

THE DEED MISSION:



HELPING

*People,
Businesses*

AND

Communities

2007 ANNUAL REPORT



If you want to know what DEED employees get excited about, just ask them about the agency's role in shaping the lives of average Minnesotans.

They can recite a long list of the agency's accomplishments, from bringing sanitary sewer and water services to a small town in northern Minnesota, to helping an Iraq veteran find a job in Fergus Falls.

DEED Commissioner Dan McElroy says the agency's mission statement sums it up best: "to support the economic success of individuals, businesses and communities by improving opportunities for growth."

"It's simple, clear and effectively carried out every day by the employees of DEED," he says. "The agency is called upon to do many things for many people, and I am proud to be a part of the team."

Broadly speaking, DEED's programs fall into six categories:

- Creating and retaining jobs
- Cultivating entrepreneurs
- Enhancing community vitality
- Strengthening the workforce
- Addressing economic change
- Fostering self-sufficiency

Within those categories, the agency manages 55 separate programs, ranging from the Minnesota Job Skills Partnership to the Small Cities Development Program to the Drinking Water Revolving Fund.

Last year alone, DEED's workforce development programs helped some 225,000 Minnesota residents improve their work skills or find jobs. The agency's business and community development programs, which offer financial and technical assistance to encourage business growth, awarded 242 grants and loans valued at \$321 million in 2007.

But at their core, the agency's programs are really about helping people – people like Richard Talmadge, who was assisted in finding work at UPS after losing his job at a Burnsville tire shop in October.

Talmadge says he wouldn't have succeeded without the help of Gayle Tuthill at the Faribault WorkForce Center.

"I always had the impression that she cared about what happened to me," he says.

DEED programs reach every corner of the state, helping to shape the people, businesses and communities that call Minnesota home. Read on to find out how the agency is making a difference in Minnesota.

Expanding Minnesota's Economy

When businesses consider moving to Minnesota or expanding an existing operation, one of their best resources is DEED. The agency offers grants, loans, research, and financial and technical guidance to ensure that companies will grow and prosper in the state.

Last year alone, DEED programs were responsible for retaining or creating 10,608 jobs in Minnesota.

One company that tapped the agency's programs was Coloplast, a Denmark-based firm that decided to move its North American headquarters from Marietta, Ga., to Minneapolis.

The \$1.1 billion company, which specializes in medical technology and related services, saw many synergies in a state that is home to Medtronic, St. Jude Medical and other medical-device makers.

"It's clear to us that Minnesota's leaders continue to be visionary and aggressive in building upon an already strong global presence in medical technology and the biosciences," says

Coloplast CEO Sten Scheibye. "We're delighted to be here and make Minnesota our home."

DEED's role in helping the company to make the 1,100-mile move to Minneapolis included \$500,000 in financing from

the Minnesota Investment Fund for equipment costs. The company also received a \$177,112 grant from the Minnesota Job Skills Partnership to help train workers, and the state provided \$1.5 million in grants for soil cleanup at the company's new corporate campus on West River Road in north Minneapolis.

Officials broke ground on the \$48.5 million project in March. About 300 people will work at the facility when it is completed early next year.



Renewing our Communities

It sounded like a chemistry experiment gone bad. The list of contaminants on the 10-acre site in St. Louis Park – once used for lead smelting and auto salvage – included lead, arsenic, cadmium, petroleum and other pollutants.

The property was placed on the federal and state Superfund lists in 1983 and was considered unsuitable for new development.

That changed three years ago, thanks to \$10 million in cleanup funding from government agencies, including a \$1.9 million grant and \$1.1 million loan from DEED's

Minnesota Cleanup Revolving Loan Fund, which is capitalized with grants from the U.S. Environmental Protection Agency. Once the land was cleaned of pollutants, Minneapolis-based Real Estate Recycling redeveloped the site into the Highway 7

Business Center, an 80,000-square-foot office showroom that opened recently.

"The only reason why the project was able to work was because we had enough agencies, including DEED, that were able to put money on the table to make it happen," says Greg Hunt, St. Louis Park economic development director.



Before



After

It's a success story that has been repeated many times since DEED created the Contamination Cleanup Program in 1995. Over the past 13 years, the agency has awarded more than \$99 million in grants to investigate and clean polluted

sites for redevelopment, resulting in 18,000 new jobs and \$71 million in increased tax base in Minnesota.

Last October, the EPA recognized DEED for its role in revitalizing the St. Louis Park site.



Connecting Employers and Job Seekers

Minnesota has 47 WorkForce Centers that serve as bricks-and-mortar storefronts for people looking for jobs and related services, including help with writing resumes, learning job-interviewing skills and assessing career options.

DEED introduced a new enhancement to job seeker services last year with MinnesotaWorks.net.

The free online resume- and job-matching system has grown quickly, attracting postings for some 25,000 job openings and 50,000 resumes.

Among its regular customers is April Springer, a recruiting specialist at Rogers-based Vision Staffing Services.

Springer said the staffing agency has filled several positions by posting them on MinnesotaWorks.net. People apply for the jobs after seeing them listed on the site, or Springer searches the system for resumes that look like a good fit for the positions that she wants to fill.

Springer especially likes a feature that automatically ranks resumes based on how closely they fit each job description. Conversely, job seekers can use a “virtual recruiter” that finds and ranks jobs that match their skills and experience.

“It’s a great tool,” Springer says. It’s just such a great thing for me. It makes my job so easy.”

Springer says she finds about 100 promising resumes a week from various online sources, but more than half come from MinnesotaWorks.net. Best of all, while other sites charge fees, MinnesotaWorks.net is free and easier to use than other online systems, she says.

DEED officials consider MinnesotaWorks.net a work in progress, saying they plan to refine the system in the coming year to make it an even more user-friendly and valuable tool for Minnesota employers and job seekers.

Building Regional Strategies

Economic and workforce development don’t just happen. They require planning and community cooperation.

That’s the strategy behind the FIRST grants. FIRST, which stands for Framework for Integrated Regional Strategies, was created by DEED last year to bring together regional leaders in business, government and education to plan long-term growth in their areas.

Nine different groups from around the state each received about \$50,000 to launch the process. One of those groups was the TwinWest Chamber of Commerce, which represents 10 cities in the western suburbs of the Twin Cities.

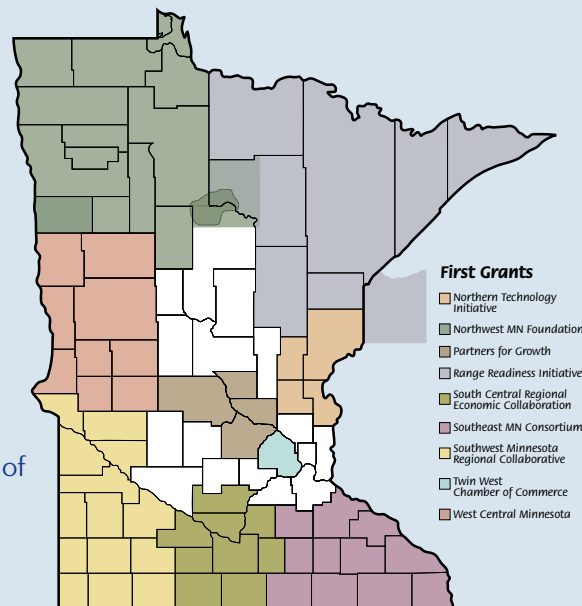
Judy Johnson, a former Plymouth mayor who heads community relations and economic and workforce development for TwinWest, says local precision manufacturers were concerned about finding enough people with the right skills to work at their companies, especially with retiring baby boomers beginning to leave the workforce.

Using the FIRST grant, Johnson and TwinWest plan to convene a group that will help local colleges, including Hennepin Technical College and Dunwoody Institute, coordinate course

offerings with the needs of local manufacturers such as Acrylic Design Associates of Plymouth, Internet Die Cast of New Hope and Rotation Engineering & Manufacturing of Brooklyn Park.

Together, they will develop a blueprint for economic growth in the area.

“I think it’s really cool that a Chamber of Commerce received a grant like this,” Johnson says. “It enables us to get the right people at the table to solve the problem.”



Investing in Infrastructure

Since the Legislature created the Minnesota Public Facilities Authority in 1987, it has funded over \$2 billion in projects across the state. The PFA is housed at DEED and partners with other state agencies.

The program has paid for wastewater treatment plants, transportation-related projects, and drinking-water treatment, distribution and storage facilities. Funding also has helped reduce phosphorous in lakes and streams.

Scores of communities have been helped by the program over the years. They include Effie, a tiny town of 92 people, seven miles north of Bigfork in Itasca County. One of the town's landmarks is a 5-foot metal mosquito, across the street from the local gas station.



Effie received a \$466,500 grant from the Public Facilities Authority last year to help pay for a sanitary sewer collection, treatment and disposal system. Without that grant and other funding, including an earlier award of \$455,800 from DEED, the town never could have built the facility, according to City Clerk Tranette Stevens.

Effie borrowed \$303,000 for its share of the \$1.6 million project. The loan will be paid back through sewer fees charged to local businesses and residents.

Stevens says the system was required in order to meet state and federal safety and health standards.

"For some of the businesses in town, it was either update your sewer or face being closed down," she says.

The project is under way and is expected to be completed in June.

Enabling Entrepreneurs

Rebecca Wilson knows how to put a smile on people's faces. Wilson is the founder and president of Lakes Mobile Dental, a business that provides dentistry-on-wheels services to residents in northwestern and central Minnesota.



When Wilson wanted to expand the service two years ago, she contacted the Brainerd office of the Small Business Development Center for help with putting together a business plan, financial analysis and loan package.

MINNESOTA SMALL BUSINESS DEVELOPMENT CENTERS

 *Shaping the Future of Small Business*

Julie Anderholm, a business consultant in the office, provided her with the guidance she needed.

Today, Wilson has a double chair unit, waiting area and capability for a full-mouth digital X-ray. Her employees include an office manager, one dentist, one full-time and two part-time dental assistants, and three part-time dental hygienists.

Helping entrepreneurs like Wilson to succeed is the goal of DEED's Small Business Development Centers. Last year, SBDC advisers worked with 1,701 businesses, including 635 startups. Those clients created or retained 5,840 jobs and generated sales of nearly \$250 million.

With the assistance of the SBDC, Wilson says she has exceeded her original projections for building a successful business.

Facilitating Independence

Delawoe Bahtuoh achieved his professional goals, thanks to hard work and a helping hand from Rehabilitation Services.

Bahtuoh, who has limited mobility and no use of his arms and hands, applied to the DEED unit in January 1996 for assistance in pursuing a career in the financial services sector.

Rehabilitation Services, whose mission is to empower people with disabilities to achieve their goals for employment, independent living and community integration, put him on a path to the job that he wanted.

Bahtuoh received assistance to attend Normandale Community College, Minneapolis Community and Technical College, and the University of Minnesota. He got help with the costs of a short-term insurance course, certification and an actuarial exam study guide. He needed a transportation allowance for his training and job search. He obtained computer training and received help to purchase equipment for a home office and to buy clothing for job interviews.

The effort paid off when Bahtuoh was hired in February 2006 as a retiree plan service associate at a Wells Fargo branch in

Roseville, where he earns more than \$15 an hour.

“Without the assistance I received from Rehabilitation Services, I would not be successfully employed today,” he says.

Rahabilitation Services administers three programs to assist people with disabilities. Vocational Rehabilitation provides vocational counseling, guidance and planning. Extended Employment provides ongoing employment support services to individuals in a variety of work settings. Independent Living provides comprehensive services to people with severe disabilities to enhance their ability to live independently.

A separate DEED branch, State Services for the Blind, provides assistance for people who are blind, visually impaired or DeafBlind.



Bridging the Gap

Unemployment Insurance (UI) was created in 1936 during Depression-era America. Three-quarters of a century later, UI remains a reliable safety net for people who lose their jobs through no fault of their own and need temporary financial assistance.



In Minnesota, some 182,000 people received benefits through DEED's Unemployment Insurance program last year.

To make the program more efficient and accurate, DEED

officials launched a new online UI system last October that was hailed as the first of its kind in the nation. The streamlined Web-based service was designed to efficiently serve applicants and employers and to cut the state's labor and paper costs.

UI customers can now receive benefit payments weekly.

UI customer S. Swanson submitted the following feedback on the new online system, “The online process was clear, smooth and easy to maneuver. The FAQ section was comprehensive, pertinent and easy to understand. The filing process was quick and user-friendly.”

Ramping up the new online system included a steep learning curve for customers and staff, long wait times for phone service and some delays in receiving payments.

In response, DEED officials enhanced customer service and made improvements to the online system. We will continue working to make sure the needs of out-of-work Minnesotans are met for years to come.