

**Carver, Chanhassen, Chaska,
Victoria**

**Business Retention and Expansion
Strategies Program**

Summary Report

October 14, 1997

Sponsors

Chanhassen Chamber of Commerce
Chaska Chamber of Commerce
Victoria Chamber of Commerce
City of Carver
City of Chanhassen
City of Chaska
City of Victoria
Carver County Administration
Sprint Telephone
University of Minnesota Extension Service

**Carver, Chanhassen, Chaska, and Victoria
Business Retention and Expansion Program
Leadership Team**

Mike Anderson

Chaska Chamber of Commerce
448-5000

Susan Arntz

City of Chaska
448-2851

Lynn Ayers

Business Health Service
934-8272

Pat Brown

Sprint Telephone
448-8386

Maureen Farrell

University of MN Extension Service
442-3014

Judy Fesenmaier

Chanhassen Medical Clinic
934-0570

Bob Generous

City of Chanhassen
937-1900 ext. 141

Wayne Holtmeier

Fluoroware, Inc.
448-3131

Glory Kibbel

Saint Paul Technical College
228-4314

Nancy Kracke

School District 112
368-3607

Nancy Lenhart

University of MN Extension Service
442-3014

Greg Shank

School District 112
368-3680

John Siegfried

Carver County Commissioner
448-3024

Mariene Speltz

Victoria Chamber of Commerce
443-3442

Glenda Spiotta

City of Carver
448-5353

Jeanne Straus

School District 112
448-8733

Marilee Welch

Victory Envelope
474-3264

For more information on the Carver, Chanhassen, Chaska, and Victoria BR&E Program, contact one of the leadership team members listed above or the individuals listed with each of the priority projects. For a copy of the complete survey results, please call Jeanne Straus at 448-8733. The Task Force encourages all community members to participate on the implementation of these projects.

**Carver, Chanhassen, Chaska, and Victoria
Business Retention and Expansion Program
Task Force Members and Volunteers**

Duane Arens

MN Dept. of Trade & Economic Development

Bart Bevins

MN Dept. of Trade & Economic Development

Cheryl Boe

Chaska High School

B.G. Brackman

Sprint Telephone

Vemelle Clayton

Lotus Realty Services

Dr. David Clough

Superintendent-District 112

Kris Huth

Softsoap Enterprises, Inc.

Miki Dzugan

MarkNETing

Jolyn Eiden

St. Thomas University

Rick Ford

Casualty Assurance Group

Kathy Guettler

Target Store-Chanhassen

James Haugen

Americana Community Bank

Donna Hoese

Sprint Telephone

Gwen Jansen

Carver County Employment & Training

Mary Johnson

Chaska River Inn & Suites

Julie Ann Kenney

HRA-Carver County

John Kragness

SW Metro

Lisa Krebsbach

University of St. Thomas

Andres Lunnan

Dept. of Applied Economics, University of MN

Tony Mailot

The Chanhassen Bank

Randy Maluchnik

Congressman Minge's Office

Helen Merchant

Principal-Chanhassen Elementary School

John Miller

Dunwoody Institute

Paul Moline

Carver County Planning & Zoning

Cheryl Nelson

Chaska High School

Karol Nielsen

Sprint Telephone

Dr. Jim O'Connell

Principal, Chaska High School

Greg Olson

Century Bank-Chanhassen

Pat Papenfuss

Executive Secretary/Chamber of Commerce

Carol Riddle

CAP Agency

Ed Rosheim

Carver-Scott Educational Coop

Anne Runck

Carver-Scott Educational Coop

Jayne Schifsky

Carver County-Environment

Cathy Schmitz

Business Health Services

Randi Shapiro

World Learner School/Jonathan Montessori

Frank Starke

Dunwoody Institute

Jean Travis

Carver-Scott Educational Coop.

Lezlie Vechart

The Promotion Group

Mike Werner

Assistant Principal, Chaska High School

Kathy Wiek

Kathy's Kartridges

Terry Wilholt

Chaska Chamber of Commerce

Overview

The Cities of Carver, Chanhassen, Chaska, and Victoria joined together in April 1996 to initiate a Business Retention and Expansion Strategies Program. Business, government, and educational leaders from the communities are working together to implement the program, which is sponsored by the Chanhassen, Chaska, and Victoria Chambers of Commerce, the Cities of Carver, Chanhassen, Chaska, and Victoria, Carver County Administration, Sprint United, and the University of Minnesota Extension Service--Carver County.

The Carver, Chanhassen, Chaska, and Victoria Business Retention and Expansion (BR&E) Program's overall goal is to help existing firms to become more competitive. Specific objectives include:

1. To demonstrate the community's pro-business attitude and express appreciation to local firms for the contributions they are making to the local economy;
2. To increase communication among business, local governments, and schools and to integrate the voice of businesses into the local long-range planning process;
3. To direct firms to business assistance programs;
4. To assess the needs of local businesses;
5. To provide follow-up to help with local concerns;
6. To establish consensus on ambitious, yet feasible, action plans for managed community growth; and
7. To create the partnerships necessary for implementation.

As part of the BR&E program, 50 volunteers visited 55 firms in the cities of Carver, Chanhassen, Chaska and Victoria. During one-hour interviews with the owners or operators, the volunteers learned about the firms' concerns, plans, and information needs. When the interviews were completed, BR&E Task Force members reviewed each survey and responded to any "red flag" or important business concerns and sent each firm materials addressing information it requested.

The University of Minnesota tabulated the survey data and analyzed the results. A panel of 18 people from the University of Minnesota, state and regional agencies and institutions, and members of the Carver, Chanhassen, Chaska, and Victoria BR&E Task Force met to review the results, identify key issues, and make suggestions for local consideration.

At a BR&E meeting on June 10, the Task Force reviewed the survey results, identified key issues, developed potential strategies and projects to address these issues, and reviewed the University panel's suggestions. After careful deliberation, the Task Force established four priority areas for action. These include:

- Business-School Collaboration,
- Diversified Housing,
- Employer/Employee Information, and
- Transportation.

Four committees were formed to address each of these priority areas. These groups met independently during the summer to start defining their projects. Summaries of the groups' work on these projects is highlighted in this report.

Background on the Firms Visited

The firms visited represent manufacturing, retail and wholesale trade, services, construction, and other industries. Of the firms visited, 58 percent are located in Chaska, 25 percent in Chanhassen, 15 percent in Victoria, and 2 percent in Carver.

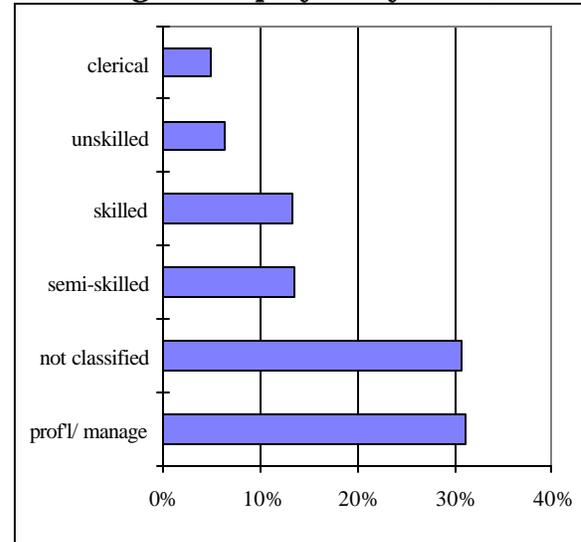
Firms Visited by Industry

Industry	Percentage of firms
services	40%
retail trade	29%
manufacturing	22%
other (specify)	20%
wholesale trade	9%
finance, insurance, real estate	9%
construction	7%
agriculture	4%
education	4%
mining	2%
transportation/public utilities	2%

Most of the firms visited are locally owned and operated, with only 30 percent of the firms listing themselves as branch plants, satellites, or franchises. Just over two-thirds of the firms began their operations in the community in which they are located.

The firms employ 2,494 workers. Almost one-third of these were classified as professional/management, and 31 percent were not classified. The remainder were listed as unskilled (6 percent), semi-skilled (14 percent), skilled (13 percent), and clerical (5 percent). Forty-five percent of the firms have fewer than ten employees and 28 percent have fewer than five employees. Twenty-three percent have 50 or more employees, and 11 percent have 100 or more employees. The 11 percent with more than 100 employees have 66 percent of the full- and part-time workers.

Percentage of Employees by Class, 1997



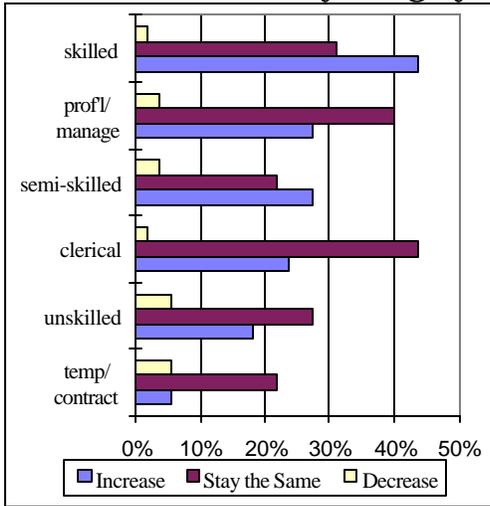
The firms pay their employees an average of \$6.83 per hour for unskilled workers and \$17.70 per hour for professional and management employees. Skilled workers earn an average of \$11.01 per hour, clerical employees earn an average of \$9.36 per hour, and semi-skilled workers earn an average of \$8.06 per hour.

Of the firms surveyed, 86 percent provide benefits to their employees. Of these, 81 percent provide health care benefits to their full-time employees, and an additional 9 percent extend this benefit to both their full-time and part-time employees.

Firms Have a Positive Outlook

The firms visited have a positive outlook, with 87 percent expecting their sales to increase over the next three years. The firms expect their number of employees to increase by 11 percent, or 264 workers, over the next three years. The greatest net change is expected with skilled workers: 44 percent of firms expect to hire a total of 86 skilled workers.

Expected Employment Growth over the Next Three Years by Category



The businesses are also happy with their communities, with 91 percent of firms rating their community as a good or excellent place to live, and 72 rating their community as a good or excellent place to do business.

Rating of Community

	As a Place to Live	As a Place to Do Business
Excellent	40%	31%
Good	51%	41%
Fair	8%	24%
Poor	2%	2%
Very Poor	0%	2%

Plans to Expand, Move, or Close

One-fourth of the firms reported they are considering moving and none are considering closing. The most common reasons given for moving are no land for expansion (31 percent), lease expiration (31 percent), and overcrowded buildings (23 percent).

The firms considering moving employ a total of 230 employees, or an average of 18 employees per firm. Fifty-four percent of the firms that plan to move expect to stay within their current city, and 38 percent plan to stay in the county. In addition, 32 percent of the firms have already expanded elsewhere.

Priorities and Projects

At its priority setting meeting on June 10, the Task Force agreed to focus on four key priorities. These include:

- Business-School Collaboration,
- Diversified Housing,
- Employer/Employee Information, and
- Transportation.

The following are descriptions of the four priority projects and related survey results.

Priority: Business-School Collaboration

Overview

The survey results point to several opportunities for greater collaboration between educational institutions and area businesses. To address this opportunity, the Task Force decided to form a Business-School Collaborative Committee.

By working together, businesses and schools will gain a better appreciation of each other and discover ways they can work together to address their needs and concerns.

Related Survey Results

Over the next five years, 73 percent of the firms expect their need for employee training to increase, and 27 percent expect their training needs to stay the same. About 77 percent of the firms reported their employees need training in the area of customer service, 72 percent require computer training, 58 percent require sales training, and 57 percent require basic skills such as writing, punctuality, team playing, communication, and diversity.

Sixty-seven percent of firms reported they would be interested in participating in mentoring programs for area high school students. Almost half of the firms would be interested in collaborating with other businesses in training employees, and 50 percent would be interested in serving as an apprenticeship site. A quarter of the firms have apprenticeship programs and have indicated an interest in helping promote these programs.

Training and Education Activities in which Firms Are Interested in Participating

Activity	Firms
Participating in mentoring programs for area high school students	67%
Collaborating with other businesses in training employees*	48%
Serving as an apprenticeship site	48%
Receiving customized training programs through area technical colleges	44%
Serving on a local school advisory committee	33%
Offering training to members of other organizations, such as schools and companies	27%
Serving on a two-year college advisory curriculum committee	25%

* e.g., providing space, equipment, or resource people for training of students and/or joint training of workers

Currently, the businesses surveyed gave educational institutions in the area mixed reviews. For example, 11 percent of the firms find vocational schools and higher education to be poor or very poor. On the flip side, approximately half of the firms find vocational schools and higher education to be good or excellent.

Although higher levels of education did not fare as well, elementary and secondary education was rated as good or excellent by 77 percent of the firms, and no firms rated it as poor or very poor.

Rating of Community Services--Education

	Good-Excellent	Fair	Poor-Very Poor
elem/second schools	77%	13%	0%
vocational schools	51%	11%	11%
higher education	46%	16%	11%

Project: Form a Business-School Collaborative Committee

The Task Force believes the best way to address many of these concerns and issues is through the formation of a Business-School Collaborative Committee that includes local education, post-secondary education, and business representatives.

On the next page is a list of initiatives the Business-School Collaborative Committee will consider in its efforts to address issues identified in the BR&E survey and strengthen business-school collaboration.

Business-School Collaborative Committee's Proposed Initiatives

- Provide collaborative training opportunities
- Enhance mentorship programs
- Expand apprenticeship opportunities
- Establish a speakers bureau that sends teachers into business and businesses into schools
- Hold an annual career day or fair
- Provide for business representation on the local curriculum committee and post-secondary curriculum committee to help address new graduation standards
- Coordinate English as a Second Language (ESL) training
- Hold monthly talks with District 112 teachers and area business leaders
- Collaborate on the promotion and planning of a Vo-Tech Fair
- Help educate families about careers and salaries available in industry and through vo-tech education

The Task Force encourages other community members to join them in implementing the priority projects.

For more information on the Business- School Collaborative Committee's projects and ways to get involved, please contact one of the following team members: Jeanne Straus of School District 112 at 448-8733, Lynn Ayers of Business Health Service at 934-8272, Marilee Welch of Victory Envelope at 470-2736, Gwen Jansen of Carver County Employment and Training at 361-1713, or Glory Kibbel of Saint Paul Technical College at 228-4314.

Priority: Employer/Employee Information
--

Overview

The firms surveyed expressed concern about the limited availability of workers in the area. Since the firms anticipate their demand for employees--particularly skilled workers--to increase over the next three years, this shortage of workers could potentially hinder their expansion in the community.

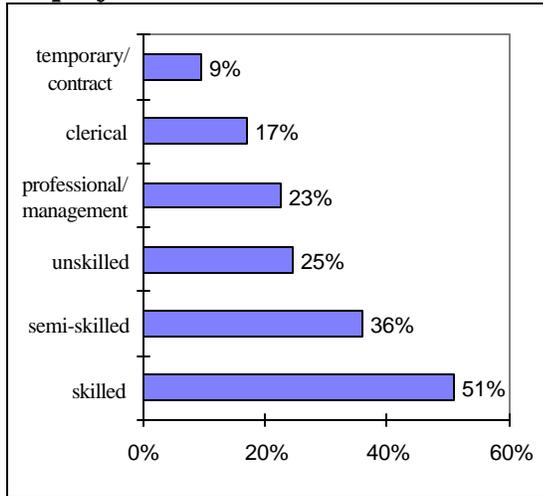
The Task Force believes that several very good employer and employee services already exist in the community. However, many people are not aware of them. To help address the need for workers and give residents the opportunity to learn about job and training opportunities, the Task Force decided to create an Employer/Employee Information Center.

Survey Results

Forty-two percent of firms reported they find the availability of labor in their community to be less favorable than in the communities of their competitors. Only 9 percent find the availability of labor to be more favorable in their community than in their competitors' communities.

More than half of the firms have problems recruiting skilled workers and over one-third have trouble recruiting semi-skilled workers. Almost a quarter have problems recruiting professional and management employees and a similar number have problems finding unskilled workers.

Employee Recruitment Problems by Employee Classification, 1997



Project: Employer/Employee Information Center

To address employment needs identified in the BR&E survey, the Employer/Employee Information Committee decided to create an Information Center. As part of this work, the committee hopes to establish a resource and referral hot-line.

The purpose of the hot-line would be to quickly link users to available information and resources and facilitate communication among business, education providers, individuals, and employment-related programs. The hot-line would include a voice mail system to link callers with the appropriate individuals and organizations. The committee's current tasks involve:

- determining how the system will operate and who will take responsibility for maintaining it,
- developing a list of services and other resources currently available, and
- finding ways to publicize the service with potential users.

The Committee encourages businesses, individuals, and organizations that work on employment-related issues to lend their support to this effort.

For more information, contact: Gwen Jansen of Carver County Employment and Training at 361-1713, Glenda Spiotta of the City of Carver Administrator's Office at 448-5353, Glory Kibbel of Saint Paul Technical College at 228-4314, Lynn Ayers of Business Health Services at 934-8272, or Terry Wilhoit of the Chaska Chamber of Commerce at 443-2378.

Priority: Diversified Housing

Overview

Based on the survey responses, the Task Force concluded that the lack of diversified housing in the area is an impediment to business expansion and the opportunity for people to both live and work in the community.

Related Survey Results

Although 91 percent of businesses surveyed rate their communities as good or excellent places to do business, many firms are concerned about the lack of diversified housing. Forty-four percent described the availability of housing in their community as fair to very poor, and 35 percent reported that housing is less favorable in their community than in their competitors' communities. Only 4 percent rated the availability of housing in their community as more favorable.

Percentage of Firms Rating Local Services as Less Favorable than those Services in Communities of Their Competitors

Service	Firms Rating Service As Less Favorable
proximity of four-lane highway	45%
availability of labor	42%
availability of housing	35%
availability of transit	31%
airport facilities	25%
availability of industrial site	18%
quality of telecommunications	13%
availability of raw materials	2%
availability of credit	2%

Currently, less than one-third of the employees live in the communities in which they work. While commuting remains an option, lack of adequate transit service and a limited transportation network require that additional options be investigated.

To address the need for employees and to give residents an opportunity to live and work in the same community, the Task Force established diversified housing in the community as a priority area.

Based on average starting salaries reported in the survey, the Diversified Housing Committee attempted to determine what an affordable payment would be for each salary category. (The committee assumes that 30 percent of income for housing is affordable.) These results are summarized in the following tables.

Average Hourly Wages and Salaries

Employee Category	Average Hourly Wage	Wage as Annual Salary
unskilled	\$6.83	\$14,206
semi-skilled	\$8.06	\$16,765
clerical	\$9.36	\$19,469
skilled	\$11.01	\$22,900
professional/management	\$17.70	\$36,816

Data Source: Carver, Chanhassen, Chaska, Victoria BR&E Survey

Affordable Monthly Rent and Mortgages*

Employee Category	Monthly Payment^	Mortgage @ 8%
unskilled	\$355	\$48,365
semi-skilled	\$419	\$57,084
clerical	\$487	\$66,348
skilled	\$572	\$78,000
professional/management	\$920	\$125,000

*Analysis: BR&E Task Force's Affordable Housing Committee.

^Assumes 30% of monthly salary is an affordable payment.

Project: Promote the Expansion of Diversified Housing

To address concerns about housing, the BR&E Task Force's Diversified Housing Committee plans to study and encourage the addition of low- to moderate-priced housing in the community. The following is a summary of tasks the team is considering.

Collect and Analyze Information

The committee will analyze the BR&E survey results, contact businesses and local governments to determine housing needs, and complete an inventory of existing resources available for housing. The team will explore the impact of affordable housing on communities and share this information with businesses, chambers of commerce, and local governments.

Conduct Educational Workshops

The team will help organize workshops for community members and groups on the benefit of affordable housing, including single family and multi-family units.

Ensure business has a voice in local planning

The committee hopes to encourage the consideration of local business interests at local hearings on housing-related issues in the communities.

Explore Special Funding Options

The team will work with local firms to develop a business consortium to assist in funding housing development or to provide financing assistance for business employees.

The committee hopes to collaborate on this effort with the Carver County HRA, the Cities of Carver, Chanhassen, Chaska, and Victoria, the Minnesota Housing Finance Agency, and nonprofit organizations aimed at supporting low- and moderate-priced housing.

For more information on this project, please contact one of the following team members: Maureen Farrell of the University of Minnesota Extension Service--Carver County at 442-3014, Bob Generous of the City of Chanhassen at 937-1900 ext. 141, Kris Huth of Softsoap Enterprises, Inc. at 448-4799, or Carol Riddle of the CAP Agency at 496-2124 ext. 242.

Priority: Transit and Transportation

Overview

Since the survey responses show that transportation and transit issues may impede local business retention and expansion, the Task Force decided to make addressing these concerns a priority.

Related Survey Results

Forty-five percent of firms report that the proximity of a four-lane highway is less favorable in their community than in the communities of their competitors. Only 9 percent found proximity of a four-lane highway to be more favorable.

In addition, 71 percent of the firms believe the expansion of Highway 212 as a non-toll road would have a positive impact on their business, and 41 percent reported that the highway's expansion as a toll-road would have no-impact.

Another key issue is the availability of transit service for area employees. Sixty-three percent of the firms reported that the expansion of Southwest Transit in the area would have a positive impact on their business. Since many firms are finding it difficult to recruit workers, expanding transit service and options available to potential employees may help address the labor shortage.

Project: Expand and Promote Southwest Metro Transit

To address some of these issues, the Task Force's Transportation Committee plans to explore the following projects.

Promote Southwest Metro Transit

Since Southwest Transit is already available in Chaska and Chanhassen, the committee will work with Southwest Transit to better communicate and promote to area businesses the current services available.

Expand Southwest Transit to Include Carver and Victoria

The committee will explore ways to include Carver and Victoria in Southwest Metro Transit's service area. An option might include discussion of a Joint Powers Agreement with these cities.

Help Coordinate Transportation of Second Shift Employees

The Committee will pursue better coordination of area businesses' second shifts so that Southwest Metro Transit could provide more efficient bus or vanpool service for these workers.

Encourage "Transit Champions"

To help encourage greater use and expansion of mass transit options, the committee hopes to encourage "transit champions" in the community. These community and business leaders, whose behavior would serve as a model, would step out of their cars and use the bus service to make regular trips via the circulator service, Telebus, or other Southwest Metro Transit routes.

Promote Greater Business Input in Transportation Planning

The committee will work with area business organizations to solicit and work to integrate greater business input on the planning of state and county highways and local roads. The committee will also encourage businesses to review the state's Department of Transportation's transportation system plan on an annual basis. The committee will also pursue greater participation on the part of businesses in planning local Community Investment Projects (CIPs).

For more information on the transit and transportation projects and ways to get involved, please contact one of the following team members: Susan Arntz, City of Chaska, at 448-2851 ext. 243; Michael Anderson, Chaska Chamber of Commerce, at 448-5000; Kate Garwood, Southwest Metro Transit, at 934-8546; or Patricia Brown, Sprint Telephone, at 448-8386.

Carver, Chanhasen, Chaska, and Victoria BR&E Strategies Program State Review Panel

Lynn Ayers

Business Health Systems

Margaret Bau

Humphrey Institute of Public Affairs
University of Minnesota

Woody Cox

MN Dept. of Children, Families, and Learning

Thomas Donaldson

Carlson School of Management
University of Minnesota

Miki Dzugan

Chaska Initiatives, St. Thomas University

Brian Harmon

Carlson School of Management
University of Minnesota

Janet Hively

College of Education and Human Development
University of Minnesota

Christine Jauregui

Minnesota Technology, Inc.

Connie Kozlak

Metropolitan Council

Nancy Lenhart

Minnesota Extension Service

Patricia Love

Business Retention & Expansion Strategies Program
University of Minnesota

Anders Lunnan

Department of Applied Economics
University of Minnesota

John Siegfried

Carver County Board of Commissioners

Jeanne Straus

School District 112

Renee Wonser

Vocational Education
Intermediate School District 287

The Carver, Chanhasen, Chaska, and Victoria Business Retention and Expansion Program's report and summary report were prepared by Patricia Love, BR&E Strategies Program, University of Minnesota.