once (N=81)
- More-frequently flying leisure travelers (**6+** trips/year) stayed with INL in higher percentages (N=81)
- Ft. Frances residents leak *to INL* to fly in the States, Mexico and even within Canada

Leakage Reasons

- Business owners and other business travelers (N=37):
 - More convenient departure/arrival times
 - Frequency (number of flights/day)
 - Difference in airfare
 - Wanted to fly non-stop to final destination
- Leisure travelers (N=75):
 - Difference in airfare
 - More convenient departure and arrival times
 - Frequency (number of flights/day)
 - Concerns about reliability

Business community's commitment to air service

*How important is commercial, scheduled air service from
Falls International Airport to the success of your business?*

(Business owner, other business travelers, resort owners)

Importance	Counts	Percent
Essential	18	40%
Very important	6	12%
Important	11	24%
Somewhat important	4	8%
Not important at all	7	16%
TOTAL	46	100%

76%

Direct Flight Destinations

How likely would you/your business be to use direct flight service to the following destinations, if it were offered?

	Chicago	Denver	Detroit	Milwaukee	Winnipeg
Extremely likely/likely	37%	21%	27%	11%	26%
Somewhat likely/somewhat unlikely	20%	29%	16%	20%	20%
Unlikely/not likely at all	34%	39%	49%	58%	46%
Not sure	9%	13%	8%	10%	9%

Response categories combined; percentages reflect rounding

Business owners, business travelers, resort owners, general public combined; N=102-116

Other destinations: Las Vegas, Phoenix, Toronto, Ontario

Catchment-area Population

Occupation

(60-mile
catchment area)

	2005-09 estimate	Percent
Manufacturing	1,486	17%
Health care and social assistance	1,245	14%
Retail trade	920	11%
Accommodation and food services	710	8%

US Census, 2005-2009 American Community Survey

Professional Distribution

(2010)

Employed population/occupation	Count	Percent
White collar (management, business, financial, professional, sales, admin support)	4,363	51%
Blue collar (transportation, production, construction, farming, forestry, etc.)	2,475	29%
Services	1,676	20%

2000 Census ESRI forecasts (60 miles radius)

Population, cont'd.

Educational attainment (2010)

	60 miles		120 miles	
Associate degree	11.3%	1,512	12.5%	19,259
Bachelor's degree	13.9%	1,860	15.0%	23,111
Graduate/professional degrees	6.9%	923	6.6%	10,169
TOTAL	32.1%	4,295	34.1%	52,539

Household Income

	2015	2010	2000
\$50K - \$74,999	26.5%	24.8%	20.5%
\$75K - \$99,999	12.8%	11.8%	7.5%
\$100K+	12.6%	7.6%	5.4%
TOTAL	51.9%	44.2%	33.4%

2000 Census ESRI forecasts

Marketing Opportunities

- Voyageurs National Park – package airfare, lodging, outfitters, transportation to the Park and the Lakes
- Packages to warm-weather destinations
- Weekend get-aways to Minneapolis-St. Paul – airline, hotels, theatres, festivals, Mall of America
- Canadian business, government, and leisure travelers



Tom Wallace,
Star Tribune