



Economic Development Administration Economic Development Today

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North Dakota's Strategy for Growth in the 21st Century: A Rural Economy in Transition

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On Thursday, July 20th, the National Association of Regional Councils (NARC) along with the Economic Development Administration (EDA) conducted a telecast on *North Dakota's Strategy for Growth in the 21st Century: A Rural Economy in Transition*. The telecast featured a series of interviews with Governor John Hoeven, Senator Kent Conrad and many of the technology and energy industry partners that have contributed to North Dakota's success. Additionally, the telecast highlights the different views of how North Dakota has capitalized their economic development strategy on their natural resources of a thriving workforce, agriculture, energy, technology, and quality of life.

North Dakota is leading the nation in how it has transitioned its rural economy by coordinating a regional strategy that takes into consideration education, value-added agriculture, energy, technology, and quality of life issues, resulting in job growth. Senator Kent Conrad of North Dakota, who serves as a member of the Senate Finance and Budget Committees, started off the show by highlighting a number of key economic strategies used in North Dakota and that can be pursued in other rural areas across the nation.



Senator Kent Conrad

The first strategy that Senator Conrad explained was to focus on opportunities that fit the State's strengths and resources. For example, the energy and agriculture sectors are North Dakota's largest in terms of potential growth. With this strength, new technologies such as ethanol and biodiesel are being leveraged.

The second strategy is the promotion of entrepreneurship. According to Senator Conrad, "Entrepreneurs and the businesses they start are the foundation of any strategy to revitalize rural America. Not only are entrepreneurs important to improving quality of life through new products and services, they also help communities grow with new investment and new jobs."

Senator Conrad explained his involvement, for the past 17 years in an economic development effort in North Dakota called "Marketplace for Entrepreneurs." This effort has grown to become North Dakota's largest economic development forum, drawing thousands of people to share ideas to network, to learn from others, and to find the resources needed to pursue successful business ventures. Senator Conrad stated, "These

are the best practices in an economic development strategy for North Dakota and for rural America. By identifying and focusing on key opportunities that fit with your area's strengths and combining those with education and entrepreneurship, the sky is the limit.”

Next in the telecast was an interview with Governor John Hoeven. During his tenure as Governor, North Dakota led the nation in personal income and wage growth in 2003, and in 2005 its rate of growth in per capita personal income was second. To get to this point, in 2002 Governor Hoeven embarked in a strategic planning process, involving economic development professionals at the state and local levels, members of the higher education community, business professionals, and others from the private sector.

The goal was to secure resources from the private sector, the public sector and the university and this strategy targeted the following industries for growth: value-added agriculture, advanced manufacturing, technology based businesses, and tourism. According to Governor Hoeven, “With those targeted industries, we tried to bring our resources together in a coordinated way, to not just create jobs but career paths, higher-paying jobs, careers here in North Dakota, not only so our people have opportunities but to bring others to our great state as well.”



Governor John Hoeven

North Dakota is the sixth largest energy producing and exporting state in the country, utilizing traditional sources like coal, oil, and gas, as well as new, renewable energy such as ethanol and biodiesel. “We're creating some exciting synergies, not only between traditional and renewable sources of energy, but also with one of our other targeted industries, value-added agriculture,” said Governor Hoeven.

Furthering the discussion on energy were David Farnsworth from the Coal Creek Station, Carroll Dewing from the Falkirk Mining Company, and Jeff Zueger from Blue Flint Ethanol.

Mr. Farnsworth is the Power Generation Leader at the Coal Creek Station in Underwood, North Dakota. The Coal Creek Station is North Dakota’s largest power plant and features two units with a total generation capacity of nearly 1,200 megawatts. The Coal Creek Station has been a top performer in several national rankings of power plants and it has been named one of the most reliable and cost-efficient in the country. According to Mr. Farnsworth, “Through the whole process, as we've been scaling up ideas and design, we've involved a large number of partners, in addition to our vendors and manufacturers that made a lot of the equipment, we have partnered with Lehigh university, the Lignite Energy Council, the North Dakota Industrial Commission, Edison Power Research Institute, and the Department of Energy.”

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The fuel source for the Coal Creek Station is lignite coal, supplied by the adjoining, still under construction, Falkirk Mine. Mr. Dewing,

from the Falkirk Mine, stated that approximately 1,000 new jobs will be created as a result of the Falkirk Mine. Mr. Dewing cited a number of ways that partners have helped facilitate the Falkirk Mine Project. He stated, “Governor Hoeven and his staff, to the Department of Commerce and other departments at State level have been very helpful. Local officials have been very supportive from the county level to the communities in this area. Also, our congressional delegation from North Dakota has been trying to get energy bills passed for the support of the coal to liquids industry, not specifically for this project but throughout the country that would help in this project also.”

Jeff Zueger from Blue Flint Ethanol rounded out the discussion on North Dakota’s energy industry by discussing the coal-to-liquids plant being proposed in Underwood, ND. Once completed, the plant is expected to bring in 35 to 40 full-time employees. During the construction of the plant, there will be peaks of about 300 employees. Mr. Zueger cited housing as a challenge faced during the construction of the new plant. He stated, “When you bring 300 employees at the peak of this construction season, you have significant housing issues, because most of these people aren't from the area. They've got to come in to construct the facility, so we've had some issues with regard to housing. Outside of that, we haven't had a lot of struggles.”

Next in the telecast was a discussion with Fred Stern, plant manager at the Great Plains Synfuels Plant. This plant is located in Beulah, ND and cites its location has a benefit because there is a fair amount of water located there, which assists in transportation of the coal and cuts down on costs that would have otherwise been used for ground transport. The plant employs approximately 700 people, most of which live in the surrounding Mercer County.



Great Plains Synfuels Plant

The Great Plains Synfuels Plant assisted in the building of infrastructure in the area. A rail spur was built, along with a water pipeline for the lake north of the facility. By far the biggest infrastructure undertaking was the installation of a natural gas pipeline, spanning a total of 37 miles and connecting to another pipeline that spans across Iowa, Canada, and North Dakota. According to Mr. Stern, “Our relationship with both the federal sector and internationally with Canada has proven integral to the plant’s success.”

Next in the tour of North Dakota was an interview with Dr. Phillip Boudjouk from North Dakota State University’s Research and Technology Park in Fargo, ND. NDSU’s Research and Technology Park, Inc. was the 2006 winner of EDA’s Excellence in Economic Development Award in the category of Technology-led Economic Development. NDSU’s Research and Technology Park was selected for its diverse mix of researchers, and collaboration with business to discover unique approaches to create marketable applications and build economic opportunities for the state.

NDSU is a leader in conducting research in areas such as nanotechnology and super hard coatings. This benefits a rural state like North Dakota in a number of ways. First, it broadens North Dakota’s economic base. Dr Boudjouk states, “It broadens our outlook to include, now, for the first time, a significant high technology sector, which is particularly well-suited for NDSU because we have such a large science and engineering component as part of our undergraduate curriculum.”

This technology focus has allowed North Dakota to develop a number of niche areas, including agriculture, biotechnology, microelectronics and both hard and soft coatings. According to Dr. Boudjouk, “Those are areas where there is already established significant expertise and can engage the private sector fruitfully.” Furthermore, these areas are critical in assisting the transitory nature of the economy of North Dakota, from rural to high-tech and biotech.

Dr. Boudjouk went on to discuss the challenges faced in working on a project such as the NDSU Research and Technology Park. He cited infrastructure needs as a primary obstacle by stating that “for the university sector to partner with the private and public sector, they need to be able to put up buildings and move on a time scale that's friendly to both, especially the private sector.”



Furthering the economic overview of North Dakota was Commissioner Shane Goettle from North Dakota’s Department of Commerce. According to Mr. Goettle, “Innovation is something being driven by global forces, both increases in globalization and trade and technology is forcing companies across the nation and in North Dakota to think about how they can be innovative, how to cooperatively get new products to new markets and do it rapidly.”

North Dakota is doing a number of things to attract new businesses, including: the continuation of its Centers of Excellence, partnering universities with the private sector, and providing matching grants to the private sector to give them access to some of the University systems. There are also a number of unique things that North Dakota has done to foster manufacturing growth. Mr. Goettle stated that “Our workers' compensation system is the least expensive in the nation so businesses come here looking, first of all, for a low-cost business environment, but also pro-business environment. Both our Governor and the Legislature set a pro-business environment and the manufacturers feel comfortable doing business here.”

North Dakota leads the country in 11 commodities, including ethanol. In terms of advanced manufacturing, North Dakota has added 1,900 to 2,000 manufacturing jobs to its economy. In addition to its pro-

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business environment, North Dakota has a number of features making it attractive to businesses. “We're one of the safest states in the nation and our crime rate is very, very low here. Our commutes are short. We have great schools, our graduation rate is extremely high, and our entrance rate into college after that is also high compared to the rest of the nation,” said Mr. Goettle.

Finally, its size makes North Dakota advantageous in attracting new businesses. Due to its small size, businesses have great access to North Dakota’s elected officials. “We put together complicated deals and get them off the ground in a matter of months,” said Mr. Goettle.

Overall, North Dakota has been able to successfully transition from a rural-based economy to become one of the nation’s leaders in advanced manufacturing. The strategy used to accomplish this involved a focus on capitalizing on its own natural resources and unique qualities of the state to attract new businesses. By using these techniques, North Dakota can serve as an example for other rural economies in transition.

This telecast was moderated by Matthew E. Crow, Director of Communications, of the Economic Development Administration, U.S. Department of Commerce. It may be viewed in full on the EDA website at: www.eda.gov/NewsEvents/WebCastsVideos.xml. If you have any questions on the telecast series or ideas for future telecast topics, please contact Peggy Tadej at tadej@narc.org.