

WISCONSIN ECONOMIC SUMMIT II ST. CROIX VALLEY REGION REPORT

BARRON COUNTY
PEPIN COUNTY
PIERCE COUNTY
POLK COUNTY
ST. CROIX COUNTY

*UNIVERSITY OF WISCONSIN—RIVER FALLS
FINAL REPORT ~ NOVEMBER 15, 2001*

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Introduction

The St. Croix Valley consists of the nine counties in Wisconsin and Minnesota that straddle the St. Croix River. The river runs north-south just 19 miles east of the Minnesota state capitol building in downtown St. Paul. The University of Wisconsin-River Falls sits astride Wisconsin's Pierce and St. Croix counties, both of which are included in the Minneapolis/St. Paul Metropolitan Area and are located on the east bank of the St. Croix river.

The St. Croix Valley is one of the fastest growing regions in the Midwest. It experienced 27.0% growth in population between 1990 and 2000, according to Census Bureau reports, and now is home to 835,716 inhabitants. In contrast, only three Wisconsin metropolitan areas experienced such dramatic, double-digit growth rates during that time:

| Metropolitan Area | Growth | Population Rank |
|--------------------------|---------------|------------------------|
| St. Croix Valley | 27.0% | N/A |
| Minneapolis/St. Paul | 16.9% | 15 |
| Milwaukee | 5.1% | 27 |
| Madison | 16.2% | 98 |
| Appleton/Oshkosh | 13.7% | 117 |
| Duluth/Superior | 1.6% | 149 |
| Green Bay | 16.5% | 156 |
| Janesville/Beloit | 9.2% | 201 |
| Eau Claire | 7.8% | 206 |
| La Crosse | 9.0% | 228 |
| Wausau | 9.0% | 232 |
| Sheboygan | 8.4% | 248 |

UW-River Falls, therefore, is one of only two campuses in the University of Wisconsin system (with UW-Milwaukee) that officially are included in a major, urban, metropolitan area. UW-River Falls is well positioned to capitalize on the growth spilling into the St. Croix Valley region from the Twin Cities metroplex by providing increasingly important leadership for the region regarding social, economic, educational, and environmental issues. The past year has been one of strategic planning and thoughtful analysis among key stakeholders who have mobilized throughout the region. In short, workforce development is alive and well in the St. Croix Valley!

Regional Activities Leading up to Summit II

Four significant events highlight St. Croix Valley regional activity leading up to Economic Summit II. The University of Wisconsin-River Falls has hosted three region-wide economic development forums since Economic Summit I. All three brought together leaders from government, non-profits, education, and the business community. The first forum focused on **Educating the Workforce**, the second on **Financing Business Development to Improve the Entrepreneurial Climate**, and the third on building a regional economic development agenda for 2002 and beyond. In addition, a consortium of regional stakeholders collaborated on the production of two studies that considered

Labor Market Conditions in St. Croix and Pierce Counties, which examined the existing and anticipated supply of and demand for labor in the counties and, by extrapolation, the region.

Educating the Workforce (January 30, 2001)

Discussion at this forum led to recommendations in three areas:

1. Vertical articulation of PK-16 curriculum and standards emphasizing “new economy” skills and opportunities, allowing for smooth transition between high schools, technical colleges, two-colleges and four-year universities;
2. Cooperation and collaboration opportunities for planning and delivery of education programs that bring together government, technical colleges, two-year colleges, universities, non-profits, and businesses; and
3. Strengthening outreach programs of the university to better meet the workforce development needs of the region.

Financing Business Development to Improve the Entrepreneurial Climate (March 15, 2001)

Discussion at this forum led to recommendations in four areas:

1. Community entrepreneurs need easier access to available information, technical support, and financial resources -- government can best coordinate this effort;
2. The community needs better region-wide information dissemination regarding sources of financial support and management support for business development;
3. The resources of the University of Wisconsin System and the Wisconsin Technical Colleges need to be leveraged to meet better the needs of the business community; and
4. Our region contains many family-owned businesses, which have special needs that may best be met with a Family Forum.

Labor Market Conditions in St. Croix County (July 26, 2001) and Pierce County (September 26, 2001)

These studies, which included interviews with 104 employers and 612 households, uncovered the following information:

1. Employers in St. Croix and Pierce Counties continue to experience difficulty in recruiting qualified workers;
2. Employers rate the importance of “soft skills,” such as attendance, punctuality, and motivation, higher than they rate some of the “hard skills;”
3. Few part-time workers are looking for full-time work and few of the full-time workers are searching for new jobs;
4. Many commuters who live in the region, but work in the Twin Cities, would be willing to work locally if they could find a job with comparable wages and benefits;
5. There appears to be a great deal of flux in the local labor market, both in voluntary departures and in layoffs;
6. Employers recognize the growing importance of employment benefits in attracting and retaining qualified workers; and

7. Some employers have been forced to raise employee wages in response to increased competition in the local labor market.

Regional Economic Development Steering Committee (October 23, 2001)

UW-River Falls Chancellor Ann Lydecker convened a group of regional leaders to renew the impetus for collaborating on economic development initiatives. Participants from UW-River Falls, UW-Stout, Wisconsin Indianhead Technical College, Chippewa Valley Technical College, UW-Barron County, along with business leaders, economic development consultants, and various government officials, shared their successes, their concerns, and their aspirations for regional economic development. They discussed regional assets and barriers and began to plan future initiatives for the region.

A consensus emerged from the discussion that three vital industries present significant opportunities for future economic growth in the region; they include travel/tourism, agricultural biotechnology/bioinformatics, and computer science/information systems. Quality of life, including affordable housing and environmental sustainability, was identified as a parallel objective that might enhance economic development in the region. A follow-up session among leaders from all constituent groups will be scheduled after Economic Summit II.

Regional Success Stories: Collaboration -- Energizing for Action

The most prominent success story for economic development within the St. Croix Valley Region during the past year is one that is shared by all of its stakeholders. Constituents have mobilized from all segments of the community in order to capitalize on the available resources and to work on removing the remaining obstacles. Led by UW-River Falls Chancellor Ann Lydecker, a consortium of eminent individuals from government, education, non-profit, and private sector organizations have revitalized a dialogue intent on the pursuit of key economic development opportunities, while enhancing quality of life in the region. Some specific success stories from the region include:

BioDiagnostics Inc: Serving Genetic Purity Testing Needs of the Seed Industry

As a result of intensive, collaborative effort among various local public and private organizations, BioDiagnostics relocated from the Pierce-Pepin Electric Cooperative small-business incubator in Ellsworth into the new River Falls Industrial Park, where it could avail itself of the synergy presented by its proximity to UW-River Falls' Colleges of Arts and Sciences and Agriculture, Food, and Environmental Sciences. That industrial park is preparing to seek official designation from the Wisconsin Department of Commerce as one of the new Technology Zones that are intended to facilitate high-technology development in the state. Local government officials, economic development consultants, and area legislators are advocating strongly for that designation.

The company's vision is to provide a complete suite of genetic purity tests, along with standard germination tests. BioDiagnostics is committed to providing the seed industry with appropriate tests and accurate results in a timely fashion. Its business has expanded significantly since moving

to River Falls and the firm recently undertook several new testing contracts for international firms. Recent completion of Wisconsin State Highway 35 to four divided lanes between Hudson and River Falls further facilitates access for BioDiagnostics and other area firms to the dynamic Twin Cities market area via Interstate 94.

According to BioDiagnostics CEO Quentin Schultz, "In the River Falls community, I strongly believe that our best assets lie in the Agricultural Biotechnology Sector. Our strengths include a university with strong curricula in agriculture and in biotechnology and a professional staff teaching those courses. We have a local government that has established a new industrial park with necessary infrastructure and an economic development group that is interested in attracting biotech-related businesses because of the caliber of jobs and the minimum potential for pollution those jobs present. I believe that by narrowing the focus of our economic development activity to this area, we will have more success in attracting venture capital interest. As we learn how to attract and develop business ventures in this area, we will continue to improve the fiscal and entrepreneurial climate."

The success of BioDiagnostics serves as a model for other businesses that seek to relocate into the St. Croix Valley Region. It has provided the impetus for the City and the University to join efforts in developing a proposal to conduct a feasibility study for incubator space in the industrial park and in recruiting additional firms into the park.

Kinnickinnic River Land Trust: Protection of the Environment

As the St. Croix Valley continues to undergo a transition from agriculture to suburban spillover from the Twin Cities, the natural environment must be protected. As housing and manufacturing encroach into sensitive areas, citizens must ensure that development does not degrade valuable natural resources. The Kinnickinnic River Land Trust was recently awarded a United States Department of Agriculture grant for its Conservation Easement Program that strives to protect environmentally sensitive areas in the watershed.

Similarly, the City of Prescott has received National Scenic Byways program funding from the Federal Highway Administration to develop the Great River Road Scenic Byway Learning Center in its Freedom Park. This Learning Center, to be located on a bluff overseeing the confluence of the Mississippi and the St. Croix Rivers, is envisioned as a four-season, interpretive, educational facility that will serve to provide visitors with information and programs about the Great River Road Scenic Byway and the two rivers.

St. Croix Valley Regional Tourism Alliance

With matching grants from Wisconsin and Minnesota Departments of Travel and Tourism, the Alliance acquired a state-of-the-art exhibit booth for use in trade shows, thereby facilitating and expanding its marketing reach. Since the recent demise of the Wisconsin-Minnesota Boundary Commission, the Alliance has emerged as the preeminent marketing force for the region as it works to enhance and expand the region's image and visibility throughout the Midwest. The Alliance highlights regional attractions such as Prescott's new Great River Road Scenic Byway Learning Center, Hudson's Phipps Center for the Arts, Lake Elmo's Ice Fishing Contest, New Richmond's

Cedar Lake Speedway, the Kansas City Chief's Summer Camp tradition at UW-River Falls, and the Osceola & St. Croix Valley Railway.

Workforce Development in West Central Wisconsin

With leadership and support from the West Central Wisconsin Workforce Development Board, the region's strong PK-16 educational institutions have mobilized to improve responsiveness to workforce needs in the region. New approaches to workforce development that are being developed include:

HealthWork: A Sectoral Employment Initiative for West Central Wisconsin

The HealthWork project is a coordinated and comprehensive approach intended to address the full range of workforce development issues within the Healthcare Industry sector. The HealthWork project is designed to facilitate comprehensive strategic planning and subsequent implementation processes for West Central Wisconsin. The HealthWork project will:

- Form a "HealthWork Alliance" comprised of stakeholders from within the industry sector;
- Conduct market research to determine the factors that will attract and retain the needed workforce;
- Gather and analyze labor market data for future occupational demand;
- Design a HealthWork marketing campaign to increase applicant flow into healthcare positions;
- Design a "HealthWork Career Ladder" system to determine the transferable skills in each occupation;
- Determine the feasibility of increasing flexible, modular, work-based training programs that include apprenticeship models;
- Create an internship database to match students with work-based learning opportunities;
- Design a "HealthWork Excellence" campaign to identify and promote best practices in Human Resource Management;
- Develop a "HealthWork Diagnosis" format to assist employers in analyzing their current human resource climate; and
- Develop and promote a "Prescription for Action" for addressing the future regional workforce needs within the Healthcare Industry for West Central Wisconsin.

Advanced Wood Manufacturing: Partnership and Collaboration with Wisconsin Indianhead Technical College

One of the largest industries within Barron and Polk Counties, in the northern part of the region, is wood manufacturing. Area employers approached the West Central Wisconsin Workforce Development Board regarding their needs for a "Customized Training Effort" to further develop the skills of its workers in Wood Manufacturing. Wisconsin Indianhead Technical College, in cooperation with business and industry, developed a curriculum that meets the needs of those

employers. The program consists of modules that mix “soft skills” with technical skills that were not currently being taught at the Technical College. Instructors were sent on-site to work with employees at two different manufacturers using on-site equipment. The Workforce Development Board provided funding for the program. Area employers hope that the curriculum will be added as a degree program at the Technical College within the next two years.

Somalian Refugee Program: Diversity Within Our Workforce

In recent years, the Twin Cities area has become a target destination for a variety of immigrant and refugee populations due to its strong economy, its diverse employment base, its highly respected educational system, and its progressive and receptive community image. Because of its geographic proximity and its socio-economic similarity, West Central Wisconsin has been the recipient of similar migration and resettlement phenomena, most recently with an in-migration of Somalis.

Somalis have been attracted primarily by employment opportunities in two firms, the Turkey Store in Barron and Amitech (formerly GS Electric) in Hudson. Initial success in obtaining employment by a small number of Somalis at each firm, coupled with employment growth and continued interaction between those individuals and their core community in the Twin Cities, has led increasing numbers of Somalis to join the workforce at each firm. This created the unanticipated refugee population resettling in each community.

Somalian refugees have language barriers that limit their career advancement and job retention ability. In partnership with Wisconsin Indianhead Technical College and Barron County Human Services, English as a Second Language and community integration programs are being conducted for Somalis in the area. The Workforce Development Board secured a grant from the State of Wisconsin to hire a translator and coordinator to help achieve these two goals.

Wisconsin Indianhead Technical College: Center for Technical Studies

Wisconsin Indianhead Technical College recently received a \$679,000 federal appropriation, with the assistance of Representative Ron Kind, to enhance the Center for Technical Studies at its New Richmond Campus. The project adds 5,600 square feet of new space to the WITC New Richmond complex, giving the college four additional multi-purpose classrooms/laboratories. Cutting-edge technology includes computers, interactive TV labs, computer-aided design labs, computer networking, industrial networking automation, and instrumentation. Area high school students can attend the Center for Technical Studies under the Youth Options Program and obtain higher education opportunities during high school without local districts having to duplicate expensive equipment and technology.

University of Wisconsin-River Falls

UW-River Falls has undertaken a number of initiatives, some in partnership with other educational institutions, for purposes of advancing the economic development of the region.

Collaboration with Chippewa Valley Technical College and Wisconsin Indianhead Technical College: Laboratory space in the Agricultural Engineering department at UW-River Falls has been

made available for use by CVTC in its programs. Articulation agreements between both technical colleges and the university are being expanded.

Creation of a Small Business Development Center: To better respond to the rapidly growing needs of the Wisconsin portion of the twin cities metropolitan area, a Small Business Development Center has been created within the College of Business and Economics. This office has expanded rapidly and is supporting the growing entrepreneurial development in the region.

Promotion of an interdisciplinary Biotechnology and Bioinformatics Major: To support the needs of the biotechnology industry that has been identified as an important industrial cluster for this region, UW-River Falls is aggressively enhancing and promoting its cross-disciplinary major that capitalizes on the strong biology and chemistry programs and the renowned agricultural college at the university.

Enhancement of a Computer Science and Information Systems Major: Technology has emerged as a pervasive requirement in nearly all business sectors. In response, UW-River Falls has initiated an expansion and enhancement of its computer science and information systems program by hiring new faculty, adding new courses, conceptualizing a new certificate program in response to regional needs, and adding new computer terminals across campus. Students emerging from this program are particularly well trained in computer science technical skills and in the application of those skills to the needs of business.

Office of Career Services: The four colleges of the university have established large and active internship and work-study programs to benefit students and the community. Through these carefully designed programs, students add value to the community by bringing the most recent knowledge and practices to employers, while enhancing their own employability. Some of the initiatives coordinated by this office include:

- Annual Career Fair;
- On-campus recruitment;
- Off-site Employer Outreach;
- Online Statewide Job Postings;
- Career Information Network;
- Online Resume Referral Service;
- Membership in St. Croix Valley Employer Association; and
- Membership in Wisconsin Association of Colleges and Employers.

Creation of the College of Business and Economics: To meet better the needs of the business community, UW-River Falls recently established its College of Business and Economics. The college will provide leadership as the university extends its resources to businesses and other agencies in the St. Croix River Valley. One of the important initiatives that has resulted is creation of the Master in Management Program. Identified workforce needs of the large and growing business community include graduate education in management. This service-based pricing, flexible degree program was designed to meet the needs of the community. Now in its second year, the program has nearly 100 admitted and enrolled students.

College of Agriculture, Food, and Environmental Sciences: The College continues its efforts to support the needs of agriculture and agribusiness in our region. Some important activities are:

- ***Hazardous Materials handling short course:*** The Plant and Earth Science department offers courses that meet the needs of industry. This course trains and certifies people for Hazardous Materials handling.
- ***Dairy Learning Center and Dairy Science Major:*** Investors have contributed over \$380,000 to supplement the state's commitment to this new, state-of-the-art teaching facility. The Facility, scheduled for groundbreaking in the spring of 2002, will support the Dairy Science major and will help the state's dairy industry remain competitive.
- ***English as a Second Language Program for Dairy Workers:*** In order to serve better the needs of dairy farmers in the region, the College of Agriculture, Food, and Environmental Sciences, in collaboration with the College of Arts and Sciences, created a new program to teach English to immigrant workers. This has benefited farmers by improving worker productivity but it also has contributed to the development of potential leaders among the immigrant workers who present better communication skills to employers.
- ***Microbiology Symposium:*** Led by prominent faculty member Purnendu Vasavada, UW-River Falls continues to receive growing international acclaim for its annual on-campus symposium devoted to food microbiology.

College of Education and Professional Studies: In addition to educating teachers to meet the needs of the state, the professionals in the College of Education and Professional Studies have undertaken efforts to meet better the workforce needs of the state by strengthening PK-16 alliances in the region. With the assistance of a University of Wisconsin System grant and Wisconsin Department of Public Instruction supplemental funds, the College of Education and Professional Studies sponsored a Model Academy. This initiative brought together teachers and administrators from the New Richmond, Somerset, and River Falls School Districts, along with faculty and administrators from the College of Education and Professional Studies and the College of Arts and Sciences. Participants spent four days seeking to understand the future of education, developing partnership projects in the four content areas represented, and reviewing the alignment of the Wisconsin Teacher Standards, the Wisconsin Content Guidelines for Teacher Education, and the Wisconsin Model Academic Standards (K-12).

Regional Assets

The region's Economic Development Steering Committee has identified a number of industrial clusters that are important to the St. Croix Valley and need to be supported.

- The region has a very strong agricultural production and agribusiness base. With support from the College of Agriculture, Food, and Environmental Sciences at UW-River Falls and from UW–Extension, this industry will continue to grow in importance and will continue to be an important economic component of our region.
- The region has a strong, diversified manufacturing base that is supported by two technical colleges (WITC and CVTC) and three universities (UW-River Falls, UW-Stout, and UW-Barron County). A particularly strong manufacturing cluster is the molded plastics industry.
- The rustic beauty of the region, which includes the St. Croix River Watershed and its close proximity to a metropolitan area of over 3 million people, has created natural strength for the travel and tourism industry.
- The strong agribusiness industry, the biotechnology program at UW-River Falls, and proximity to the twin cities metropolitan area, which is a worldwide center for food processing, gives the university the ability to develop and support a strong agricultural biotechnology industry.
- The rapid expansion of the Minneapolis/St. Paul Metropolitan Area into western Wisconsin has created tremendous strength in the presence of a large, well-educated, experienced labor force. Thousands of commuters can be encouraged to stay in Wisconsin as high-technology employment opportunities become available. In addition, this group includes large numbers of scientists and engineers who can be helped to develop entrepreneurial opportunities.
- The Minneapolis/St. Paul Metropolitan Area that includes western Wisconsin has a very strong venture capital base that can be accessed for biotechnology and information technology businesses in our region.
- St. Croix County has successfully recruited a large provider of long-term care insurance administration. This business may serve as a basis for expansion of the finance and insurance industry in Western Wisconsin.
- The population centers in the St. Croix Valley are located within an hour’s drive from the Twin Cities Metropolitan Airport, providing convenient access to travel and shipping worldwide.

Regional Barriers

The region has several barriers to economic development that are being addressed by individual and collaborative efforts.

- Rapid population growth and urbanization in the region has placed a tremendous strain on local communities to provide essential services and to keep up with the challenge of maintaining “controlled growth.” Preservation of the environment and a “rural life” need to be balanced with the need for economic development.

Economic Summit II Report -- St. Croix Valley Region

- Relatively high property taxes discourage growth while at the same time a growing demand for expansion of municipal services and the needs of education pull on municipal and county budgets. A commuter population has expanded into our region faster than the relocation and growth of business and, as a result, the tax base is heavily weighted toward homeowners and farmers.
- The region “feels” distant from Madison and, as a result, our needs may not be seen as being as important as those of the southeastern part of the state are.
- The Minnesota media fills a Wisconsin media void in the border counties and, as a result, information about opportunities and activities throughout the rest of Wisconsin may be missed.
- Rapid expansion of the population has placed upward pressure on housing costs and, as a result, “affordable housing” that needs to be available for business expansion is in short supply.

State’s “To-Do” List

- The state needs to move aggressively to resolve remaining issues regarding the construction of the Stillwater Bridge. This bridge will provide tremendous growth and economic development opportunities to the region, especially in St. Croix and Polk Counties. Planning now for the inevitable construction of this new modern crossing over the St. Croix is essential.
- The state needs to provide incentive and assistance with the construction of effective telecommunication networks in Western Wisconsin. While the border area is well served, many parts of the region have poor or non-existent service.
- The state needs to provide assistance with the rapidly growing costs of K-12 education. The growing population and the added expense of large immigrant populations have made it difficult to finance the education needs of local communities.
- The state needs to address the issue of tax incentives for high-technology businesses. In order to keep existing businesses and to attract new businesses into the St. Croix Valley, especially from Minnesota, the state must offer incremental tax incentives that make sense in our contemporary, competitive, economic development environment.
- The state needs to expedite initiatives outlined under the Governor’s recently announced “Angel and Venture Capital Association” in order to provide better access to start-up capital for St. Croix Valley biotechnology/bioinformatics and computer science/information systems entrepreneurs.