

GUIDE TO

MINNESOTA

*Department of
Trade and
Economic
Development*

1999

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Saint Paul, Minnesota 55155

Guide to Minnesota State Agencies 1999 was coordinated by Minnesota Planning, 658 Cedar St., St. Paul, MN 55155, 651-296-3985.

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November 1998

Department of Trade and Economic Development

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STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

ARNE H. CARLSON
GOVERNOR

A strong economy affects not only our businesses, it influences our educational systems and the future of our children, the quality of our jobs, crime and poverty rates, and our overall standard of living.

The Department of Trade and Economic Development has been instrumental in creating the favorable business climate we enjoy today.

During the last eight years, Minnesota has moved from a budget deficit of \$2.2 billion to budget surpluses of \$2.3 billion in 1997 and \$1.9 billion (1998). We have done this while creating a more favorable environment for businesses to grow, locate or expand here.

The health of our economy is reflected in the following:

- Our AAA bond rating has been restored. Minnesota is one of only eight states that have earned the top rating by all three of Wall Street's major bond houses and the first state to receive the upgrade in 25 years.
- Since 1991, 354,000 new jobs have been created. We are currently growing jobs 50 percent faster than the rest of the nation. Minnesota's unemployment rate, currently at 2.4 percent, is the lowest in the nation.
- Minnesota manufactured exports have seen substantial annual increases, often in the double digits. Tourism income is also on the rise, and is projected to generate \$10 billion for the state's economy by 2000.

DTED has played a critical role in these successes.

These successes are due to strong state and national economies coupled with good fiscal management policies introduced by this administration and supported by the Minnesota Legislature.

We wish you much success in building your own strong government-business partnerships that will enable DTED to work for the benefit of all Minnesotans.

Warmest regards,

A handwritten signature in cursive script that reads "Arne H. Carlson".

ARNE H. CARLSON
Governor



Dear Commissioner:

Congratulations on your appointment.

As head of the Minnesota Department of Trade and Economic Development (DTED), you will have significant opportunities to advance the economic vitality of our state, which is the statutory mission of the department.

Your successes in pursuing that mission will significantly affect the public approval and eventual legacy of our new governor, on whose cabinet you now serve.

More importantly, your efforts will affect the livelihood of thousands of Minnesota families. They will influence many of our state's key industries and the vitality of many of our communities.

To help you become acquainted with the department, my associates—yours, now—have compiled a briefing book detailing key issues on which you are likely to work, functions and goals of department-run programs, budget summaries and current projects.

This book also contains a brief history of the department, organization charts of its divisions, and lists of legislators with whom you will work most closely. It will tell you which unions you will work with and which employees are “unclassified,” meaning non-civil-service. The information in this book was prepared by people who now work for you, and it will provide you with your first opportunity to evaluate their efforts.

Consider this letter an executive summary.

As commissioner, you will manage a 235-person, 20-location department with three operating divisions, two support units, a state allocation for operations and programs of approximately \$40 million per year and annual bonding capacity totaling more than \$110 million per year.

You also will oversee, to varying degrees, the distribution and use of millions of dollars (\$270 million over half of which is federal money in the current fiscal year) in “pass-through” allocations—that is, funding that is passed through DTED to projects and programs not managed by DTED. If Minnesota is unlucky, you might also manage emergency funding for natural disasters, as we did when floods damaged communities in western Minnesota and tornadoes hit cities in southern Minnesota.

The operating divisions of the department are:

The Minnesota Trade Office, which facilitates the export of Minnesota products and encourages foreign direct investment in Minnesota;

The Minnesota Office of Tourism, which promotes travel to and within Minnesota, in part with advertising, publications, and promotions using the trademarked “Explore Minnesota” slogan and logo; and

Business and Community Development, which operates programs of business finance, business assistance, community development and job-skills training.

The support units of the department are:

Information and Analysis, which provides centralized communications, public relations, marketing research, analysis and program evaluation.

Administration, which offers cost effective and efficient administration, fiscal, human resources and information services.

Key programs of the department—all except the last are in Business and Community Development—include:

Minnesota Investment Fund. Makes available \$6 million in annual discretionary incentives (up to \$500,000 per project) to encourage business expansion and job-creation.

Rural Challenge Grant Program. Provides loans to start-up companies in rural Minnesota from \$6 million revolving fund.

Urban Initiatives Fund. Provides loans to young companies in minority neighborhoods from \$6 million revolving fund.

Minnesota Agricultural and Economic Development Fund. Administers \$48 million in revolving capacity to issue industrial revenue bonds.

Small Cities Development Program. Provides \$23 million annually to small Minnesota cities for downtown redevelopment; since 1991, has upgraded commercial structures, housing in 150 communities.

Minnesota Public Facilities Authority. Issues more than \$100 million per year in AAA-rated public-purpose bonds for wastewater and drinking water treatment facilities.

Small Business Assistance Office. Provides 30,000 hours of counseling annually to beginning and prospective operators of small businesses.

Minnesota Job Skills Partnership. Funds the development of technical skills training programs specific to the immediate needs of employers.

Contaminated Sites Clean-Up Program. Provides \$19.4 per biennium to clean polluted industrial sites, primarily in Minneapolis and St. Paul, to make available for commercial and industrial redevelopment.

Emergency Services. In 1997, the department administered \$67 million in state relief for northwestern Minnesota flood-damaged communities; in 1998, it was assigned to administer \$12 million in relief for several tornado-damaged cities.

Minnesota Export Finance Authority. Guarantees payment by overseas buyers for goods exported by rural Minnesota companies.

I have listed below a set of Key accomplishments of the past three years. I hope it won't sound boastful, and it might or might not be useful; issues, priorities and directives change with elections and swings in economic cycles. I believe, however, that a quick read will give you a sense of the work you are likely to be doing once you get acclimated.

Business development: Negotiated incentive packages leading to relocation or expansion of dozens of companies in Minnesota, including Excelsior-Henderson, Value Rx, Medtronic, Anderson Corporation, Harvest States and New Flyer—the last of which is now building a plant for 1,600 employees in St. Cloud, representing the largest expansion ever of a non-Minnesota company into the state.

Program Improvements: Raised job-quality (pay and benefit) thresholds to eligibility for economic incentive programs and developed formal scoring system for applicants, resulting in substantial increase in average pay and 30 percent increase in number of jobs per incentive dollar. Added “clawback” provisions to incentive contracts, assuring that companies failing to meet job-creation goals must repay incentives received. To help address a growing shortage of skilled workers, proposed and won approval to more than triple the size of Minnesota Job Skills Partnership custom-training program and to add training in non-technical job skills specific to immigrants and individuals leaving public assistance.

Communications: Combined three division communications groups into one unit supporting the entire department. Significantly improved readability and appearance of department publications. Improved frequency and timeliness of fax newsletter to economic developers throughout Minnesota. Reduced, from approximately three weeks to 10 days, time needed by department's economic-analysis support unit to produce custom “sales pitches” to companies considering expansion in Minnesota. Initiated annual economic development conference co-sponsored by Minnesota Bankers Association and Economic Developers Association of Minnesota.

Electronic Information: In Office of Tourism, inaugurated a travel-planning service, called Journey, that incorporates an advertised “800” number and a database of accommodations, attractions, and events—which helped achieve a 50-percent increase in incoming out-of-state

calls plus a small increase in the percentage of calls that result in travel to Minnesota. In Business and Community Development, initiated the creation of a database of each of Minnesota's 830 cities—believed to be the best among all 50 states—providing detailed information of interest to companies seeking expansion sites. In Minnesota Trade Office, initiated creation of a database of Minnesota translators and interpreters. Proposed electronic one-stop issuance of state business licenses now in development.

Cost-effectiveness: Contracted with publishing companies to design, print, and distribute Office of Tourism publications in exchange for right to sell advertising—leading to a 50 percent increase in circulation and savings/revenue of \$450,000 per year, which was added to previous \$1.9 million tourism advertising budget. Shrunk office space occupied by department in downtown St. Paul to save \$263,000 over the biennium, about half of which was added to the tourism advertising budget.

Legislative Relations: In 1996, persuaded Legislature to restore funding to the Minnesota Investment Fund, which the Legislature had voted in 1995 to discontinue; in 1997, sought and received 53 percent increase in biennial state allocation, including funding for job training designed especially for adults new to the workforce or new to the United States.

Statewide Outreach: I personally visited 140 Greater Minnesota cities (and each of Minnesota's 87 counties) to speak to business and community groups, visit companies assisted by or seeking financial assistance; conduct media interviews, and advise or seek advice from business people, local elected officials and municipal economic developers. Opened three regional offices in Greater Minnesota.

International Outreach: The Trade Office hosted, in three years, some 300 international delegations visiting Minnesota. I took part in a trade mission of several Minnesota environmental-product companies to India; accompanied Lieutenant Governor Benson on business-development trips to Japan and Norway and accompanied the Governor on business-development visits to China, Russia, Singapore, the U.K., Sweden, Denmark, Finland, Iceland, The Netherlands and Estonia.

You should note that many business-assistance programs operated by the department are governed by boards that must approve action, particularly grants and loans to businesses and communities. A majority of most such boards will be public members, although a few will be comprised mainly of fellow commissioners.

You are required by statute to chair the:

- Minnesota Agricultural and Economic Development Board;
- Minnesota Export Finance Authority;
- Minnesota Job Skills Partnership;
- Minnesota Public Facilities Authority;
- and the Minnesota Urban Initiatives Board.

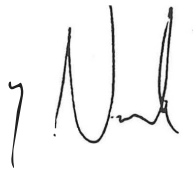
You are required by statute to serve as vice chair (and a finance committee member) for the Minnesota Housing Finance Agency. You are also required to be a director and member of the executive committee of the Minnesota World Trade Center Corporation.

Director, member Executive Committee, Advantage Minnesota, 1995-98.
Director, ex-officio, Canada-Minnesota Business Council, 1995-98.
Director, Minnesota Technology, Inc., 1995-97.
Member, Governor's Workforce Development Council, 1995-98.
Member, Host Committee, United Nations International Telecommunications Union
Plenipotentiary Conference (to be held in Minneapolis, October-November 1998), 1997-98
Member, Minnesota Legislature's Council on Competitiveness, 1995-97.
Member, Corporate Subsidy Reform Commission, 1997-98.

If this sounds daunting, don't let it become so. The department is not as complex as it looks on paper, and there are capable people in every program unit who can explain succinctly how things work. Most of the department's employees are capable professionals who want to excel, will want you to succeed, and will help you do so.

It will help to remember that you are here because of a commitment to public service. You know when you were appointed that you could make more money, do less work and put up with less scrutiny elsewhere.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Novak". The signature is stylized and cursive, with a prominent vertical stroke on the left side.

Jay Novak

DTED history

Since 1980, there have been more than a dozen mergers and dissolutions involving state agencies responsible for economic development, energy, planning, crime control and jobs and training services. The State Planning Agency and energy components of the current Public Service Department have been particularly prone to merger with DTED. In addition, many individual operating units have been transferred among departments, particularly between the Department of Energy and Economic Development (the precursor to DTED) and the State Planning Agency.

A major DTED function, the Community Development Block Grant Program, was transferred to DEED from State Planning in 1983.

Since 1987, with the transfer of the Minnesota Trade Office from Agriculture to DEED, the operating divisions within DTED have been fundamentally constant

A chronology of major events that have shaped the department follows:

1991

The Minnesota Trade Office opened its International Business Library to the business community as a central resource and clearinghouse of international trade information.

Community Finance distributed the first of over \$125 million in block grants which will be given to communities statewide over the next five years to assist with new housing, downtown redevelopment and infrastructure improvement projects, among others.

1992

DTED was deeply involved in actions which led to the establishment of Northwest Airlines' Airbus maintenance facilities. The department's benefit/cost analysis of the project was critical in garnering the legislative support necessary for the passage.

DTED provided information critical to the workers' compensation reform proposals. This information was a key component of the legislative debate which resulted in minor reforms in 1992 and significant reforms in 1995.

1993

The World Trade Center Corporation came under day-to-day management of the MTO in an effort to consolidate state trade development activities within one organization and reduce operating costs.

The MTO formalized and expanded its network of low-cost voluntary honorary trade representatives around the globe.

The Business Development and Analysis Division (BDAD) and the Community Development Division were merged into the Business and Community Development Division. This new division streamlined the delivery of financial and technical services to businesses and communities.

The Japan External Trade Organization (JETRO) established its first Minnesota trade adviser, housed at the MTO, and working with MTO staff to increase exports to Japan.

The *Business Tracking System* was launched. For the first time, Minnesota could track business activity (expansions, contractions, births and terminations) rather than simply net job changes.

This information is now published in the *Business Tracking System* quarterly report.

1994

The Drinking Water Revolving Fund was enacted in anticipation of the federal Safe Drinking Water Act of 1996. Managed by the Public Facilities Authority (PFA), the fund provides financial assistance to eligible communities.

The Wastewater Infrastructure Fund, also managed by PFA, was created to provide loans for local water projects meeting the requirements of the federal Clean Water Act.

The St. Cloud Travel Information Center opened; the state's 12th TIC.

PFA provided \$34 million for non-point source pollution programs to help implement the Governor's "Environment 2000" initiative.

The searchable database, DYLAN, was conceived. DYLAN allows businesses to search for a potential community for its facility by selecting specific criteria.

The Analysis and Evaluation Office (AEO) partnered with research offices in the departments of Revenue, Labor and Industry, and Economic Security to analyze the actual state costs imposed on businesses. These findings were critical to workers' compensation reform.

BCD and MTO played leading roles in multi-million dollar investment by Lucas Sumitomo (Japan) in Rushford manufacturing plant.

The Information Management Office was formed within the Administration Division. This office consolidated all departmental computer services functions and increased the efficiency of departmental information resource management

activities.

1995

The Information and Analysis Division was formed in order to centralize information functions, maintain independence of research and analytic functions, and implement and integrate department-wide communications and promotion functions. The group includes research and analysis, communications, and legislative services functions.

The Urban Initiatives Program began operating to assist non-profit groups in making loans to beginning businesses. The program is targeted toward minority and women-owned businesses.

The Office of Tourism (MOT) was restructured to increase emphasis on sales and marketing. Reorganization resulted in a reduction of St. Paul staffing levels while increasing the office efficiency.

BCD's Community Finance unit created the Contaminated Site Cleanup program which provides grants to cities and economic development agencies to assist in the cleanup of contaminated properties.

DTED coordinated statewide flood relief efforts and headed the Long Term Recovery Grants Coordination Group, made up of staff from six federal and nine state agencies. The committee created one single flood relief application and identified the appropriate agency to handle each request for funding. Community Finance alone distributed nearly \$24 million in flood relief. MOT developed special promotions along with the U.S. Dept. of Commerce.

1996

The Minnesota Trade Office's Minnesota Export Finance Authority was selected by EX-IM Bank for a pilot project to expand finance assistance available to Minnesota exporters.

The Analysis and Evaluation Office partnered with Ehlert Publishing to analyze the economic impact of Minnesota's snowmobile industry.

MTO launched an initiative to study Denmark's world-class hog industry to evaluate technology transfers applicable to Minnesota to increase hog production and exports here.

MTO published, "Minnesota and the Global Community," the state's first ever inventory of Minnesota's international activities in the agriculture, educational and citizen's initiatives categories.

Job Skills Partnership awarded nearly \$2 million in job training funds to 21 Minnesota companies to train more than 2,500 new and retrained workers at nearby colleges.

MOT initiated partnerships with private publishers to produce several marketing publications, reducing costs to MOT and expanding marketing opportunities for the travel industry. This included a partnership with the *Star Tribune* to publish the *Explorer*, which increased circulation from 150,000 to 700,000 and saved the Office of Tourism \$300,000 annually.

MOT opened the Explore Minnesota USA store at the Mall of America in partnership with the DNR, the Minnesota Historical Society, the State Arts Board, Mall of America and a private sector company.

MOT launched Journey, an innovative, personalized travel information service providing customized information drawn from a

1998

The MTO organized Governor Carlson's business development missions to China, and Russia, Finland and Norway, the 10th and 11th such

missions led by Gov. Carlson between 1992-1998.

The Governor's Economic Summit for economic developers and businesses, held September 17-18, drew 500 participants. The conference featured nationally renowned experts leading a discussion on workforce, technology and future business trends.

DTED's efforts in 1998 led to some the state's largest business expansion transactions. Each of these companies chose Minnesota ahead of other states during their national search for a new site.

Examples:

- New Flyer, based in Winnipeg, decided to build a bus manufacturing facility in St. Cloud that represents the largest expansion ever of a non-Minnesota manufacturer into Minnesota. The St. Cloud manufacturing plant will employ up to 1,600 Minnesotans.
- Cenex/Harvest States committed to an \$80 million soybean processing facility -- the state's largest -- which is estimated to raise the price for farmers in a 10-county area by as much as 20 cents a bushel. It will process at least 10 percent of Minnesota's soybean products.
- Andersen Corporation chose Cottage Grove as the site of its new manufacturing facility for "renewal" replacement windows. Wisconsin commerce had recruited Andersen heavily.
- Western Digital chose Rochester over California for development of a new disk drive R&D facility that will employ more than 220 people earning an average of more than \$20 per hour.

MOT won an award for best state tourism campaign from the Travel Industries Association of America.

The China Council for the Promotion of International Trade opened a trade representative office at the Minnesota Trade Office, one of only four U.S. CCPIT offices.

Vision, mission, goals

The purpose of the Department of Trade and Economic Development is to advance the economic vitality of Minnesota. The department will employ all available resources to generate high quality jobs; expand foreign direct investment and exportation of Minnesota products; and encourage travel.

-- DTED mission and vision statement

The department is organized into three operating divisions.

Business and Community Development (BCD): The primary emphasis of BCD is to facilitate the growth of existing Minnesota businesses. BCD provides a variety of financial, training and technical services to communities, businesses and economic development professionals.

Minnesota Trade Office (MTO): The MTO works to promote, assist and enhance exports and foreign direct investments that contribute to the growth of the Minnesota economy. Primary functional areas include education and information, international marketing, foreign direct investment and export finance.

Minnesota Office of Tourism (MOT): The Minnesota Office of Tourism markets Minnesota as a travel destination to tour operators, group tours and travel agents; promotes coverage of Minnesota in international and travel trade media; and initiates, develops and coordinates activity with travel industry buyers and sellers in the U.S. and throughout the world.

Providing support to the three operating divisions are the divisions of Information and Analysis and Administration. Information and Analysis provides centralized communication, public

relations, marketing, research, analysis, program evaluation and governmental liaison services. Administration offers cost-effective and efficient administrative, fiscal, human resources and information services.

Agency wide goals and strategies

The department has identified four agency wide goals.

1. Facilitate growth of business by influencing private sector investment and quality job creation.

Strategies:

- Stimulate job growth and private investment through financing stimulus to new and expanding businesses
- Improve skills and employability of citizens
- Increase exports and attract foreign investment
- Help make communities viable through enhancement of economic development capacity
- Increase state's share of domestic and international travel market

2. Promote Minnesota as an excellent business location and travel destination.

Strategies:

- Position Minnesota as a value-added state with quality workforce
- Publicize recent improvements in Minnesota business climate as well as ongoing efforts for further reform
- Position DTED as the primary source for business, community, tourism and trade information
- Develop advocacy partnerships
- Increase public awareness of economic impact and value of tourism

3. Remove government impediments to doing business in Minnesota.

Strategies:

- Advocate initiatives to improve business climate
- Expedite the process of establishing services

and information through technology

- Coordinate economic development activities through partnerships with public and private organizations
- Scan environment to identify additional or potential impediments

4. Deliver programs and services efficiently and cost-effectively.

Strategies:

- Cut costs by introducing cost-sharing, privatization, partnership and cost-containment efforts while improving customer satisfaction and outcomes
- Maximize productivity through the effective use of technology
- Establish system for client feedback and outcome measurement
- Implement communication methods and systems to provide quick, coordinated and comprehensive information and technical assistance

Key Legislators Committees

Contact: John Rajkowski 297-5713

Senate Policy Committee:

Steve Novak, New Brighton; chair of *Jobs, Energy and Community Development Committee*

Steve Kelley, Hopkins, vice chair

Linda Runbeck, Circle Pines, Lead Republican

Other members:

Ellen Anderson, St. Paul

Tracy Beckman, Bricelyn

Dennis Fredrickson, New Ulm

Linda Higgins, Minneapolis

Jerry Janezich, Chisholm

Dave Johnson, Bloomington

Doug Johnson, Tower

Janet Johnson, North Branch

Randy Kelley, St. Paul

Arlene Lesewski, Marshall

Warren Limmer, Maple Grove

Jim Metzen, South St. Paul

Steve Murphy, Red Wing

Mark Ourada, Buffalo

Pat Pariseau, Farmington

Kendric Scheevel, Preston

Senate Finance Committee

Tracy Beckman, chair, *Economic Development Budget Division*

Ellen Anderson

Linda Higgins

Jerry Janezich

Dave Johnson

Randy Johnson

Cal Larson

Arlene Lesewski

Steve Murphy

Steve Novak

Ed Oliver

Mark Ourada

Linda Runbeck

Deanna Wiener

Senate Finance Committee for Public Facilities Authority (PFA)

Steve Morse, Winona; chair, *Environment and Agriculture Budget Division* (public Facilities Authority appropriations discussed here)

House Policy Committee

Mike Jaros, Duluth, chair, *Economic Development and International Trade*

Linda Wejcman, Minneapolis; vice chair

Todd Van Dellen, Plymouth; Lead Republican

Other members:

Karen Clark, Minneapolis

Jerry Dempsey, Hastings

Geri Evans, New Brighton

Bob Gunther, Fairmont

Tom Huntley, Duluth

Phyllis Kahn, Minneapolis

Phil Krinkie, Shoreview

Gary Kubly, Granite Falls

Carlos Mariana, West St. Paul

Joe Mullery, Minneapolis

Bob Ness, Dassel

Mike Osskopp, Lake City

Mike Paymar, St. Paul

Doug Reuter, Owatonna

Michelle Rifenberg, La Crescent

Jim Rostberg, Isanti

Tom Rukavina, Virginia

House Finance Committee

Steve Trimble, St. Paul; chair, *Economic Development Finance Division*

Joe Mullery, vice chair

Bob Gunther, Lead Republican

Karen Clark

Mike Jaros

Doug Rueter

Michelle Rifenberg

Loren Solberg
Tom Workman
Henry Kalis, ex officio

House Policy Committee for Tourism

Jim Tunheim, Kennedy; chair, *Commerce,
Tourism and Consumer Affairs*

Kris Hasskamp, Crosby; vice chair and chair of
Tourism Subcommittee

House Finance Committee for PFA

Tom Osthoff, St. Paul; chair, *Environment,
Natural Resources and Agriculture Finance
Division* (Public Facilities Authority
appropriations discussed here)

Key issues

Contact: Alice Negratti 215-1648

Workforce readiness/recruitment

The 1995 Legislature made major reforms to the state's worker's comp system. The 1997 and 1998 Legislatures did the same for C/I property taxes. Now, these issues have been replaced by worker readiness and recruitment as a major concern of Minnesota employers. The Job Skills Partnership is the department's major program addressing this issue.

Living wage/corporate subsidy reporting

The corporate subsidy reform commission, if its recommendations were to become law, would have a negative impact on the state's economic development practices. The recommendations range from measures to increase accountability to statewide minimum wage provisions for assisted projects.

Competitiveness of trade and tourism

Trade and tourism have great potential to add to the state's economic diversity. Budgets for these two divisions have remained flat throughout the 1990s. Tourism, which is a critical industry for many areas, faces the threat of competitiveness. Trade presents opportunities for workforce recruitment, besides its traditional contributions of exporting state products overseas.

Community infrastructure and redevelopment

Infrastructure and housing needs are financed through the community development programs at the department. A booming economy brings with it a new set of challenges -- new water and storm sewer systems to meet the needs of growing and aging communities and affordable housing due to the influx of new workers. At

the same time, communities throughout the state are faced with the challenge of "recycling" polluted or obsolete properties. These programs are very expensive and dwarf all others.

World Trade Center management

Since its creation by the Legislature as a non-profit corporation in 1983, the same year the Minnesota Trade Office was created as a state agency, the World Trade Center Corporation board and Minnesota Trade Office management have sought ways to collaborate effectively and leverage resources. The board of the World Trade Center Corporation is challenged with developing long term strategies for the conference center and membership organization if they are to remain viable.

Marketing the state's business climate

Despite claims that Minnesota's business climate remains hostile, the opposite is true. To keep the state's economy and population growing, attention to marketing and media is essential. Partnerships represent a significant opportunity to leverage state resources.

Constituencies to consider

Because of DTED's broad mission, constituencies are too numerous to cite individually. Major ones include:

- Economic Dev. Association of Minnesota
- Hospitality Minnesota
- Minnesota Business Partnership
- Several Chambers of Commerce
- Advantage Minnesota
- Minnesota Technology Inc.
- League of Minnesota Cities
- St. Paul Port Authority
- Minneapolis Community Dev. Agency
- Duluth Port Authority

- Minnesota Initiative Funds
- Minnesota High Tech Association
- McKnight Foundation
- Metropolitan Economic Development Association
- WomenVenture
- Minnesota Film Board
- Retail Merchants Association
- Iron Mining Association
- Printing Industry of Minnesota
- Minnesota Agri-Growth Council
- Minnesota Association of Innkeepers
- Congress of Minnesota Resorts
- Minnesota Association of Convention and Visitors Bureaus

Boards, commissions and task forces

Contact: Alice Negratti, 215-1648

The Commissioner of DTED is mandated to either chair or serve on a number of boards, commissions and task forces. Most are mandated by the Legislature. The commissioner is frequently asked to be involved in numerous business-related organizations.

Boards which the Commissioner chairs are:

- Minnesota Public Facilities Authority
- Minnesota Job Skills Partnership
- Minnesota Export Finance Authority
- Minnesota Urban Initiatives Board

The commissioner also serves on the following boards either through mandate or appointment:

- Minnesota World Trade Center Corp.
- Minnesota Housing Finance Agency
- Minnesota Environmental Quality Board
- Minnesota Agriculture and Economic Development Board
- Minnesota Technology Inc.
- Governor's Workforce Development Council

Representatives of DTED serve on the following boards, commissions and task forces:

- Governor's Disaster Recovery Task Force
- Corporate Subsidy Reform Commission
- Economic Development Association of Minnesota
- Hennepin County Defense Conversion Loan Board

- Tourism Advisory Committee
- Advisory Committee on Civic and Convention Centers
- Golf Advisory Committee
- Regional tourism associations, including the Minnesota Heartland Tourism Association, the Southern Minnesota Tourism Association and the Minnesota Arrowhead Tourism Association.
- National Association of State Tourism Directors
- Travel Industries Association of America
- Great Lakes of North America
- Mississippi River Country USA
- Minneapolis Academy of Travel & Tourism
- Minnesota Scenic By-Ways Commission
- University of Minnesota Tourism Center Advisory Board
- Minnesota Snowmobile Advisory Committee
- Minnesota Occupational Information Coordinating Committee
- Project 2030
- National Association of State Development Agencies Research Division
- Internet System for Educational Employment Knowledge Steering Committee

Priority projects- timelines

Business and Community Development

Workforce recruitment

BCD is initiating a workforce recruitment program to recruit former Minnesotans back to Minnesota. Minnesota's growing companies are being held back by a workforce shortage that can only be partially addressed by targeted worker training. The recruitment program will work with communities and businesses to connect former residents with job openings via mail contact and the Internet. The pilot phase will occur with a few communities in October/November, 1998, with a full introduction of the program scheduled for Winter 1998-9. This initiative will also help rejuvenate some aging communities in Greater Minnesota.

Worker housing

The workforce recruitment effort could be hampered by a severe housing shortage in Greater Minnesota. New housing for workers has been promoted as a priority for the 1998 Small Cities Development Program (SCDP), a \$19 MM annual grant program for small-medium sized communities outside of the metro area. In addition to the promotion of this program for single and multi-family housing, DTED has partnered with the Minnesota Housing Finance Agency and the Greater Minnesota Housing Fund to jointly review housing applications to see where funding efficiencies can be achieved to meet common goals. The SCDP will make its annual awards in February, 1999.

Startup Equity Funds

Small startup technology companies have difficulty raising equity, yet have they can provide significant employment and community stability when they succeed. There appears to be adequate capital available from the few examples of organizations that have tried to link up local qualified investors with the investment opportunities. In Anoka County, Dakota County, and Alexandria, groups of investors providing \$25-50,000 each have pooled their funds for startup technology businesses. DTED is exploring the organizational models with Minnesota Technology Inc. and is seeking a delivery system that can assist in developing a network of local investment groups. A strategic plan will be prepared by February 1999.

Office of Tourism

Advertising/Promotion

Minnesota's tourism market share and competitive position is threatened by a lack of adequate funding for tourism marketing, advertising, and promotion. Research indicates that for every \$1 dollar invested in tourism advertising, \$9.46 in tax receipts are generated, for a 9:1 return-on-investment. The principal priority and greatest need is to significantly expand the reach and frequency of advertising and promotional activities in identified target markets to maximize tourism sales and related economic development. Public and private marketing resources may be leveraged via partnerships with both traditional and non-traditional marketing partners. New markets continue to emerge, domestically and internationally, and more opportunities exist to generate travel into the state. Increased funding for tourism marketing is, quite simply, the highest priority.

Consumer marketing

Proactive development and implementation of improved customer services is an on-going challenge. Today's consumers have higher expectations and require their travel information to be delivered in a timely manner and via the delivery system of their choice, e.g. mail, fax, electronically, or verbally.

Development of an on-line/electronic marketing plan, as well as enhancements to Journey, the MOT's award-winning personalized travel planning service, continue to be priorities. In addition, development of operating efficiencies and fulfillment service cost-savings must be addressed.

Public policy issues

A number of public-policy issues could potentially impact the tourism industry and its economic viability. The issues must be followed with due diligence. They include: the Minnesota-Ontario remote area border crossings and fishing regulations; the Mille Lacs Lake 1837 Treaty harvest; snowmobile registration and traction device bans; fish stocking programs; pre-Labor Day school opening; resort property tax initiatives; the dedicated local option lodging tax; and other initiatives that could damage tourism.

DTED/Office of Tourism must be participants when these initiatives are addressed.

Minnesota Trade Office

China Initiative

China comprises the world's largest emerging market. In order to be positioned for the opportunities opening in China, the Minnesota Trade Office developed the Minnesota-China Initiative, a comprehensive plan encompassing education, training, trade shows and missions,

and specific business generating activities that further link Minnesota and China. The project spans the period of July 97 - July 99.

Medical Initiative

Minnesota ranks among the top 10 states in medical device establishments and the number of medical devices registered with the FDA. The medical and health care initiative serves as a basis for industrial development. A cooperative agreement with Norway entered into in Feb. 1998 provides Minnesota medical technology companies with easy access to European clinical trials and allows them to evaluate, test and approve new medical devices in a more expedient manner.

Organic food promotion

European and Japanese consumers growing concern with food safety is reflected in increased sales of organic food produced in the U.S. MTO staff work in conjunction with the MidAmerica Agri-Trade Council (MIATCO) and the Western U.S. AgriTrade Association (WUSATA) to sponsor promotional events to promote Minnesota-grown organic products to overseas markets. Events designed to promote this industry are scheduled for in the United Kingdom and Netherlands and Germany.

Administration

The functions and activities of Administration are ongoing and essential to support departmental operations. This includes coordination of activities for management of personnel, budget, technology and general administrative programs and functions departmentwide.

Major development initiatives that are underway with specific completion dates after January 1,

1999, include:

Journey

The Journey Project redesigns the state's tourism database. This database application processes over 300,000 requests for Minnesota tourism information annually and supports the Explore Minnesota web site. We are seeking funding in the amount of \$1.594 million during the 2000-01 biennium for this project. The project is anticipated to begin July 1, 1999 with completion targeted for August 1, 2000.

Year 2000 conversion

This project involves upgrading/testing and where necessary, recoding, all date sensitive systems and information within DTED. The project also includes upgrades and/or replacements of hard and software. This project is funded internally, has been underway since November 1997, and is scheduled for initial completion in January 1999. Final testing of DTED applications is targeted for June 1999.

Data management

Efforts are underway to develop and implement a data management plan within DTED. Current activities include conducting a cost/benefit analysis of a data warehouse approach to enhance data management. The first phase of the overall project is targeted for completion in September 1999.

Information and Analysis

Because of the promotional nature of the agency, the activity of marketing Minnesota is an ongoing priority. A number of projects involving publications, external communications and outreach are always underway.

Many of IAD's long-term projects are identified by the Analysis and Evaluation Office. AEO worked with clients and the Communication Office in FY98 to develop a 41-project workplan that staff hope to complete during FY99.

Division descriptions

Business and Community Development

Contact: Gary Fields, 296-4039

The Business and Community Development Division consists of offices which: market all of DTED's programs to business and community customers; work with companies to expand in, or re-locate into, Minnesota; finance business expansions; award grants to encourage collaboration between business and education for job training; finance improvements in community infrastructure including public facilities, housing and commercial rehabilitation, new housing, environmental cleanup, and redevelopment of industrial land; provide information and consultation to small businesses; and assist communities and development organizations with strengthened capacity to undertake development.

Office of Marketing and Business Development

Marketing representatives have regional assignments to market DTED programs in their areas to businesses and to communities, and to serve as "account representatives" for those customers in assuring that they receive the services they require or for which they are eligible. Staff also serve as business development specialists in assisting companies with information and site selection to achieve their expansions. Among the staff are industry specialists focusing on selected sectors with particular importance to the Minnesota economy and with potential for growth. Within the regional representatives network are three field offices in Mankato, Duluth, and Bemidji. Other

activities of the office include support for the annual Manufacturer's Week recognition activities, liaison with industry trade groups for purposes of collaborative marketing, and several initiatives with mining industry development.

Office of Business Finance

This office administers financing programs assisting businesses primarily with expansions, through a variety of development tools. The most well-known is the Minnesota Investment Fund which receives legislative appropriations and federal funding to assist companies in projects that create new jobs, leverage private investment, and increase the tax base, in all parts of Minnesota. The office also administers the Small Business Development Loan Program, the Department's access to industrial development bonds that are exempt from federal income tax. Other programs in the office include the Tourism Loan Program, Capital Access Program, Rural Job Creation Credit Program, and the Underground Petroleum Tank Replacement Program.

Office of Community Finance

This office administers the Small Cities Development Program, the state's mechanism for assisting local governments with expanding housing and rehabilitating commercial buildings, and investing in new water and wastewater infrastructure. The Office has a significant role in cleaning up and preparing industrial sites for new development, through the Contaminated Site Clean Up Grant Program and the Redevelopment Grant Program. In recent years there have been substantial efforts from this office in disaster relief arising from the flooding of 1993 and 1997, and the tornadoes of 1998.

Public Facilities Authority

The Public Facilities Authority manages the investments and transaction of three funds and administers several financing programs that provide financial assistance to state agencies, local units of government, and businesses to improve infrastructure related to water quality, drinking water, and transportation. Specific programs include the Water Pollution Control Revolving Fund, Drinking Water Revolving Fund, Wastewater Infrastructure Fund, and the Transportation Revolving Fund. The Authority also is authorized to issue up to \$850 million in revenue bonds to fulfill its corporate purposes. The Authority has become the third largest issuer of bonds in the state, behind the Housing Finance Agency and the State of Minnesota. DTED's Commissioner chairs the Authority and the department provides staff support and administration.

Job Skills Partnership Program

Administered by the division with the involvement of an eleven member board of agency representatives and citizens, chaired by DTED's Commissioner, the Job Skills Partnership awards competitive grants for cooperative education and training projects between Minnesota's educational institutions and businesses. The Partnership has had a long-standing role training workers in a variety of industries reflecting many different technical and technological requirements. Recently, the Legislature added a "Pathways" program to serve as a catalyst to focus state resources on training to help workers make the transition from welfare to work, which may involve technical training but may also include more basic work skill requirements.

Small Business Assistance Office

The Small Business Assistance Office seeks to facilitate the incubation and survival of new businesses, jobs, and wealth by serving as a point of first and continuing contact for information and assistance regarding the start-up, operation, or expansion of a small business in Minnesota. The Office works to reduce the cost of information to potential, new and existing small businesses in three ways:

1. By providing free-of-charge, publications which address topics and issues with the potential to affect the success of small business operations. This program presently has 10 publications. The two most frequently requested are *A Guide to Starting a Business in Minnesota* and *An Employer's Guide to Employment Law Issues in Minnesota*.
 2. By offering workshops and training programs on topics which cut across industry lines (e.g., capital formation), topics specific to particular industries (e.g., products liability for medical device manufacturers) and topics specific to new business circumstances (e.g., the new European currency).
 3. By offering one-on-one counseling to small businesses on business planning, financing, marketing, regulations and other areas of business management and operations.
- In addition the Office administers two statutory programs to assist businesses with identifying and securing business and environmental licenses and permits.

Office of Professional and Technical Resources

The Office provides development organizations and professionals with technical assistance and financial resources to stimulate economic investment and create opportunities for local growth. The Office administers the Web-based

Community Profile System and Property Tracking System. Financial resources administered by the Office include the Urban Initiative Program, the Rural Challenge Grant Program, the Microenterprise Program, and the Youth Entrepreneurship Program. Professional development opportunities administered by the Office include the annual Minnesota Development Conference, video conference training series, and certification programs through the National Development Council. Technical assistance and special appropriations, designed to assist local and regional organizations with their development activities, are also administered.

Minnesota Office of Tourism

Contact: Steve Markuson, 296-2755

The Office of Tourism promotes Minnesota in domestic and international markets as a travel destination to consumers, tour operators, group tours and travel agents. It promotes coverage of Minnesota in international and travel trade media and develops and coordinates activities with travel industry buyers and sellers.

The lieutenant governor chairs a 35-person, statewide Tourism Advisory Committee which provides industry input and program direction.

The office is organized into five areas: Destination Sales, Product Marketing, Consumer Marketing, Traveler Sales and Industry Sales.

Destination Sales markets or “sells” Minnesota as a travel destination to international markets and group tour operators. Marketing targets are the North American travel trade and international markets including Canada, Japan

the United Kingdom, German speaking countries, Belgium, the Netherlands, Luxembourg and Scandinavia. Tactics include trade shows, trade missions/sales calls, hosting international tour operators and travel media, promotions, limited consumer advertising and foreign language publications.

Product marketing includes advertising, promotion and marketing directed to potential travelers.

The primary market is the 12-state North Central Region which generates approximately 84 percent of Minnesota’s U.S. visitors. National markets are targeted for more specific activities such as fishing and golf. Programs are designed to create awareness of Minnesota and build the “Explore Minnesota” brand or generate specific response goals. Other tactics include travel media relations, electronic marketing and marketing partnerships.

Consumer Marketing handles inquiries received via telephone, correspondence, fax, the Internet, and in response to consumer advertising programs. Computerized information on accommodations, attractions and events maintained and available via the *Journey* travel planning service. The Consumer Services program is also responsible for measurement and evaluation of all MOT’s programs.

Traveler Sales delivers person-to-person tourism information services to visitors at twelve staffed Travel Information Centers around the state and markets Minnesota travel opportunities at sport and travel shows in primary markets in the upper Midwest.

Industry Sales is responsible for facilitating

two- way industry communications between the Minnesota Office of Tourism and the state's tourism industry, and providing education, marketing planning assistance and regional and community-based marketing including organizational partnerships and partnerships with regional tourism associations. It also monitors public policy issues that may affect tourism in Minnesota. To provide these services, regional offices are located at Brainerd, Duluth, Mankato and Thief River Falls.

Minnesota Trade Office

Contact: Noor Doja, 297-4658

The MTO promotes international trade and investment activities that have the most positive effect on the state's economy. Resources are focused on developing trade with Canada, the European Union and most Asian countries, as well as targeting Minnesota's leading industries for export promotion. The MTO considers the many factors that influence global market trends, and has strategies and programs in place for developing export opportunities in the emerging markets of China, India, Central and Eastern Europe, South Africa and Latin America.

Education and training

Each year the MTO sponsors and co-sponsors education programs throughout the state, providing information on starting and increasing export business. In 1997, the MTO sponsored or co-sponsored 114 seminars with more than 5,600 participants. These programs provide the most current export information available presented by local, national and international trade experts.

Export counseling and assistance

Each of the MTO's 13 international trade representatives counsel companies in the following ways:

- Evaluating company export readiness
- Developing an export marketing plan
- Providing market intelligence
- Determining export requirements
- Arranging trade missions or participation in trade shows
- Promoting Minnesota products and services
- Hosting foreign delegations, arrange meetings with foreign buyers

Governor-led business development missions

The MTO coordinates the governor-led international business development missions. The MTO determines best market projects, identifies business and political contacts, arranges meetings and participation in events. Since 1991, the MTO has arranged 11 missions for Governor Carlson and Lt. Gov. Joanne Benson.

Export finance

The Minnesota Export Finance Authority (MEFA) is the MTO's vehicle for helping exporters overcome financial hurdles to exporting, including obtaining:

- Working Capital guarantees for financing export orders
- Receivable insurance for open account sales to foreign buyers
- Reduced-cost international credit reports
- Access to financing from Ex-Im Bank
- Information on, and access to, other federal and multilateral financing programs
- Technical expertise on payment methods, foreign exchange and country risk
- Training programs/seminars on export finance

International library

The MTO's International Business Library provides exporters access to a wide variety of information on foreign markets and economies, marketing, regulations, standards and culture. Materials are available to help exporters learn the basic mechanics of exporting and the art of conducting business in countries around the globe. The library is open to the business community 8:30 a.m. to 5 p.m. daily.

Outreach and marketing activities

To most effectively use the resources earmarked for marketing the state's goods, services and location advantages internationally, the MTO works cooperatively with businesses, government agencies and organizations that have shared goals. For example, the MTO assisted the Minneapolis Convention and Visitors Association in conceptualizing and implementing the *Japanese Visitors Guide*, a comprehensive magazine distributed to Japanese business people and tourists. The fifth edition was published this spring. Also this year, the MTO collaborated with an independent publisher on a 300-page hardcover book, *Minnesota: Land of Lakes and Innovation*, that promotes the state to overseas trade officials and business delegations. The MTO also publishes several statistical and marketing publications for the business media and the Minnesota business community and promotes Minnesota's exporters and industries internationally through trade shows and business development mission marketing materials.

Administration

Contact: Bonnie Burt, 297-3184

Administration provides support to the

operating divisions of Business and Community Development, Office of Tourism and Minnesota Trade Office. Units include Fiscal Services, Human Resources (HR), Information Management (IMO), and the Administrative Services Unit.

Fiscal Services manages accounting and budgeting functions to ensure compliance with all state and federal laws, rules, policies and guidelines, and provides oversight to purchasing functions.

HR administers personnel and labor relations programs including hiring, benefits administration, affirmative action and other related HR activities. HR also manages DTED's payroll and can assist employees in all aspects of their employment.

The IMO manages information resource management activities including planning, analysis and other functions that support technology systems within the department.

Administrative Services manages the main departmental reception desk, courier services, mail processing, property and asset management, telecommunications support and performs other types of general administrative functions.

Information and Analysis

Contact: Alice Negratti, 215-1648

Information and Analysis provides centralized communications, marketing, research, analysis, program evaluation and governmental liaison services to support the department's operating divisions, Advantage Minnesota, the legislature, the executive branch and local economic development partners.

Services provided by the Analysis and Evaluation Office (AEO) support job creation by providing strategic business information, economic analysis and research services. The office plays a key role in the department's efforts to facilitate business location and expansion in the state by providing critical information including data and analysis of business operating costs, markets and other factors to department staff and business clients.

AEO staff also evaluate programs and analyze economic impacts and business trends to improve service quality, streamline systems, and support operation and management of specific services, projects and programs. The office also generates and disseminates information, policy and economic analysis that have been used to improve the quality of the state's business environment.

The Communications Office provides a broad range of marketing, external relations and communications services for the operating divisions. Through proactive public and media relations, the communications staff generate increased public awareness about department programs and policies, and national and global business trends that affect local decision-making.

Communications staff counsel senior managers and staff on media relations and public relations strategies and provide outreach marketing services that position Minnesota favorably nationally and globally.

- Communications efforts are coordinated among divisions to ensure an integrated message.

Key information provided by this division

support and leverage the economic development policies and initiatives of other governmental bodies, including the legislature and the Governor's Office.

Upcoming events

Business and Community Development

- Redevelopment Program- Funding Awards, December 1998/June 1999
- Contamination Cleanup Program- Funding Awards, January 1999/July 1999
- Small City Development Program- Funding Awards, February 1999
- Job Skills Partnership/Pathways Funding Awards, December 1998/Spring 1999
- Annual Development Conference, Fall 1999

Minnesota Office of Tourism

Events

- Conference on Tourism, Saint Paul January 26-28
- Receptive Services Summit, NY,NY, February
- Governor's Snowmobile Ride, Willmar February 11 -12
- Travel Institute, April 26-29
- TIA International PowWow, Miami, Florida, May
- Governor's Fishing Opener, Grand Rapids May 13-14
- National Tourism Week, May
- Receptive Operators Sales Calls, NY, Summer

Trade shows

- Addison Travel Show, Alberta, Canada, February
- Tour operator sales calls, Winnipeg, April
- Travel & Leisure Show, Toronto, April
- Addison Travel Show, BC, Vancouver, Victoria, Langley, August
- Ontario Motor Coach, Toronto, October
- Visit USA Seminar, Austria/Switzerland, January
- IcelandAir Mid-Atlantic Seminar, Reykjavik, Iceland, February
- TUR & Swedish Sales calls, Gothenburg and Stockholm, Sweden, Mid-March
- Visit USA Seminar, Brussels, Belgium, March
- International Tourism Exchange, Berlin, Germany, March
- United Kingdom Sales Mission, Southern England, April
- Visit USA Seminar, Seeheim, Germany, October
- German Sales Mission, October
- United Kingdom Sales Mission, Manchester

Minnesota Trade Office

World Trade Week

Annual forum on trade issues featuring three awards for international traders including the Governors International Trade Award.

Sponsored by the MTO and World Trade Week Inc., a consortium of international business and education leaders.

Trade shows

- International Food and Drink Exhibition, London, England, Feb. 7 - 11
- Organic and Natural Foods Europe, United Kingdom and Netherlands, Feb. 12-17
- BioFach99 Organic Trade Show, Nuremburg, Germany, Feb. 18-21
- CEBIT, Hannover Germany, March
- JETRO Health Care '99, Tokyo, Japan, March
- Medicare - Thailand, March
- Tokyo Good Living Show, April
- Organic and Natural Foods Europe, Hamburg and Munich Germany, April
- ANUGA- Cologne, Germany, Oct. 9-14
- FMI--U.S. Food Export Showcase- Chicago, May
- IFAT Environmental Trade Fair, Munich, Germany, May 4-8
- Sinomed, China, June
- Mercosur SIAL, Argentina, August
- Minnesota-Akita Tech Conference, August
- Expo Alimentos, Monterrey, Mexico September
- COMDEX, Korea, October
- HOSPIMEDICA, Singapore, October

- ETC '99-Environmental Technology China. Shanghai, PRC, November
- Medica 99 - Dusseldorf, Germany, November

Seminars

- Export Process -- five times yearly
- China Practicum-- monthly
- Export Tools and Techniques (3-day course) -- presented four times in Metro, twice outstate

Courses on industry or country specific topics are designed and presented as needed.

Strategic plans

Business and Community Development

The mission of the Business and Community Development (BCD) Division is to strengthen the economic vitality of Minnesota's communities and assist businesses in their growth and development. The primary focus of the business assistance is to help Minnesota companies and avoid bidding wars with other states. The focus is also on helping healthy companies in growing industries rather than those in decline. The primary focus of the community assistance is on physical infrastructure investment, commercial rehabilitation, and new housing to accommodate the expanding workforce. BCD also provides technical assistance to businesses and communities through training of local development professionals and through a network of Small Business Development Centers.

The greatest concern of Minnesota's businesses is the lack of available workers. BCD is responding to this concern by increasing the quality and quantity of the Minnesota workforce. The quality is increased by increasing our involvement in customized worker training, which will increase the skills, wages and productivity of the labor force and allow Minnesota companies to remain competitive. The quantity is increased by attracting new workers into Minnesota. This fall, BCD is introducing a workforce recruitment program that works in partnership with local communities to recruit former Minnesotans back to Minnesota. This will help

rejuvenate aging Greater Minnesota communities as well as increase the number of available workers.

BCD continues to examine the validity and programmatic requirements in the light of a strong economy and workforce shortage. Some programs will likely require policy and legislative changes to respond to changing economic conditions and local needs.

Office of Tourism

The Minnesota Office of Tourism has established strategic goals in carrying out its mission of increasing non-resident and resident tourism revenues. These goals are to: 1) reach identified target markets, 2) build the "Explore Minnesota" brand, 3) link buyers with sellers, 4) maximize periods of available capacity, and 5) leverage public/private resources.

A variety of marketing tactics are used to approach identified target markets. These are broadly identified as instate retention; domestic consumers; the group tour market, primarily trade and group leaders; Canada and overseas international focusing on Japan, the United Kingdom, German and Benelux countries and Scandinavia.

A cornerstone of the tourism marketing program is communication, coordination and partnerships with tourism industry and others. These efforts result in pooling resources to increase the impact of marketing efforts.

MOT using a systems approach to developing and implementing the tourism marketing program from the state. Nine elements are considered in the development of each annual

marketing plan for each target market. These are 1) research needs, 2) infrastructure needs, 3) public policy initiatives, 4) product development opportunities, 5) customer services enhancements, 6) industry education/development, 7) technology/information management, 8) sales, marketing and promotion tactics and 9) outcome measurement and evaluation.

The annual marketing plan is based on a calendar year and is published in November of the preceding year.

Minnesota Trade Office

The Minnesota Trade Office's mission is to be an advocate for Minnesota businesses pursuing international markets and to promote, assist and enhance exports and foreign direct investments in Minnesota that contribute to the growth of the state's economy.

Minnesota exports have experienced steady growth in a variety of markets over the past few years, reflecting increasing integration into the global economy. The financial difficulties facing the Asian economies, the domino effect on world markets following the collapse of the Russian currency, and the adoption of a single monetary unit by a majority of European Union countries provide both challenges and opportunities for Minnesota Trade Office staff and their clients during the coming years.

MTO staff responsibilities have been streamlined and refocused in order to respond to the changing world economic landscape.

Special programs such as the Minnesota-China Initiative, the Norway Health Care Initiative

and the New Zealand Dairy Initiative are designed to meet the needs identified by Minnesota's exporting firms in a comprehensive manner.

The rapidly changing nature of the global marketplace requires the MTO to react rapidly, and make appropriate changes in both the content and delivery of programs and services. We expect that this capability will be the key to our success in the future.

Administration

Strategic information planning by the Administrative support unit has been key to the development and implementation of an Information Resource Management (IRM) environment within DTED. As a goal required for all state agencies, IRM is a management approach and tool essential to long-term strategic information planning efforts for the State of Minnesota. Through IRM, management of information systems within DTED are cost effectively coordinated department-wide, consistent with statewide goals and objectives.

Information and Analysis

The Information and Analysis Division supports the mission of the department and each division by providing communications, marketing, business research, economic analysis, program evaluation, and governmental liaison services. As a centralized support division, IAD works closely with all operating divisions and other clients to ensure products are timely, and that current issues are addressed and coordinated across divisions.

IAD's strategic planning has helped guarantee improved, high quality services to clients. Actions implemented through these planning efforts include annual work plans, project tracking systems, continuous feedback through client surveys, partnerships with businesses, non-profits and other government agencies, library operation guidelines, and the use of the Internet to respond to customer inquiries.

These strategic actions have helped IAD improve performance as measured by staff productivity, product quality and client satisfaction. The division continues to analyze operations and implement process improvements to ensure that staff can deliver high quality services cost-effectively.

In addition, services and products provided by the division contribute to department-wide strategic planning activities.

Personnel Overview

DTED staff are in 20 locations around the state.

The majority work out of the St. Paul facilities in Metro Square and the World Trade Center (which houses the Minnesota Trade Office).

Staff are employed at 12 Travel Information Centers around the state; in the Office of Tourism's regional offices in Brainerd and Thief River Falls; in a Business and Community Development regional office in Bemidji, in combined Tourism and BCD regional offices in Duluth and Mankato; and at the Explore Minnesota store in Bloomington.

Administration:

AFSCME	- 6
Commissioner's Plan	- 3
MAPE	
classified	- 8
temp unclassified	= 2
Managerial Plan	
classified	- 1
unclassified	- 1
MMA	- 2
TOTAL.....	<u>23</u>

Business & Community Development:

AFSCME	- 16
Commissioner's Plan	- 2**
MAPE	
classified	- 36
temporary unclassified	- 8
Managerial Plan	
classified	- 2
unclassified	- 5
MMA	- 1
Total.....	<u>70</u>

Commissioner's Office:

AFSCME	= 0
Commissioner's Plan	= 0
MAPE	
classified	= 0
temp unclassified	= 0
Managerial Plan	
classified	= 0
unclassified	= 5
MMA	= 0
TOTAL.....	<u>5</u>

Information and Analysis:

AFSCME	= 5
Commissioner's Plan	= 0
MAPE	
classified	= 13
temporary unclassified	= 1
MMA	= 0
Managerial Plan	
classified	= 0
unclassified	= 2
TOTAL.....	<u>21</u>

Office of Tourism:

AFSCME	= 55
Commissioner's Plan	= 11**
MAPE	
classified	= 17
temp unclassified	= 1
Managerial Plan	
classified	= 6
unclassified	= 1
MMA = 9	
Total.....	<u>100</u>

Minnesota Trade Office:

AFSCME	= 6
Commissioner's Plan	= 0
MAPE	
classified	= 18
temporary unclassified	= 0
Managerial Plan	
classified	= 0
unclassified	= 1
MMA	= 0
Total	<u>25</u>

AGENCY TOTAL: 244

Employees include: 15 unclassified managers, 12 temporary unclassified professionals students, interns, temporaries and part-time employees are included in these numbers

Legend:

AFSCME: AFSCME Council #6, AFL-CIO*

(DTED clerical and technical staff)

COMM'S PLAN: Commissioner's Plan

DTED human resource staff - also see **)

MAPE: MN Assoc of Professional Employees*

(DTED general professional staff)

Managerial Plan (DTED classified/unclassified

Managerial staff)

MMA: Middle Management Association*

(DTED supervisory staff)

* denotes bargaining unit agreement

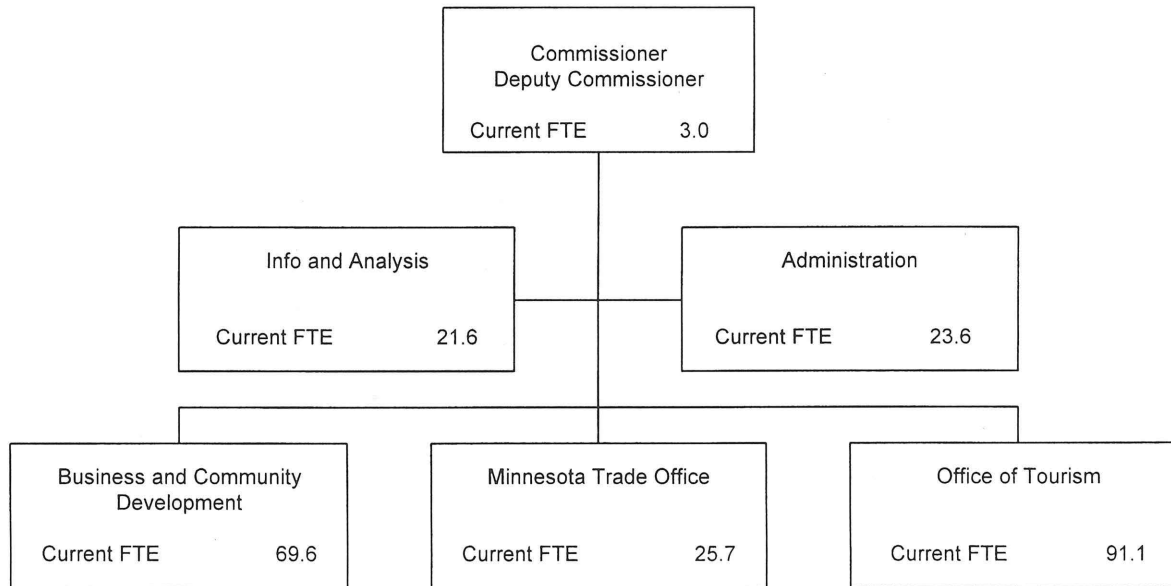
** denotes insufficient work time employees (IWT);

these employees are covered by the Commissioner's

Plan since they don't work sufficient hours to be

covered by a bargaining unit.

DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT
Organization Chart 7/1/98



Total FTE Employees: 234.6

**Minnesota Department of Trade & Economic Development
FY98-99 Budget**

DTED has responsibility for the management and expenditure of different types of funds that are appropriated by both the state and federal government. For example, the Minnesota State Legislature appropriates state monies from the general fund, trunk highway funds, bonding, etc. An itemization of DTED's FY98-99 biennial budget is described below. A legend describing the funding sources is also provided.

Of DTED's total FY98-99 budget (all funding sources), approximately 9.4% are considered administrative or operating funds and 90.6% are considered non-operating program funds.

Funding Sources:	FY1998	FY1999	Total
State Appropriations:			
General (Operations & Program)	\$53,819,000	\$32,436,000	\$86,255,000
General Funds (Pass-Thru)	12,694,000	2,824,000	15,518,000
General Fund (Program)	361,063	361,063	722,126
Petroleum Fund (Program)	6,200,000	6,200,000	12,400,000
Trunk Highway (Operating)	706,000	723,000	1,429,000
Environmental Fund (Program)	1,400,000		1,400,000
Bonding Funds (Program)	13,000,000		13,000,000
1998 Session (Pass-Thru)		109,695,000	109,695,000
Total State Appropriations	\$88,180,063	\$152,239,063	\$240,419,126
Other Sources:			
Special Revenue (Est Program)	\$5,666,000	\$8,897,000	\$14,563,000
Federal Funds (Est Pass-Thru)	55,000,000	157,410,000	212,410,000
Total Other Sources	\$60,666,000	\$166,307,000	\$226,973,000
Total Funding Sources:	\$148,846,063	\$318,546,063	\$467,392,126

Funding Source:	
General Fund:	Funds deposited in the treasury for the operation of state government.
General Fund (ongoing):	Does not include funds for a special or dedicated purpose. Ongoing funds continue until they expire by statute.
Petroleum Fund:	Funding from fees, imposed on petroleum distributors, that are used for environmental contamination cleanup caused by petro tanks.
Trunk Highway:	Funding from dedicated receipts (gas taxes, license fees, etc). Use of these funds must be related to the trunk highway system.
Environmental Fund:	Funds activities that monitor and control environmental problems using taxes and fees paid by those contributing to the problem.
Bonding Funds:	Funding from revenue received from the sale of bonds to be used for the maintenance, acquisition and betterment of public lands and buildings.
Special Revenue:	Receipts that are dedicated for and may be used for a specific purpose by DTED. (P & I on loans, promotional revenue, indirect funds, etc.) Does not include P & I on PFA loan repayments.
Federal Funds:	Federal grant awards. This includes all sources of federal dollars.

FY98-99 BUDGETS BY DIVISION

	FY1998	FY1999	Total
<u>Business and Community Development</u>			
General (operating and grants)	\$51,763,000	\$20,977,000	\$72,740,000
Open	361,063	361,063	722,126
Petroleum	6,200,000	6,200,000	12,400,000
Environmental	1,400,000		1,400,000
Bonding	13,000,000		13,000,000
1998 Session-General & Bonding		109,695,000	109,695,000
Special Revenue*	4,284,000	6,937,000	11,221,000
Federal*	55,000,000	157,410,000	212,410,000
Total BCD	\$132,008,063	\$301,580,063	\$433,588,126
<u>Mn Trade Office</u>			
General	\$2,452,000	\$2,336,000	\$4,788,000
Special Revenue*	155,000	152,000	307,000
Total MTO	\$2,607,000	\$2,488,000	\$5,095,000
<u>Mn Office of Tourism</u>			
General	\$7,919,000	\$7,482,000	\$15,401,000
Trunk Highway	706,000	723,000	1,429,000
Special Revenue*	1,155,000	1,678,000	2,833,000
Total MOT	\$9,780,000	\$9,883,000	\$19,663,000
<u>Information & Analysis</u>			
General	\$1,408,000	\$1,437,000	\$2,845,000
Total I & A	\$1,408,000	\$1,437,000	\$2,845,000
<u>Administration</u>			
General	\$2,726,000	\$2,778,000	\$5,504,000
Special Revenue*	72,000	130,000	202,000
Total Administration	\$2,798,000	\$2,908,000	\$5,706,000
<u>Commissioner's Office</u>			
General	\$245,000	\$250,000	\$495,000
Total Commissioner's Office	\$245,000	\$250,000	\$495,000
TOTAL DTED	\$148,846,063	\$318,546,063	\$467,392,126

*Estimates only.

