

Economic Development Assessment
of the
Rainy River District

PREPARED FOR THE:
RAINY RIVER FUTURE
DEVELOPMENT CORPORATION
(Fort Frances, Ontario)

PREPARED BY:
 **PARAGON**
DECISION RESOURCES, INC.
(Oakbrook Terrace, Illinois)

April, 2000

TABLE OF CONTENTS

	<u>Page #</u>
Introduction	3
Understanding Site Selection Factors	4
Strengths & Weaknesses Assessment	8
Other Issues & Threats	21
Recommendations	23
Target Industry Analysis	25

INTRODUCTION

Paragon Decision Resources has prepared the following Strengths and Weaknesses Analysis and Target Industry Analysis of the Rainy River District in Ontario, Canada. The analysis assesses the Rainy River District versus key economic development criteria, including key criteria for target industries. The report also assesses select economic development needs in the District versus two small, but successful Upper Midwest U.S. towns, Watertown, SD (pop.20,000) and Washington, IA (pop.7,000).

The report assesses strengths and weaknesses in several areas:

- (1) **labor,**
- (2) **education and training,**
- (3) **economic development programming,**
- (4) **infrastructure and telecommunications, and**
- (5) **community services**

Areas were rated either *strength*, *weakness*, *neutral* (little or no impact) or a combination. These same ratings would be used in a report that we might prepare for a company seeking a location.

Paragon compiled information from its own databases, research from outside sources and detailed interviews with industry in the Rainy River District. The interviews were carefully selected to draw a composite of the industry that most truly represent the area's makeup.

Paragon identified critical issues based upon the interviews in the community and observations in the Rainy River District. We identified the critical issues, threats and opportunities. Finally, we made recommendations as to specific actions that should be undertaken. The issues and recommendations will serve as a platform for future economic development programming and directions for the Rainy River Futures Development Corporation.

Finally, Paragon has prepared a target industry analysis. This is based on the same methodology that we use in defining potential areas for our site selection clients.

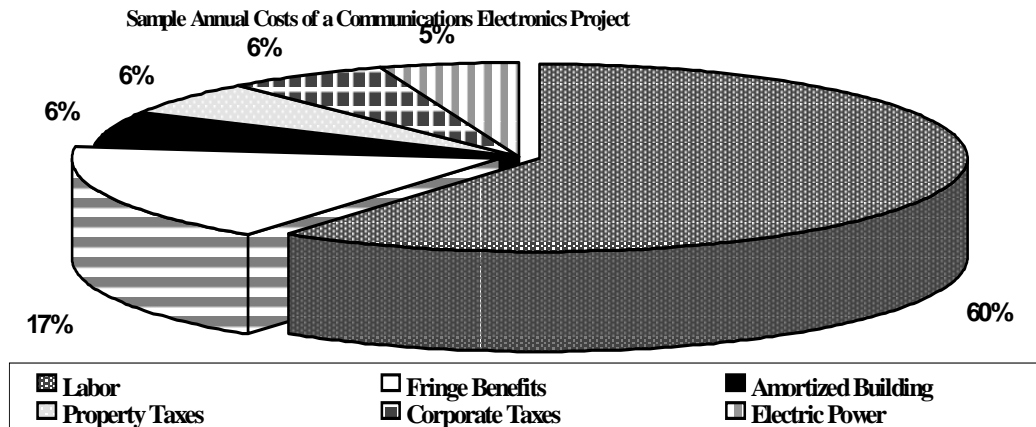
Paragon Decision Resources, Inc. is a site selection and relocation consulting company with numerous U.S. offices. We assist companies with relocation decisions and, therefore, look carefully at what communities have to offer. To this end, Paragon also works closely with communities on improving their economic development position.

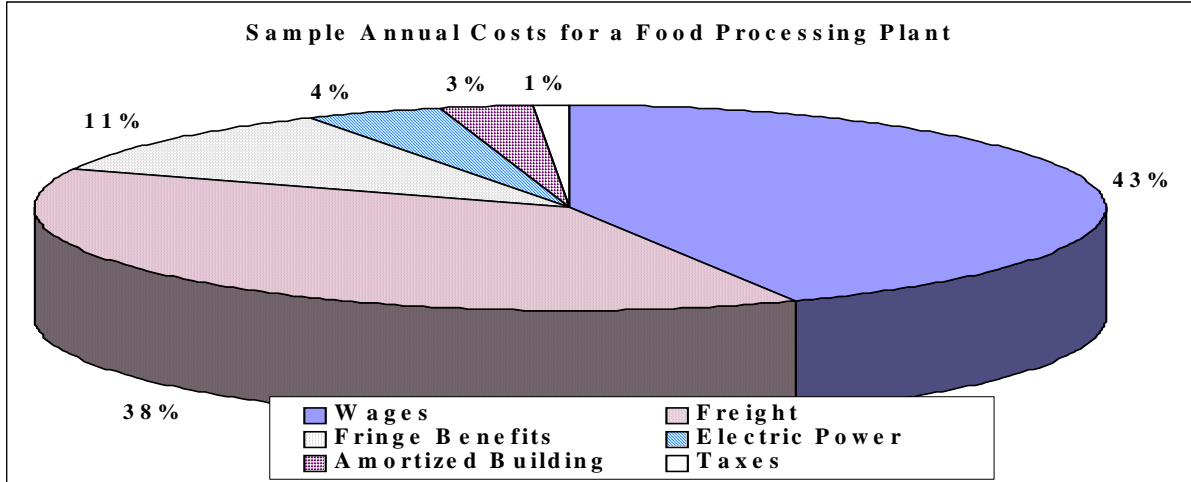
UNDERSTANDING THE IMPORTANCE OF SELECT FACTORS IN CORPORATE SITE SELECTION

Paragon has worked with many different types of companies on relocation related projects. From this experience we have identified the most important site location cost and condition criteria for different types of projects. It is important to review this information in order to better understand why select factors are critical to the success of new locations and expansions. It will also help the reader to better understand the Rainy River District's potential for selected target industries.

Manufacturing

In general, labor will represent the largest single annual cost item for a typical manufacturing project. Fringe benefit costs (consisting of medical, disability, FICA, life insurance, unemployment insurance, and workers compensation insurance) will also be significant cost factors (often second or third). Market access is also critical and will determine freight cost variables. The following represent annual operating costs for two manufacturing projects.





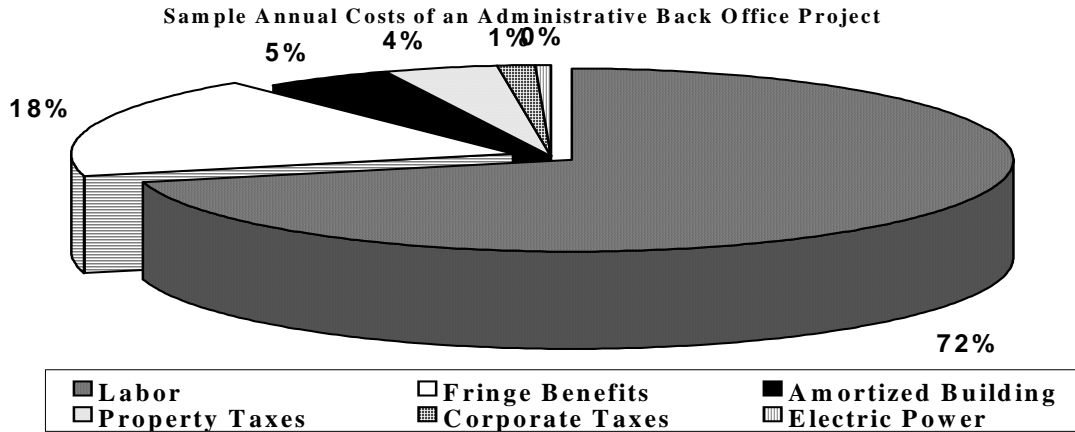
Labor costs will dominate a typical electronics project, while a food processing plant will have a much larger freight component.

The most critical location factors, by priority, for a typical manufacturing project are:

1. Market access (freight costs)
2. Labor skills and quality
3. Labor costs & fringe benefits
4. Unionization trends
5. Available buildings
6. Utility costs and local services
7. Business climate/taxation

Administrative Back-Office

Labor costs and conditions are even more important for an administrative back-office function. In the sample below, wages and fringe benefits represent 90% of annual operating costs.

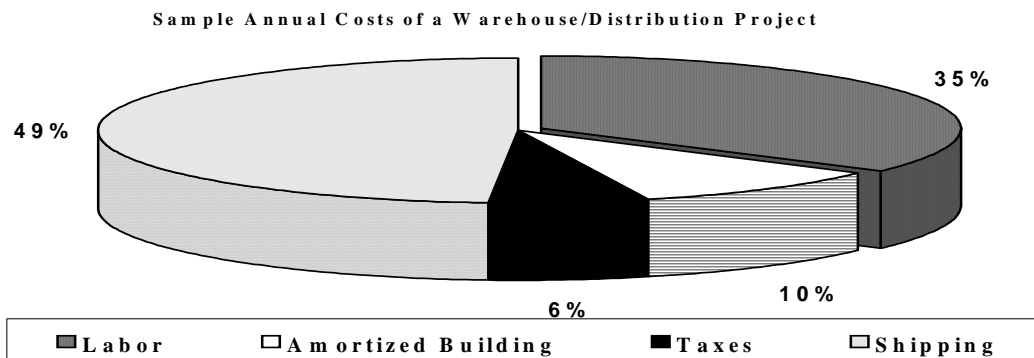


The most critical location factors, by priority, for a typical back-office project are:

1. Clerical labor costs
2. Clerical labor quality, availability¹
3. Turnover
4. Absenteeism
5. Occupancy costs (Class B buildings)
6. Training programs
7. Available buildings
8. Ability to recruit management labor (relocation & quality of life issues)
9. Proximity to commercial air service (especially for check processing centers).

Warehouse/Distribution

Labor costs and conditions are less important for the typical warehouse/distribution project, but location of transportation infrastructure and sites/buildings are key. They may be quite labor intensive, but require mostly unskilled labor, and therefore labor costs are a much smaller portion of total operating costs.



¹ Companies tend to look for areas with deep pools of labor; applicants to hires of at least 20 to 1.

The most critical location factors, by priority, for a typical warehouse/distribution project are:

1. Freight costs/market access
2. Service delivery time (access to market)
3. Interstate highway access (four directions considered most desirable)
4. Available buildings (minimum 80,000 to 120,000 sq.ft.; 20-24 foot ceilings)
5. Cost of real estate (10-15 acre minimum with rail potential)
6. Labor cost, quality & availability²
7. Business climate (especially inventory taxation).

Retail/Hotel

Typically, retail and hotel development will follow the wealth generated by export-type economic development, such as manufacturing, office, and warehousing. Retail/hotel site selection criteria are significantly different than the categories already reviewed.

The most critical location factors, by priority, for a typical retail project are:

1. Access to households (and the disposable income)
2. Proximity to other retail
3. Good highway access
4. Access to low wage and part-time workers
5. Competitive real estate costs
6. Incentives such as TIF and sales tax rebates.

The most critical location factors, by priority, for a typical hotel project are:

1. Access to a large concentration of potential guests through good highway access and/or access to significant business resources such as a business park, airport or mall.
2. Access to low wage and part-time workers.
3. A high access/high visibility site.

² Especially seasonal workers for seasonal products which fluctuate in quantities.

RAINEY RIVER STRENGTHS & WEAKNESSES ASSESSMENT

The following strengths and weaknesses assessment was developed as a result of the fieldwork and Paragon' site selection expertise. It assesses key site selection factors. Areas were rated either *strength*, *weakness*, or *neutral* (little or no impact on site selection).

Market Access

Strength

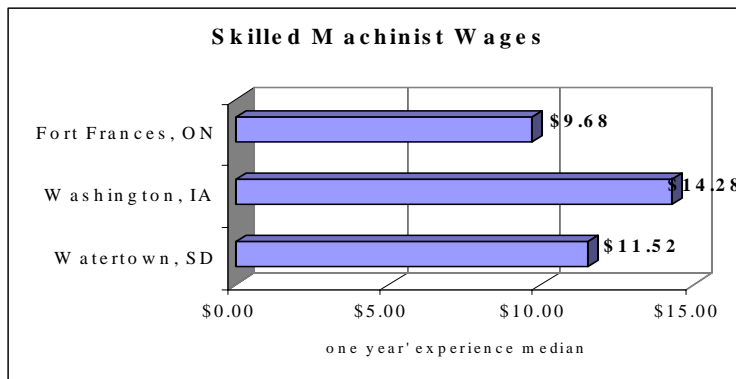
The Fort Frances/Rainy River area offers excellent access to the Upper Midwest of the United States and east/west connections to the prairies and Eastern/Southern Ontario.



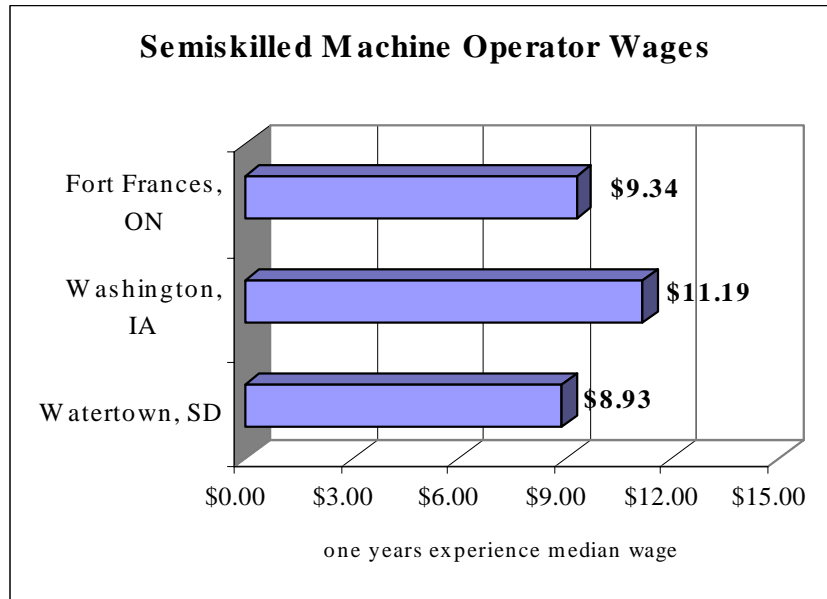
Wages

Strength

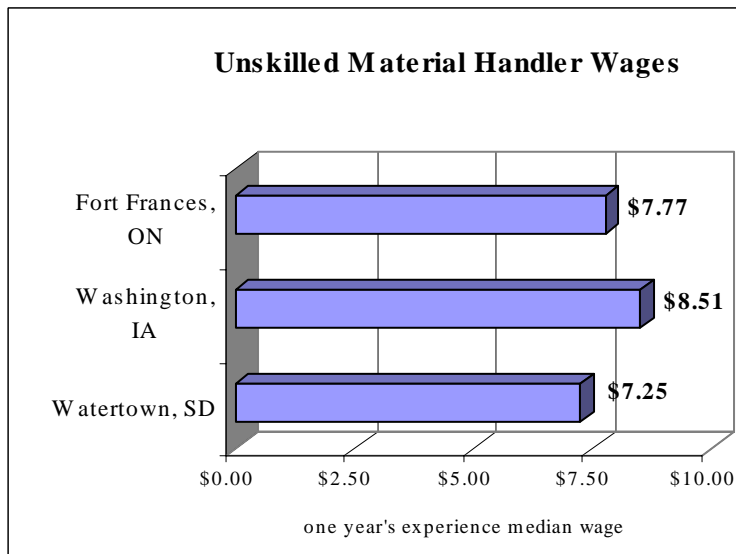
Wages are generally lower or competitive with the two comparison communities of Washington, IA and Watertown, SD. Therefore, we rate this factor strength. (All wages are adjusted into U.S. dollars)



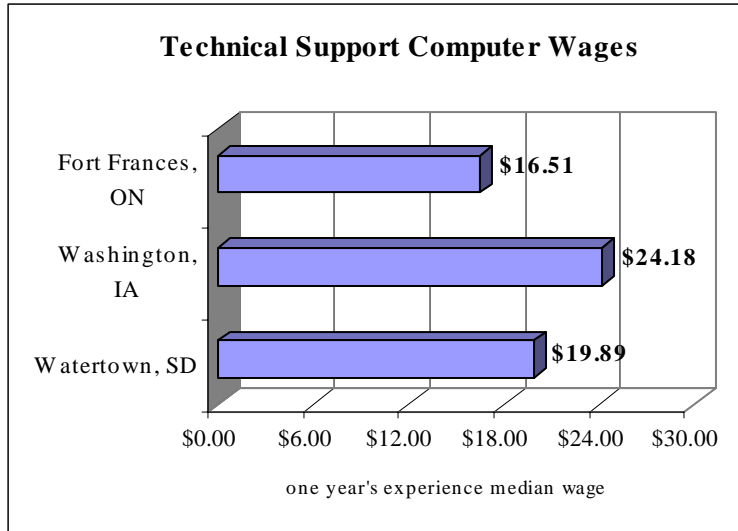
Fort Frances machinist wages are the lowest of the comparison communities. Several manufacturers and non-manufacturers in Fort Frances frequently seek machinists.



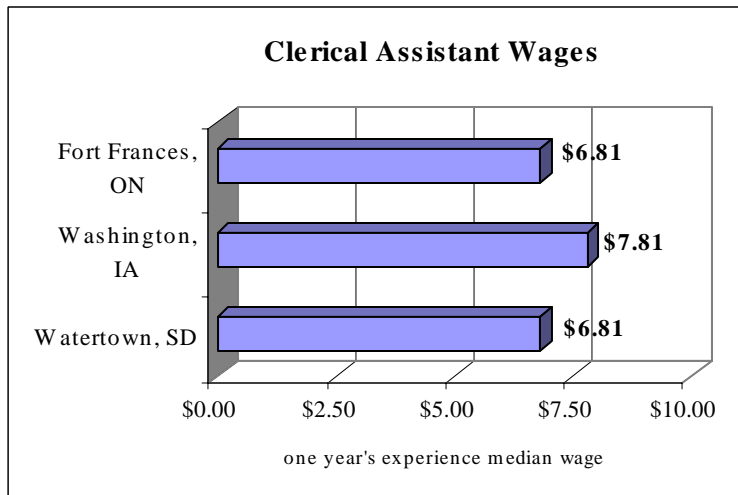
The wage rates for semiskilled machine operators are actually lower in Watertown than in Fort Frances. However, if the Canadian dollar went to .66 then the rates would be closer.



For unskilled workers such as warehousemen or material handlers, the wage rates are also lower in Watertown than Fort Frances. This is important to recognize because of the trucking and distribution facilities in Fort Frances.



Wages for computer technical support are substantially lower in Fort Frances than the competing communities. There are high demands for that type of technical personnel in Watertown and Washington, IA, which influences the wage rates.



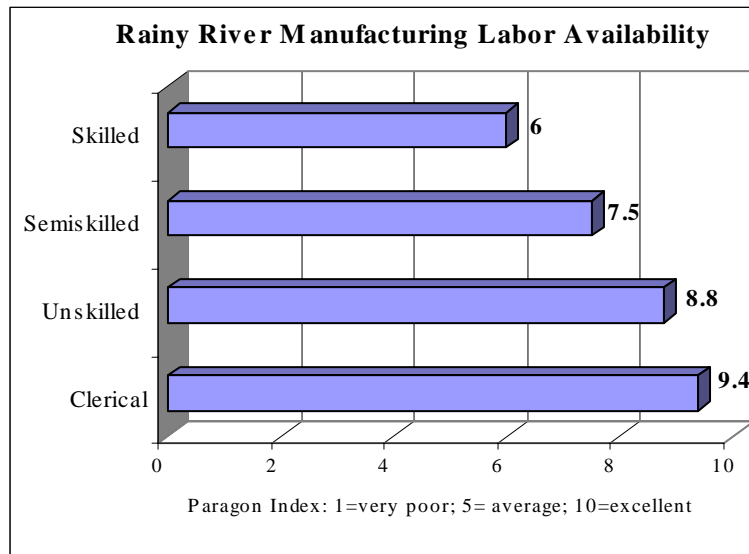
Wage rates for clerical assistant position are exactly the same at .68 in Fort Frances and Watertown. These wage rates are important if the Rainy River District attempts to attract back office or call center type companies to the area.

An examination of the manufacturing and non-manufacturing sectors in the Rainy River District shows that the area does not have a sufficient number of positions available for women. This should be taken into consideration in developing a marketing package for the area.

Labor Availability

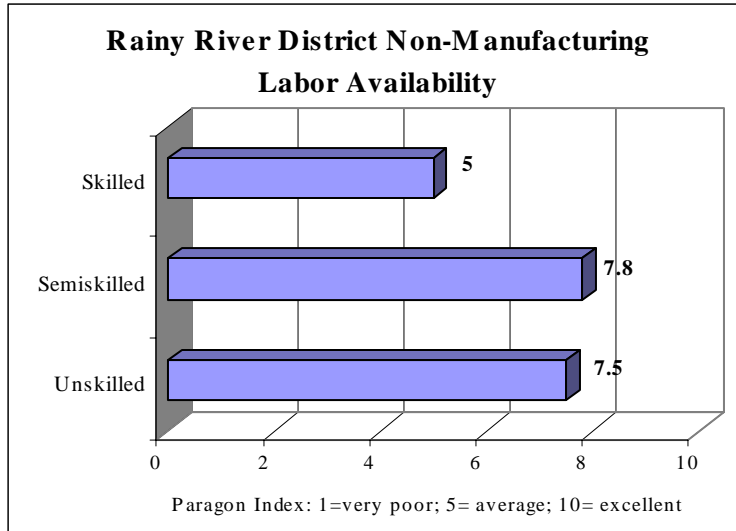
Strength

During Paragon's interviews, company officials were asked to rate labor availability. We asked employers to rate labor availability on a 1 ("very poor") to 5 ("average") to 10 ("excellent") scale. Generally, scores 3 to 4 are considered "poor to below average" and a score of 7 is "good". We created the Paragon Index from these scores as shown on the following graph.

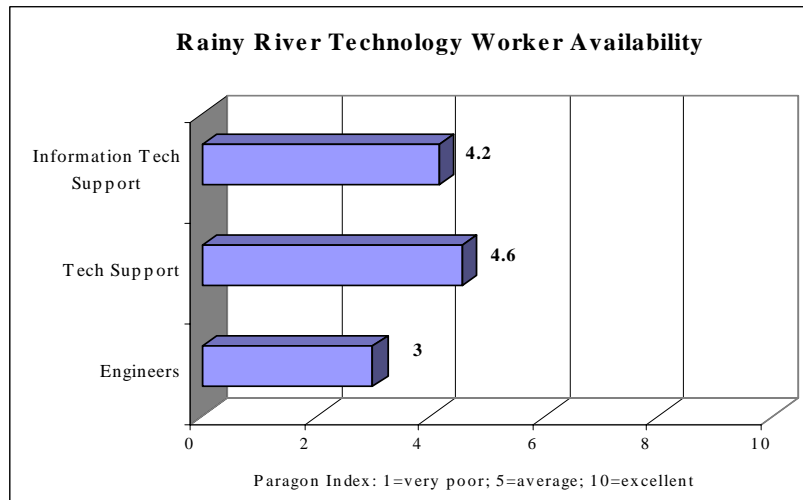


- **The availability of semiskilled and unskilled labor was rated very good to excellent.** Firms that have been hiring within the last few years have experienced an abundance of applications from young people seeking work with limited skills.
- **Clerical labor availability was rated excellent.** This is mainly because there is a shortage of office positions available for women.
- Even though manufacturers reported some shortages for electricians and millwrights, skilled labor availability was rated above average.

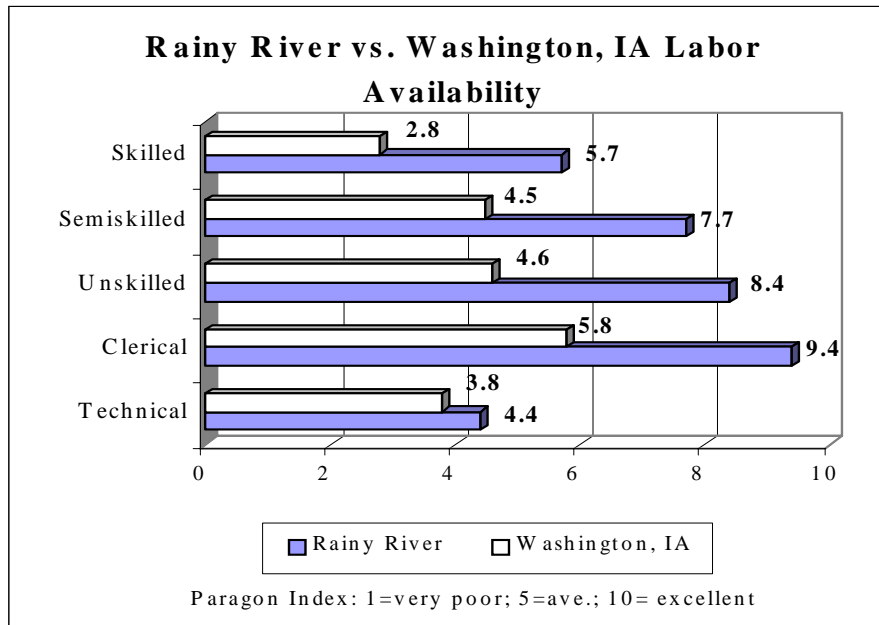
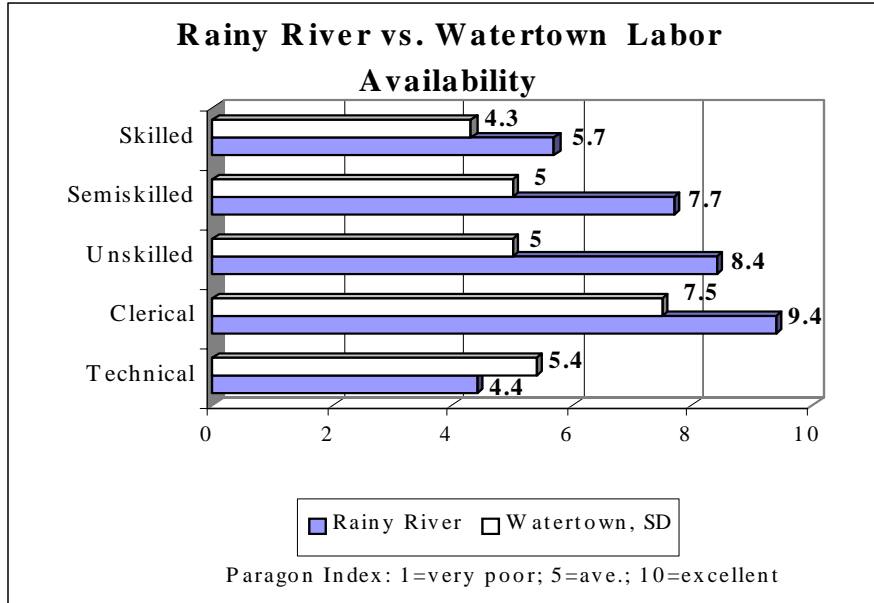
Rainy River District Economic Development Assessment



- **Non-manufacturing employers, such as trucking firms and job shops, reported very good availability for unskilled and semiskilled workers.**
- Non-manufacturers had a slightly more difficult time hiring skilled workers since their wages are somewhat lower for skilled trades.



- Informational technology positions and technical support positions availability was rated low. This is important due to the increasing demand for IT professionals in both high tech industry and non-traditional industry.
- Employers stated that they had difficulty training locally and recruiting IT and tech support positions.
- Employers also reported that they had a difficult time recruiting management and engineers to Fort Frances despite bonus opportunities and pay increases.



- **Despite some labor shortages the Rainy River District availability scores were far better than competing U.S. cities: Watertown, SD and Washington, IA.**
- Labor availability is better in the Rainy River District than many similar sized U.S. communities. Rainy River district can use these major advantages in marketing to U.S. companies.

Labor Quality

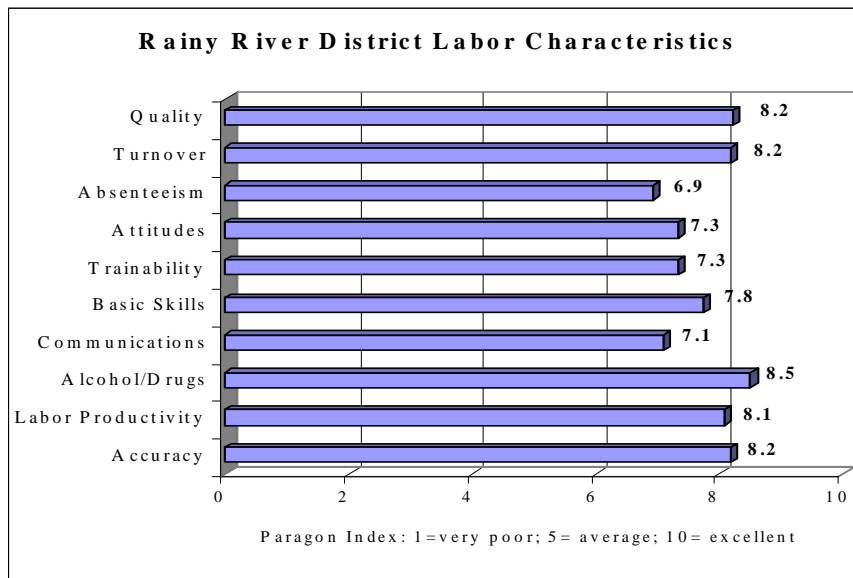
Strength

The quality of the workforce is of concern to a company looking at a new location. Good quality workers will be essential to the success of any project. Through interviews we were able to determine worker labor quality in the Rainy River District.

We asked employers to rank select factors on the one to ten scale. We created the Paragon Index from these scores. We use the same factors in all of our labor analysis, in order to get an “apples to apples” comparison of communities in different regions. Factors included:

- Overall Quality – composite of all scores.
- Turnover
- Absenteeism
- Attitudes – on-the-job
- Trainability – employees response to training
- Basic skills – math, English, grammar, etc. of new hires
- Communications – Employer/employee and employee/employee on-the-job.
- Alcohol/drugs – Perceived situation
- Productivity – Employer’s measure
- Accuracy- Employer's measure.

Generally, scores of 5 to 6 are “high average”; 6 to 7 are “above average”; 7 to 8 are “good”; 8 to 9 are “very good” and 9 and over are “excellent”.

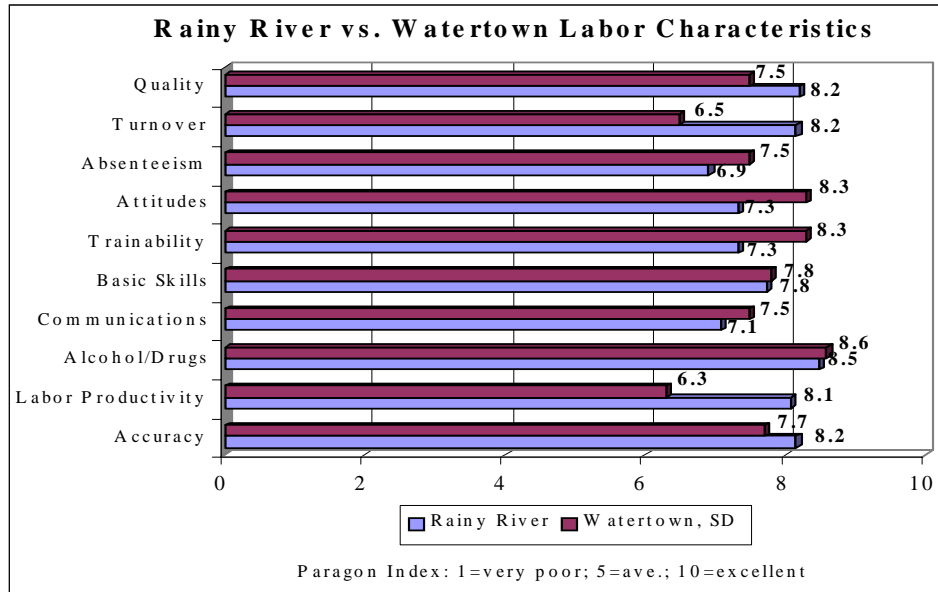


- **Overall labor quality is rated close to excellent**, with very little turnover in the higher paying positions such as those in the board and paper mills.
- **Basic skills and trainability are rated highly.**

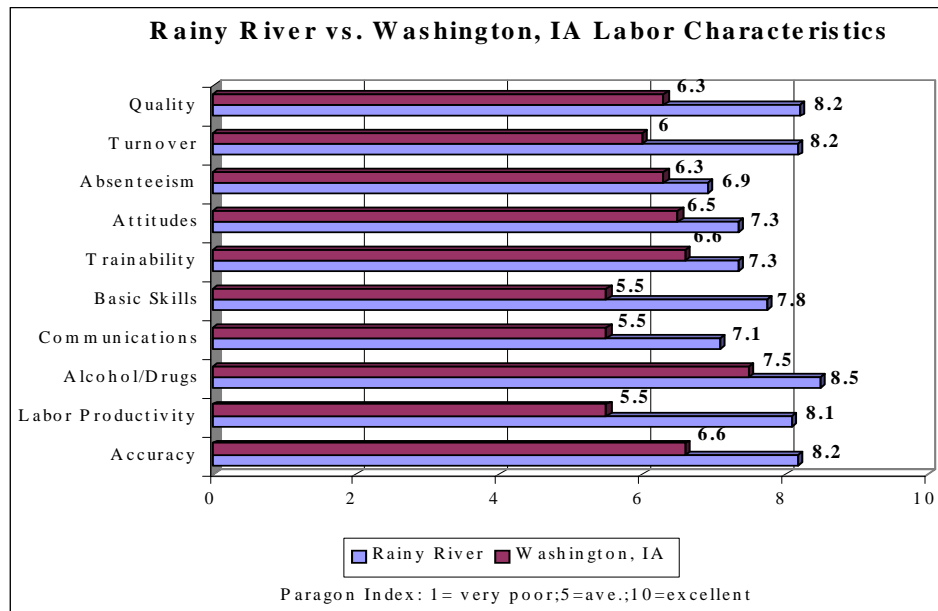
Rainy River District Economic Development Assessment

- **Communications is also rated good** despite a few unionized plants, which normally causes the communications ratings to fall.

Paragon recently completed a labor quality analysis in Washington, IA and Watertown, SD.



- **In most cases, Rainy River District labor characteristics are slightly higher than in Watertown.**



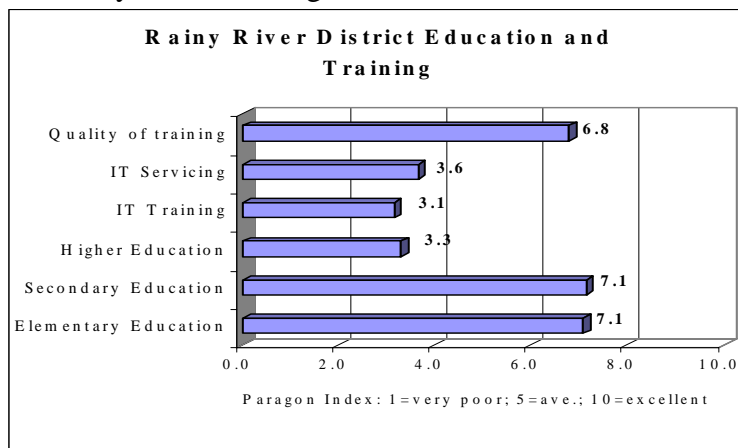
- **Labor quality in Washington, IA is far below Rainy River.** Employers in that community feel the labor shortages adversely effect quality.

Education and Training

Weakness

Education and training in a community are important to a company seeking a location because each represents the availability and quality of the future workforce. Paragon conducted interviews with educators and training providers and reviewed important statistical information.

- Data from high school officials indicate that over 50% of the graduates are not attending a college or university despite the presence of the college in Fort Frances. United States counterpart communities average 60%-70% seeking post-secondary education.
- Even though there are some programs such as "Bridges" that help students adjust to the "world of work", there is no formal program with part or full time staffing such as School to Work in the Rainy River School District.
- Currently, there are no video classes being conducted in the rural communities. Therefore students cannot take advanced classes from Fort Frances, such as math, science and foreign languages.
- The Rainy River School District currently has no formal strategic plan or technology plan. Competing communities, Washington and Watertown districts have both and they are updated frequently.
- Confederation College has conducted contract training with industry in the community. However, in comparison to programs in Watertown and Washington, training flexibility is limited.
- There is no formal mechanism available in which scores from Rainy River schools can be weighted against others in Canada and the United States.
- Employers interviewed rate higher education, particularly IT training and services, well below average. Employers rate overall quality of training and secondary/elementary education as good.



Rainy River District Economic Development Assessment

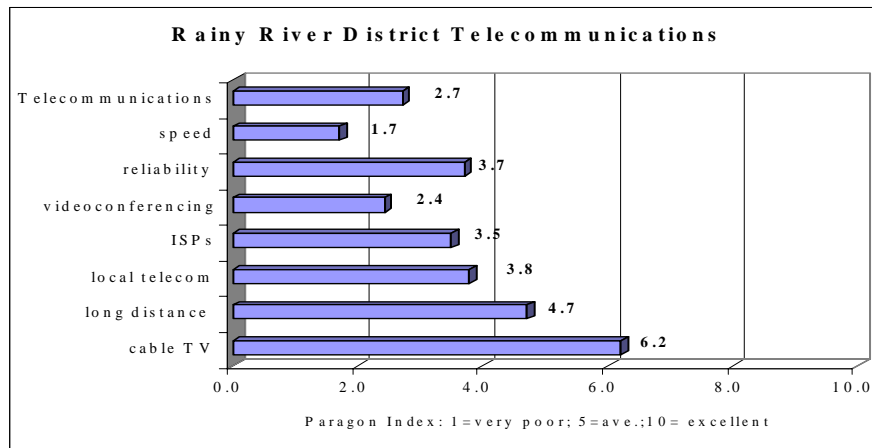
- Strengths in the school district include: a new strategic planning effort and a student computer ratio of 3:1.
- Another important strength is that employers generally feel that basic skills are good, demonstrating that the school district has been effectively teaching basic elements of reading, writing and math.

Telecommunications

Weakness

Today's business environment demands high-speed communications in both voice and data. This is not only critical for information technology companies, but also for basic manufacturing and non-manufacturing companies.

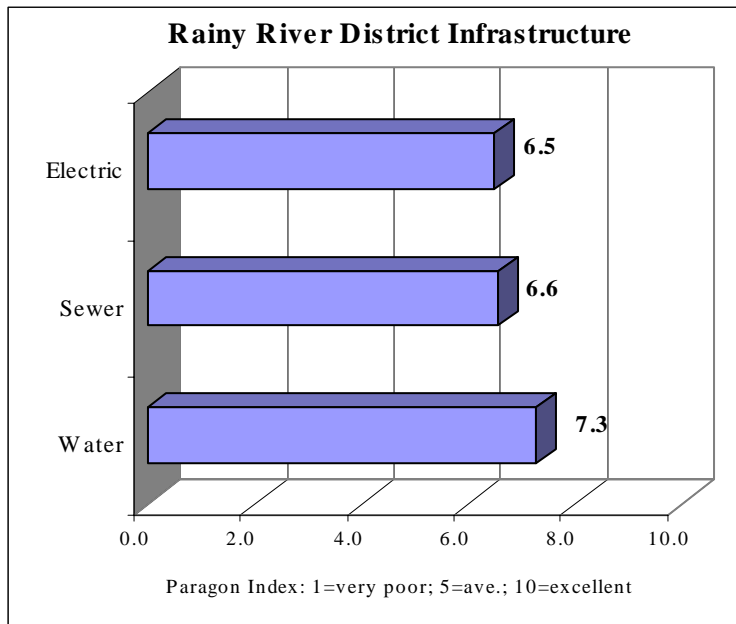
- There is no point of presence (POP) in the Rainy River District, which is essential for outbound call center locations.
- There is no sonic fiber ring in Northwest Ontario and only one firm has the legal rights to lay the infrastructure.
- There are neither T-1 lines nor ATM (asynchronous transfer mode) in the region.
- Videoconferencing capabilities are only available by satellite at the college. This limits effectiveness especially in rural areas.
- There are no private sector-training firms conducting classes in networking, programming, hardware repair or basic software programs.
- ISPs (Internet Service Providers) are limited in their ability to provide high speeds for Internet users because of the lack of speed due to limited bandwidth.
- There is only one distance phone company providing service in the region.
- Employers gave poor to average scores to the area's telecommunications.



Infrastructure

Neutral

- **Fort Frances has an industrial park with suitable utilities with the possibility of expansion.**
- **The new flexible city-zoning plan is state of the art allowing for changes in the plan without provincial approval.** This is the first of its kind in the province.
- **The city of Fort Frances has recently completed construction of a new secondary sewerage treatment facility.**
- **Ontario Hydro provides relatively inexpensive and reliable power,** but with the U.S. going through deregulation the rates should even out.
- In many parts of the community there are no curbs and gutters, and particularly in the industrial park, drainage is handled by a culvert system.
- **Employers rate infrastructure above average to good.**



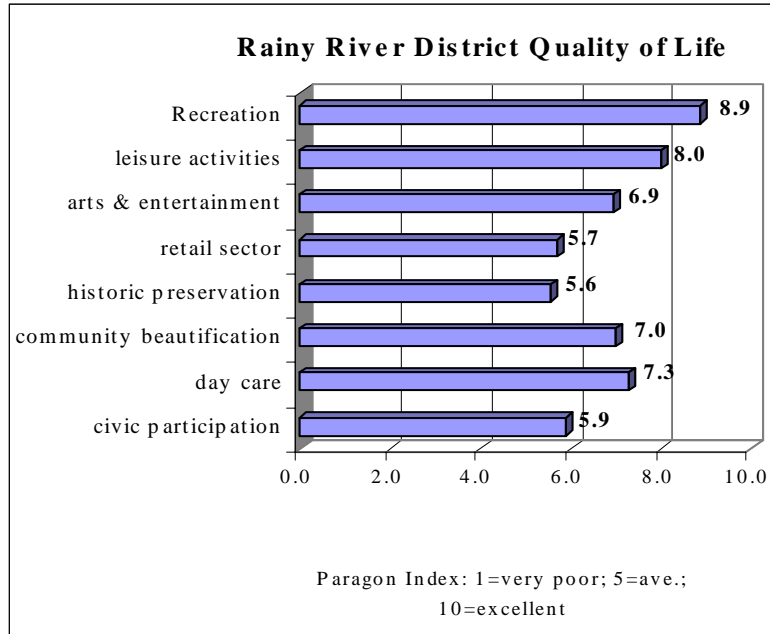
Quality of Life

Neutral

- **Recreation and leisure activities are abundant in the region with fishing, hunting, camping and other activities.**
- Cultural activities are limited compared to competing cities such as Watertown, SD (major art center) and Washington, IA (20 miles from University of Iowa).
- Citizens are generally concerned about the lack of retail choices in the Rainy River District and it appears that historic preservation efforts have been slow.

Rainy River District Economic Development Assessment

- Leadership felt that civic participation might still be good, but not as strong as 10-15 years ago in the service clubs and other important areas.
- **In recent years, community beautification efforts have been enhanced especially along the waterfront.** Other parts of the community in Fort Frances must also be included, as well as Emo and Rainy River.
- **Employers rated quality of life factors above average to excellent.**



Relocation

Weakness

Relocation is a site location factor of growing importance. If key employees refuse to take a move, the project may be a failure.

Generally, Fort Frances/Rainy River is not perceived as a desirable relocation destination. However, neither are the competing communities of Watertown, SD and Washington, IA. Rural locations have distinct disadvantages in attempting to attract executives and managers in competing urban and suburban areas in both the United States and Canada.

Key Relocation Facts

- Average homeowner relocation cost-\$50,000 USD+, up 1% since last year.
- Average Profile: married, white male, 35-40 years old, with 2+ children.
- 78% are male: 22% are female.

Rainy River District Economic Development Assessment

Most Challenging Relocation Needs for Companies

- Controlling relocation costs
- Overcoming employee resistance to move particularly to less desirable areas.
- Balancing transferee needs with company trends to cut budgets.
- Moving employees to high cost areas.
- Disposing of inventoried homes.
- Handling relocations following a merger.
- Dealing with legal issues
- Handling a group move
- Finding employment for relocating spouse.
- Overcoming delays
- Relocating minorities
- In Canada's case, ease of immigration and or NAFTA papers.

Other Strengths

- **The Rainy River Futures Economic Development Corporation has a very good reputation in the district** and is recognized as a leading edge group in the communities.
- **The RRFDC is able to reach out to many different groups**, including First Nations and city council members in all the communities.
- **The First Nations are generally well funded and have several projects that are financially profitable.** They are also generally willing to joint venture with Canadian and American investors. Manitou Forest Products is a positive example.
- **The Rainy River First Nations interpretative center is a perfect example of ecotourism**, and enriches the area.

Other Weaknesses

- First Nations' youths have viable job opportunities at early ages and are being dissuaded from furthering their education.
- Community leaders are generally not attuned to the issues of economic development and do not understand the importance of key factors, such as education, utilities, roads and the tax base.

OTHER ISSUES AND THREATS FACING THE RAINY RIVER DISTRICT

Labor Related

- Continued out migration of the youth may lead to a large shortage in skilled trades workers.
- The unionizing of a new mill outside of Fort Frances may greatly affect recruitment efforts of new industry in the area.
- Availability of management, engineers and information technology professions is a major problem.
- Employment of spouses is a problem. Therefore spousal employment associated with relocating management is a concern.
- The good quality of the workforce is not well known, especially in the U.S.

Education and Training Related

- The college needs to enhance its marketing to increase the number of students entering college programs.
- A program needs to be implemented that tracks graduates every year after graduation.
- The Rainy River School District needs to include economic development and expanding industry leaders in its strategic planning process.
- Strong work/career/school exchange programs need to be implemented in order to ensure that very young people understand the world of work before they enter high school.
- A technology development program needs to be developed with a private sector advisory board with a three to five year update annually.
- The district needs to implement a strong satellite (or fiber) video learning program.
- The furthering of the education of the youth of the First Nations has not become a priority, partially due to the amount of available employment opportunities at young ages.

Infrastructure Related

- The Fort Frances industrial park needs to be enhanced. So as not to infringe on its existing clients, attention must be diverted to future areas of development.

Rainy River District Economic Development Assessment

- Emo and Rainy River need to eliminate "bottlenecks" in permitting and zoning by adopting flexible land use plans, and to streamline procedures for developers.
- Adjustments should be made to the cellular phone system in order that American business people can utilize the regional cell.

Economic Development Related

- Competing against Iron Range communities is extremely difficult because of their ability to offer incentives.
- Alliances with Iron Range communities need to be enhanced with partnering to include cross border employment.
- The Senior Trade Commissioner for the Canadian Consulate in the Twin Cities is leaving the agency and will be very hard to replace.
- The Northwest Midwest Northern Ontario Marketing Alliance needs good materials, including cost comparison reports and telemarketing in order to make key connections in several U.S. cities.
- The First Nations communities are not an integral part of the economic development process in the Rainy River District.
- Paper mill downsizing will continue because of automation and lack of demand for newsprint and other reading products.

Community Services Related

- Downtown Ft. Frances needs continuous improvements and historical preservation.
- Many parts of Ft. Frances and other communities in the region need strong beautification programs.
- Waterfront projects need to be continued.
- Civic participation needs enhancement and a refocusing of their charge to invest in the community.
- Leading citizens in the district have little knowledge of economic development or the critical issues in the communities.

RECOMMENDATIONS

The following are designed to guide Rainy River Future Development Corporation in planning future work items.

Labor Related

- Prepare a Workforce Development Plan addressing ideas, concepts, trends and community needs in areas such as skills, recruitment, education and training.
- Set up a Labor Management Committee. This would bring company and union leaders together to address issues, including skills training, work rule flexibility, and economic development education.
- Prepare a relocation assistance plan. This is designed to provide consulting and incentives to employers moving new people into the area.

Education and Training Related

- Become actively involved in school district issues, such as, computerization and the adoption of the Rainy River School District strategic plan.
- Support hospitality industry training.
- Assist in developing a tracking system for high school graduates, one to five years after graduation.
- Develop a positive working relationship with new Confederation College President and become part of monitoring successes of classes offered at the Fort Frances campus.
- Assist Confederation College in a marketing effort to enhance the "Bridges" program and/or develop a model School to Careers program.

Infrastructure Related

- Join with other economic development groups in Northwest Ontario to form a lobby on telecommunications issues and deficiencies. Recommendations should be made to MPs and MPPs.
- Work to attract telecommunications firms that are infrastructure providers of T-1, ATM, sonic fiber rings, and enhanced bandwidth.
- Assist in development of the next phase of the industrial park. An enhanced park plan should be prepared.

Rainy River District Economic Development Assessment

- Encourage the towns of Emo and Rainy River to adopt a land use plan similar to Fort Frances in order to process projects more quickly and efficiently.

Economic Development Related

- The Northwest Midwest Alliance should be supported with regional materials. Take part in regional prospect/trade missions to Chicago, Iowa, Missouri and Minneapolis.
- Economic development alliances with First Nations should be enhanced and formal compacts can be implemented.
- The Rainy River Futures Development Corporation should act quickly to make contact and build a relationship with the new Canadian Consulate trade commissioner for the Upper Midwest/West/Twin Cities region.
- Continued partnerships need to be developed between Iron range communities and the Rainy River District area to encourage trade, ideas, concepts, programs, and educational opportunities.
- Rainy River Futures Development Corporation should investigate opportunities to fund their economic development program, including marketing/business attraction with private sector contributions.
- Research opportunities to make optimum use of Canadian National/Burlington Northern merger.

Community Services Related

- Efforts should be continued to beautify waterfront from the marina to the hospital in Fort Frances.
- Support the efforts of the Business Improvement Association in Fort Frances to enhance the downtown and encourage historical preservation.
- Support and encourage efforts to embark on a comprehensive city wide (and Emo and Rainy River) volunteer neighborhood beautification program.
- Encourage involvement in Chambers of Commerce and service clubs at all levels.
- Embark on comprehensive economic development education for the leadership in the communities and the future leadership.

TARGET INDUSTRY ANALYSIS

Targeting is a well recognized as the best approach toward successful economic development marketing. The purpose of this analysis is to identify good prospects using a proven targeting technique. Labor and industrial park needs of target-type companies can than be examined.

Paragon utilizes a unique methodology designed to identify target industries. It includes the following steps:

1. Understanding what companies need when searching for a new location.
2. Reviewing locations and expansions in the region in order to identify the most active industries.
3. Assessing the economic development strength and weaknesses of a community in order to gain a general understanding of which active industries would fit best and which would not.
4. Selecting those active industries which best match the strengths of your region as the best target industries.
5. Identifying the suppliers to these targets recognizing that these will also become valuable targets (not done for this analysis).

Paragon maintains a database of actual industrial and office site locations/expansions. For this analysis we looked at regional activity that recently occurred in Minnesota, Wisconsin, Manitoba and Ontario activity³.

This database assists us in predicting growth trends and we utilize this data for selecting the best initial communities for our site location clients. The methodology is sound and proven for the following reasons:

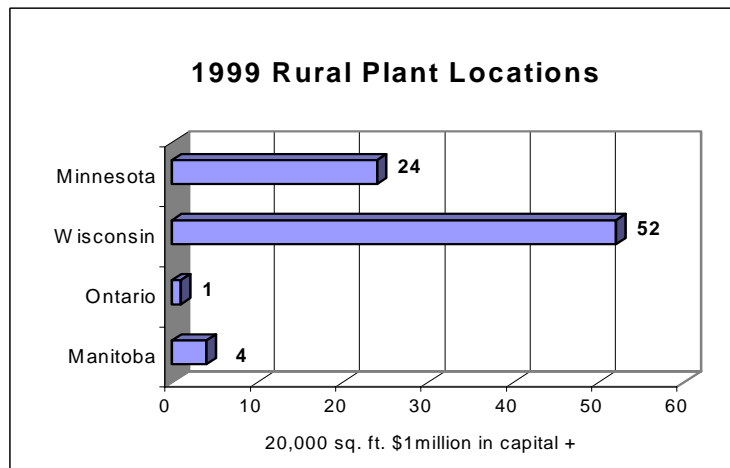
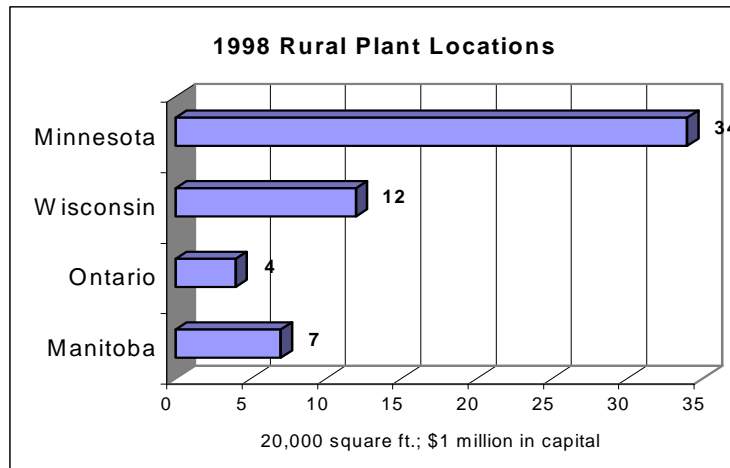
- Locations/expansions are driven by recent market conditions and these conditions will generally continue into the near future.
- Companies (and site selection consultants) select locations/expansions with the best business climates. This may mean, for example, a good labor climate, good market proximity, good transportation and the availability of incentives, all of which are positive business conditions. This will result in clustering - a concentration of like companies due to favorable business conditions.
- Clustering is a “green light” for other similar companies to take a look. But they will only locate if the good business conditions remain. For example, they may find the labor market for select skills depleted due to too much location/expansion activity. This is why we conduct careful fieldwork interviews with local companies for our site location clients, in order to help them to thoroughly understand the local business conditions.

³ 3rd quarter 1998 to 4th quarter 1999.

Rainy River District Economic Development Assessment

This methodology is also sound for economic development targeting. It will assist you in understanding location patterns and to identify the most active, fastest growing company types.

The search indicated defining differences between rural locations and suburban and urban locations. Therefore, Paragon screened locations in the rural areas first, with the following results:

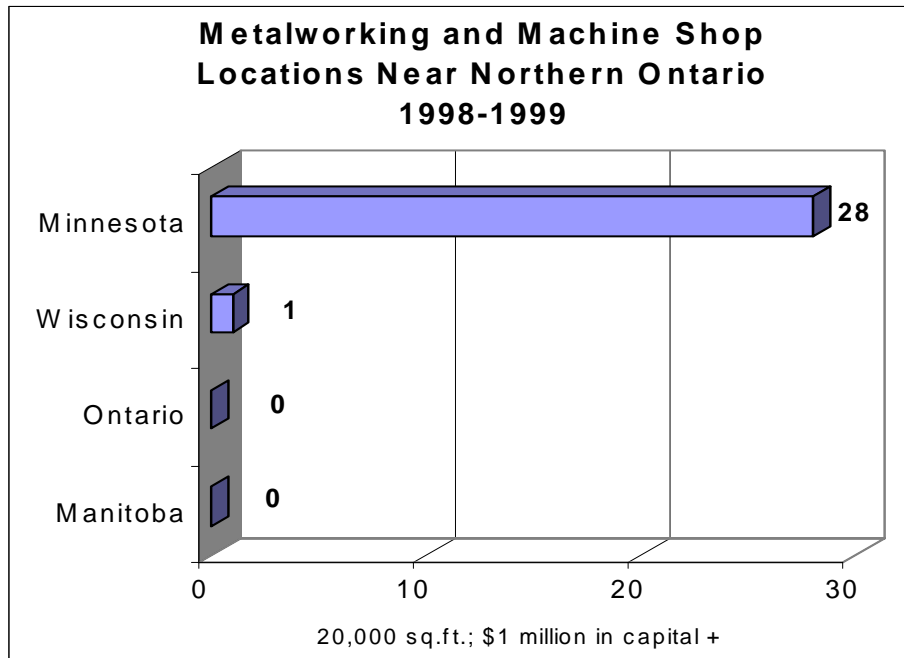
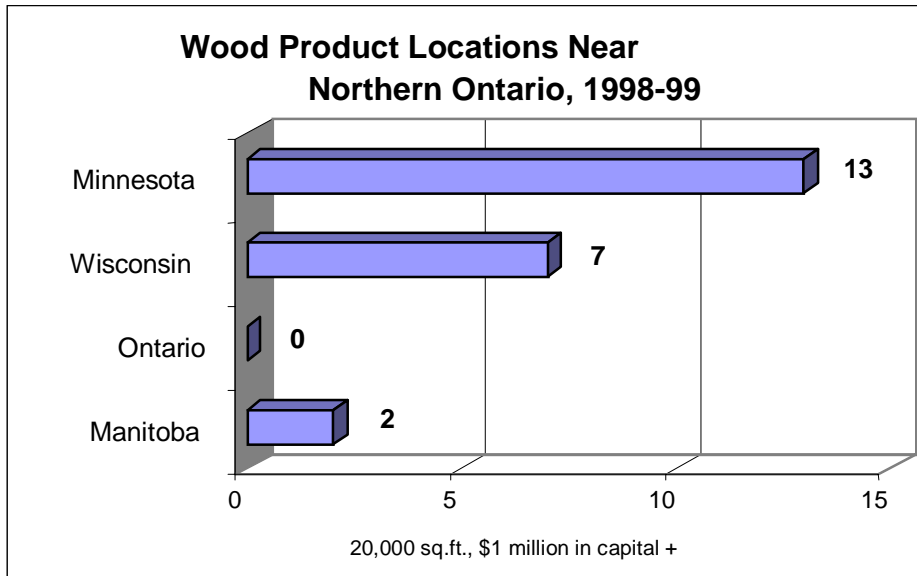


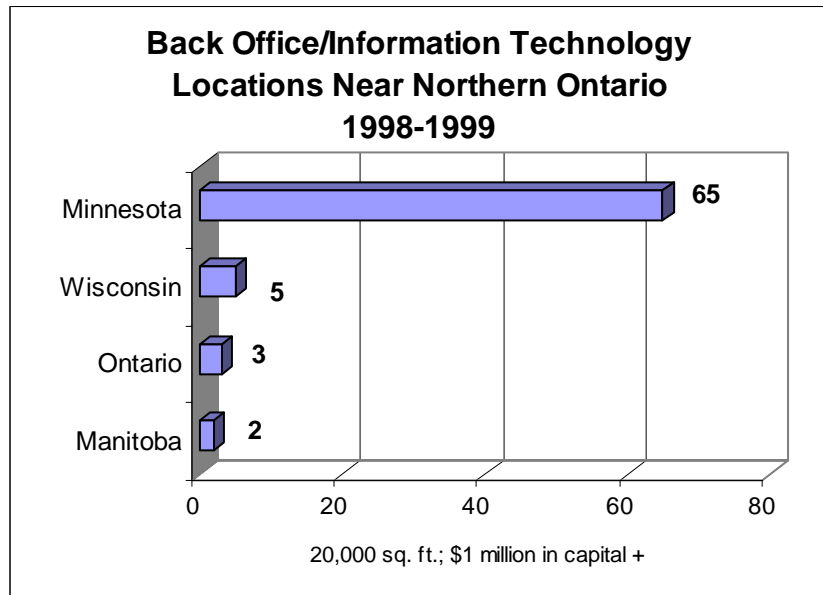
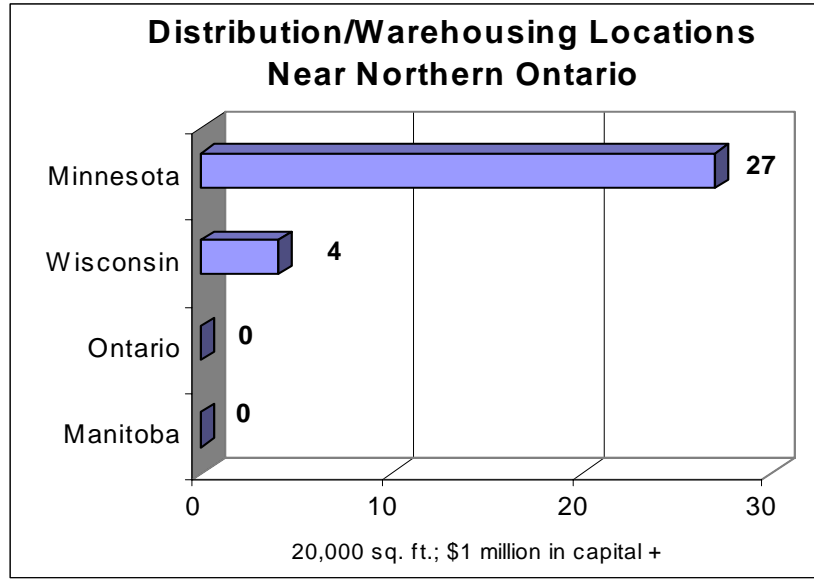
First, we screened the Paragon location/expansion data to identify which industries (by two and four digit SIC Code⁴) located/expanded the most facilities in the region (Minnesota, Manitoba, Ontario and Wisconsin). We defined these as growth industries.

⁴ Standard Industrial Classification Codes (SIC) are being phased out and replaced by the North American Industry Classification System (NAICS).

Rainy River District Economic Development Assessment

The following depicts the most active location/expansion activity in the region over the last two years.





Second, we analyzed the resource base in the Rainy River District. We talked with existing employers in the area as well as economic development officials.

Third, Paragon matches the existing database trends against the local resources.

Finally, Paragon recommends the best specific target industries for the Rainy River District.

1) Depending upon the availability of forestry, wood products should be an excellent target industry for the Rainy River region. Specific targets include:

NAICS # 321 Wood Product Manufacturing

3212 Vaneer, Plywood, and Engineered Wood Manufacturing

32123 Engineered Wood Member (except Truss)

32124 Truss Manufacturing

#32129 Reconstituted Wood Product Manufacturing

NAICS #32191 Other Wood Product Manufacturing

#32191 Millwork

#321911 Wood Window and Door Manufacturing

#321912 Cut Stock, Resawing Lumber and Planing

#321918 Other Millwork (including Flooring)

NAICS 32192 Wood Container and Pallet Manufacturing

NAICS 32199 All other Wood Product Manufacturing

#321991 Manufactured (Mobile Home) Manufacturing

#321992 Prefabricated Wood Building Manufacturing

#321999 All Other Miscellaneous Wood Product

2) Another desirable industry should be machining, metalworking and machine shops. The Rainy River district already has some excellent machine shops and metalworking facilities.

Because of its proximity to the Twin Cities there may be new opportunities if the marketing program could be enhanced to encourage the machine shop and metalworking industry to consider Northern Ontario as a new location. There have been a substantial number of expansions in the Twin Cities over the last few years, thus, the labor force in the machine shop and metalworking industry there is in short supply.

NAICS 3324 Boiler, Tank and Shipping Container Manufacturing

NAICS 3325 Hardware Manufacturing

NAICS 3326 Spring and Wire Product Manufacturing

NAICS 3327 Machine Shops; Turned Product, Screw, Nut and Bolt Manufacturing

3) Consideration should also be given to the warehousing /distribution industry and trucking because of the proximity to the United States border. Goods can be stored in Fort Frances prior to entry into the United States and be processed for inspection by customs. If a switching station is built by the railroad and piggyback services can be enhanced then the industry may grow even more rapidly.

NAICS 42 Wholesale Trade

4) The last target to consider is the most active group of industries in North America: back offices and information technology.

NAICS 514 Information Services and Data Processing Services

NAICS 524 Insurance Carriers and Related Activities

NAICS 525 Funds, Trusts, and Other Financial Vehicles

NAICS 561 Administrative and Support Services

The trend has been to locate in urban and suburban areas and rural areas with sophisticated telecommunications infrastructure. The Rainy River District currently does not have the infrastructure to attract this industry, except projects with minimal infrastructure needs.

For Additional Information Regarding this Report:

Contact:

Deane Foote, Vice President,
or Jack Allston, CED, FM, Manager, Site Selection and Development
Paragon Decision Resources
One Oakbrook Terrace, Suite 208
Oakbrook Terrace, IL 60181

Phone: 630-705-7344

Fax: 630-889-7022

Email: dfoote@pdr.com

jallston@pdr.com

Web Site: www.pdr.com