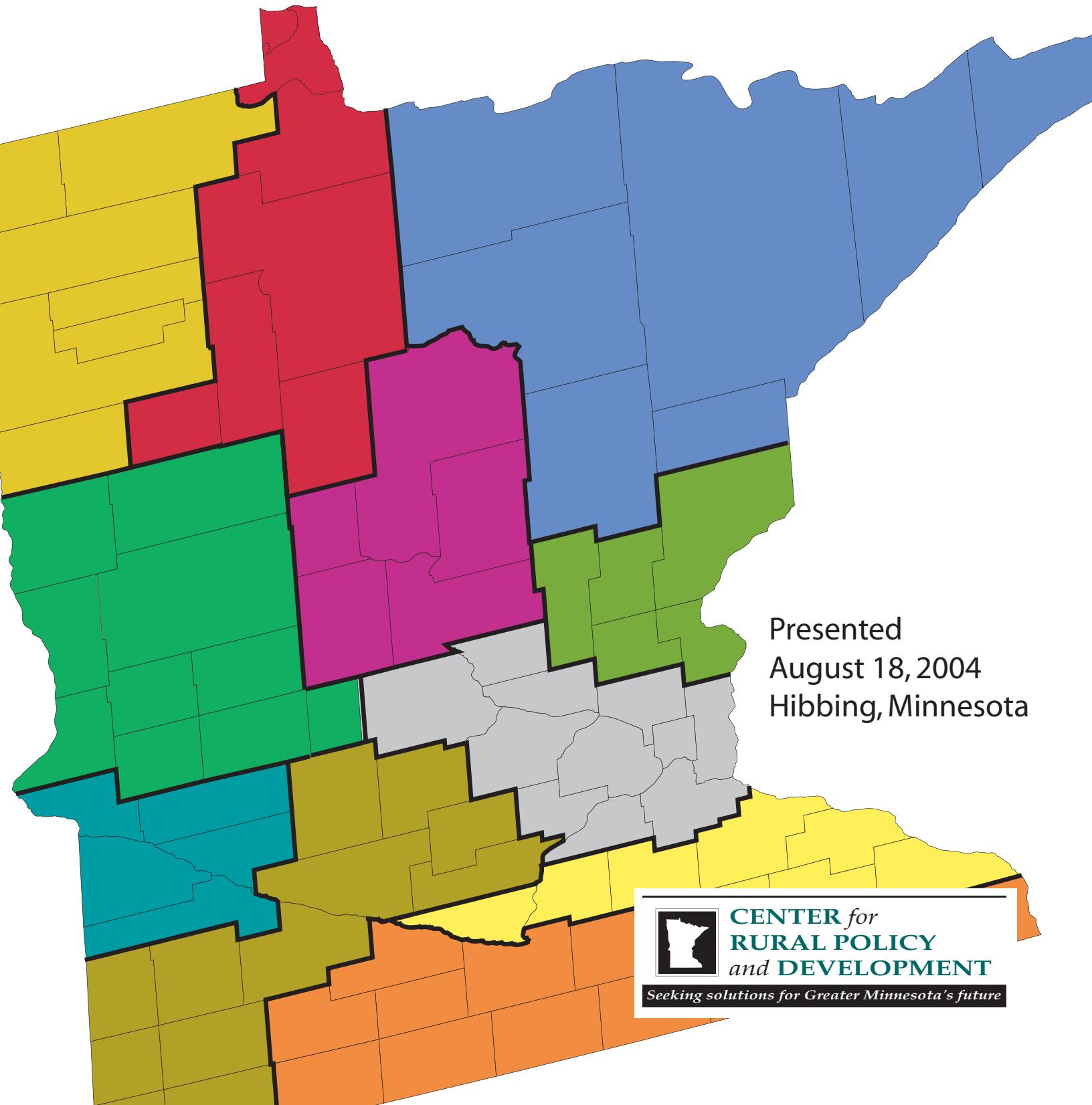
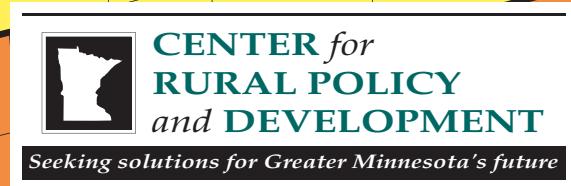
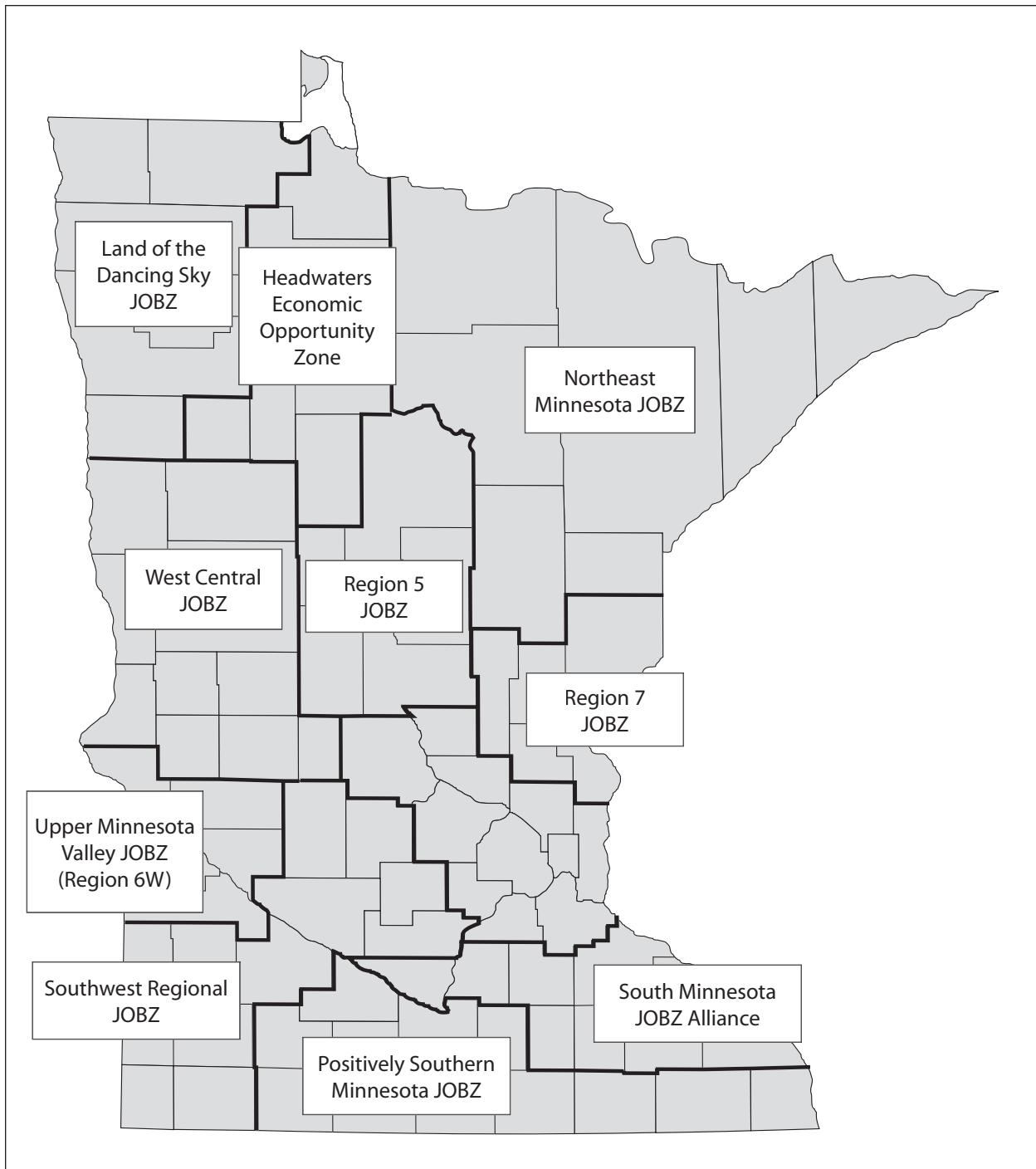


# Job Opportunity Building Zones: Constructing the Framework for Program Evaluation



Presented  
August 18, 2004  
Hibbing, Minnesota





**Figure 1. The Job Opportunity Building Zones of Minnesota.**

# **Job Opportunity Building Zones: Constructing the Framework for Program Evaluation**

## **I. Introduction**

One of the first bills introduced in the 2003 Minnesota Legislative session was H.F. 3, creating what is now known as rural Job Opportunity Building Zones, or JOBZ. Announced after its passage as Gov. Tim Pawlenty's "marquee" rural economic development initiative, the program partitioned most of the state outside of the seven-county metropolitan area into 10 JOBZ zones and hundreds of JOBZ subzones. And it is at the subzone level, which generally consist of a few dozen acres, where qualified businesses are encouraged to develop, expand or relocate to, with significant tax exemptions and credits.

The model from which the program developed was an adaptation of similar programs in both Michigan and Pennsylvania, where qualified businesses that created an appropriate number of new jobs and/or made qualified capital investments, were exempted from the corporate income or property tax for a decade. The Minnesota JOBZ program has similar features targeting these tax exemptions for 12 years; and in some cases tax credits, to businesses that create jobs and invest capital in designated zones throughout rural Minnesota.

With a desire to evaluate the overall impact of such a program on Minnesota's rural economy, the Center for Rural Policy and Development is working in concert with the Department of Employment and Economic Development to establish this evaluative framework. This report is the first step toward that end.

## **II. Methodology**

As part of the effort to establish a framework to evaluate the JOBZ program, a survey was drafted and administered to all subzone administrators involved in the program; however, the unit of analysis was the subzone – not the administrator. The survey focused on learning more about the subzones themselves; activities that are being employed to promote or market the subzones; and to gauge the initial interest of businesses in these JOBZ subzones (a copy of the questionnaire is appended to the back of this report).

The survey was administered primarily over the phone during the months of May and

**Table 1. Survey Response Rate by Zone**

<b>Zone</b>	<b>Response Rate</b>
<b>Statewide</b>	<b>91.6%</b>
Dancing Sky	88.9%
Headwaters	70.0%
Northeast	88.2%
Positively So. Minn.	84.7%
Region 5	88.6%
Region 6W	94.4%
Region 7E	100.0%
Southern Minn.	96.8%
Southwest Region	100.0%
West Central	100.0%

June. However, in cases where subzone administrators are responsible for multiple subzones (in some cases as many as 12), we mailed a survey for each of the subzones to the subzone administrator. In the overwhelming number of cases the subzone administrators were extremely cooperative and responded both appropriately and promptly. In fact, the overall response rate for the survey statewide was 91.6 percent, with data from only 28 subzones missing (see Table 1).

### III. Characteristics of the Subzones and Administrators

Data from the subzone survey indicates that the overwhelming number of communities participating in the JOBZ program are, in fact, quite small. Community population sizes range from a low of 59 (Tamarack, Minn.) to a high of 86,918 (Duluth, Minn.). The median size of communities participating in the program is 1,186. When we examined the median community population size for each of the 10 JOBZ zones, it again confirmed that the program does appear to be targeting these small rural communities (see Table 2).

**Table 2. Median population size by zone**

Zone	Median Pop.
<b>Statewide</b>	<b>1,186</b>
Dancing Sky	827
Headwaters	1,104
Northeast	1,110
Positively So. Minn.	983
Region 5	928
Region 6W	944
Region 7E	2,811
Southern Minn.	2,794
Southwest Region	747
West Central	1,593

*Based on 2000 population.*

18 percent of its subzones containing some type of improvement, while the South Minnesota zone reported 48 percent of its subzones contained some type of improvement.

In addition, subzone administrators were asked about any additional marketable features of their subzone. This could include anything the subzone administrator may believe to be marketable, from proximity to an interstate highway or rail spur to easy access to a regional center. However, instead of analyzing these anecdotal remarks, we simply compiled them and located them in the appendix.

Finally, subzone administrators were asked whether their subzone communities had any previous experience executing business subsidy agreements prior to the establishment of the JOBZ program. To this question approximately half (51%) of the administrators reported that their communities indeed have had such prior experience. Again, the variation across the zones was quite discernible with only 33 percent of the communities in the Dancing Sky zone reporting prior experience with business subsidy agreements, while the percentage reported in the West Central zone was 73 percent.

As was often mentioned during the legislative discussions surrounding creation of the JOBZ program, the majority of the sites chosen as subzones are located on vacant, unimproved parcels of land. However, this is not true for all the cases. As part of the survey we asked administrators if any of their subzones had marketable structures located on them, such as vacated factories and warehouses. Overall, 35 percent of the subzones reported having some type of improvement. However this varied somewhat across the zones, with the Upper Minnesota Valley (Region 6W) zone reporting only

#### Subzone administrators

Most subzone administrators are not supervising their subzones full time. The survey asked them to indicate what their “regular” job is, aside from JOBZ:

Occupation	
Economic development	21%
City manager/clerk/administrator	36%
Community development	8%
Other	35%

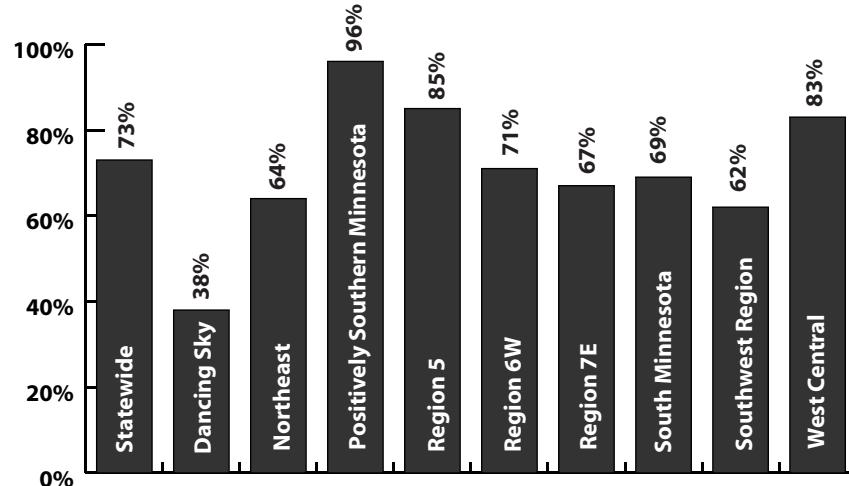
## IV. Subzone Activity

The JOBZ program legislation as written allows each subzone community to establish the criteria for business inclusion into their JOBZ subzone. Accordingly, some communities may require businesses to pay wages above some specified threshold, or designate specific types of industries in order to locate in their subzone and receive the tax incentives that come with locating in the zone. It is this “local control” factor that allows communities to tailor the program to meet local needs, yet at the same time puts a great deal of the responsibility on the community to establish sound and workable criteria for subzone inclusion.

Once the criteria for inclusion in the subzone plan are drafted, there must be a public hearing by local officials, and the plan must be passed by the appropriate governing authority. The drafting and careful review of such criteria is extremely important, as once the criteria is established and passed, no business that meets such criteria can be excluded from the subzone. During the first six months of the program many communities have been working to develop their criteria (Table 3). As one can see, 57 percent of all the subzones reported already holding a public hearing to establish the criteria.

**Table 3. Percent of subzone communities reporting holding a public hearing on JOBZ.**

Zone	Held Hearing	In Process	No Hearing
<b>Statewide</b>	<b>57%</b>	<b>14%</b>	<b>29%</b>
Dancing Sky	37%	26%	37%
Headwaters	100%	----	----
Northeast	51%	22%	27%
Positively So. Minn.	74%	4%	22%
Region 5	62%	5%	33%
Region 6W	35%	35%	30%
Region 7E	17%	42%	25%
Southern Minn.	72%	10%	18%
Southwest Region	45%	17%	38%
West Central	53%	7%	40%



**Chart 1. Percent of subzones that have initiated marketing plans, by zone.**

Many economic development practitioners who are involved in or are following the JOBZ program suggest that a key to its success will be in the subzone administrators' capacity to effectively market the program and their specific zones. Accordingly, we asked subzone administrators about their marketing activity to find out whether they have begun to implement their marketing plan; as well as to better understand the core components of their plan.

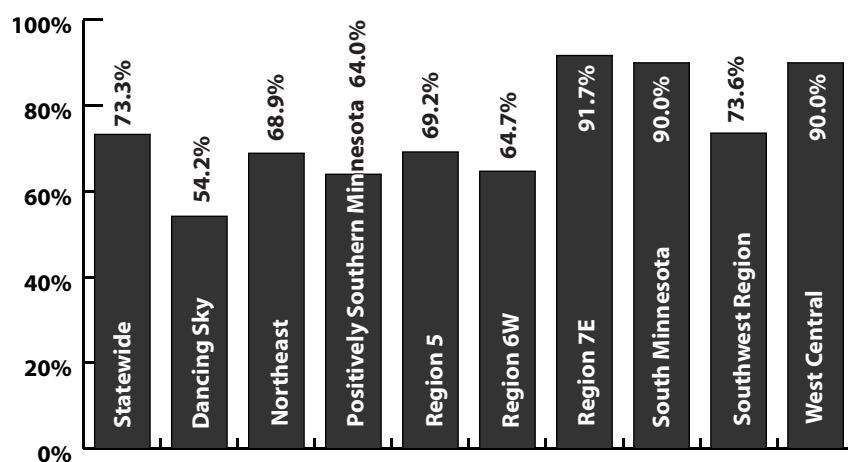
As Chart 1 shows (previous page), a majority of the subzones around the state have already been quite active in the marketing efforts, while others are just now getting started.

Subzone administrators were also asked about the components of their marketing plans. The question specifically identified nine marketing strategies and asked the administrators whether any of them were part of their plan. These strategies are documented in Table 4:

**Table 4. Marketing strategies employed by subzones**

Strategy	Percent Used
Advertising in trade/business publications	31%
Exhibiting at trade/business shows	17%
Contacting local businesses about JOBZ	32%
Contacting non-local businesses about JOBZ	20%
Contacting non-Minnesota businesses about JOBZ	20%
Having a Web site or "web-presence"	40%
Joint marketing with other subzones	33%
Joint marketing with DEED	42%

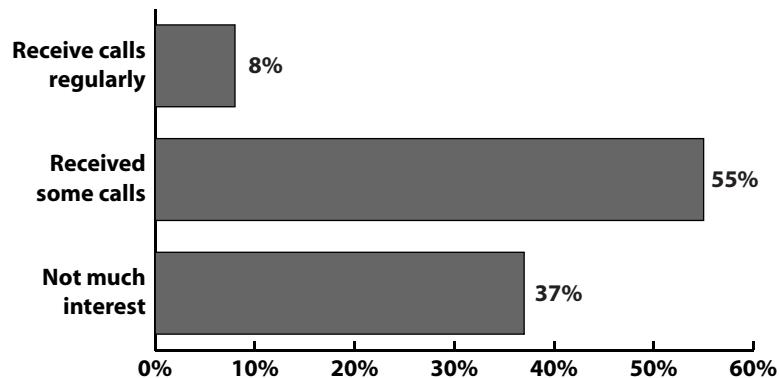
Subzone administrators were also asked if there were any other marketing strategies in their plan in addition to those mentioned above. While the compilation of responses is reported in the appendix, the most common additional strategies mentioned were: radio advertising; direct mail advertising; the development of signage, which includes highway billboards, as well as property signs; and marketing collaboratively with local real estate agents in the area.



**Chart 2. Percent of subzones reporting calls from businesses regarding JOBZ.**

## V. Assessment of Initial Interest

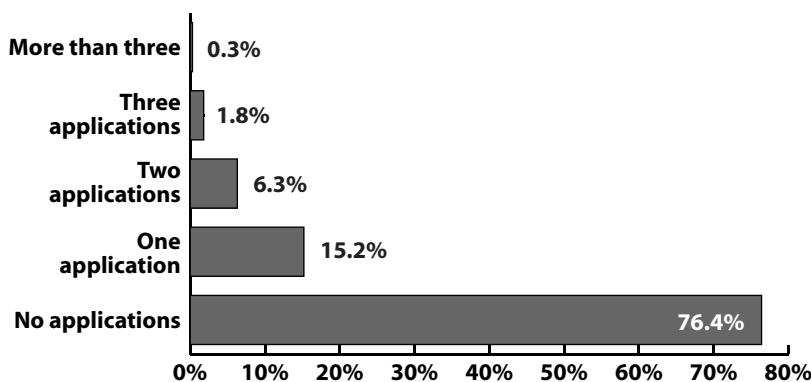
Subzone administrators were asked whether they were being contacted by businesses expressing some initial level of interest in their subzone. Interestingly, a significant majority of administrators reported receiving at least a few calls of interest from businesses. In fact, almost three out of four subzone administrators statewide indicated that they had received such calls. Chart 2 (left) documents such interest by subzone.



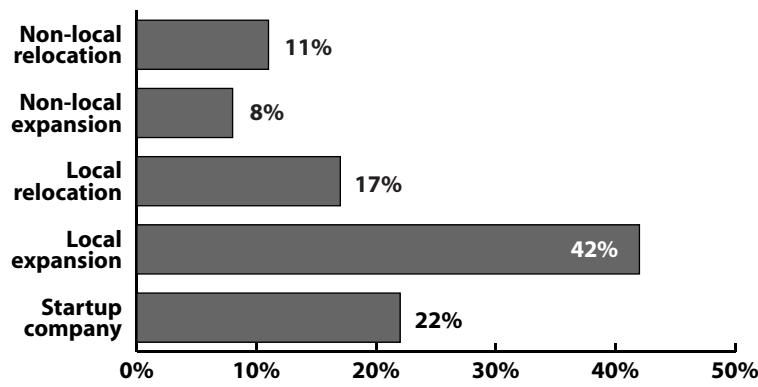
*Chart 3. Reported frequency of calls received from businesses regarding JOBZ opportunities.*

The administrators were also asked how they would characterize the volume of calls they are receiving regarding their JOBZ zones. As one can see from Chart 3, approximately one-third reported that there was not much interest, while slightly more than half reported that they had already received some calls. And 8 percent of the administrators reported that they were receiving calls on a regular basis.

Administrators were also asked whether businesses had begun to apply for inclusion into their subzone. While approximately two-thirds of the administrators reported receiving calls, slightly less than 25 percent (23.6%) reported having businesses begin the application process. As shown in Chart 4, the majority of zones where applications had already been made had one application in process. However there were 28 zones where more than one application had been made.



*Chart 4. Percent of zones reporting JOBZ applications.*

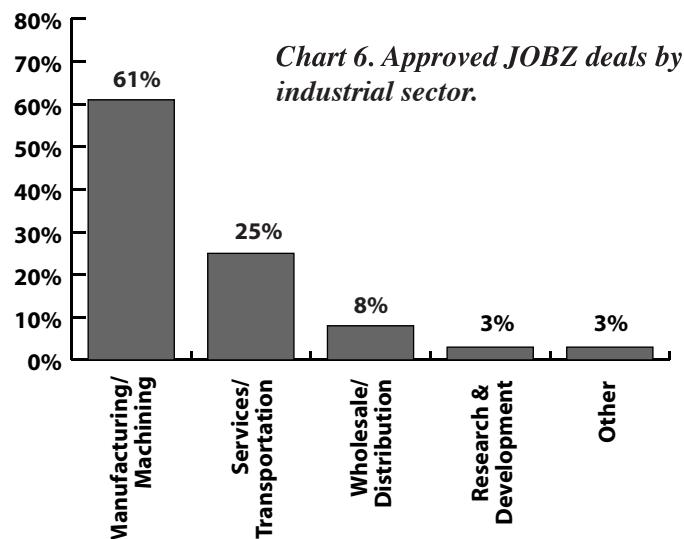


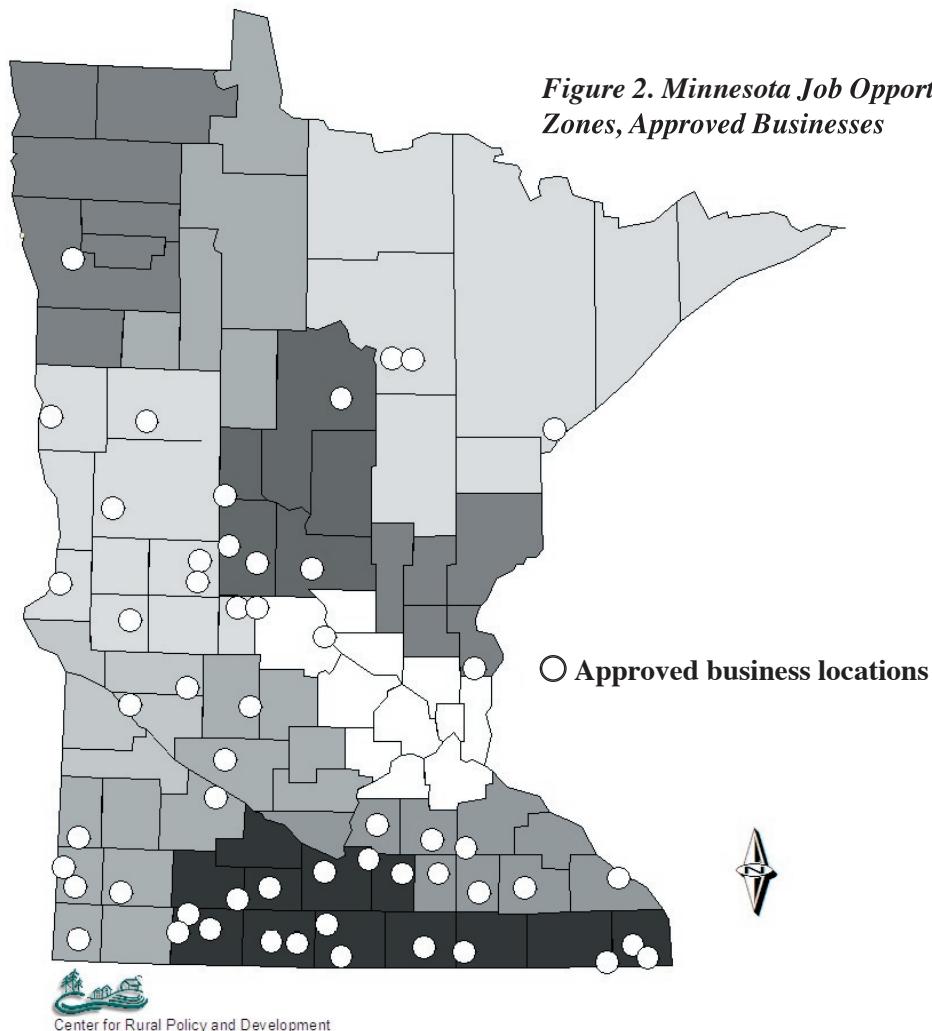
*Chart 5. Types of approved businesses in JOBZ zones.*

At the time of the survey, 55 of the subzones reported having businesses that were already locally approved to be included in their JOBZ zone. In fact, at the time of the survey, subzone administrators reported that there were 72 businesses that went through the public hearing process and were approved at the local level. Accordingly we asked about these businesses regarding their type; what industry they represented; and how many new employees were associated with these businesses. The results are documented in Chart 5.

Chart 6 documents the industrial sectors of the businesses that have been reported as approved to enter JOBZ subzones, while Figure 2 shows the location of subzones with approved businesses.

As the chart shows, the overwhelming majority of the JOBZ deals conducted to date are with businesses in the manufacturing/machining sector. Interestingly, of the 44 businesses reported in this sector, seven were agriculture-related businesses such as agricultural and food processing plants, as well as ethanol manufacturing plants. The services sector was by far the most diverse as it encompassed everything from aerial photography services and credit card processors to truck repair and implement services.





Lastly, we asked the subzone administrators to provide us with information regarding the projected number of new employees associated with the businesses that they reported as approved. Needless to say that the range of new jobs reported was quite large and varied. In fact, the actual range was from 1 to 600. However, the median number of new jobs per JOBZ deal was reported to be 24, while the mean was considerably higher at 37. Of course this difference was due to a handful of well-publicized JOBZ deals that projected several hundred new jobs.

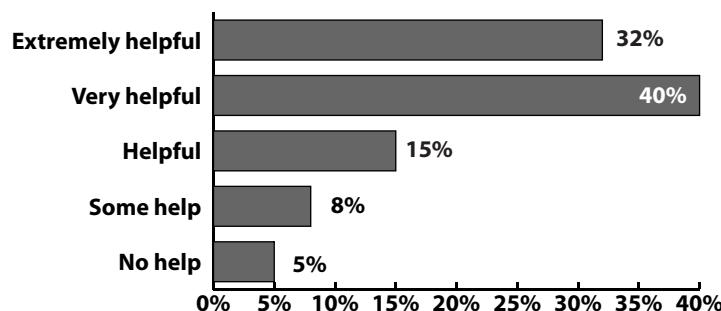
Overall, it appears that businesses, both local and non-local, have expressed an initial interest in the JOBZ program and that subzone communities appear to be processing JOBZ applications at a fairly steady pace. Further, a large majority of businesses that are being approved by the subzone communities, at least at a cursory level, seem to be primary sector, industrial manufacturers and secondary service industries. These types of industries appear to be quite congruent with what might be deemed legislative intent. On the other hand, it is equally true that a large majority of the businesses approved to be included in a JOBZ zone are local firms that are primarily expanding, or in some cases, wanting to relocate into a subzone.

## IV. Coordination among the Players

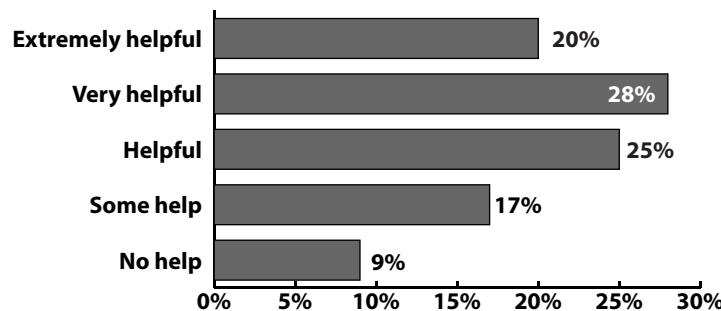
The administration of the JOBZ program actually occurs at three levels:

- **The Subzone Administrators**, who work with local subzone communities in marketing and administering the program at the local level;
- **The Zone Administrators**, who work with and coordinate the activities of the subzone administrators. These zone administrators serve as both a resource to the subzone administrators, as well as a liaison between DEED and the subzone administrators; and
- **Department of Employment and Economic Development staff members**, who both administer and market the program at a statewide level.

Accordingly, we asked the subzone administrators to give us their assessment of the overall administration and coordination of the program from their perspective. Specifically, the subzone administrators were asked how helpful zone administrators were in assisting in a variety of tasks. The results can be found in the charts below. Please note, however, that due to confidentiality issues, we did not break out the findings by zone, as we believed that such an analysis would violate this agreement of confidentiality.



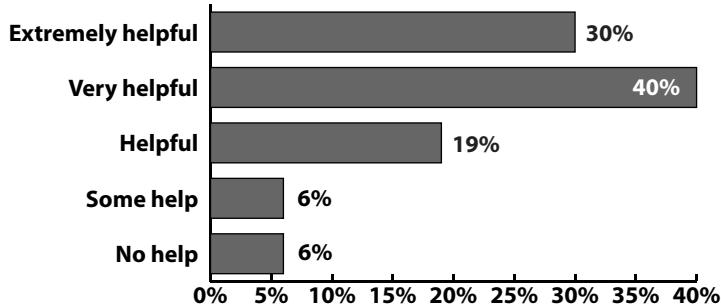
*Chart 7. How helpful zone administrator is in understanding program logistics.*



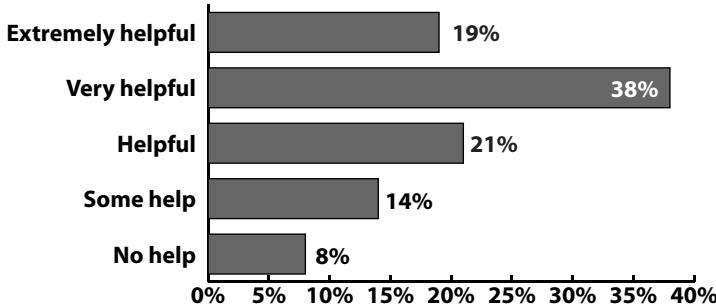
*Chart 8. How helpful zone administrator is with marketing activities.*

As Charts 7-11 show, the overall assessment by the subzone administrators appears to suggest that they are generally satisfied with the zone administrators in their role as coordinators and resource persons. This was especially true when we asked about the zone administrators' role as an overall resource and liaison to DEED, where at least 70 percent reported their zone administrator as either extremely helpful or very helpful.

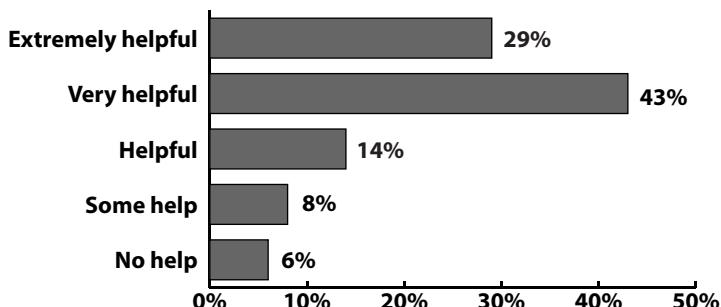
The subzone administrators' assessment slipped somewhat when they were asked how helpful their zone administrator was in developing joint opportunities or marketing strategies across the subzones. Here approximately 50 percent reported their zone administrator to be extremely helpful or very helpful. However, it should be noted that while it is true that their assessment in these areas was somewhat lower, there was still a fair degree of satisfaction.



*Chart 9. How helpful zone administrator is as a liaison with DEED.*



*Chart 10. How helpful zone administrator is in developing joint subzone opportunities.*



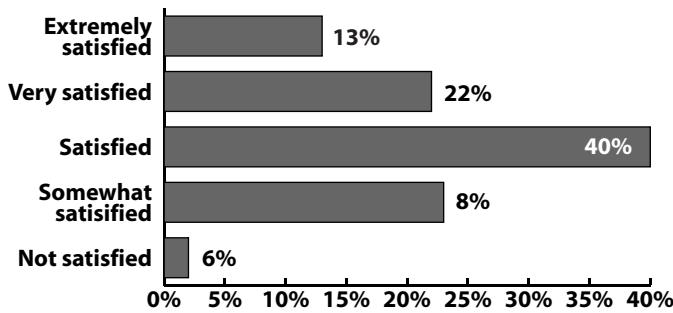
*Chart 11. How helpful is zone administrator as an overall resource.*

the opportunity to qualitatively report any concerns they had, or suggestions as to how the program could be improved. These remarks are found in the appendix of this report and might shed some additional light on their concerns.

Lastly, while we did not partition the assessment by the subzone administrators by zone, we should note that there was a significant amount of variability in their assessment across the zones. For example, when we asked subzone administrators to assess their zone administrator's helpfulness in assisting in developing marketing plans, the percentage who rated their zone administrator as either very helpful or extremely helpful ranged from 84 percent in one zone to 6 percent in another.

When asked to assess the helpfulness of their zone administrator as an overall resource, only 6 percent reported that their zone administrator was no help. However, when we broke these responses down by zone, it became clear while 0 percent rated their zone administrator as no help in 6 of the 10 zones, in some zones 26 percent rated their zone administrator as unhelpful.

Finally, we asked subzone administrators to assess their satisfaction with the Department of Employment and Economic Development in their overall administration of the program. As one can see from Chart 12 (next page), 75 percent of the subzone administrators reported being satisfied, very satisfied, or extremely satisfied with DEED staff in their administration of the program. However, it should be noted that we also gave the subzone administrators



*Chart 12. Satisfaction of subzone administrators with DEED.*

## VII. Summary and Caveats

Before summarizing the primary observations articulated in this study, a few thoughtful caveats are in order:

- First, while the data documented in this report is evaluative in nature, it would be inappropriate to think of these as evaluative findings. In fact, the purpose of this study was to monitor and learn about the activity surrounding the JOBZ program in its first six months and to establish the framework for the program evaluation to follow. Consequently, it must be realized that a true program evaluation will take several years to complete.
- Second, as with most surveys, this one represents a “snapshot” or moment in time. The data for this study was collected in May and June of 2004, representing just the very initiation of the JOBZ program (i.e., the first six months). Since that time throughout the summer, there has been a flurry of activity across many of the subzones that is not reflected in this report. However, as we continue to monitor the program’s activities, this data will serve as a good baseline from which to examine programmatic changes and shifts.
- Lastly, any thoughtful evaluation must involve an analysis that would be analogous to a cost-benefit assessment of net value; i.e., after examining all the programmatic costs and benefits, was it worth it? To date, however, little if any cost data currently exists. While the benefits are reflected in indicators such as jobs created, dollars invested or new areas of collaboration across communities, costs are both qualitative and quantitative in terms of taxes foregone and potential conflicts across communities due to relocation decision-making. While such cost data will be emerging from the Department of Revenue and other sources in the near future, it has not been released yet. Accordingly, it is extremely premature to suggest that any of the information reported here represents an evaluation. That is yet to come.

With these caveats in place, we are able to discern some observations that will help us to better understand, as well as evaluate the program in the long-term.

- **First, the program seems to be generating a substantial amount of interest from businesses.** Statewide, 73 percent of the subzones report receiving at least some calls from businesses regarding the JOBZ program. Further, approximately 25 percent of the subzone communities had a JOBZ application in process within the first six months of the program; and 8 percent of the communities had more than one application.
- **Second, many of the subzone communities are taking the program seriously and appear to be actively engaged in its logistics.** Within the first six months of the program, 57 percent of the communities had already held a public hearing regarding the business criteria for inclusion into their respective subzones, with another 14 percent reporting that such a hearing was currently in process. And 73 percent of the subzones report that they have already initiated their marketing plans.
- **Third, the initial set of businesses approved to enter the JOBZ program at the local level appear to be the types of businesses that are congruent with the legislative intent.** More than 60 percent of the businesses reportedly approved for the JOBZ program at the local level were classified as manufacturing or machining firms, with another 33 percent being classified as services or transportation businesses. If such trends tend to hold, it would appear that many of the concerns regarding the inclusion of inappropriate retail businesses may be unwarranted.
- **Fourth, a significant majority of the approved JOBZ business deals involve local firms that are seeking to expand and/or relocate.** In fact, 42 percent of the JOBZ deals reported in the first six months were local expansions, while another 17 percent were local relocations. This trend, if it continues, may be problematic (especially the local relocations) and certainly needs to be monitored. On the other hand, 19 percent of the approved JOBZ deals were non-local relocations and/or expansion; and most impressively, 22 percent were startup companies.
- **Lastly, while there is some degree of variance in the satisfaction with the three levels of program governance, subzone administrators appear to be supportive and pleased with the initial degree of assistance and coordination.** In general, subzone administrators reported good to high levels of satisfaction when asked about the helpfulness of the zone administrators in assisting them in understanding, marketing and administering the program at the local level. This positive assessment appeared to be equally true in their assessment of DEED in their statewide administration of the program.

In closing it cannot be stressed enough that at the present time, the limitations of this initial study far outweigh any conclusions that some may wish to derive regarding the performance of the program. Overall, it appears that while the program is off to an adequate start, it is still quite early in its process to make any conclusions. Further and much more importantly, as we noted

earlier, any adequate program assessment must fully examine both program benefit and program costs to determine its “net value.” However, as such costs are yet unreported, such conclusions could not possibly be reached at this time.

It is important then for the reader to be reminded that the purpose of this study was not to draw any conclusion, but rather to set a baseline and create a framework from which an evaluation can be established. Within the coming 24 months we will continue to monitor the activities of the program, as well as to augment this data with information from both DEED and the Department of Revenue, to more fully assess this notion of net value.

## **Appendices**

- **Survey Questionnaire**
- **Reported marketable features of the subzones**
- **Additional marketing strategies reported by administrators**
- **Additional suggestions to DEED from subzone administrators**

## **Appendix A: JOBZ Subzone Administrator's Questionnaire**

**Dear JOBZ Subzone Administrator:**

In an attempt to fully inform policy makers regarding the process and the outcome of the JOBZ program, we are requesting that you provide the information requested below for each subzone/subzone community you are working with. **Please know that all of your answers will be kept confidential and will only be reported in aggregate.** For those who administer more than one subzone, we apologize in advance for the inconvenience.

**Name of Subzone/Community:** \_\_\_\_\_

**Name of Subzone:** \_\_\_\_\_

**Name of Subzone Administrator:** \_\_\_\_\_

1. Has this subzone community ever executed a business subsidy agreement prior to the creation of the JOBZ program?  Yes  In Process  No  Don't Know.
2. Has this subzone community held a public hearing and formally adopted the criteria for business inclusion into their subzones?  Yes  No  Don't Know
3. Does this subzone contain any marketable structures such as vacated factories and warehouses?  yes  no. If yes, please elaborate:  
\_\_\_\_\_  
\_\_\_\_\_
4. In addition to the tax-exempt features of the JOBZ program, what do you believe are the most marketable characteristics of this subzone? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **Marketing Plans/Activities**

5. Have you begun to implement your marketing plan for this subzone?  Yes  No
6. Do components of your marketing plan for this subzone include (check all that apply):
  - Advertising in trade/business publications
  - Attending and exhibiting at trade shows and business forums.
  - Other types of business advertising.
  - Contacting local businesses (within 25 miles) to educate them about expansion opportunities in this subzone through the JOBZ program.
  - Contacting non-local Minnesota businesses about expansion opportunities in this subzone.
  - Contacting out-of-state companies about expansion and relocation opportunities in this subzone.
  - Having a web site or other "web presence" highlighting opportunities in this subzone.
  - Jointly marketing this subzone with other subzone administrators within your JOBZ zone.
  - Jointly marketing this subzone in collaboration with the Department of Employment and Economic Development.

Are there any other marketing efforts or activities that you have not yet mentioned?

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7. On a scale of 1-5, where 1 is no help and 5 is extremely helpful, how helpful is your **Zone Administrator** in assisting you with (circle the appropriate number):

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| A. Understanding the operational logistics of the JOBZ Program                                     | 1 | 2 | 3 | 4 | 5 |
| B. Assisting you with your marketing plans& activities   | 1 | 2 | 3 | 4 | 5 |
| C. Serving as a liaison or “go-between” with DEED officials  | 1 | 2 | 3 | 4 | 5 |
| D. Developing joint opportunities for the subzone administrators<br>in your zone to work together. | 1 | 2 | 3 | 4 | 5 |
| E. Overall, serving as a resource to your subzone community  | 1 | 2 | 3 | 4 | 5 |

### **Activities & Outcomes**

8. Have you been contacted by any businesses about opportunities in this subzone?

\_\_\_Yes \_\_\_No. If yes, how would you rate the volume of interest from businesses in exploring opportunities in this subzone?

\_\_\_ Not much interest      \_\_\_A few calls      \_\_\_ A steady stream of calls

9. Have any businesses made application to locate in this subzone? \_\_\_ Yes \_\_\_No.

10. If yes, how many applications have been made? \_\_\_\_\_

11. Have any businesses been approved to locate in this subzone? \_\_\_ Yes \_\_\_No.

12. If yes, what type of business (see examples) have you accepted into your subzone and how many new employees do you anticipate being hired? (list up to 4 businesses):

**Examples:** manufacturing; warehousing; wholesale distribution center; transportation; utilities (including telecommunications); professional services; information technology; construction, health care; research & development; marketing; finance/insurance; waste services; agricultural processing; educational services; administrative processing.

Business 1. Type \_\_\_\_\_

Projected number of new employees for Business 1 \_\_\_\_\_

Business 2. Type \_\_\_\_\_

Projected number of new employees for Business 2 \_\_\_\_\_

Business 3. Type \_\_\_\_\_

Projected number of new employees for Business 3 \_\_\_\_\_

Business 4. Type \_\_\_\_\_

Projected number of new employees for Business 4 \_\_\_\_\_

For each business accepted into your JOBZ Subzone, please provide information on whether the business is a start-up, expansion, or relocation (use legend letters to the right).

Business 1: \_\_\_\_\_

**A. start-up company**

Business 2: \_\_\_\_\_

**B. local expansion (within 25 miles)**

Business 3: \_\_\_\_\_

**C. non-local expansion**

Business 4: \_\_\_\_\_

**D. local relocation (within 25 miles)**

**E. non-local relocation**

13. Are there any changes to the JOBZ program that you would recommend to DEED?

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14. Overall, how would you rate your satisfaction with DEED in their administration of the JOBZ program?

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15. Is there anything else you wish to share with DEED staff and other policy makers about the JOBZ program?

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16. Additional Comments:

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**Thank you for your assistance with this survey!**

## **Appendix B:**

### **Other marketing strategies employed**

On the survey, respondents were also given an open-ended question asking if there were other marketing plans being made in their subzone besides those they chose from in the list.

The most common comment to this question was that the marketing plan is being coordinated by an assisting organization such as a regional development commission, a housing and redevelopment authority, the economic development authority, or a similar economic development group. Other ideas that came up frequently include billboards and signs, targeted brochures using direct mail, highway signs, radio ads, MNPRO web site listings, news articles, presentations to organizations, promotional videos and DVDs, and word of mouth.

Below is a selection of some of the more distinctive comments received from subzone administrators.

“Billboard, direct mail, press release, brochure, search for companion business.”

“Billboard along highway, signs near actual JOBZ site, news articles, and educating Realtors about JOBZ sites and program.”

“Brochures/packets, word of mouth through forums and meetings, news articles about possibilities and approved businesses.”

“Contacting high school alumni business owners about opportunities with JOBZ.”

“Direct mailings to Fortune 500 CEOs in Minnesota.”

“Promotional DVD/video is being produced and billboards along the highway into town”

“Educating Business about JOBZ and other economic development assistance & incentive packages.”

“Joint marketing JOBZ sites with our Foreign Trade Zone efforts.”

“List serve of local businesses and high school graduates.”

“Marketing folders/sheets being distributed to local businesses, postcards are being mailed as well and a Positively MN/MNPro web site listing. “

“Marketing directly to local suppliers of regional industries.”

“MNPro web site listing, East Central RDC making brochures.”

“Most of the marketing is done through local EDA.”

“News articles, notification of program to local lending institutions.”

“Marketing is being targeted to a narrow group of Biomass companies.”

“Presence of existing business negates any marketing. Only local businesses are being courted for JOBZ expansion.”

“A golf outing is being used as a promotional event for JOBZ.”

“Radio ads in Metro area aimed at business owners.”

“Word of mouth, and educating realtors about the JOBZ program.”

## **Appendix C:** **Most marketable Characteristics**

In conducting the survey, subzone administrators were asked what their subzone's most marketable characteristics were. Respondents supplied a variety of answers, but they almost all in some way mentioned location, followed closely by infrastructure. The characteristic mentioned most often was the site's proximity to a particular highway, to a particular community or to a regional center. Also mentioned was proximity to an industrial park, existing buildings, utilities such as water and sewer (water treatment capacity was mentioned often), and other infrastructure, such as broadband or access to 10-ton roads, freeways and rail. Vacant land ready for development was mentioned frequently, as was affordable land. Several respondents mentioned a ready, willing and affordable workforce, small-town life, schools and local amenities. Some included further subsidies or at least a cooperative local government.

A selection of responses are included below.

- “10 ton road to site, community willing to work with companies moving in to town.”
- “11,000 square foot production building/office space, new DSL access, Infrastructure available.”
- “20,000 square foot building, vacant land, 10 ton road access, accessible water & sewer, Rail access.”
- “29,000 square foot building, existing utilities, sites adjacent to existing businesses.”
- “30,000 square foot warehouse, 80,000 square foot college facility, 45,000 square foot elementary school, Buildings exist, Infrastructure in place.”
- “60 acres on airport, seaplane base, 40 flat acres next to existing industrial park.”
- “Access to highways, utilities, broadband access, local money is available to invest.”
- “Agricultural resource community.”
- “Aimed for value-added ag site (ethanol plant).”
- “All sites have infrastructure access, broadband access.”
- “Bare land, infrastructure on or close to property.”
- “Broadband access, Hwy 53 and a rail line traverse town, small town living, schools, recreation, skilled work force, close to material source.”
- “Cheap land on Hwy 10.”
- “Community is pro-business and pro-growth.”
- “Community, school system, family town, cultural events, recreation.”
- “Empty land suitable for anything.”
- “Exceptional workforce, central location, “soft” benefits, education, standard of living.”
- “Existing business with potential for growth. History of manufacturing, development and expansion.”
- “Existing industries to build on.”
- “Full infrastructure, 3 phase power, fiber optic access, adding new water tower.”
- “Good industry base, affordable housing.”
- “Intersection of [two larger highways], competitive utility rates, aggressive council/EDA, workforce competency, recreation.”
- “Interstate access.”
- “Joint designation as Foreign Trade Zone.”

“Labor market, natural resource availability.”  
“Location in river town, transport routes/modes, employee base.”  
“Location on North Shore.”  
“Location, access to property, willing council.”  
“Location, labor force, willing city council, cheap land, infrastructure to site.”  
“Private location, out of way of everything.”  
“Proximity to highways, quality of workforce, physical/cultural/recreational amenities.”  
“School, hospital, nice area.”  
“Small community.”  
“Small town quality of life, lake territory, hospital, schools community center, wide array of infrastructure.”  
“Workforce, location, recreation.”

## **Appendix D: Additional suggestions to DEED from subzone administrators**

At the end of the survey, subzone administrators were given the opportunity to comment on the JOBZ program in general and on their relationship with DEED. Please keep in mind that respondents who are dissatisfied are more likely to comment than those who are satisfied, so it is difficult to judge how widespread are certain opinions that are given here. The intent of this section, however, is to summarize the general types of concerns expressed by subzone administrators and provide some examples. These responses come from the last four questions of the survey.

The comments fell into a handful of broad categories, as follows:

### **Taxes, time lines and benefit packages:**

Some subzone administrators expressed concern that 12 years too long for the program, while others thought it was too short, and others thought it was just right. Many suggested that the level of tax benefits should be adjustable or scalable in relation to the size of the business and the benefits it brings to the community in terms of jobs and payroll. Some administrators expressed concern about the exit strategy after 12 years and whether businesses would stay around when the program expired. And some felt communities, especially small ones, were giving up too much and that the tax dollars lost could be put to better use.

“The legislature needs to maintain the 12 year time line for program.”  
“12 year time frame is too short. There may be a need to adopt variable time scale for late entries to program.”  
“We are being forced to give 12 years when that may not be needed to get a company into town.”  
“There needs to be a longer shelf life. Permanent tax relief to qualified businesses would be even better.”  
“Being able to structure term of benefit to type of business (i.e.: five-person company vs. 50-person company) would be of great benefit to the cities courting the businesses.”  
“For year 13 of program, there should be a scaled tax increase for companies to re-enter the tax brackets, instead of 100% tax in that year, enforce 25%, 50%, 75%, then 100%.”  
“The 12 year cap should be provided from date of contract signing, not from the dawn of the program in 2004.”  
“It is hard to justify 12 years of benefits to a small company, or someone with only minor job expansion plans.”

“Cities are giving up too much in terms of tax benefits, i.e.: infrastructure improvement costs.”  
“Bold idea, but taxes are needed to support schools and infrastructure improvements.”  
“JOBZ transfers the cost of economic development from state to local units of government.”  
“There is no sign of workers rights.”

## **Rules and training**

A number of comments concerned the subzone administrators’ understanding of the rules: comments included that there were too many rule changes, that in their opinion, rules need to be made clearer and more consistent, that there should be some assistance with the application process and that more training is needed.

“Further clarification on what the process is after cities adopt JOBZ plan.”  
“Rules seem to change too frequently.”  
“There was not enough education for subzone administrators prior to roll out of JOBZ.”  
“There are too many different answers from DEED on similar questions.”  
“JOBZ has too many regulations to try and navigate.”  
“JOBZ seems to becoming more complicated as time moves on.”  
“Small cities need help with paper work. Consistent forms need to be created to make the application process smoother, easier to deal with for a small staff.”  
“Develop a guidebook or manual that can be distributed to all sub zone administrators.”  
“There needs to be a more firm outline of credits available to businesses, esp. expansions and relocations.”  
“Details regarding wages need to be clearer.”  
“Fear any changes would mean more restrictions and less local control.”  
“We have been kept very well informed about the processes so far.”

## **Rule changes suggested, business inclusion**

Several comments state that retail should be included in the list of accepted businesses (retail was specifically excluded in the JOBZ legislation). Others commented, however, that retail should not be included, and yet others expressed a need for clearer rules on which businesses are or are not allowed.

“Allow retail for small communities which have difficulties competing with larger communities with industrial-based economies.”  
“Retail needs to be allowed, with certain limitations.”  
“Need a list of expectations on new business owners for those awarded a JOBZ designation.”  
“Should require relocating businesses to do both capital investment AND job creation.”  
“Need to revise legislation and remove line that says, ‘Any business located in JOBZ must receive benefit.’”  
“Should allow more than just manufacturing businesses.”  
“Stick to the letter of the proposal, stay with manufacturing-style jobs.”  
“Entry parameters are too restrictive.”  
“Like the business restrictions, it seems to keeps abuse of the program down.”  
“Clarification is required if abuses to the system continue to occur (i.e.: retail business approvals).”  
“Municipalities seem too hungry for businesses, and will approve nearly anything that seems to meet guidelines.”  
“In rural MN, a job is a job.”

### **Prevailing wage, land bank**

Several comments concerned being able to swap land among subzones or having a “land bank” that would allocate more land to communities that had run out of acres or were not approved initially. There were also several comments expressing dissatisfaction with the prevailing wage requirement.

“Be a bit more flexible with moving acres from one location to another with more local government control.”

“If acreage is filled in a community, more should become available.”

“Make land approval project based, similar to ‘land bank’.”

“Creation of “land bank” where a city could be approved for a JOBZ site, and the city could place it.”

“Prevailing wage a pain.”

“Get rid of prevailing wage for small towns.”

### **Too early to tell**

“So far so good. Program is too new for negativity.”

“No, too early. Seems to be working.”

“Need to see more action of program first.”

“Too early.”

### **Marketing needs more attention**

Several respondents stated that more marketing dollars would be welcome, as would assistance with marketing ideas, and marketing regionally and outside the state.

“Marketing dollars should be available to cities from state.”

“There is a lack of marketing assistance. Both financially and ideas wise.”

“Marketing dollars spread to small communities.”

“Also need to target the small guy as well as the big guys.”

“More marketing to surrounding states.”

“Regional approach to marketing should be encouraged.”

### **DEED/Department of Revenue relationship**

Comments here concerned the relationship between DEED and the Department of Revenue, which some appeared to find confusing and/or conflicting.

“Need only one department in charge. There are too many voices giving different answers to same question.”

“Desperately need improved coordination between the Department of Revenue and DEED. There is a sense frustration between two organizations.”

“Department of Revenue is making too many changes in regards to reporting requirements, Department of Revenue is stifling the program.”

“Two tier staff not terribly helpful — only higher ups give accurate answers.”

“More regional meetings with DEED should be happening. Need more coordination with the Department of Revenue.”

“Need to talk with a real person, too many voicemail messages left at DEED.”

“DEED and Department of Revenue officials need to tour the out state ala politicians.”

### **Small vs. large cities**

Comments here concerned the inclusion of large cities such as Duluth, Rochester and St. Cloud.

“Small communities feel like they got the shaft with St Cloud being approved.”  
“Smaller towns are being over shadowed by larger communities.”  
“JOBZ is putting the whole state on a level playing field.”  
“Truly rural areas are not getting much from JOBZ.”  
“Good program for Greater Minnesota.”  
“Thought this program was for smaller communities.”  
“Zone boundaries do not capitalize on regional centers.”  
“Need to push boundaries further from the metro area.”

### **Other comments**

The final group of comments represents those that didn’t fall into any of the above categories. A large number of them, though, did say the paperwork was burdensome.

“At this time, no changes are recommended. The information for JOBZ has been well received so far.”

“The local control offered to managing officials is good.”

“Basic principal of JOBZ is excellent.”

“Need to align JOBZ with the way legislation was written.”

“Keep discussions going, don’t let it sit, small improvements will help it run better.”

“Stay with the initial mission of the project. Rural areas are in NEED of creating employment opportunities.”

“This program is not really necessary. The legislature should have strengthened existing economic development programs.”

“JOBZ is a cumbersome program. There are too many hoops, and too much paperwork to fill out.”

“The JOBZ program itself seems amorphous; we just need to make sure that REAL jobs go to REAL people.”

“Shuttling jobs around the state is not a way to improve communities. There is too much paper work.”

“The legislature needed to get more input from the economic developers before JOBZ was implemented.”

“Good quick implementation. Good amount of local control.”

“JOBZ costs too much. Legislature may kill it upon the next election cycle.”

“Some general concern over whether or not JOBZ will be a dud with the next administration not using it or gutting it.”

“DEED is having good flexibility, working with communities to get projects approved in a timely manner. This is a great idea and layout of plans.”

“JOBZ is a good idea that’s fallen into a bureaucratic abyss. The program as it is is not as advertised in the passed bill.”

“Give JOBZ time to prove it’s self before you try to change it. It’ll be a great tool if we can get it to work right.”

“Would like to see DEED executives travel to the out state regions to give presentations about the course of JOBZ.”

“Good job with informational meetings.”

“Companies seem to be ‘benefit shopping’ between communities that may be offering too much for not that much of a benefit.”

“Don’t mess with JOBZ. Keep it around and let it mature for a few years.”

“The politics of JOBZ is awful.”

“Before making changes, DEED and the legislature need to be patient with sub zones to show successes.”



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