

# THE DEED MISSION

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*Helping*

People

**BUSINESSES**

*and*

Communities



2008 ANNUAL REPORT

positively  
*Minnesota*<sup>TM</sup>



# THE DEED MISSION



DEED specialists work with small businesses in Minnesota.

## Helping People, Businesses & Communities

You would be hard-pressed to find a community in Minnesota that hasn't been affected by a DEED program.

Whether it's a new water tower in Lake Park, an expanding business in Hector or recovery funding for the flood-damaged community of Rushford, DEED was involved with financial assistance, expertise and support.

That's what the agency does. It helps people, places and businesses.

When people ask Commissioner Dan McElroy about the role of DEED, he frequently points to the agency's mission statement: "to support the economic success of individuals, businesses and communities by improving opportunities for growth."

"That's what I enjoy the most about working here," McElroy says. "You can see tangible results every day from our programs and services. We make a difference in the lives of Minnesotans."

This annual report tells a few stories about average Minnesotans who have been helped by agency programs and services, such as Louise Custer who has used the International Falls WorkForce Center to find jobs or Steve Cremer who developed an international market for his Harmony company, thanks to help from the Minnesota Trade Office.

Broadly speaking, DEED 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.

In this time of economic stress, our programs are more important than ever, especially for individuals. The agency's Unemployment Insurance Program, Minnesota WorkForce Centers, Dislocated Worker Program and MinnesotaWorks.net are proving invaluable help to people who are searching for work.

Some of our programs are big and flashy, generating a lot of attention when they help bring a new company to a community or contribute to the development of a new business park. Others are more subtle, quietly helping someone behind the scenes find a job or learn new skills.

On the horizon in 2009 are new tools to support entrepreneurs and emerging businesses, and even more emphasis on building the green economy.

The agency's efforts aren't always obvious, but they are making a difference in every corner of the state. The next time you see a small-town water tower looming in the distance, think of DEED.



## Help for Job Seekers

Finding a good job is never easy, especially during an economic downturn. But DEED makes the process simpler and more efficient, thanks to free programs and services that are available to people of all skill levels and backgrounds.

Minnesota **WorkForce Centers** are a good place to start for people who are looking for a job. The agency has 47 centers in the state, including 11 in the Twin Cities that offer job listings, resume-writing guidance, job-interview workshops, career assessments, resource areas, job clubs, job fairs, computer classes and more.

Louise Custer swears by the service. Custer, who lives in International Falls, never thought she would need the help of a WorkForce Center during a career that spanned 18 years at Boise Cascade paper company. But then her job as a shift supervisor was eliminated in a corporate downsizing on Dec. 14, 2004.

"I was told after the midnight shift," she said. "On the way home, I had what I call a panic attack. I thought I might even be having a heart attack. I had to pull the car over to the side of the road." She found career help at the agency's International Falls WorkForce Center. It was there that the staff taught her the skills she would need to look for another job. She learned how to create a resume, prepare for interviews, review job listings, practice math skills, even how to dress for an interview.

Thanks to the WorkForce Center, Custer quickly landed a new job and another last April when she was laid off again. She now works as a boiler operator at U.S. Steel Minntac in Mountain Iron.

Minnesota WorkForce Centers are just one way that DEED helps people who are looking for work. Here are some other services that the agency offers:



Minnesota WorkForce Centers attract people of all skills and backgrounds.

**MinnesotaWorks.net** – This online service links people and jobs. People can post their resumes on the site and search for job openings, contact employers by e-mail and apply online. Employers can post job openings and search for job candidates. The service includes "virtual recruiter," a unique matching system that connects employers and job seekers.

**Dislocated Worker Program** – The program provides training, career counseling and job search services to people who have been affected by a layoff to help them return to the workforce as quickly as possible. In some cases, financial help is available for transportation, health care, housing and other necessities.

**Unemployment Insurance** – The Minnesota Unemployment Insurance Program provides temporary financial assistance to people who lose their jobs through no fault of their own. Based on eligibility criteria, people can receive unemployment benefits for up to 26 weeks, plus up to an additional 33 weeks under the current federal extension. The program is funded by a tax paid by employers.

## Help for Job Seekers by the Numbers

<b>Minnesota WorkForce Centers</b>	98,600 unique customers in 2008.
<b>Unemployment Insurance</b>	214,000 Minnesotans received about \$1 billion in benefits in 2008.
<b>Dislocated Worker Program</b>	13,000 people served in 2008.
<b>MinnesotaWorks.net</b>	18,600 job openings listed as of mid-January 2009.



# Creating a Green Economy

Minneapolis-based Kraus-Anderson Construction Co. is practically a state institution. The company dates back to 1897 and has built such Twin Cities landmarks as the old Dayton's department store in downtown Minneapolis.

But even all that experience hasn't prevented the company from learning a new trick or two.

With the help of a \$384,000 grant from DEED's **Minnesota Job Skills Partnership**, Kraus-Anderson is working with Saint Paul College to offer classes that help employees learn green construction skills. The three-year program will require additional funding from the company and Saint Paul College.

Kraus-Anderson, which works from coast to coast on some 500 projects a year, consistently ranks among the top 50 general contractors in the country. And the firm intends to stay in that lofty position by training workers in the latest cutting-edge construction techniques.

Mike Smoczyk, director of education at Kraus-Anderson, said the company hopes to eventually train all 770 of its employees in green construction.

"The grant is doing exactly what it is meant to do – training our Minnesota folks in new and emerging technologies," Smoczyk said.

The program is among the strategies that DEED is employing to encourage the development of green jobs in Minnesota. The agency and other state officials have been active in recent years in making sure the green economy thrives and produces jobs, thanks to energy legislation, economic development programs, and workforce education and training.



The Great River Energy headquarters in Maple Grove is a model of sustainability.

Hoping to keep the momentum going, Gov. Tim Pawlenty in November unveiled a Green Jobs Investment Initiative that contains a "Green JOBZ" program that will provide the same tax exemptions found in the state's JOBZ program to qualifying green job projects. Tax credits for green projects and investors are also part of the proposal.

In another effort, DEED is working to develop an industry supply chain that serves the state's growing wind-energy sector, now ranked fourth in the country.

DEED programs already have helped attract some wind power-related manufacturers to the state. India-based Suzlon Energy builds blades for wind turbines at a factory in Pipestone, while Finland-based Moventas is planning to build gear boxes at a new plant in Faribault.

Thanks to these and other efforts, Minnesota is positioned to become a green giant in the sustainable sector.

# Global Harmony

Steve Cremer never planned to take his small, southeastern Minnesota business into the international marketplace. It just happened, almost by accident.

Cremer is the president of Harmony Enterprises, a manufacturer of compactors, balers and other recycling equipment that are sold in 62 countries, some of them in places so obscure that he had to Google them to find out where they were located.

The business, which employs about 60 people in the tiny Fillmore County community of Harmony, today generates about 30 percent of its revenue from those overseas markets.

Cremer said it never would have happened without the expertise and guidance of the **Minnesota Trade Office**



Harmony Enterprises demonstrates a baler at a fair in Japan.

**(MTO).** The trade office is tasked with promoting state manufactured exports, which hit a record \$16.2 billion in 2007 and are on track to set another record in 2008.

Cremer's venture into international sales began one day back in 1989 when he received a fax from a company in Taiwan that wanted to buy one of his recycling balers. Cremer thought it might be a joke. But he contacted the Minnesota Trade Office, which happened to have a trade representative in the island nation at the time.

The representative did some checking and discovered that the offer was for real. With that, Harmony Enterprises took its first halting steps into the global marketplace.

Cremer said the trade office helped him complete the deal, guiding him through the process for getting paid, shipping large products overseas, even the do's and don'ts of conducting business in a foreign country.

Since then, he has participated in several MTO foreign trade missions, including trips to China and India led by Gov. Tim Pawlenty. Cremer said every dealer selling his products around the world resulted from contacts made during MTO trade missions or shows.

# Moventas Finds a Home in Faribault

When Finland-based Moventas began searching for a site to build its first North American assembly plant last year, it set off a fierce competition in several states to lure the manufacturer.

The company, which specializes in high-precision gear boxes for wind turbines, specified that it wanted to be close to potential vendors and customers in the Midwest. That brought Minnesota, Ohio, Michigan, Illinois, Iowa, Indiana and Wisconsin into play.

In the end, the company chose Faribault for the site of its 75,000-square-foot assembly and distribution facility – a move that will bring 100 new jobs to the Rice County community of nearly 23,000 and potentially more jobs when the company expands in the future.

“The community was thrilled to see jobs coming to the county and a new industry developing in the region,” said Peter Waldock, community development director in Faribault. “Moventas will be one of our top 10 employers.”

He pointed to several factors for the company’s decision to come to Faribault, including proximity to a major airport and the Twin Cities, a strong local workforce, a local college for training employees and support from all levels of government.

DEED was a key player in the effort, offering a combination of agency programs and services to help persuade Moventas that Faribault was the best choice for its manufacturing plant.

Among those programs was **JOBZ (Job Opportunity Building Zones)**, an initiative that offers tax incentives to companies that move to the state or expand in targeted zones in Greater Minnesota. Since it was launched on Jan. 1, 2004, Gov. Tim Pawlenty’s marquee economic development program has been credited with creating more than 6,400 full-time jobs in the state with an estimated payroll exceeding \$150 million.

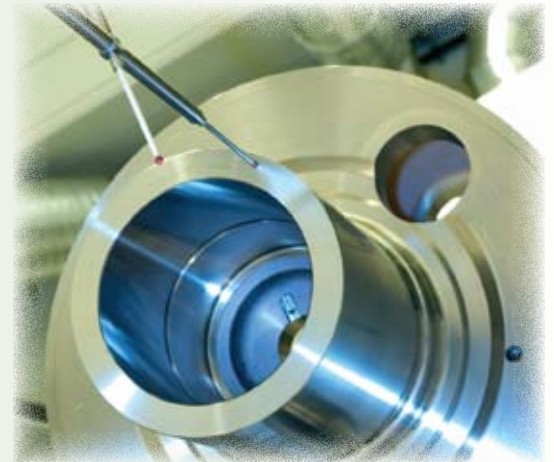
But JOBZ was only part of what DEED had in its tool bag of incentives. The agency’s **Minnesota Investment Fund** provided a \$500,000 forgivable loan that the company could use to buy equipment at the plant.

A \$500,000 grant from the agency’s **Greater Minnesota Business Development Public Infrastructure Grant Program** will help pay for sewer and water improvements related to the project.

DEED also helped Moventas with personnel moves. The company has already filled some of its top management jobs at the plant by advertising on **MinnesotaWorks.net**, which is DEED’s free online service for job seekers. Labor market information provided by the agency helped make the case that the region could supply a strong workforce. Finally, the agency’s Faribault **WorkForce Center** – one of 47 in the state – will work closely with Moventas to help it fill up to 90 jobs, including 20 professional positions and 70 manufacturing jobs.

Also under consideration is funding from the agency’s Minnesota Job Skills Partnership to help pay for training Moventas workers at South Central College, a small two-year campus in Faribault.

This isn’t the first time that DEED has helped with economic development projects in Faribault. Waldock said the city has used agency services in the past and will continue to use them in the future.



DEED programs were influential in bringing Moventas to Minnesota.



# Helping Military Veterans

Neil Krenz recalls a chat a few years back with a St. Cloud friend who asked him what he really wanted to do with his life.

"I thought about it and decided I wanted to work with veterans in some way, shape or form. I just wanted to help them," he said.

Today Krenz is doing exactly that, working as a disabled veterans program specialist at DEED's Midway WorkForce Center in St. Paul.

Krenz, a Wheaton native who served in Iraq for a year with a Montevideo-based National Guard unit, is among 23 specialists at WorkForce Centers around the state who work with disabled veterans.

The agency offers a variety of other programs and services to help veterans find jobs, including the Transition Assistance Program and guidance on federal and state resources that are available. DEED's annual job fair for veterans in Brooklyn Center in October attracted 1,300 job seekers and about 130 employers.

Krenz's mission is to identify and help veterans who face significant barriers to employment, including physical and

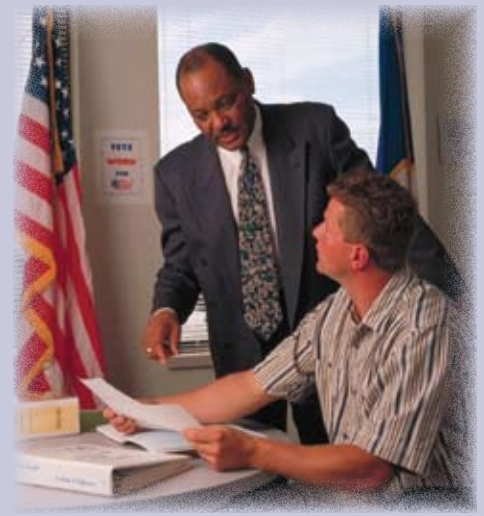
mental disabilities, transportation problems and age barriers.

"The first thing I do when I meet them is shake their hands, look them in the eye and thank them for the service that they gave to our country," Krenz said.

Then he gets down to business, identifying problems and finding solutions. Some clients need career guidance, while others require additional skills training or help with how to write a resume or prepare for a job interview. Some just need a decent place to live.

Krenz said he can't think of anything more personally satisfying than helping fellow veterans find work.

"This is a great job," he said. "I love being here."



# Pipestone Rising

Three years ago, Pipestone was a sleepy farm town with little in the way of economic development or job growth. The southwestern Minnesota community of 4,400 was best known as the site of the Pipestone National Monument and for its annual Song of Hiawatha Pageant.

"And then Suzlon happened," Lisa Graphenteen said.

Graphenteen, community development director at the Slayton-based Southwest Minnesota Housing Partnership, was referring to Suzlon Rotor Corp., the India-based company that opened a plant in Pipestone in November 2006 to produce blades for wind turbines.

The company, which today employs 500 people, helped transform the region into one of the best places in Minnesota to get a job. Pipestone County has the third-lowest unemployment rate (4.2 percent) in the state, behind only neighboring Rock County to the south and Clay County in the Fargo-Moorhead area.



DEED, which had a role in attracting Suzlon to Pipestone, is now helping to solve a housing crunch in the city. Last spring, the agency awarded a \$744,500 grant from its **Small Cities Development Program** for new and rehabilitated housing in Pipestone.

About \$525,000 of the funding is helping to build an 18-unit apartment building in the north-central part of the city, while the remaining \$219,500 will help improve existing housing.

Graphenteen said local officials spent a year trying to put together private funding to build a new apartment complex, but they couldn't make the project work financially without charging excessive rents.

The DEED funding saved the day, making it possible to build the \$1.84 million project while at the same time keeping rents at a reasonable rate for the two- and three-bedroom units in the building.

"This DEED money was so critical in getting that housing going for the workforce. It's a very exciting project for the community," Graphenteen said.

The first tenants are expected to start moving into the building next March.

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