



Community Profile Rochester MSA

Updated Spring 2010

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RAEDI

Rochester Area Economic Development, Inc.

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Business Service Organizations Numbers

Rochester Area Economic Development, Inc.	507-288-0208
504 Corporation - federal loan program for small businesses looking to expand	507-288-0208
Rochester Area Chamber of Commerce	507-288-1122
City of Rochester	507-328-2000
City of Stewartville	507-533-4745
City of Byron	507-775-2550
City of Eyota	507-545-2135
City of Dover	507-932-3384
City of Chatfield	507-867-3810
Rochester/Olmsted County Planning Dept.	507-328-7100
Internal Revenue Services - Business Identification Number (EIN)	866-816-2065
MN Dept. of Revenue (DOR) Tax identification number	651-296-3781
MN Secretary of State - Registration of a business name	651-296-2803
MN Workforce Center - Rochester Branch	507-285-7315
Service Corp. of Retired Executives (SCORE) Start-up business guidance	507-288-8103
Small Business Development Center Business plans/loan packaging assistance	507-285-7536
State of MN Small Business Assistance Office (SBA)	651-296-3871
State Workers Compensation	651-296-2432
Dept. of Employment & Economic Development (DEED)	1-800-657-3858

OVERVIEW

The Rochester, Minnesota, Metropolitan Statistical Area (MSA) comprises Olmsted, Dodge and Wabasha Counties. Olmsted County includes the cities of Byron, Dover, Eyota, Oronoco, Rochester, Stewartville, and a portion of the cities of Chatfield and Pine Island. Dodge County includes the cities of Dodge Center, Kasson, Mantorville, Hayfield and Claremont. Wabasha County includes Wabasha, Lake City, Elgin, Mazeppa and Kellogg. The Minnesota State Demographer's Office reported the 2008 population of the Rochester MSA at 183,872.

Located in the southeastern section of Minnesota, the Rochester MSA's strong diverse economy is built around health care, high technology, and agriculture.

For over 140 years, the city of Rochester has remained the regional center for industry and commerce in southeastern Minnesota. The transportation infrastructure in the MSA includes Interstate and U.S. highways, rail freight, and international air passenger and cargo facilities. The city of Rochester is 32,096.2 acres and 50.15 square miles while Olmsted County is 654.8 square miles and 419,093.4 acres.

The Rochester MSA continually ranks high in polls relating to quality of life and worker productivity. *Money* magazine reported that the city of Rochester "radiates cosmopolitan style without big city ills." The smaller cities surrounding Rochester represent rural living at its best. Whether you are searching for a new corporate home, a place to expand your business, or a new place to live, the Rochester MSA offers the finest in business climate, labor force, real estate, utilities, transportation, education, and quality of life.

The overall structure of the Rochester area economy has not changed much over the past 15 years. While many significant events have occurred during this time period testing the resiliency of the local economy, the net result has been that the Rochester economy remains strong and viable. The economy here continues to grow at a pace faster than that of the state and nation as a whole.

Rochester MSA Population Count

Olmsted County

<u>City</u>	<u>Population</u>
Byron	4,800
Chatfield	1,202
Dover	604
Eyota	1,834
Oronoco	1,113
Pine Island (part)	567
Rochester	102,437
Stewartville	5,842
Rural Townships	23,494
Total	141,893

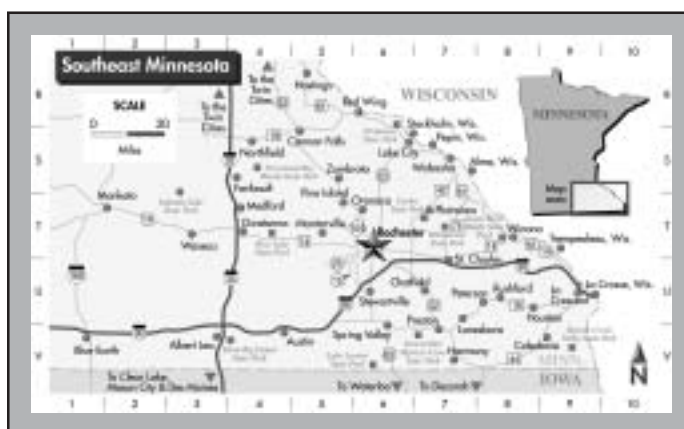
Dodge County

<u>City</u>	<u>Population</u>
Kasson	5,542
Dodge Center	2,575
Hayfield	1,334
Mantorville	1,186
West Concord	811
Claremont	605
Rural Townships	7,721
Total	19,774

Wabasha County

<u>City</u>	<u>Population</u>
Lake City (part)	4,508
Wabasha	2,653
Elgin	972
Mazeppa	778
Plainview	3,394
Kellogg	469
Rural Townships & Other	8,845
Hammond	227
Millville	165
Zumbro Falls	160
Bellechester	34
Total	22,205

*Source: Minnesota Demographer's Office
August 2009*



II. BUSINESS CLIMATE

Olmsted County Tax Extension Rates - 2010

Taxing Entity	City	County	School District	Total Tax Extension
Byron	51.509	55.565	36.808	143.882
Chatfield	61.804	53.185	33.696	148.685
Dover	43.618	55.625	40.899	140.142
Eyota	50.375	55.516	40.767	146.658
Oronoco	38.038	55.625	22.674	116.337
Pine Island	65.794	53.191	22.674	141.659
Rochester	42.817	52.594	20.656	116.067
Stewartville	49.268	53.158	25.807	128.233

Source: Olmsted County Assessor, 2010

TAXES: Minnesota's taxes support a superior infrastructure that includes an outstanding educational system, a well-trained labor force, excellent transportation facilities, and a myriad of quality of life amenities. In 2004, Rochester became eligible to participate in Minnesota's JOBZ project, a tax incentive program. JOBZ gives qualifying businesses an opportunity to operate their business in a tax-free environment in designated areas throughout the Rochester MSA. Contact Gary Smith, Rochester Area Economic Development, Inc., at 507-288-0208, to learn more about this program.

BASIC BUSINESS TAXES

Corporate Income Tax: 9.8 percent of taxable income or an alternative tax of 5.8 percent of Minnesota alternative minimum income.

Sales and Use Taxes: 6.875 percent of gross receipts of retail sales, use, storage, or consumption of tangible personal property. No sales tax on new capital equipment used for manufacturing, fabricating, or refining a product. Replacement capital used for manufacturing, fabricating, or refining a product incurs no sales tax. A refund method is used to relieve tax burden. The city of Rochester currently has a ½ percent sales tax. There are also state-imposed liquor, lodging, and rental taxes.

For a complete listing of fees, go to:
www.sos.state.mn.us/docs/filingfeesall.pdf

State of Minnesota Business Fee Schedule

<u>Business Entity</u>	<u>Registration Fee</u>
Assumed Name Certificate	\$25
Business, Professional, Financial & Insurance Corp.	\$160
Limited Liability Companies	\$160
Foreign Corporation & Cert. of Authority	\$225
Foreign Limited Liability Companies	\$185
Minnesota Limited Liability Companies	\$135
Cooperatives - Articles of Incorporation	\$ 60
Non-Profit Corporations	\$ 70

For further information, contact:
 Minnesota Secretary of State (651) 296-2803
www.sos.state.mn.us

GOVERNMENTAL STRUCTURE

OLMSTED COUNTY: The city of Rochester serves as the county seat for Olmsted County and has a seven-member Board of Commissioners and a county administrator. This board set the annual budget for governmental funds at \$172,000,000 for 2009. The County has a bond rating of AAA from Standard & Poor's and Aaa from Moody's.

Land development, zoning rules, and approval procedures vary within the county. Olmsted County (Rochester MSA) has adopted a countywide land use plan. This plan details development zones and regulations. If a planned development in a township or city within the county departs from this plan, the developer must make an application for the change through Consolidated Planning and Zoning. The change is then petitioned before the township and/or county planning

Olmsted County Contacts

Administrator	507-328-6001
Assessor	507-328-7670
Auditor/Treasurer	507-328-7636
Building Inspectors	507-328-7111
Highway Department	507-328-7060
Human Resources	507-328-7700
Planning Department	507-328-7100
Public Works	507-328-7070
Sheriff	507-328-6750

commissions. Some development projects require the consent of the respective city council or county Board of Commissioners, depending where the development will take place.

OLMSTED COUNTY TAXES

Tax Estimate for ROCHESTER in 2009 **Residential Property**

City/township - Rochester City 0535
School District - ISD 535 Rochester
Property Type - Residential Homestead
Market Value - \$175,000
Estimated Tax - \$1,975.49

Tax Estimate for ROCHESTER in 2009 **Commercial/Industrial Property**

City/township - Rochester City 0535
School District - ISD 535 Rochester
Property Type - Commercial/Industrial
Market Value - \$2,000,000
Estimated Tax - \$64,773.30

Tax Estimate for BYRON in 2009 **Residential Property**

City/township - Rochester City 0531
School District - ISD 531 Rochester
Property Type - Residential Homestead
Market Value - \$175,000
Estimated Tax - \$2,159.59

Tax Estimate for BYRON in 2009 **Commercial/Industrial Property**

City/township - Rochester City 0531
School District - ISD 531 Rochester
Property Type - Commercial/Industrial
Market Value - \$2,000,000
Estimated Tax - \$70,111.10

Tax Estimate for STEWARTVILLE in 2009 **Residential Property**

City/township - Rochester City 0534
School District - ISD 534 Rochester
Property Type - Residential Homestead
Market Value - \$175,000
Estimated Tax - \$2,421.41

Tax Estimate for STEWARTVILLE in 2009 **Commercial/Industrial Property**

City/township - Rochester City 0534
School District - ISD 534 Rochester
Property Type - Commercial/Industrial
Market Value - \$2,000,000
Estimated Tax - \$68,203.32

Tax Estimate for PINE ISLAND in 2009 **Residential Property**

City/township - Pine Island 0255
School District - ISD 255 Pine Island
Property Type - Residential Homestead
Market Value - \$175,000
Estimated Tax - \$2,417.57

Tax Estimate for PINE Island in 2009 **Commercial/Industrial Property**

City/township - Pine Island 0255
School District - ISD 255 Pine Island
Property Type - Commercial/Industrial
Market Value - \$2,000,000
Estimated Tax - \$74,522.31

To check tax estimates on a specific market value in Olmsted County, go to
www.co.olmsted.mn.us/departments/licensing/propertytaxestimator.asp

CITY OF ROCHESTER

Rochester has a strong council/weak mayor form of city government under Home Rule Charter with an executive city administrator. The City Council is composed of seven councilpersons, the mayor, and the city administrator. The council oversees and grants authority on all aspects of business within the city limits.

The budget to operate the city is approved by the council and is obtained from a tax levy, local government aid, hotel/motel tax, utility in lieu of tax, music fees and grants, park department revenues, fines and penalties, cable television franchise fees, inspection permit fees, sewer service charges, parking lots and ramp revenues, sales tax, and parking meter fees. The total budget for 2009 is \$183,604,375. Rochester has a AAA bond rating from Moody's and Standard & Poor's rating services.

The city, as a service to its residents, provides professional fire and police protection. Also, the city operates the electrical, water, and sewage utilities within the city limits.

The following is a list of contacts for each of the smaller cities within the Rochester MSA:

City of Byron
P.O. Box 1137
11 Fourth Street NW
Byron, MN 55920
(507) 775-2550

City of Chatfield
21 SE Second St.
Chatfield, MN 55923
(507) 867-3810

City of Dover
221 North Chatfield St.
Dover, MN 55929
(507) 932-3384

City of Eyota
P.O. Box 328
Eyota, MN 55934
(507) 545-2135

City of Oronoco
P.O. Box 195
Oronoco, MN 55960
(507) 367-4405

City of Pine Island
250 South Main Street
Pine Island, MN 55963
(507) 356-4591

City of Stewartville
P.O. Box 275
105 East First St.
Stewartville, MN 55976
(507) 533-4745

Each city has a volunteer fire department and the county sheriff's department provides police protection. The city of Chatfield maintains their own police department.

City of Rochester Contacts

Administrator	507-328-2000
Building & Safety	507-281-6133
City Clerk	507-328-2900
Fire Department	507-285-8072
Housing & Redevelopment	507-285-8224
Mayor's Office	507-328-2700
Personnel	507-328-2565
Planning & Zoning	507-285-8232
Police Department	507-285-8300
Public Works	507-287-7800
Public Utilities	507-280-1500

For businesses planning regarding building industrial use buildings, Rochester Area Economic Development, Inc. (RAEDI) will assist by fast-tracking the process. Please **contact RAEDI at (507) 288-0208.**

DEVELOPMENT INCENTIVES

All cities within the Rochester MSA, including Olmsted County, have access to development incentives from state and local sources. The primary development tools used at local governments disposal include Tax Increment Financing (TIF) and Industrial Development Revenue Bonds.

Rochester Area Economic Development, Inc. (RAEDI) administers the RAEDI SEED/Venture Fund. This fund is available for qualifying businesses who are relocating, expanding, or starting in the Rochester MSA.

The primary programs offered by the state of Minnesota include:

Tax Increment Financing: This is a method local governments use to pay for the costs of qualifying improvements necessary to create new development, redevelopment, or publicly assisted housing. The financing of the qualifying improvements is paid from the increased property taxes generated from the new development, redevelopment, or housing that would not occur “but for” such assistance. Tax increment is the difference between the existing property taxes on a parcel of land before development occurs and the increased property taxes created by the new development. The tax increment revenue is used by the local government for a term of years to assist the financing of qualifying projects.

Industrial Development Revenue Bonds: Cities and counties are authorized to issue industrial development bonds, commonly referred to as industrial revenue bonds or “IRBs”, for the purpose of “paying all or part of the cost of purchasing, acquiring, constructing, improving, equipping, or remodeling facilities for commercial and manufacturing purposes.” This financing tool is designed to provide a vehicle whereby local governments can assist private companies with economic development in their community.

Jobz: This project is available to businesses which start, expand or re-locate into the Zone. Tax exemptions include property tax on new development, sales tax on goods and services and corporate income tax or individual income tax on investments.

The Minnesota Investment Fund: This program assists expanding businesses in creating and retaining high quality jobs with an emphasis on manufacturing, technology, and professional service employment. Grants are awarded to local governments which, in turn, make loans for specific business projects or finance public infrastructure improvements.

The Minnesota Jobs Skills Partnership: This program awards grants for cooperative education and training projects between Minnesota businesses and educational institutions.

In addition to these state programs, there are two non-profit corporations who provide gap financing for qualifying projects. They include:

The Initiative Foundation: This program provides funding of up to \$200,000 to businesses retaining or creating living wage jobs or providing assistance to welfare-to-work participants. The loan must be equal to or less than project bank financing. The Southern Minnesota Initiative Foundation is located at 540 West Hills Circle, Suite 201, Owatonna, Minnesota 55060. Their phone number is (507) 455-3215.

Southeastern Minnesota 504 Development, Inc.: This certified SBA company provides assistance to expanding businesses through the SBA 504 Loan Program. The program provides up to 40% of project financing at a very competitive interest rate and term. The 504 Corporation, located in Rochester, can be reached at (507) 288-6442.

For more information regarding incentives, companies looking to develop in the Rochester MSA should **contact Rochester Area Economic Development, Inc. (RAEDI) at (507) 288-0208.**

LABOR FORCE

ROCHESTER MSA POPULATION BY AGE

	0-19 Years Old		20-64 Years Old		65 Years & Over		Median Age
1990	44,190	1990	82,560	1990	15,910	2000	31.82
2000	48,970	2000	96,540	2000	18,880	2000	35.42
2007	50,010	2007	108,110	2007	22,200	2007	36.84
2008	50,340	2008	109,590	2008	23,000	2008	36.98
2010	51,390	2010	112,660	2010	24,470	2010	37.24
2015	54,900	2015	118,780	2015	28,960	2015	37.70
2020	59,190	2020	123,010	2020	34,900	2020	38.45
2025	62,460	2025	126,550	2025	42,760	2025	39.22

Source: Woods & Poole Economics, Inc., 2010 State Profile
Rochester MSA includes Olmsted, Wabasha and Dodge Counties, June 2010

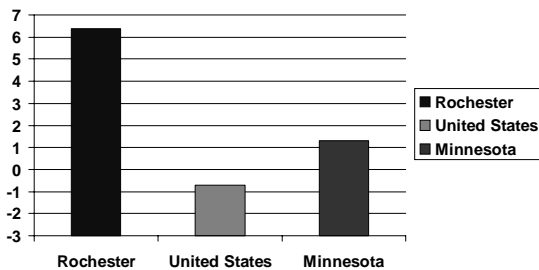
The labor force of the Rochester MSA is often misunderstood. At a first glance, the MSA draws qualified workers from 30 to 50 miles away. We have estimated that the true labor force willing to commute and work in the Rochester MSA is closer to 150,000 people. There are 45 two and four-year colleges within 90 miles of Rochester. Students from these institutions show a strong tendency of seeking employment after graduation within this region.

The Rochester MSA, historically, has maintained a steady rate of population growth. As a result, the labor force has continued to grow as well. The Rochester MSA, not unlike many upper Midwest cities of similar size, has experienced record low unemployment.

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These tables summarize current and historic trends for the Rochester MSA population, the types and numbers of jobs produced, and the labor force.

Labor Force Growth Rates Average Rate of Growth 2000-2009



From 2000-2009, the Rochester area's labor force grew 6.4 percent while Minnesota's rate was 1.3 percent and the U.S. employment dipped by seven-tenths of one percent.

Sources:
Minnesota Dept. of Employment & Economic Development

SECTOR EMPLOYMENT Annual Averages - Rochester MSA

	2003	2004	2005	2006	2007	2008	2009
Total Non Farm	100,810	102,342	104,205	105,789	106,883	105,964	103,541
Goods Producing	17,875	18,029	18,003	17,494	16,789	15,789	14,155
Manufacturing	13,162	13,232	13,390	12,877	12,403	11,887	10,808
Construction	4,713	4,797	4,614	4,617	4,387	3,902	3,347
Service Providing	82,934	84,313	86,202	88,295	90,094	90,176	89,386
Wholesale Trade	2,064	2,246	2,521	2,519	2,472	2,385	2,277
Retail Trade	11,326	11,253	11,048	11,056	11,170	11,122	10,851
Transportation	2,215	2,193	2,220	2,236	2,332	2,384	2,294
Information	1,359	1,586	1,619	1,574	1,557	1,548	1,463
Financial Activities	2,707	2,747	2,722	2,810	2,792	2,783	2,728
Prof/Business Serv	5,213	5,373	5,363	5,565	5,355	5,040	4,462
Educational/Health	35,421	35,995	37,371	38,925	40,747	41,518	42,290
Leisure/Hospitality	8,517	8,605	9,980	9,033	9,225	9,003	8,648
Other Services	3,699	3,753	3,584	3,650	3,583	3,350	3,400
Government	10,414	10,563	10,774	10,927	10,861	11,043	10,974

Source: Minnesota Dept. of Employment & Economic Development, June 2010

UNEMPLOYMENT - SE MN COUNTIES 2010

	Labor Force	Number Employed	Number Unemployed	Percentage Unemployed	Comparable MN	U.S.
Dodge	11,341	10,594	747	6.6%	7.4%	9.7%
Fillmore	11,187	10,296	891	8.0%	7.4%	9.7%
Goodhue	25,585	23,204	2,180	7.3%	7.4%	9.7%
Mower	21,350	20,155	1,195	5.6%	7.4%	9.7%
Olmsted	82,159	77,377	4,822	5.9%	7.4%	9.7%
Steele	20,984	19,282	1,702	8.1%	7.4%	9.7%
Wabasha	12,459	11,615	844	6.8%	7.4%	9.7%

Source: Minnesota Dept. of Employment & Economic Development, June 2010

For salary survey information for southeastern Minnesota, go to www.raedi.com

LARGEST EMPLOYERS IN THE ROCHESTER AREA

Minnesota is not a right-to-work state. Although organized labor is prevalent in the state of Minnesota, Rochester traditionally has lower union employment than other areas of the state. Besides the usual labor organizations representing hotels, teachers, nurses, construction, and government employees, very few employees are represented by organized labor. These numbers below reflect full and part-time employees.

To provide the reader with a better perspective of organized labor, a representative list of Rochester area companies is listed below with union verses non-union employment shown. *Updated May 2010*

Estab.	Firm	Employees	Union	Type of Business
1914	Mayo Clinic	32,000	8%	Medical/Hospital
1911	IBM	not avail.	0%	Electronics/Computer
1868	Rochester Public Schools	2,179	95%	Education Services
1855	Olmsted County	1,201	60%	Government
1949	Olmsted Medical Center	1,066	5%	Medical/Hospital Services
1962	Walmarts & Sam's Club	960	0%	Retail
1930	HyVee (north,south,Barlow)	946	0%	Grocery-Retail
1858	City of Rochester	839	95%	Local Government
1993	Charter Communications	691	Not Avail.	Cable Television/High Speed Internet
1917	Sunstone Hotel Properties	590	50%	Hotel/Restaurant Services
1915	RCTC	580	90%	Post Secondary Education
1982	Target	505	0%	Retail
1951	Crenlo	540	52%	Fabricated Metal
1984	Federal Medical Center	438	Not Avail.	Corrections/Medical
1949	Seneca Food <small>(255 regular)</small>	450 <small>(seasonal)</small>	95%	Food Processing
1994	Benchmark Electronics	425	0%	Contract Mfg/Design/Engineering
1928	Marigold Foods (Kemps)	368	85%	Food Processing
1922	Samaritan Bethany, Inc.	325	0%	Health Care of the Aging
1976	Hiawatha Homes	372	0%	Res. Services/Dev. Disabilities
1970	Pace Dairy	320	0%	Food Processing
1912	Schmidt Printing	300	0%	Printing/Publishing
1855	Rochester Post Office	280	90%	Postal/Delivery Service
1983	Menards (north & south)	295	0%	Home Remodel/Retail
1989	Rochester Medical Corp.	232	0%	Medical Device Manufacturer
1982	Shopko (North & South)	250	0%	Retail
1971	Rochester Meat Company	250	0%	Meat Processor
1965	Lawrence Transportation Co.	230	10%	Refrigerated over-the-road trucking
1859	Post Bulletin Company	201	0%	Printing/Publishing
1956	Ability Building Center <small>(600 w/clients)</small>	200 <small>(staff only)</small>	0%	Rehabilitation Services
1966	Zumbro Valley Mental Health	165	0%	Human Services
1852	Wells Fargo	160	0%	Banking
1934	Home Federal Savings Bank	151	0%	Banking
1972	Child Care Resource & Referral	152	0%	Child Care Oversight
	Superior Mechanical Systems	125	0%	Air Conditioning, Refrigeration, Heating
1978	Halcon	140	0%	Furniture Manufacturer
1964	Tuohy Furniture	115	0%	Wood Office Furniture Manufacturer
1938	Pepsi-Cola Bottling Co.	112	0%	Distribution Center
2003	Home Instead Senior Care	112	0%	Home Care Services
1976	Himec	65	84%	Mechanical Contractor

Rochester Area Economic Development, Inc. (RAEDI) maintains a database of all businesses located in the Rochester MSA. List generation service is available at a nominal cost. Currently, RAEDI publishes a Rochester MSA Manufacturers Directory and is available at a nominal cost.

COUNTIES NEAR ROCHESTER MSA

Counties within 30 minutes of Rochester

<u>Minnesota</u>	<u>Population</u>
Olmsted	143,962
Dodge	19,772

Counties within 45-60 minutes of Rochester

<u>Minnesota</u>	<u>Population</u>
Dodge	19,772
Fillmore	20,838
Goodhue	45,836
Mower	38,215
Olmsted	143,962
Steele	36,775
Wabasha	21,884
Winona	49,436

<u>Iowa</u>	<u>Population</u>
Howard	9,410
Winneshiek	20,629

Counties within 75 minutes of Rochester

<u>Minnesota</u>	<u>Population</u>
Dodge	19,772
Fillmore	20,838
Freeborn	31,002
Goodhue	45,836
Houston	19,244
Mower	38,215
Olmsted	143,962
Rice	62,723
Steele	36,775
Wabasha	21,884
Winona	49,436

<u>Iowa</u>	<u>Population</u>
Howard	9,410
Mitchell	10,781
Winneshiek	20,629

<u>Wisconsin</u>	<u>Population</u>
LaCrosse	113,679

Counties within 90 minutes of Rochester

<u>Minnesota</u>	<u>Population</u>
Carver	92,107
Dakota	396,500
Dodge	19,772
Fillmore	20,838
Freeborn	31,002
Goodhue	45,836
Houston	19,244
Le Sueur	28,059
Mower	38,215
Olmsted	143,962
Rice	62,723
Scott	131,939
Steele	36,775
Wabasha	21,884
Waseca	18,771
Washington	231,958
Winona	49,436

<u>Iowa</u>	<u>Population</u>
Allamakee	14,407
Cerro Gordo	43,609
Chickasaw	12,017
Floyd	15,910
Howard	9,410
Mitchell	10,781
Winneshiek	20,629

<u>Wisconsin</u>	<u>Population</u>
Buffalo	13,425
LaCrosse	113,679
Pierce	40,081
Trempealeau	27,754

Total population within 30 minutes:	163,734
Total population within 45-60 minutes:	406,757
Total population within 75 minutes:	644,186
Total population within 90 minutes:	1,710,723

Sources: U.S. Census Bureau
2009 Estimates
May 2010

COMMERCIAL REAL ESTATE

INDUSTRIAL DEVELOPMENT

The city of Rochester has over 300 acres of industrial and commercially zoned development land. In addition, each of the smaller cities within the Rochester MSA have industrial and commercial land available for development projects.

For a complete listing of commercial/industrial realtors, **please contact Rochester Area Economic Development, Inc. or the Southeast Minnesota Association of Realtors at (507) 285-9833.** Each city also has one or more contacts that may be helpful when searching for property. For confidential site location searches, **contact RAEDI at (507) 288-0208.**

Existing buildings are available for lease or purchase. Below is a listing of average gross rates for office space.

Average gross rate per square foot (triple net)	<u>Class A</u> \$11-\$20	<u>Class B</u> \$7-\$12	<u>Class C</u> \$5-\$10
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Source: Commercial Leasing Services, Rochester, Minnesota, June 2009

Commercial building activities in the Rochester MSA over the past few years have set several record dollar levels. Below is a five-year study of Rochester city commercial and industrial permits issued and their associated dollar values.

New Commercial Developments					
Dollar Value of Permits	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	\$206,776,667	\$201,605,859	\$153,028,311	\$172,133,268	
Number of Permits	590	558	532	585	310

Source: Building and Safety Department, 2005-2009, June 2010

COMMUNICATION PROVIDERS

Internet Access Providers

Blue Mountain Internet
800-485-5006
www.bmi.net

Charter Business
1-877-460-3278
www.charter.com

Cp Internet
507-281-2507

Digital Telecommunications
877-742-5384
www.pickdi.com

Localnet
507-280-1957

Mediacom Online
800-332-0245

Qwest Internet Services
888-793-7849
www.qwest.com

TDS
877-837-0682
www.tdsbusiness.com

Marco, Inc.
507-252-5944
www.marconet.com

Telecommunication Companies

Charter Business
1-877-460-3278
www.charter.com

DTI
877-742-5384
www.pickdti.com

Eventis
507-287-8559
www.enventis.com

Jaguar Communications
800-250-1517
www.jagcom.com

Mediacom Communications
800-332-0245
www.mediacomcc.com

Qwest
800-244-1111
www.qwest.com

TDS
877-837-0682
www.tdsvoip.com

Telecommunication Equipment & Systems

Data Smart
507-288-3619

Eventis Telecom
507-287-8559
www.eventis.com

Five Star Telecom
507-288-5555

Ideacom Mid America
507-288-2294
www.ideacom-ma.com

Phone Station, Inc.
507-281-2122
www.phonestation.com

Phonecotech.com
507-288-8747

Reliance Teleservice, Inc.
507-281-5422
www.relianceteleservice.com

Marco, Inc.
507-252-5944
www.marconet.com

Cable & Direct TV

Charter Communications
1-800-581-0081

Dish Network
888-262-8520

Access Dish TV
866-732-0433
www.getDISHoffers.com

Cellular Phone Providers

Qwest
866-379-4985

Rochester Wireless
(507) 206-0501

Verizon
800-899-4249

AT&T
507-288-4021

Sprint
866-641-6742

NATURAL GAS UTILITIES

Throughout the Rochester MSA, natural gas service is provided by Minnesota Energy (formerly Aquila). Gas rates are available in the classifications of residential, commercial, small volume interruptible, large volume interruptible, and industrial firm. Small volume interruptible is defined as using less than 200 MCF per day. Large volume interruptible is defined as using more than 200 MCF per day. Very large volume and new development incentives are available.

The table below represents a five-year tracking of cents per 100 cubic feet averaged for the months of January, February, and March.

	2006	2007	2008	2009	2010	5-Year Average
Residential/Commercial Rate	1.0542	.9420	1.0240	.95297	.7750	.9500
Small Volume Interruptible	.6760	.7590	.8710	.81636	.6000	.7440
Large Volume Interruptible	.6190	.6950	.8070	.72794	.5150	.6730

Minnesota Rate Schedule: Minnesota Energy

CONTACT FOR MINNESOTA ENERGY

Rory Lenton, External Relations Manager

507-529-5117

ELECTRICAL UTILITIES

The Rochester MSA is covered by four electrical utilities. The city of Rochester operates its own utility, **Rochester Public Utilities (RPU)**, with power supplied by Southern Minnesota Municipal Power Agency (SMMPA) and its own generation plants. RPU's transmission lines encompass over 45 miles within the city of Rochester.

Alliant Utilities provides electric service to the cities of Chatfield, Dover, Eyota, and Stewartville in Olmsted County, **Excel Energy** provides electrical service for Byron and Pine Island, and **Peoples Cooperative Power**, a touchstone energy partner, provides electric power to rural townships and parts of small cities in the Rochester MSA.

PHONE NUMBERS FOR ELECTRICAL UTILITIES

Rochester Public Utilities (RPU)
(507) 280-1540

Alliant Utilities
1-800-255-4268

Xcel Energy
1-800-895-1999

Peoples Cooperative Power
(507) 288-4004

CONTACTS

<u>Utilities</u>	<u>Service Area</u>	<u>Contact</u>	<u>Telephone</u>
Rochester Public Utilities (RPU)	City limits of Rochester	Chuck Pentek	(507) 280-1634
Peoples Cooperative Power	Part of Chatfield & Stewartville, Rural townsh.	Tim Clausen	(507) 288-4004
Xcel Energy	Byron, Pine Island	Ken Stabler	(612) 330-5834
Alliant Utilities	Part of Chatfield, Dover, Eyota, Stewartville	Larry Nelson	(800) 255-4268

WATER

Each city within the Rochester MSA provides their own water pumping and distribution system. Below is a listing of pertinent statistics for each city within the MSA.

<u>City</u>	<u>Water Source</u>	<u>Storage Capacity (Gallons)</u>	<u>Pumping Capacity (Gal/Min)</u>	<u>Avg. Daily Demand (Gal/Day)</u>	<u>Peak Demand (Gal/Day)</u>	<u>Water Hardness (ppm)</u>
Byron	Wells	750,000	1,050	300,000	750,000	290
Chatfield	Wells	600,000	600	225,000	275,000	307
Dover	Wells	750,000	1,050	300,000	750,000	290
Eyota	Wells	300,000	370	110,000	140,000	290
Pine Island	Wells	600,000	2,000	300,000	500,000	290
Rochester	Wells	12,230,000	23,513	13,898,000	29,849,000	280
Stewartville	Wells	1,000,000	1,600	420,000	800,000	300
St. Charles	Wells	1,150,000	1,300	250,000	380,000	274

Source: Water Treatment Plant Managers for Each City Listed

WASTE WATER

Most cities within the Rochester MSA operate their own water systems. The exception is Eyota which utilizes the City of St. Charles' system. Below is a listing of pertinent statistics for each city.

<u>City</u>	<u>Treatment Type</u>	<u>Capacity of Plant (Gal/Day)</u>	<u>Avg. Daily Demand (Gal/Day)</u>	<u>Peak Demand (Gal/Day)</u>	<u>Base Charge (1,000 Gal)</u>
Byron	Mechanical	1,400,000	400,000	800,000	\$5.33
Chatfield	Mechanical	500,000	250,000	300,000	\$7.71
Dover/Eyota /St. Charles	Mechanical	800,000	500,000	1,200,000	\$3.80
Pine Island	Mechanical	705,000	300,000	520,000	\$3.19
Rochester	Mechanical	23,850,000	13,500,000	14,400,000	\$2.10
Stewartville	Mechanical	1,100,000	600,000	1,500,000	\$3.89

Source: Water Treatment Plant Managers for Each City Listed

TRANSPORTATION

The Rochester MSA serves as a regional transportation hub serving southeastern Minnesota, northern Iowa, and western Wisconsin with vital road, rail, and air service links to the entire nation and foreign destinations.

ROADWAY

Traversing the entire Rochester MSA is east/west bound Interstate 90. In addition, three major U.S. highways intercept in Rochester. U.S. Highway 52 heads north to the Twin Cities and south to eastern Iowa. U.S. Highway 63 leads north towards northern Wisconsin and south to central Iowa. U.S. Highway 14 crosses the state of Minnesota to the west and enters Wisconsin at LaCrosse. In addition, there are many 10-ton secondary roads throughout the MSA.



RAILROAD

Rochester is located on the east-west route of the Dakota Minnesota and Eastern (DM&E) railroad. Daily rail freight service is available in Rochester by the DM&E. The nearest Amtrak station is located in Winona, one hour (45 miles) east of Rochester. Several key development sites in Byron, Eyota, and Rochester are located on or near the main line or spurs.

The DM&E is willing to participate with economic development incentives for prospective businesses requiring rail service including spur development and car moving equipment.

AIR TRANSPORTATION

The Rochester International Airport is located 7 miles south of Rochester in the heart of the Rochester MSA. The U.S. Customs Service maintains an office at the airport for both foreign passengers and cargo.

Three major airline carriers serve the Rochester International Airport. American Eagle flies all jet aircrafts to and from Chicago daily and Delta (formerly Northwest) Airlines flies all jet aircrafts to and from Minneapolis and Detroit daily. Connection points for any other point of departure throughout the United States and the world can be made from these hubs. Allegiant Air flies direct to Las Vegas twice a week. The passenger total for 2008 was 297,857.

Rochester International Airport	
Daily Departures: 13	Elevation: 1,317 MSL
Runways: 2	ARFF Rating: Index B
Length #1: 9,033 Feet	Fuel Available: 100 LL Jet A
Width #1: 150 Feet	FAA Control Tower: 5 a.m. - 11 p.m.
Strength #1: 300,000 DT	Lighting: (MALSR; 2ILS Instruments VOR;
Surface #1: Concrete Grooved	Radar ASR; 3 VASI; REIL on two
Length #2: 7,300 Feet	runways; 1 PAPI GPS overlay)
Width #2: 150 Feet	
Strength #2: 300,000 DT	
Surface #2: Wire Combed	

Federal Express currently has operations at the Rochester International Airport. DHL Express provides delivery service to the Rochester area from the Minneapolis Airport.

Signature Flight Support, a full service Fixed Base Operator (FBO), provides fuel, air charter, maintenance, repairs, hangar storage, and other services for corporate and general aviation aircraft. Services for corporate clients include: arranging hotel accommodations, limousine service, rental cars, catering, and private charter.

The Rochester International Airport has a business center that includes a hotel, restaurant, event center, offices and additional space for future development.

EDUCATION

Rochester MSA Public Schools 2009-2010 Enrollment

<u>District Number</u>	<u>District Name</u>	<u>Total Enrollment</u>
227	Chatfield	875
255	Pine Island	1,248
531	Byron	1,710
533	Dover-Eyota	1,116
534	Stewartville	1,731
535	Rochester	16,256

Source: Self-reported by Superintendent's Office Spring 2010

Rochester MSA Private Schools 2009-2010 Enrollment

<u>School</u>	<u>Total Enrollment</u>
Rochester Catholic Schools k-12	1,775
Resurrection Lutheran School, preschool-8	119
Rochester Central Lutheran k-8	334
Schaeffer Academy k-12	362

Source: Self reported by each school, June 2010

The Rochester area includes six separate school districts with nearly 23,000 students enrolled in public elementary and secondary schools. In addition, there are several parochial schools in the MSA with combined enrollment of more than 2,500.

Rochester MSA Post-Secondary & Post-Graduate Schools

<u>Name of Facility</u>	<u>Degree Program</u>	<u>2009-2010</u>
Rochester Community & Technical College	One & Two-Year Technical and Associate Degrees	6,267
University of MN - Rochester	Four-Year Degree, Post-Graduate Degree	400
Winona State University - Rochester www.winona.edu/rochester	Four-Year Degree, Post-Graduate Degree	1,569

Source: University Center Rochester, June 2008

Post-secondary opportunities are available at the University Center Rochester (UCR). UCR is home to Winona State University - Rochester and Rochester Community and Technical College. UCR offers "one-stop shopping" with a broad range of high quality programs focusing on the needs of students and employers for workforce training, career growth and lifelong learning. For more information go to www.roch.edu.

The University of Minnesota Rochester (UMR) is the newest campus of the University of Minnesota system having been formally established in December 2006. With over 35 academic programs available in Rochester, UMR provides graduate and undergraduate degrees, conducts research, and pursues outreach

services focusing in the areas of health sciences and biotechnology while continuing its commitment to offer high quality academic programming in business, education, technology, public health, and social work.

To meet the increasing demand for highly trained health professionals, Mayo School of Health-Related Sciences offers 27 distinctive professional programs. For additional information, go to www.mayo.edu/mshs/.

The state of Minnesota also provides funding for employers seeking to develop training programs specific to their business. Employers partner with Rochester Community and Technical College to develop the curriculum, and the training may be conducted at the school or workplace. Applications for fund matching are submitted to the Job Skills Partnership Program. For more information regarding this program, contact the Business and Workforce Education Department at (507) 280-3157.

QUALITY OF LIFE

The Rochester MSA offers an excellent business climate supported by an attractive affordable lifestyle. It is located in southeastern Minnesota boarded to the south by the “Historic Bluff Country,” the east by the Mississippi River, rolling farm lands to the west, and the metroplex of the Twin Cities to the north. Cultural attractions are diverse and numerous. Citizens are enthusiastic about the future and are working together to maintain a high quality of life and a prosperous business climate.

COST OF LIVING

One measure used to study cost of living in similar size MSAs is a report prepared by the American Chamber of Commerce Researchers Association (ACCRA). The *ACCRA Cost of Living Index* measures the relative price levels for consumer goods and services in participating areas. The average for all participating places equals 100, and each participant’s index is read as a percentage of the average for all places.

ACCRA COST OF LIVING INDEX							
City	Composite	Grocery	Housing	Utilities	Transportation	Healthcare	Misc.
Cedar Rapids, IA	91.6	95.7	79.4	99.9	98.2	94.4	95.7
Des Moines, IA	92.1	93.6	89.5	91.9	96.9	90.2	92.3
Mason City, IA	90.9	90.4	74.3	104.4	101.2	96.3	97.4
Rochester, MN	98.8	89.1	88.9	105.5	104.3	110.3	106.2
St. Cloud, MN	98.9	100.7	81.9	120.9	101.8	102.6	105.3
Omaha, NE	87.9	90.5	78.6	91.3	100.2	96.6	88.6
Fargo, ND	92.5	97.6	88.3	76.7	97.9	103.5	95.7
Eau Claire, WI	95.8	100.5	90.0	81.7	106.5	106.9	98.2
Appleton, WI	94.5	90.5	83.0	105.0	105.5	106.4	97.4

ACCRA Cost of Living Index, 2010 First Quarter Report, June 2010

Rochester MSA Demographic Analysis All Current Dollars (\$)

	1980	1990	2000	2007	2008	2010	2015	2020	2025	2030
Income per Capita	10,347	20,120	31,040	40,740	42,016	44,924	55,536	69,951	89,515	115,621
Mean Household Income	28,822	53,185	79,690	104,619	104,619	110,786	134,279	166,975	211,979	272,767

Source: Woods & Poole Economics, Inc., 2008 State Profile, June 2010

GROSS SALES & RETAIL SALES

The Rochester MSA supports a tremendous number of visitors each year. Mayo Clinic alone had 1.41 million outpatient visits in 2005. Support services, especially retail stores, lodging, and restaurants benefit from these visitors. Below are tables that demonstrate the strength of the Rochester MSA economy.

Olmsted County Gross Sales

Industry	2003	2004	2005	2006	2007	2008
Construction	\$ 157,051,946	\$ 154,567,169	\$ 223,388,291	\$ 267,472,916	\$ 259,671,314	\$232,628,008
Manufacturing	\$ 438,005,202	\$ 674,782,490	\$ 622,468,402	\$ 609,157,147	\$ 693,248,107	\$659,079,189
Wholesale	\$ 532,599,583	\$ 470,453,942	\$ 781,219,923	\$ 944,633,084	\$1,062,496,488	\$827,559,835
Retail	\$1,514,299,260	\$1,743,409,568	\$1,814,294,024	\$1,887,807,336	\$1,907,891,084	\$2,076,130,551
Lodging	\$ 85,003,772	\$ 86,927,781	\$ 87,206,019	\$ 91,417,119	\$ 101,797,558	\$105,223,430
Health Services	\$ 54,466,418	\$ 71,940,872	\$ 80,448,296	\$ 83,097,463	\$ 84,424,169	\$106,095,573
Total Sales	\$3,470,496,207	\$3,934,690,241	\$4,344,541,782	\$4,666,208,688	\$4,879,934,974	\$5,379,532,673

Source: Minnesota Department of Revenue, Sales and Use Tax Division - June 2010

Rochester MSA Gross Retail Sales

Retail Industry	2003	2004	2005	2006	2007	2008
Vehicles, Parts	\$322,863,750	\$357,575,411	\$418,357,693	\$447,654,016	\$389,386,184	\$346,571,015
Furniture Stores	\$ 65,786,718	\$ 75,060,612	\$ 74,016,120	\$ 72,675,970	\$ 65,833,732	\$ 67,159,439
Electronics	\$ 64,840,311	\$ 61,314,621	\$ 54,752,376	\$ 62,658,104	\$ 63,633,361	\$ 68,268,892
Building Material	\$163,497,021	\$156,034,655	\$152,984,428	\$145,469,433	\$146,291,596	\$174,326,974
Food Beverage Store	\$194,351,908	\$195,038,594	\$204,229,677	\$222,635,267	\$234,117,642	\$278,682,829
Health, Personal	\$ 43,328,483	\$ 39,652,704	\$ 41,771,425	\$ 45,363,585	\$ 51,656,033	\$ 56,091,320
Gasoline Stations	\$106,142,295	\$120,600,411	\$131,166,807	\$144,882,279	\$152,024,042	\$219,148,792
Clothing, Accessory	\$ 75,106,755	\$ 99,608,698	\$115,936,723	\$117,822,106	\$126,510,117	\$132,068,604
Leisure Goods	\$ 59,377,432	\$ 61,334,825	\$ 58,487,834	\$ 60,129,389	\$ 68,883,174	\$ 77,472,251
General Merchandise	\$329,340,750	\$468,337,904	\$467,157,966	\$473,086,720	\$500,113,444	\$ 521,688,974
Misc. Store Retailer	\$ 82,978,091	\$101,180,637	\$ 88,272,647	\$ 88,125,371	\$101,429,807	\$115,659,214
Nonstore Retailers \$	\$ 6,685,746	\$ 7,670,496	\$ 7,160,328	\$ 7,305,096	\$ 8,011,952	\$ 8,992,247

Source: Minnesota Department of Revenue, Sales and Use Tax Division - July 2010

HOUSING

The Rochester MSA offers residents and newcomers a variety of home types, diverse in cost, style, and location. Housing options include downtown condominiums, new subdivision construction, older homes in established neighborhoods, rural acreages, rural city homes, modern townhouse units, and a variety of apartment complexes. Below is a table which lists the number of owner-occupied homes within a given price range in the Rochester area.

Owner Occupied Homes in Rochester						
Dollar Range Of Homes	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$0-\$25,000	1,044	3,320	2,870	2,174	2,091	2,036
\$25,100-\$50,000	735	1,985	2,128	1,899	1,800	1,852
\$50,100-\$75,000	1,686	2,288	2,154	2,360	2,264	1,904
\$75,100-\$100,000	3,803	4,112	3,832	3,219	3,210	3,118
\$100,000-\$125,000	5,927	6,234	6,117	5,580	5,541	5,436
\$125,100-\$150,000	5,925	6,216	6,406	6,648	6,769	7,034
\$150,100-\$175,000	3,570	3,690	4,230	4,912	5,063	5,149
\$175,100-\$200,000	2,289	2,330	2,426	2,991	3,117	3,144
\$200,100-\$250,000	2,721	2,745	3,022	3,590	3,720	3,750
\$250,100-\$300,000	1,291	1,302	1,466	1,913	2,006	2,012
\$300,100-\$400,000	885	893	1,354	1,838	1,929	1,942
\$400,100-\$500,000	312	317	406	573	624	645
Over \$500,000	206	226	294	401	421	411

Source: Olmsted County Assessor's Office, June 2010

Average Sales Price For Homes in Rochester				
<u>2000</u>	<u>2002</u>	<u>2004</u>	<u>2006</u>	<u>2008</u>
\$156,450	\$174,034	\$190,717	\$202,529	\$189,976
<u>2001</u>	<u>2003</u>	<u>2005</u>	<u>2007</u>	<u>2009</u>
\$161,343	\$184,793	\$191,370	\$187,492.00	\$176,451

Source: Southeast Minnesota Association of Realtors, June 2010

Housing Unit Construction										
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Single Family Homes	675	825	946	894	962	701	506	415	302	256
Multi Family Units	959	352	308	260	115	271	237	136	14	14

Source: Rochester Building & Safety, June 2010

REAL ESTATE

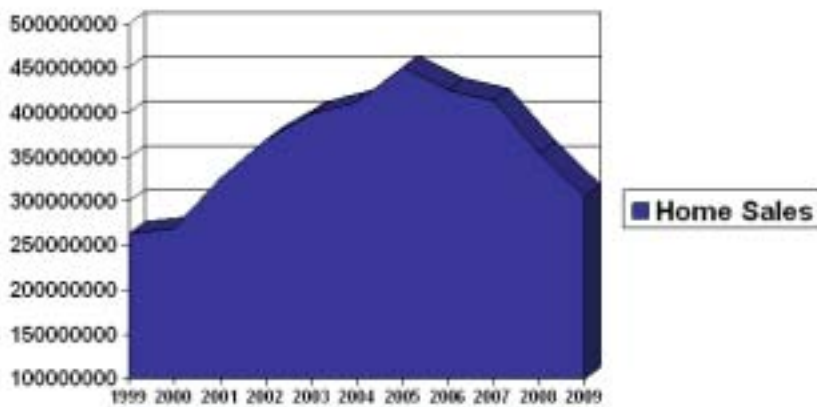
2010 Rental Unit Pricing		
<u>Apartment</u>	<u>Standard</u>	<u>Executive</u>
One Bedroom	\$400-\$550	\$600-\$1,050
Two Bedroom	\$500-\$875	\$700-\$1,200
Three Bedroom	\$650-\$900	\$1200-\$1,500
<u>Furnished Apartments</u>		
One Bedroom	\$400-\$900	\$850-\$3,300
Two Bedroom	\$750-\$1,150	\$1,500-\$4,000
Three Bedroom	\$1,200-\$1,600	\$2,400-\$4,400
<u>Townhomes</u>		
Two Bedrooms	\$675-\$1,300	\$1,100-\$1,350
Three Bedrooms	\$800-\$1,325	\$1,250-\$1,600
<u>Houses</u>		
Two Bedrooms	\$700-\$850	up to
Three Bedrooms	\$850-\$1,300	\$2,000 - \$2600
Four Bedrooms	\$975-\$1,500	

Source: Real Estate Directory, Rochester, Minnesota June, 2010

REAL ESTATE DATA AND TRENDS

The real estate market in the Rochester area is historically strong. The location of several new technology companies as well as the expansion of several other area businesses has resulted in unprecedented economic expansion.

Rochester Home Sales 1999-2009



MLS Home Sales

Multiple Listing Service

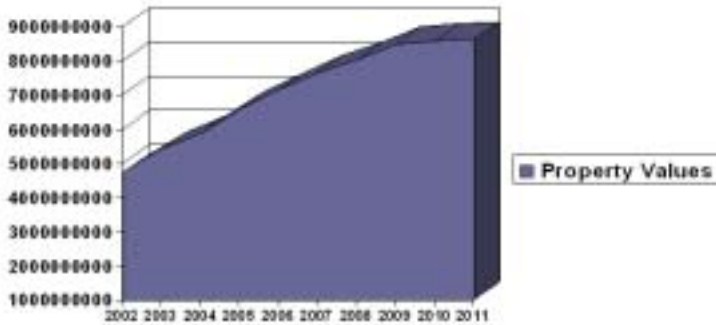
1999	\$263,271,838
2000	\$269,812,363
2001	\$326,265,103
2002	\$366,692,670
2003	\$398,518,915
2004	\$412,035,199
2005	\$451,242,727
2006	\$425,270,429
2007	\$413,401,099
2008	\$353,546,264
2009	\$305,538,165

Total sales for the city of Rochester

Source: SE MN Association of Realtors
June 2010

ASSESSED MARKET PROPERTY VALUES

2002-2011
Assessed Market Property Values
Commercial and Residential - Rochester



*Market value assessed January 2 of one year and payable the next year.

Assessed Market Value

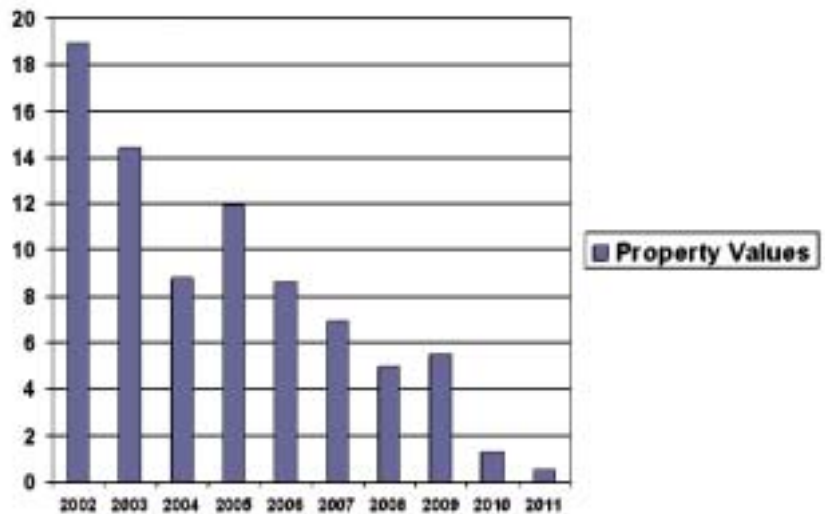
Payable 2002 \$4,724,907,650	Payable 2007 \$7,636,795,900
Payable 2003 \$5,403,202,800	Payable 2008 \$8,020,809,900
Payable 2004 \$5,877,675,200	Payable 2009 \$8,464,214,300
Payable 2005 \$6,577,092,000	Payable 2010 8,577,284,200
Payable 2006 \$7,141,076,300	Payable 2011 \$8,616,643,100

Source: Olmsted County Assessor

Annual Growth Rates

2002 18.9%	2007 6.9%
2003 14.4%	2008 5.0%
2004 8.8%	2009 5.5%
2005 11.9%	2010 1.3%
2006 8.6%	2011 .5%

2002-2011
Assessed Market Property Values Growth Rates



*Market value assessed January 2 of one year and payable the next year.

Source: Olmsted County Assessor, June 2010

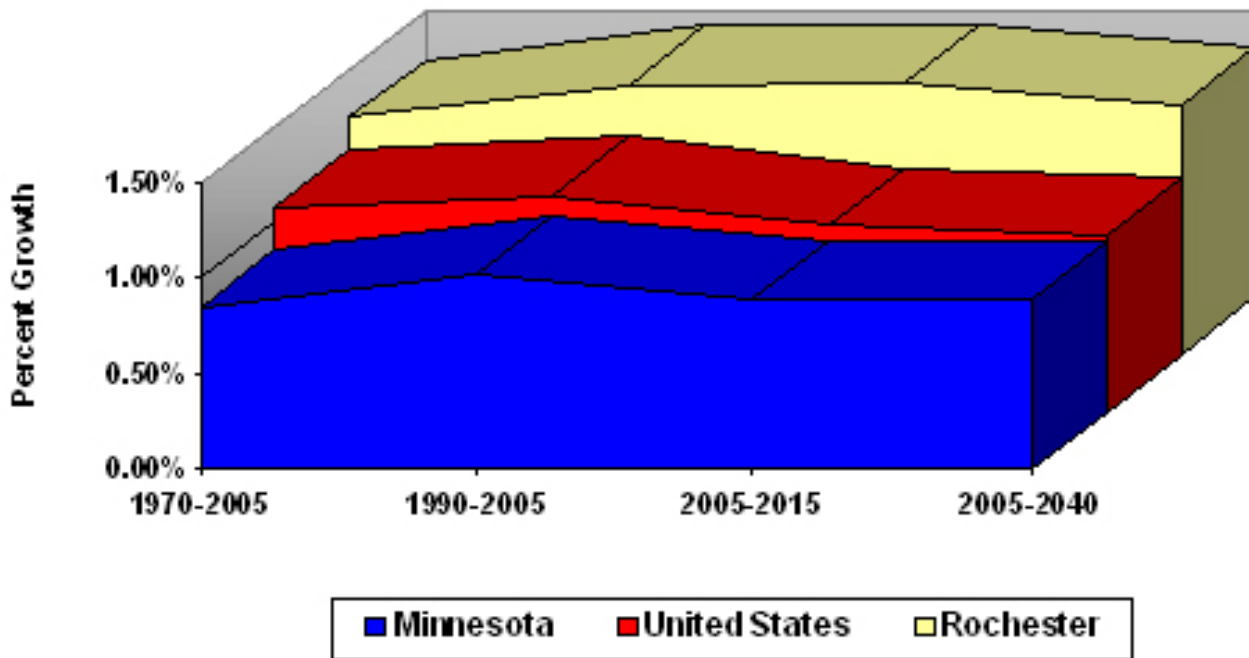
POPULATION

Historical and Projected Population

<u>Location</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2025</u>	<u>2040</u>
Rochester MSA	114,670	126,590	142,650	164,400	188,500	231,790	276,320
Minnesota	3,815,020	4,086,730	4,389,860	4,933,790	5,321,550	6,123,060	6,957,020
United States	203,982,310	227,225,620	249,622,810	282,171,940	310,063,410	357,582,280	406,999,370

Source: Woods & Poole Economics 2008, updated June 2010

Historical and Projected Growth Rates



Historical and Projected Population Growth Rates

<u>Location</u>	<u>1970-2005</u>	<u>1990-2005</u>	<u>2005-2015</u>	<u>2005-2040</u>
Minnesota	.84%	1.01%	.89%	.89%
United States	1.07%	1.13%	.97%	.92%
Rochester MSA	1.23%	1.41%	1.42%	1.30%

Source: Woods & Poole Economics 2008, updated June 2010

PERSONAL AND PER CAPITA INCOME

Rochester's average annual growth in total personal income exceeds the national average rates of growth for the period 1999-2008. Rochester's annual per capita income has exceeded both the state and national averages for the last 10 years.

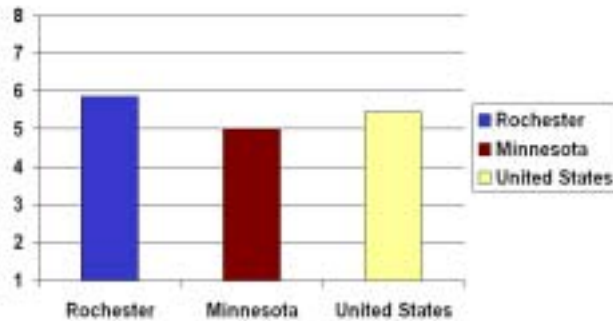
Total Personal Income

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Rochester (million)	\$ 4,880,844	\$5,178,162	\$5,611,000	\$5,914,084	\$ 6,281,789
Minnesota (million)	\$ 148,941,855	\$160,883,329	\$166,136,104	\$170,949,207	\$ 178,095,101
United States (billion)	\$7,906,131,000	\$8,554,866,000	\$8,878,830,000	\$9,054,781,000	\$9,369,072,000

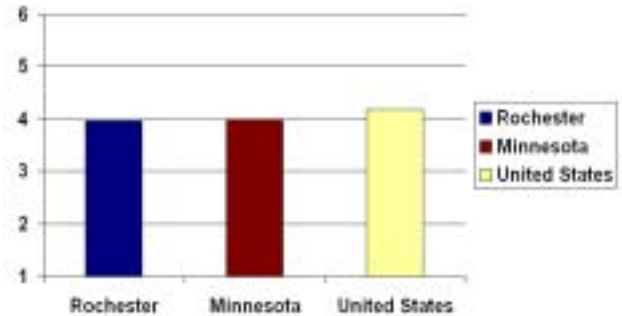
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Rochester (million)	\$6,543,071	\$6,644,396	\$7,100,170	\$7,524,416	\$ 7,740,701
Minnesota (million)	\$188,285,153	\$193,937,634	\$205,803,390	\$216,436,388	\$ 224,670,738
United State (billion)	\$9,928,790,000	\$10,476,669,000	\$11,256,516,000	\$11,879,836,000	\$12,225,589,000

Source: Bureau of Economic Analysis, June 2009

Total Personal Income
Average Rate of Growth 1999-2008



Per Capita Income
Average Rate of Growth 1999-2008



Per Capita Income 1999 - 2008

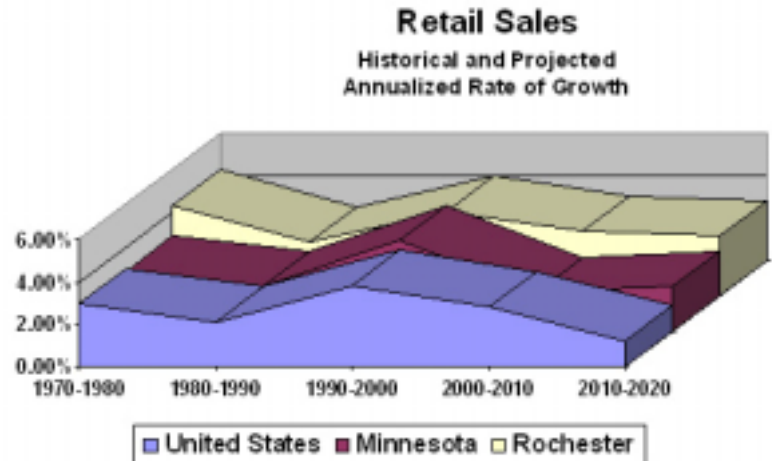
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Rochester	\$30,232	\$31,492	\$33,664	\$34,894	\$36,560
Minnesota	\$30,562	\$32,597	\$33,342	\$34,071	\$35,281
United States	\$28,333	\$30,318	\$31,145	\$31,462	\$32,271

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Rochester	\$37,571	\$37,738	\$39,721	\$41,624	\$42,208
Minnesota	\$37,069	\$37,978	\$39,975	\$41,693	\$42,953
United States	\$33,881	\$35,424	\$37,698	\$39,392	\$40,166

Bureau of Economic Analysis, June 2010

RETAIL SALES HISTORY AND FORECAST

Retail sales annualized rate of growth in the Rochester marketplace has consistently outpaced the national rates of growth. This trend can be expected to continue through the year 2020.



Retail Sales Average Rate of Growth

	<u>1970-1980</u>	<u>1980-1990</u>	<u>1990-2000</u>	<u>2000-2010</u>	<u>2010-2020</u>
Rochester MSA	4.24%	2.51%	4.50%	1.44%	2.82%
Minnesota	2.92%	2.20%	4.26%	.4%	2.10%
United States	3.00%	2.10%	3.80%	.6%	2.10%

Source: Woods and Poole Economics, Inc., June 2010

Retail Sales

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Rochester MSA (millions)	942.80	1342.88	1679.76	2435.07	2786.73	3572.65
Minnesota (millions)	30440.25	39339.32	48010.85	68463.98	71212.01	86202.05
United States (billions)	1626.77	2106.44	2545.95	3516.73	3716.10	4508.81

Woods and Poole Economics, Inc., MSA Profile, June 2010

DIVERSITY

The Rochester MSA has seen steady population growth over the past five decades. The area's population has become more diversified during this period. Below is a chart listing the 2005 estimated population of largest immigrant groups for Olmsted County.

Estimated Population By Race		
	<u>Rochester</u>	<u>Olmsted County</u>
Black	7,035	7,816
Asian	6,033	6,438
Hispanic	4,495	4,724
Native American	393	504
White	79,173	117,060
Total	97,129	136,542

Rochester/Olmsted Planning Department, June 2007

2000 Census Population By Ethnic Group		
	<u>City of Rochester</u>	<u>Olmsted County</u>
Black	3,974	4,453
Asian/Pacific Islander	5,353	5,950
Hispanic	2,565	2,959
Native American/other	258	317
White	73,656	110,598
Total	85,806	124,277

Source: U.S. Census Bureau

The table below demonstrates changes in white and minority populations from 1990 through 2000. More information on Rochester MSA population and demographics may be found at www.ci.rochester.mn.us/planning/.

Summary of 1990-2000 Changes	1990-2000 Changes	White Increase	Minority Increase	Share of Net Change	White Share of Net Change	Minority Share of Net Change
Natural Increase	10,7337	9,198	1,538	60%	89%	21%
Net Migration	7,070	1,177	5,894	40%	11%	79%
Total Population Change	17,807	10,375	7,432	100%	100%	100%

Source: Olmsted/Rochester Planning, Planning Department