

SC Regional Economic Advisory Group Update

April 25, 2018

A decorative graphic consisting of several horizontal lines of varying lengths and colors (teal, light blue, white) extending from the right side of the slide towards the center.

Sherco Background

- The largest power plant in the state
- Production = 2,238 MW
- Monticello Nuclear plant = 671 MW
- Unit 1 – Built in 1976
- Unit 2 – Built in 1977
- Unit 3 – Built in 1987



Site Map



Industrial Park Area



Future Plans

- Unit 2 is expected to be decommissioned in 2023
- Unit 1 is expected to be decommissioned in 2026
- Huge need to stabilize the power grid with loss of each unit
- Plans to Replace Units 1 & 2 with a 750 megawatt natural gas power plant on the existing site
- Projected cost of \$800 million
- The 2017 bill signed into law by Governor Dayton

Future Plans Continued

- Reduction of approximately 150 jobs through attrition
- The gas plant only requires about 10 employees to run but unit 3 will still be active
- However, large influx of construction laborers during the construction of the gas plant
- Unknown property tax impact
- City/County working together to bring to help offset the job losses
- Northern Metal is Relocating to Becker

2016 Sherco Power Plant Bill



GOVERNOR MARK DAYTON (foreground) signed the bill for a new gas-powered power plant in Becker Tuesday — surrounded by supporters of the bill including Becker Mayor Tracy Bertram, Rep. Jim Newberger and Sen. Andrew Mathews. (Submitted Photo).

Economic Impact

- Approximately 300 current employees
- Up to 800 employees are on site when the plant is undergoing maintenance
- Bureau of Labor Statistics 2016 Average Wages
 - Power Plant Operator = \$74,500
 - Power Plant Repairers = \$76,490
 - Power Plant Distributor/Dispatcher = \$81,780

Economic Impact Continued

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	150.00	\$22,463,627	\$67,773,631	\$204,279,273
Indirect Effect	211.31	\$12,846,513	\$19,548,000	\$38,213,166
Induced Effect	215.92	\$10,067,016	\$17,038,763	\$30,027,941
Total Effect	577.23	\$45,377,156	\$104,360,394	\$272,520,380

**Entered 150 Jobs in the Electronic Power Generation –
Fossil Fuels NAICS Code

Economic Impact Continued

Induced/Indirect industries impacted

Description	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Electric power generation - Fo...	150.22	22,495,848.42	67,870,845.53	204,572,291.21
Extraction of natural gas and ...	27.40	164,221.66	327,147.15	2,103,849.67
Full-service restaurants	23.22	534,406.51	628,193.53	1,176,722.55
Marketing research and all oth...	23.03	1,254,070.97	1,083,024.65	1,712,944.37
Employment services	17.91	764,115.74	1,093,325.45	1,440,802.00
Maintenance and repair constru...	16.64	1,058,140.87	1,332,874.57	2,602,526.40
Real estate	16.27	371,936.72	1,682,495.17	2,631,108.68
Wholesale trade	14.92	1,342,528.58	2,279,429.23	3,482,657.65
Limited-service restaurants	11.05	209,069.79	538,282.58	939,473.67
Hospitals	10.53	835,342.98	997,271.78	1,700,588.65
Scenic and sightseeing transpo...	9.63	559,159.68	703,804.13	1,504,951.64
Monetary authorities and depos...	7.77	751,783.95	1,369,663.61	2,082,599.13
Legal services	7.76	741,961.91	1,232,156.19	1,575,618.33
Retail - General merchandise s...	7.13	202,383.83	315,596.86	497,669.49
Rail transportation	7.11	889,062.68	1,884,420.61	3,167,082.99
Other local government enterpr...	7.11	388,063.55	654,980.04	1,969,770.12
Pipeline transportation	6.74	1,653,429.17	1,939,960.36	3,082,587.77
Individual and family services	6.20	171,681.37	148,514.97	215,700.93
All other food and drinking pl...	6.19	157,013.43	118,451.60	228,646.27
Retail - Food and beverage sto...	6.18	168,271.10	247,966.30	391,574.32
Offices of physicians	5.97	694,818.77	681,938.33	971,447.66
Services to buildings	5.03	123,657.55	140,127.12	218,565.15

Property Tax Impact

- 2016 Sherco Property Tax Bill = \$18,327,106
 - County = \$6,452,892 (14%)
 - Becker School District = \$3,204,458 (57%)
 - City of Becker = \$4,563,863 (76%)
- 2016 Property Tax Bill of all other Commercial/Industrial properties in the City of Becker combined = \$2,043,264
- Shutting down units 1 & 2 would reduce Sherco's tax bill by an estimated 40% (\$7.3 million)



2017/18 County Economic Outlook

New Home Activity is Rising

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
TOWNSHIP NEW HOME PERMITS	78	113	119	164	172	206
CITY NEW HOME PERMITS	62	118	152	165	203	290
TOTAL NEW HOMES	140	231	271	329	375	496
TOTAL PERMIT REVENUE	\$356,352	\$427,158	\$500,564	\$548,346	\$651,660	\$887,084

1st Quarter township permits 2017 = 28

1st Quarter township permits 2018 = 19 (weather related)

Population Growth

- 2010 = 88,499
- 2011 = 89,266
- 2012 = 89,518
- 2013 = 90,184
- 2014 = 91,088
- 2015 = 91,623
- 2016 = 93,528
- 2017 = 94,570 (up 1.1%)



6.86% Sherburne vs.
5.14% Statewide growth
since 2010

Home Values on the Rise

- Residential values increasing approximately 8.2% for the current assessment year – Average estimated value is up from \$220,400 to \$238,400
- The # of sales and average sale prices of properties are rising:

<u>Year</u>	<u># of Sales</u>	<u>Avg Sale Price</u>
2011	335	\$177,000
2012	503	\$177,300
2013	720	\$196,400
2014	913	\$207,500
2015	1185	\$215,900
2016	1271	\$230,500
2017	1381	\$245,400

- Countywide new construction is also increasing:
 - 2013 = \$61,300,000
 - 2014 = \$62,900,000
 - 2015 = \$81,500,000
 - 2016 = \$92,350,000
 - 2017 = \$143,500,000



Job Numbers Increasing

County	2001	2016	Change 2001-2016	Percent Change
Sherburne	24,187	29,697	5,510	23%
Anoka	123,119	133,605	10,486	9%
Wright	35,364	47,395	12,031	34%
Mille Lacs	10,986	10,810	-176	-2%
Stearns	85,005	93,406	8,401	10%



Partnerships and Programs

Comprehensive Economic Development Strategy (CEDS)

- Joint Powers Agreement with Benton, Stearns, Sherburne and Wright Counties to form a Economic Development District
- We had been one of only two districts in the State without an active EDD
- Participants are eligible for Federal EDA funds
- Potential Millions of \$\$\$\$ for local projects

County EDA

- Representatives Countywide (City, Townships, Bankers, Business Reps)
- Tax Abatement Program
- Revolving Loan Fund
 - \$352,600 in 6 committed loans – all loan repayments are current and have been processed on time
 - \$7,540,475 in total project costs
 - Expected to create 63 new full time jobs (+24 part time jobs)
 - \$1,292,300 increase in taxable value
 - Remaining RLF Balance = \$165,000

Programs

- Coal Transition Team – Grand Junction, CO
- Just Transition Program
 - Rail Impact Study
 - Transportation & Engineering Study
- Legislative Activity
 - Xcel Energy Gas Plant & Property Tax Bills
 - Freight Rail Economic Development Program
 - Infrastructure Bonding \$\$\$
- Northern Metal Project
- Highway 25 Coalition

Advisory Committee Overview

- **Role of the Group**
 - “Our early warning system” to surface aspirations, ideas and concerns before we get too far down the road
- **Future Meetings**
 - Quarterly? As needed?
 - Is anyone missing? How can we best inform/engage public?
 - Barriers to participation?

Questions???