

Five Thriving Minnesota Communities: *Brainerd Lakes Area*

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Management
Analysis
& Development

Brainerd Lakes Area

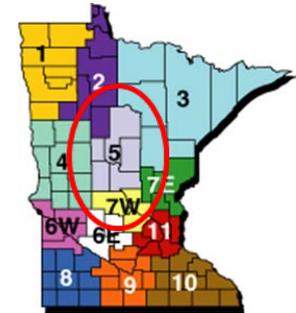


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Industry Growth Central Region

*Crow Wing County (Brainerd-Baxter statistical area)
is the regional center – 38% of region's population*



	Est. Employment 2009	Projected Employment 2019	Numeric change (2009-19)	Percent change (2009-19)
Total, all industries	283,497	320,099	36,602	13%
Leisure and Hospitality, Accommodation and Food Services	44,853	51,225	6,372	14%
Health Care/Social Assistance	43,119	57,603	14,484	37%
Retail Trade	33,190	35,611	2,421	7%
Professional, Business and Technical Services	22,145	26,850	4,705	21%
Financial Activities	8,971	10,414	1,443	16%

DEED Analysis (2012)

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Financial services:

ascensus

We Grow FuturesSM



- The largest, most diversified provider of retirement services and wholesale insurance distributor in the U.S.
- Professionals in accounting, retirement, insurance, administrative support, sales, marketing and information technology
- 500 employees serving 27,000 defined contribution plans and administering over 1.5 million IRAs

Manufacturing:

Clow Stamping

- ISO 9000, prototype and short to medium volume metal stamping to OEM industry
- 340 employees (estimators, tooling professionals, CAD operators, laser operators)
- Industrial customers in hydraulics, recreation, agriculture, transportation, petroleum and lighting
- 70+ carriers to ship throughout the USA
- Annual sales of \$50 - \$100 million



Healthcare: *Essentia Health*

- 2018 Vision: National leader of high-quality, cost effective, integrated healthcare services
- Today, an upper-Midwest healthcare organization comprised of:
 - 17 hospitals
 - 64 clinics
 - 1,500 physicians and credentialed practitioners
 - 55 specialties
 - 11,400 employees
- 1,000 employees and 100+ physicians, representing 21 specialties, make St. Joseph's the largest hospital in region
- In 2011, served 1,800 patients in nearly 400 clinical trials, conducted in collaboration with other top healthcare institutions including Duke University, Mayo Clinic and Cleveland Clinic
- 2010 revenue: \$1.5 billion



Energy: *Landis+Gyr* Landis+Gyr+ manage energy better

- Global, high-tech energy company
- Provides advanced metering solutions to utilities and their customers to increase energy efficiency
- 45 companies, operating in 30+ countries

- HQ in Switzerland
- 5,139 employees
- \$1.5 billion sales (2011)
- R&D is 6.6% of sales (~ \$99 million)
- US R&D centers:

Pequot Lakes (Brainerd MSA), Atlanta, and Lafayette



Vacation spot

- **Cragun's, Grandview Lodge, Madden's, Ruttger's Bay Lake Lodge, Breezy Point Resort**
 - Four-season resorts
 - Championship golfing, dining, skiing, fishing, spas, dining
 - Rentals, privately-owned and time-share cabins, condos and hotels
- **Central Minnesota Region Leisure & Hospitality economic impact¹**
 - Total Gross Sales: **\$1 billion**
 - Approx. \$62 million sales tax
 - Jobs: approx. 27,000
- **Travel expenditures by season (statewide)**
Summer: 37%, Fall: 25%,
Winter: 24%, Spring: 14%



¹ MN Dept. of Revenue, DEED (2008 data)

Livin' Large at the Lake

- Most sought-after “cabins” in the Midwest; many valued over \$1 million; premiere lakeshore garners \$4,000/ft¹
- Retirees transition the summer cabin to primary residence; executives/professionals seek Brainerd QoL
- In 2010, Crow Wing Homestead and Seasonal values were comparable – respectively \$5 billion and \$4.3 billion
- Numerous senior living options – independent living, general care assisted living and nursing homes
- Real estate agency focus on ‘snowbirds’

¹Lakeplace.com (March 2012)



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Home Values

Value of Land/Property (2000- 2010)			
	2000	2010	% growth
Brainerd/Baxter	\$712,529,300	\$1,608,808,800	+126%
Crosby	\$57,274,400	\$115,923,400	+103%
Nisswa/Pequot Lakes	\$290,679,900	\$1,605,076,700	+453%
Crosslake Area	\$462,364,400	\$1,334,144,100	+189%
Crow Wing County	\$4,171,474,500	\$11,250,098,800	+170%
Crow Wing County Homestead	\$2,008,882,700	\$5,012,183,200	+150%
Crow Wing County Seasonal	\$428,771,800	\$4,281,203,200	+899%

Source: Crow Wing County Auditor

Brainerd Lakes Area Economic Development Corporation
at <http://www.growbrainerdlakes.org/THE-AREA/Economic-Vitality.aspx>

Self-employed & Telecommuters

- Crow Wing County had 4,758 self-employed firms (2009)
- Receipts totaled over \$147 million
- Nearly 500 professional, technical and scientific with receipts over \$11 million
- “Telecommuters” live in Brainerd for quality of life; work for companies HQ’d nationally and internationally; high demand for convenient air service

	Total workers	Self-employed	Percent self-employed
Crow Wing County	29,052	2,464	8.5%
United States	141,833,331	9,250,789	6.5%

US Census American Community Survey (2006-09)

Brainerd Business Travelers

- Consultants
- IT and software product managers
- Engineering professionals
- Field services and customer service
- Marketing and sales personnel
- Managers, directors, and account managers



Jupiterimages/comstock/getty images

Air Services Community Survey: Brainerd 2011

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2011 Air Services Survey

28 Brainerd Lakes-area businesses

*How many flights, if any, have you or other employees in your business taken in CY 2011, originating from the **Brainerd Lakes Regional Airport** for business – counting each round-trip as one?*

*...from the **Minneapolis St. Paul International Airport** or any non-Brainerd airport for business ...*

Business Owner 2011 Originating from BRD			
	Counts	Percents	Percents
			0 100
0	0	0%	
1 - 25	17	61%	
26 - 75	5	18%	
76 - 250	4	14%	
251+	2	7%	
Totals	28	100%	

Business owner 2011 Originating from MSP			
	Counts	Percents	Percents
			0 100
0	3	11%	
1 - 25	18	64%	
26 - 75	3	11%	
76 - 250	4	14%	
251+	0	0%	
Totals	28	100%	

- Almost 90% of BRD flyers also drove to MSP for 1+ flights
- Numbers are similar for CY 2010 originating airport
- Respondents included: Landis+Gyr, Ascensus, and Syvantis

2011 Air Services Survey

59 Brainerd Lakes-area Telecommuters, Independent Contractors, other Business Travelers

*How many flights, if any, have you or other employees in your business taken in CY 2011, originating from the **Brainerd Lakes Regional Airport** for business – counting each round-trip as one?*

*...from the **Minneapolis St. Paul International Airport** or any non-Brainerd airport for business ...*

Telecommuter flights in 2011 from Brainerd				
	Counts	Percents	0	Percents
				100
None	5	8%		
1 - 5	13	22%		
6 - 12	19	32%		
13 - 24	12	20%		
25 - 36	6	10%		
37 or more	4	7%		
Totals	59	100%		

Telecommuter flights 2011 from Mpls				
	Counts	Percents	0	Percents
				100
None	8	14%		
1 - 5	27	46%		
6 - 12	13	22%		
13 - 24	5	8%		
25 - 36	5	8%		
37 or more	1	2%		
Totals	59	100%		

Also significant leakage (86% of this segment of respondents), infrequent and frequent flyers

Leakage to MSP (146 ml.)

Why? Schedule, Frequency and Fares

	Always	Frequently	Somewhat frequently	Combined
More convenient departure & arrival times	19%	32%	25%	75%
Frequency (# flights/day)	15%	32%	26%	74%
Difference in airfare	10%	14%	23%	48%
Concerns about delayed arrivals & departures	9%	17%	16%	48%
Wanted to fly non-stop to final destination	2%	7%	5%	14%
The size or type of plane	0%	8%	8%	20%
On-board flight service or other comfort features	0%	4%	6%	10%

Combined Business Owners & Business Travelers, N=77-87

Percentages reflect rounding differences

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
Extremely likely/likely	46%	35%	26%	18%
Somewhat likely/somewhat unlikely	20%	27%	22%	23%
Unlikely/not likely at all	28%	31%	44%	51%
Not sure	7%	8%	8%	8%

Response categories combined; percentages reflect rounding

Business owners, business travelers, general public combined; N=159-163

Other destinations: Atlanta; Las Vegas; Kansas City, MO; Orlando

Customer feedback

- “Nobody wants to stay 9 hours in the Minneapolis Airport for a flight on a Friday night, when you could drive home in a little over 2 hours.”
- “Prefer Brainerd, but flight times and frequency of flights forced me to use MSP.”
- “Number of flights daily. I don’t want to fly to MSP and sit there for 4 hours waiting for a connecting flight just because there are only two flights daily going there (5 am/5 pm). If there were more flights/options, ***I would fly out of Brainerd in a heartbeat.***”

Air Services Community Survey: Brainerd (2011)

General Public/Leisure

*How many flights, if any, did you take in CY 2011 for leisure, originating from the **Brainerd Lakes Regional Airport** – counting each round-trip as one?*

*...from the **Minneapolis St. Paul International Airport** or any non-**Brainerd** airport for leisure ...*

General Public flights 2011 from the Brainerd Lakes Regional			
	Counts	Percents	Percents
			0 100
None	21	28%	
1 - 5	47	62%	
6 - 24	6	8%	
Other	2	3%	
Totals	76	100%	

General Public flights 2011 from the Mpls			
	Counts	Percents	Percents
			0 100
None	17	22%	
1 - 5	48	63%	
6 - 12	7	9%	
Other	4	5%	
Totals	76	100%	

Almost 80% of respondents in this segment drive to other airports for a portion of their trips

Why? Airfare and Schedule

	Always	Frequently	Somewhat frequently	Combined
Airfare	25%	27%	13%	65%
More convenient departure & arrival times	16%	37%	9%	62%
Frequency (# flights/day)	11%	32%	8%	51%
Wanted to fly non-stop to final destination	14%	16%	16%	46%
Concerns about delayed arrivals & departures	10%	16%	17%	43%
The size or type of plane	8%	13%	11%	32%
On-board flight service or other comfort features	3%	3%	14%	20%

N=55-71

Percentages reflect rounding differences

Demand for Business Travel



To what extent will your business' air travel change, if at all, in CY 2012, compared to 2011?

	Count	Percent
It will more than double	3	3%
It will double, or nearly double	3	3%
It will increase substantially, between 50-74%	7	8%
It will increase a good amount, between 25-49%	7	8%
It will increase somewhat, up to 24%	15	17%
It will stay about the same	47	54%
It will decrease or "not sure"	5	6%
TOTAL	87	100%

40%

"Business owner" and "Other business traveler," combined
Percentages reflect rounding

Business community's commitment to air service

How important is commercial, scheduled air service from Brainerd Lakes Regional Airport to the success of your business?

(Business owner, other business travelers, resort owners)

Importance	Counts	Percent
Essential	25	27%
Very important	24	26%
Important	26	28%
Somewhat important	12	13%
Not important at all	3	3%
N/A or "not sure"	2	2%
TOTAL	92	100%

} 81%

Catchment-area Population

Occupation

	2005-09 estimate	Percent
Health care and social assistance	288,851	13.5%
Retail trade	250,840	11.8%
Manufacturing	295,129	13.8%
Educational services	181,775	8.5%

Professional distribution

Employed population/occupation	Count	Percent
White collar (management, business, financial, professional, sales, admin support)	106,974	56.2%
Blue collar (transportation, production, construction, farming, forestry, etc.)	47,967	25.2%
Services	35,404	18.6%

2000 Census ESRI forecasts (60 miles radius)

Population, cont'd.

Educational attainment

	60 Miles		120 Miles	
Associate degree	10.1%	25,737	9.3%	249,131
Bachelor degree	13.6%	34,548	22.1%	594,348
Graduate/Professional degree	6.1%	15,520	10.4%	281,537
TOTAL	29.8%	75,805	41.8%	1,125,016

US Census
American Community Survey
(2005-09)

Household income

	2015	2010	2000
\$50K - \$74,999	27.1%	25.7%	20.1%
\$75K - \$99,999	15.4%	14.4%	8.2%
\$100K+	14.5%	9.1%	6.2%
TOTAL	57.0%	49.2%	34.5%

US Census (2000), ESRI forecasts
60-mile catchment area

Crow Wing County: *Growing Population*

	2000	2010	2020	2030
Crow Wing County	55,099	65,220	73,960	79,750

Minnesota Office of the State Demographer

	2010	2020	2035
0-14	11,690	12,550	12,170
15-24	7,510	7,740	8,360
25-44	16,950	17,880	16,920
45-64	17,990	19,900	20,530
65-84	9,380	13,880	20,100
85+	1,690	1,980	3,510
TOTAL	65,210	73,930	81,590

* Almost all age segments growing
* 25% total growth (2010-35)

BLAEDC, Minnesota Geospatial Information Office

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Marketing Opportunities

- High-tech, business service companies and independent consultants would support direct service to Atlanta & Chicago
- More consistent service from BRD would lead to significantly greater use among business travelers
- Emerging retirement community and other year-round residents could support packages to warm-weather destinations, particularly Florida, Arizona, and Las Vegas
- Weekend packages to the Twin Cities
 - Flights, theatre and concerts, sporting events, festivals, dining, shopping



Tom Wallace,
Star Tribune