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ICIC Report: Duluth’s Industrial Economy sets Strong Foundation for Future Growth

Duluth, Minn. (10/02/18)—Late last fall, the Duluth Seaway Port Authority initiated a critical study about the economic value and social significance of this city’s industrial sector. The Port Authority contracted with the Initiative for a Competitive Inner City (ICIC) to analyze and benchmark Duluth’s industrial economy—focusing on the contribution, assets and industry sectors necessary to drive diversified growth across the community.

Results of that [ICIC study](#) are in, and compelling data indicates that not only is this city’s industrial sector an important component of Duluth’s current economy, but it also will be the catalyst that spurs equitable future growth across all other sectors to give Duluth a truly competitive advantage in attracting new companies and residents.

“When it comes to job creation and accessibility, sustainable wages and benefits, plus generating tax revenues to support growth, the ICIC report pinpointed just how strong a foundation Duluth’s industry provides,” said Port Authority Executive Director Deb DeLuca. “Findings underscore how a stronger, more diversified economy in Duluth begins with expanding not only the number of jobs but also the quality of the employment opportunities accessible to the broader community. That kind of ‘economic spark’ speaks volumes when incentivizing investment in existing and emerging industrial clusters.”

The ICIC report cites these key findings:

- The city’s aggregate industrial sector continues to drive significant economic growth in both Duluth and the surrounding region.
- Duluth’s industrial jobs pay higher wages, and provide competitive benefits and opportunities for career advancement—with an average annual income of \$61,000 compared to \$47,000 in the city overall.
- On a per job basis, while the rest of Duluth’s economy may be five-times larger, the *industrial sector* generates three-times more local tax revenue per job.
- Every 10 industrial jobs create 8 additional jobs elsewhere in Duluth’s economy.

- Jobs created in the industrial sector are accessible to residents with a wide range of educational backgrounds—from high school graduates to folks in the trades and those with specialized technical training, as well as college graduates.

This report defined an aggregate industrial sector that includes both traditional and contemporary industrial businesses (e.g. construction, manufacturing, transportation, publishing, telecommunications, data processing, aviation and breweries). These are non-polluting facilities that operate in compliance with local, state and federal environmental and worker protection regulations and provide excellent jobs to 9,449 people in Duluth.

A robust analysis of industrial land use in Duluth showed current land use patterns and surfaced potential land use constraints. “Growing Duluth’s industrial sector will require significant land development,” added DeLuca. “However, of the 1,600 acres of industrial zoned land currently available, the report indicated several challenges with regard to access, infrastructure, parcel size, location, environmental and geotechnical issues that lead to a scarcity of vacant, developable land. Compared to peer cities, our pipeline of ‘shovel ready’ sites could limit our competitiveness for industrial business attraction, retention and expansion.”

As noted in the report, supporting and growing the industrial sector in Duluth will require leadership from both the public and private sectors, and coordinated economic development strategies should recognize the importance of industry alongside other sectors of Duluth’s economy.

While there is no question healthcare, education and tourism are major contributing sectors that enhance the quality of life in the City of Duluth, the ICIC study showcases how important the industrial sector is to sustaining our community infrastructure.

“Industrial jobs have evolved with advances in technology and commitments to process improvement,” said Dave Faynik, general manager of Altec Industries, Inc. “Industry in this century looks and behaves in a much more socially responsible manner. Companies understand, respect and lead innovation to create safe workplaces and minimize their environmental footprints.”

The study concludes by recommending a number of priorities including: strengthening the visibility of industry’s impact in Duluth; investing in “high-return” industrial assets; targeting economic development to address gaps in industrial clusters; and developing policies that create a more supportive business environment for industry.

At the outset of this study, the Port Authority had invited an 11-member advisory committee to help frame the research and provide feedback. The education, philanthropic, public and private sectors were represented on the committee, which included Lisa Bodine, Karen

Diver, David Raynik, Adam Fulton, Brian Hanson, Phil Jents, Lars Kuehnow, Nancy Norr, Neal Ronquist, Andrea Schokker and Tony Sertich.

“We are so grateful for their input,” said DeLuca. “Together with ICIC, we have produced a roadmap to help shape the future of Duluth’s industrial economy, to grow the number of productive jobs with sustainable wages and to support an even stronger future for our community.”

For a copy of the Final Report or the Executive Summary, click on the ICIC folder on the [Publications page](#) of the Duluth Seaway Port Authority website. There you also will find a brochure that highlights key findings.

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